



ORDINARY COUNCIL MEETING

AGENDA

Wednesday 13 February 2019

Commencing at 7.00pm

Wycheproof Supper Room

367 Broadway, Wycheproof

**Anthony Judd
Chief Executive Officer
Buloke Shire Council**

ORDER OF BUSINESS

1. COUNCIL WELCOME AND STATEMENT OF ACKNOWLEDGEMENT

WELCOME

The Mayor Cr Carolyn Stewart will welcome all in attendance.

STATEMENT OF ACKNOWLEDGEMENT

The Mayor Cr Carolyn Stewart will acknowledge the traditional owners of the land on which we are meeting and pay our respects to their Elders and to the Elders from other communities who maybe here today.

2. RECEIPT OF APOLOGIES

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDATION:

That Council adopt the Minutes of the Ordinary Meeting held on Wednesday, 12 December 2018.

4. REQUESTS FOR LEAVE OF ABSENCE

5. DECLARATION OF PECUNIARY AND CONFLICTS OF INTEREST

In accordance with Sections 77A, 77B and 78 of the Local Government Act Councillors are required to disclose an "interest" in a decision if they would receive, or could be reasonably perceived as receiving a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

Disclosure must occur immediately before the matter is considered or discussed.

6. QUESTIONS FROM THE PUBLIC

NIL 4

7. PROCEDURAL ITEMS

7.1	REPORT OF ASSEMBLY OF COUNCILLORS MEETINGS	5
7.2	LETTERS OF CONGRATULATIONS AND RECOGNITION OF ACHIEVEMENT/AWARDS	8
7.3	CORRESPONDENCE INITIATED BY COUNCIL	10
7.4	CHARLTON PARK COMMITTEE OF MANAGEMENT	11
7.5	PLANNING APPLICATIONS RECEIVED - MONTHLY UPDATE	14
7.6	BUILDING PERMITS - MONTHLY UPDATE	15

8. GENERAL BUSINESS

8.1	POLICY REPORTS	17
8.1.1	SOCIAL MEDIA POLICY	17
8.2	MANAGEMENT REPORTS	26
8.2.1	COUNCIL PLAN 2017/2018 YEAR 2 - ANNUAL PLAN STATUS	26
8.2.2	COMMUNITY GRANTS AND SPONSORSHIP	36

8.2.3	LONG TERM FINANCIAL PLAN 2018/19 TO 2028/29	39
8.3	FINANCIAL REPORTS	103
8.3.1	DRAFT AUDIT COMMITTEE MEETING MINUTES 5 DEC 2018	103
8.3.2	FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018	121
8.4	ORGANISATIONAL REPORTS	132
	NIL	132
8.5	REPORTS FROM COUNCILLORS	132
	NIL	132
9.	OTHER BUSINESS	
9.1	NOTICES OF MOTION	133
	NIL	133
9.2	QUESTIONS FROM COUNCILLORS	133
	NIL	133
9.3	URGENT BUSINESS	133
	NIL	133
9.4	ANY OTHER BUSINESS	133
	NIL	133
9.5	MATTERS WHICH MAY EXCLUDE THE PUBLIC	133
	NIL	133
10.	MEETING CLOSE	

NEXT MEETING

THE NEXT ORDINARY MEETING OF COUNCIL WILL BE HELD IN WYCHEPROOF SUPPER ROOM, 367 BROADWAY, WYCHEPROOF ON WEDNESDAY, 13 MARCH 2019 AT 7.00PM.

Anthony Judd
CHIEF EXECUTIVE OFFICER

6. QUESTIONS FROM THE PUBLIC

Nil

7. PROCEDURAL ITEMS

7.1 REPORT OF ASSEMBLY OF COUNCILLORS MEETINGS

Author's Title: Executive Assistant

Department: Office of the CEO

File No: GO/05/04

Attachments: 1 [↓](#) Councillor Briefing Record - 5 December 2018

RECOMMENDATION

That the Council note the report of Assembly of Councillor Meeting held on 5 December 2018.

Key Points/Issues

The Local Government Act 1989 (the Act) provides that a record must be kept of any Meeting of Councillors and Staff deemed to be an Assembly of Councillors Meeting as defined in the Act.

An Assembly of Councillors Meeting is defined in the Act as a meeting of Councillors if the meeting considers matters that are likely to be the subject of a Council decision or the exercise of delegation and the meeting is:

- A planned or scheduled meeting that includes at least half of the Councillors and a member of Council Staff; or
- An Advisory Committee of the Council where one or more Councillors are present.

The Act also provides that the record of any Assembly of Councillors is to be reported to the next practicable Council Meeting and recorded in the Minutes.

A record of the Assembly of Councillors Meetings held on 5 December is attached.

BULOKE SHIRE COUNCIL
RECORD
Councillor Briefing

Date and Time: 5 December 2018 **Time:** 5.00pm – 8.00pm

Location: Charlton Council Chamber

Attendees: Cr- David Pollard
Cr- Graeme Milne
Cr- Ellen White
Cr- Carolyn Stewart
Cr- John Shaw
Cr- Daryl Warren

Anthony Judd –Chief Executive Officer
Hannah Yu – Director Corporate Services
Wayne O’Toole– Director of Works and Technical Services
Jerrri Nelson –Director Community Development
Travis Fitzgibbon- Manager Customer Engagement

Apologies: Cr- David Vis

Visitors: David Rooney - Manager Infrastructure Planning

ITEMS

NO.	TOPIC	PURPOSE
1.	Councillor Only time	
2.	Declarations of Conflicts of Interest	Nil
3.	Briefing Notes	
4.	Items for Discussion	
4.1	Service Review – Asset Management	
4.2	Australia Day Event	

4.3 Status of Action – Organisational
Development Strategy

5. Councillor Matters

6. CEO Updates

Next Briefing:

Date and Time: 6 February 2019 **Time: 5.00pm – 8.00pm**

Location: Birchip Council Chamber

7.2 LETTERS OF CONGRATULATIONS AND RECOGNITION OF ACHIEVEMENT/AWARDS

Author's Title: Executive Assistant

Department: Office of the CEO

File No: CR/13/01

Attachments: Nil

RECOMMENDATION

That the Council acknowledge and congratulate the persons and/or groups mentioned in the report for their achievements.

1. Executive Summary

This report acknowledges and congratulates community persons and/or groups for their success in being recognised for a significant achievement or for being a recipient of an honourable award.

The report also informs Council of any letters of congratulations or any particular recognition of achievement that Council has received or been awarded in the past month.

2. Recognition of Achievement Items

Provider	Recipient	Date	Purpose for Recognition
Australian Broadcasting Commission	Claudia Cox	Dec 2018	ABC Heywire competition winner
Charlton College	Connor Lee	Dec 2018	Charlton College Dux for 2018
Tyrrell College	Meghan Conlan	Dec 2018	Tyrrell College Dux for 2018
Birchip P-12 School	Bill Lee	Dec 2018	Birchip P-12 School Dux for 2018
Donald High School	Marco Sy	Dec 2018	Donald High School Dux for 2018
Wycheproof P-12	Mackenzie Humphreys	Dec 2018	Wycheproof P-12 Dux for 2018
Charlton Forum	Ken Jones	26 Jan 2019	Charlton Citizen of the Year
Charlton Forum	Trent Cossar	26 Jan 2019	Charlton Young Citizen of the Year
Birchip Forum	Bryan Hogan	26 Jan 2019	Birchip Citizen of the Year
WycheAlive	Thomas Pollard	26 Jan 2018	Wycheproof Young Citizen of the Year
Donald 2000	Norm Hollis	26 Jan 2019	Donald Citizen of the Year
Donald 2000	Andrew Donnellon Caeleb Leith	26 Jan 2019	Joint winners- Donald Young Citizen of the Year
Donald 2000	Ladies Day Shoot	26 Jan 2019	Donald Community Event of the Year

Provider	Recipient	Date	Purpose for Recognition
Advance Sea Lake Inc.	Alison McClelland	26 Jan 2019	Sea Lake Citizen of the Year
Advance Sea Lake Inc.	Charlie Cox, Rylee McGarry, Jenna Conlan and Lachlan McClelland	26 Jan 2019	Joint winners – Sea Lake Young Citizen of the Year
St Vincent de Paul, Donald	John Foott, Greg Hogan and Jack Burke		In 2017, the 50 th anniversary of St Vincent de Paul Donald was celebrated. Current members John Foott and Greg Hogan were both members for those 50 years. Jack Burke has been a member for all, but the last couple of years.
Australia Day Honours 2019 Public Service Medal	Margaret Abbey		Recipient of a Public Service Medal 2018 for her outstanding public service to local government, and through contributions to the communities of the Murrindindi Shire through the period of recovery after the 2009 Victorian Bushfires. Margaret is also an appointed member of Council's Internal Audit Committee.

7.3 CORRESPONDENCE INITIATED BY COUNCIL

Author's Title: Executive Assistant

Department: Office of the CEO

File No: GO/06/09

Attachments: Nil

RECOMMENDATION

That Council notes the record of correspondence sent and responses received.

Table of correspondence

Council Initiative	Correspondence sent to	Date sent	Date of Response	Summary of response
<p>Opposition of Dual Gauge between Ballarat and Maryborough – Murray Basin Rail Project</p> <p>Buloke communities are situated further north of Maryborough, and Council is of the position that the dual gauging of that track will impede existing freight services and also limit the extension of passenger rail.</p>	<p>Minister Allan Minister for Public Transport and Major Projects.</p> <p>Letter forwarded to new Minister for Ports and Freight, Melissa Horne.</p>	<p>11 October 2018.</p> <p>18 December 2018.</p>		

7.4 CHARLTON PARK COMMITTEE OF MANAGEMENT

Author's Title: Governance Officer

Department: Corporate Services

File No: ED/05/15

Attachments: 1 [↓](#) Charlton Park Committee of Management Meeting Minutes
11 Dec 2018

Relevance to Council Plan 2017 - 2021

Strategic Objective: Support our councillors, staff, volunteers and the community to make informed and transparent decisions.

RECOMMENDATION

That Council notes the Minutes of the Ordinary Meeting of the Charlton Park Committee of Management for 11 December 2018.

1. Executive Summary

Charlton Park Committee of Management is a Special Committee of Council under Section 86 of the *Local Government Act 1989*. The minutes of meetings held by this Committee should be noted by Council.

2. Discussion

Charlton Park Committee of Management held an Ordinary Meeting on 11 December 2018. The meeting minutes have been attached to this report.

3. Financial Implications

Council is required to report on financial reports of Special Committees of Council.

4. Cost Shift Considerations

There are no cost shift considerations.

5. Community Consultation

No community consultation is necessary for the purposes of this report.

6. Internal Consultation

Senior Management has been consulted in preparation of this report.

7. Legislative / Policy Implications

Council's noting of the meeting minutes of Special Committees meets the requirements under the *Local Government Act 1989*.

8. Environmental Sustainability

There are no environmental sustainability matters arising from this Report.

9. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

10. Conclusion

It is recommended Council notes the minutes of the Ordinary Meetings of Charlton Park Committee of Management held on 11 December 2018.

Charlton Park Committee of Management**Minutes (draft) of meeting held on Tuesday 11th December 2018, at Charlton College****List of club representatives:**

Buloke Shire	Carolyn Stewart	Sec / Treasurer	Simon Peck
Harness Club	Joe Thompson	Golf	Anne Kenny
Cricket		Bowling	Kevin Willey
Park Golf	Pat Clifford	Netball	Kim Fitzpatrick
Pony Club	Alena Olive	Hockey	Leanne Gretgrix
Football Club	Terry Fitzpatrick	Show	Wendy Laffin
Stadium	Kelvin Baird	Angling	Kevin Willey
Tennis	John Harley		
Croquet	Barb Dalrymple		

Present: Leanne Gretgrix, Joe Thompson, Simon Peck, Carolyn Stewart, Kevin Willey, Kim Fitzpatrick, Anne Kenny, Barb Dalrymple, Paul Fernee, John Harley, Kelvin Baird

Apologies: Pat Clifford, Shane Fitzpatrick

Minutes of previous meeting:

Moved by L Gretgrix / K Fitzpatrick – Carried

Business Arising:

- Nil

Correspondence in:

2020 Committee (J Harley)

A guide to governing the new shared facility at Charlton Park

Correspondence out:

Nil

Finance Report:

- Current balance \$33,003

Moved that the report be accepted.

Simon Peck / John Harley – Carried.

Club Reports:

Charlton Harness Racing Club

- Scheduled meetings are currently being transferred to other venues.
- Confirmed that the Charlton Cup will be held at Melton in March.

Angling Club

- New sign has been erected in Mildura Way directing traffic to the boat ramp.

Hockey Club

- Colours day to be held at Wooroonook Lake – March 3.

Croquet Club

- Corellas have recently returned (to Bowling Club as well). A 'cocky' watch is being implemented.

2020 committee

- John Harley and Paul Fernee reported on progress with project.
- Frame is up and ready for fill to raise level. This will be done in the coming weeks. Slab is expected to be poured in January. On target for June completion.
- An extra \$350,000 has been pledged by State Government which should cover financial requirements for Stage 1.
- Application has been made to Federal Govt. for \$350,000 to cover Stage 2 requirements – including car park, landscaping and relocation of some harness racing facilities.
- John presented a document outlining discussion points for how the new facility could operate (see correspondence). A sub-committee, consisting of interested parties, will be formed to formalise a governance policy. Process to begin as soon as possible. Secretary to contact all clubs to organise meeting.

General Business:

- Review of meeting procedures and common seal local law. P Fernee tabled a document (on behalf of Hannah Yu) outlining this committee's obligations.
- A reminder to clubs that they are responsible for maintenance of public toilets at the Park.
- Shooting of corellas has recommenced. Plan to take action over corresponding days to deter their return.
- Request for information regarding provision of female change rooms during the winter sport season. Paul informed the meeting that Shire is investigating options and will keep relevant clubs informed of progress.

Meeting closed: 8.45 pm

Next Meeting:

Monday 4th February 2019, 8.00pm - Charlton Football Social Rooms.

7.5 PLANNING APPLICATIONS RECEIVED - MONTHLY UPDATE

Author's Title: Planning Officer

Department: Planning and Community Support

File No: LP/09/01

Attachments: Nil

RECOMMENDATION

That the Council note information contained in the report on planning applications under consideration by staff and the status of each of these applications.

1. Executive Summary

This report provides information on planning applications under consideration by staff and the status of each of these applications.

2. List of Planning Applications

Application No	Applicant	Address	Date Rec	Summary of Proposal	Status
PPA774/18	Grant Penno	35 Cumming Avenue, Birchip	06/12/2018	Partial demolition of a building and construction of an extension of a building (Birchip IGA)	Awaiting report
PPA775/18	Alison McClelland	74 Best Street, Sea Lake	14/12/2018	External painting of a heritage building (Royal Hotel)	Permit issued
PPA776/18	John Clohesy	74 Best Street, Sea Lake	02/01/2019	Late night general liquor licence	Notice of application
PPA777/19	Price Merrett Consulting	406 Broadway, Wycheproof	21/01/2019	3 lot subdivision	Referral

7.6 BUILDING PERMITS - MONTHLY UPDATE

Author's Title: Compliance Administration Officer

Department: Planning and Community Support

File No: DB/14/02

Attachments: Nil

RECOMMENDATION

That the Council note information contained in the report on Building Permits approved by staff from 1 December 2018 to 31 January 2019.

1. Executive Summary

This report provides information on Building Permits approved by staff from 1 December 2018 to 31 January 2019.

2. List of Building Permits Approved by Council Surveyor

Permit No.	Address	Project Description	Date Approved
20180092	43-47 Campbell Street, BIRCHIP	New Building: Shed	06/12/2018
20180093	163 High Street, CHARLTON	Other: Swimming Pool & Safety Barrier	06/12/2018
20180094	34 Calder Highway, NULLAWIL	New Building: Shed & Verandah	06/12/2018
20180095	83 Hannon Street, SEALAKE	Extension: Addition to Dwelling	06/12/2018
20180096	16 View Street, CHARLTON	New Building: Dwelling	20/12/2018
20180052/1 Staged Permit	97 Railway Avenue, SEALAKE	New Building: Shade Structure/Domes	06/12/2018
20190001	34 Campbell Street, BIRCHIP	New Building: Shed	17/01/2019

3. List of Building Permits Approved by Private Surveyor

Permit No.	Address	Project Description	Date Approved
20190002	3559 Hopetoun-Sea Lake Road, BANYAN	New Building: Shed	21/12/2018
20190003	Lot 2 Racecourse Road, DONALD	New Building: Shed	18/01/2019
20190004	548 Watchem West School Road, WATCHEM WEST	New Building: Dwelling, Deck & Verandah	22/01/2019

8. GENERAL BUSINESS

8.1 POLICY REPORTS

8.1.1 SOCIAL MEDIA POLICY

Author's Title: Manager Customer Engagement

Department: Office of the CEO

File No: CM/14/14

Attachments: 1 [Social Media Policy](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Support our councillors, staff, volunteers and the community to make informed and transparent decisions.

RECOMMENDATION

That Council adopts the revised Social Media Policy.

1. Executive Summary

Council adopted its first Social Media Policy in February 2016. In the subsequent three years the Social Media landscape has continued to develop and Council has evolved its use.

2. Discussion

The Social Media Policy is an important document to uphold Council's integrity whilst having on significant online presence. Council operates its own Facebook, Twitter and LinkedIn pages and has over 2,000 residents engaging with Council on these platforms.

The policy gives clear direction and guidelines for Social Media use both professionally for Council and for personal use by Councillors and staff. A desktop review of Social Media policies from other Councils has assisted in the outcome of the review.

Given that Social Media develops rapidly, it has also been recommended that this policy now be reviewed annually.

3. Financial Implications

Costs implementing the implications of this policy will be covered by the existing labour budget. There are also cost savings in the use of Social Media to compliment traditional advertising.

4. Cost Shift Considerations

There are no cost shift implications in this report.

5. Community Consultation

Once adopted, this policy will be promoted and placed on Council's website.

6. Internal Consultation

This policy was reviewed by the Senior Leadership Team and will be outlined to staff upon adoption.

7. Legislative / Policy Implications

This policy is in line with best practise and legislation.

8. Environmental Sustainability

This policy has no such implications.

9. Conflict of Interest Considerations

There were no conflicts of interest in the writing of this report.

10. Conclusion

The Social Media Policy will continue to be an important tool as the online world continues to develop and Council grows its presence.



Policy Title	Social Media Policy		
Responsible Directorate	Chief Executive Office		
Policy No	176	Date approved	Feb 2019
Revision No	2	Revision Date	Feb 2022

1. Purpose

The purpose of the Social Media policy is to provide guidance and expand on the existing obligations of Councillors and staff under the Code of Conduct when engaging in Social Media when there is a direct or inferred relationship between the user and the Buloke Shire Council.

It is intended to encourage Councillors and staff on the use of Social Media and give them the confidence to participate safely.

It is also intended to give guidance to Authorised Staff in the delivery of Social Media content via Council's Facebook, Twitter, You Tube and LinkedIn accounts.

2. Scope

This policy applies to all Councillors, Employees, Volunteers and Contractors and sets the standards and requirements applicable for Council's professional use of Social Media as well as professional and personal interactions via Social Media.

Council acknowledges that individuals have a right to exercise judgment in the private use of Social Media for their own personal expression or activities. The scope of this policy extends only to the impact, if any, of their private choices on Council's reputation where there is a stated or implied connection with the Buloke Shire Council, including when such use occurs outside of office hours. Therefore, this policy is not intended to cover situations where:

- Information is circulated in a Councilor's or staff member's personal capacity and not on behalf of, or in connection with, Council;
- Use of Social Media in situations where there is no reference to Buloke Shire Council, its Councillors, staff, policies and decisions, services, suppliers or any other stakeholders or Council related matters;
- Use of Social Media where such use occurs outside of normal working hours.

This policy is to be read in conjunction with all Buloke Shire Council policies including the Buloke Shire Council Code of Conduct for Staff and the Buloke Shire Code of Conduct for Councillors.

3. Definitions

In this policy –

"Authorised Staff" – means staff that have received approval from the Chief Executive Officer to officially represent the Buloke Shire Council via Social Media technology.

"Social Media" – refers to online or internet-based tools used for sharing and discussing information, opinions and other content with other users. Social Media forums include, but are not limited to:

- Social networking sites (for example, Facebook, LinkedIn, Yammer, Twitter)
- Video and photo sharing websites (for example, Snapchat, YouTube)
- Blogs and vlogs
- Podcasts
- Forums and discussion boards
- Other emerging social media and digital communication technology

“Staff” includes all Employees, Volunteers or Contractors engaged by Council.

4. Policy Statement

Council recognises that use of Social Media is increasingly becoming a common standard of communication in professional and personal activities.

Corporately, organisations utilise Social Media technology to engage with stakeholders and the community in a timely manner regarding key strategic projects and programs in order to supplement conventional consultation methods.

Council and its staff recognise the potential for risk to Council’s reputation and image arising from the misuse of Social Media in a professional or personal capacity. Accordingly, Councillors and Council staff are beholden by, and recognise, the requirements and behaviors within the Buloke Shire Council Code of Conduct and Council policies when participating in Social Media activities in an official or private capacity to ensure that the risk of such damage is minimised.

5. Guidelines

5.1 General and Personal Use

- 5.1.1 The Human Resources team, in conjunction with the Manager Customer Engagement, , are responsible to ensure staff are provided with information and guidance relating to acceptable use of Social Media.
- 5.1.2 Councillors and staff are responsible to familiarise themselves with, and adhere to, the requirements within this policy as amended from time to time.
- 5.1.3 Councillors and staff are personally responsible for any information or comments made using Social Media. Information published via Social Media is often permanently available and may be reproduced in other media.
- 5.1.4 Councillors and staff must not make any comments or post any material that might result in damage to Council’s reputation or otherwise bring it into disrepute.
- 5.1.5 Councillors and staff are responsible to ensure that all online activity complies with Council’s policies.
- 5.1.6 Staff must not mislead users by implying they have been authorised to represent Council either through the use of a Council issued email address, use of Council’s corporate logo, use of the identity of another Council staff member, or any other action which may give the impression of Council’s support or approval of Social Media activities.
- 5.1.7 Staff are responsible to ensure that their work performance is not affected by their use of Social Media, including through frequent or prolonged use of Social Media outside of designated work breaks.

5.2 Professional Use

5.2.1 When using Social Media as a representative of Council, Councillors and staff are expected to:

- Seek prior advice from Manager Customer Engagement.
- Adhere to Buloke Shire Council codes of conduct, policies and procedures.
- Behave with caution, courtesy, honesty and respect.
- Comply with relevant laws and regulations.

- Reinforce the integrity, reputation and values of Buloke Shire Council.

5.2.2 The following content is not permitted under any circumstances:

- Abusive, profane or sexual language.
- Content not relating to the subject matter of that blog, board, forum or site.
- Content which is false or misleading.
- Confidential information about Council or third parties.
- Copyright or Trade mark protected materials.
- Discriminatory material in relation to a person or group based on age, colour, creed, disability, family status, gender, nationality, marital status, parental status, political opinion/affiliation, pregnancy or potential pregnancy, race or social origin, religious beliefs/activity, responsibilities, sex or sexual orientation.
- Illegal material or materials designed to encourage law breaking.
- Materials that could compromise Council, employee or system safety.
- Materials which would breach applicable laws (defamation, privacy, trade practices, financial rules and regulations, fair use, trademarks).
- Material that would offend contemporary standards of taste and decency.
- Material which would bring the Council into disrepute.
- Personal details or references to Councillors, council staff or third parties, which may breach privacy laws.
- Spam, meaning the distribution of unsolicited bulk electronic messages.
- Statements which may be considered to be bullying or harassment.

5.3 Authorisation

Ensure appropriate authorisation has been obtained before using social media including but not limited to uploading content and acting as a spokesperson on behalf of Council.

5.4 Expertise

Do not comment outside your area of expertise. Do not commit Council to actions or undertakings.

5.5 Disclosure

Only discuss publicly available information. Do not disclose confidential information, internal discussions or decisions of Council, employees or third parties. This includes publishing confidential, personal or private information where there is sufficient detail for potential identification of Councillors, staff or third parties.

5.6 Accuracy

Be accurate, constructive, helpful and informative. Correct any errors as soon as practicable. Do not publish information or make statements which you know to be false or may reasonably be taken to be misleading or deceptive.

5.7 Identity

Be clear about professional identity or any vested interests. Do not use fictitious names or identities that deliberately intend to deceive, mislead or lie. Do not participate anonymously or covertly via a third party or agency.

5.8 Opinion

Clearly separate personal opinions from professional ones and be mindful of Council's Code of Conduct when discussing or commenting on Council matters. In general, don't express personal opinions using

Council # tags or other identifications. Only where this is not possible, consider using a formal disclaimer to separate official Council positions from personal opinions and distance Council from comments made by public and other outside interests.

5.9 Privacy

Be sensitive to the privacy of others. Seek permission from anyone who appears in any photographs, video or other footage before sharing these via any form of Social Media. If asked to remove materials do so as soon as practicable.

5.10 Intellectual Property

Seek permission from the creator or copyright owner, to use or reproduce copyright material including applications, audio tracks (speeches, songs), footage (video), graphics (graphs, charts and logos), images, artwork, photographs, publications or music. Also seek permission before publishing or uploading material in which the intellectual property rights, such as Trademarks, are owned by a third party e.g. company logos. Seek permission from the website's owner wherever possible before linking to another site (including a Social Media application).

5.11 Defamation

Do not comment, contribute, create, forward, post, upload or share content that is malicious or defamatory. This includes statements which may negatively impact the reputation of another.

5.12 Reward

Do not publish content in exchange for reward of any kind.

5.13 Transparency

Do not seek to buy or recompense favorable social media commentary. Encourage online publishers to be open and transparent in how they engage with, or review council personnel, services or wares.

5.14 Political Bias

Do not endorse any political affinity or allegiance.

5.15 Respect

Always be courteous, patient and respectful of others' opinions, including detractors.

5.16 Discrimination

Be mindful of anti-discrimination laws and do not publish statements or information which may be discriminatory.

5.17 Language

Be mindful of language and expression.

5.18 State of Mind

Do not use Social Media when inebriated, irritated, upset or tired.

5.19 Be Safe

Protect your personal privacy and guard against identity theft.

5.20 Media

Do not issue statements or make announcements through Social Media channels unless authorised. Do not respond directly if approached by media for comment through Social Media. Refer the inquiry to the Manager Customer Engagement.

5.21 Modification and Moderation

Ensure that any Social Media sites created or contributed to can be readily edited, improved or removed and appropriately moderated.

5.22 Access

Be mindful of the requisite government web standards for accessibility. Information made available via non-compliant platforms should be made accessible in another form where practical.

5.23 Responsiveness

Specify the type of comments and feedback that will receive a response and clearly communicate a target response time. Make it easy for audiences to reach Council via other methods by publishing Council's phone number, generic email, Facebook, Skype and Twitter accounts.

6. Roles and responsibilities

Role	Responsibilities
Councillors	<ul style="list-style-type: none"> • Seek approval for Council branding of Social Media. • Register Social Media account/tools/site with the Manager Customer Engagement. • Understand and comply with the provisions in this policy. • Seek training and development for using Social Media. • If implementing or using a Social Media account that implies a connection to Council (e.g. Cr John Citizen), seek advice from the Chief Executive Officer or Manager Customer Engagement if unsure about applying the provisions of this policy.
Staff	<ul style="list-style-type: none"> • Seek approval from relevant manager for business strategy incorporating social media. • Seek advice from Manager Customer Engagement on using Social Media and developing a communications plan to support business strategy. • Seek approval for Council branding of Social Media. • Register Social Media account/tools/site with the Manager Customer Engagement. • Understand and comply with the provisions in this policy. • Seek advice from the Manager Human Resources or Manager Customer Engagement if unsure about applying the provisions of this policy. • Ensure contractors are provided with a copy of this policy. • Familiarise self with the End User Licence Agreements of any external Social Media tools being used.
Business Unit Managers	<ul style="list-style-type: none"> • Approve business strategy incorporating use of Social Media. • Ensure staff consult the Manager Customer Engagement on their planned use of Social Media. • Ensure contractors are provided with a copy of the Social Media policy • Offer training for staff using Social Media. • Advise Information Technology team of approval to access Social Media for business purposes.
IT team	<ul style="list-style-type: none"> • Facilitate secure access to support delivery of Council business via Social Media. • Regularly back up and archive internally hosted Social Media sites.
Manager Customer Engagement	<ul style="list-style-type: none"> • Authorise use of Social Media tools for conducting Council business. • Provide advice and assist with the development of communication plans using Social Media. • Educate Councillors and staff about this policy and their responsibilities when using Social Media. • Advise appropriate precautions e.g. disclaimers. • Maintain a register of Social Media being used for conducting Council business including records of the business case for using Social Media, its strategic imperative, the intended administrator, URL, login, password and audience. • Assist staff to retain some record explaining the context or purpose of Social Media, and a sample of posts where it is impractical to retain large volumes of screen grabs. • Monitor Social Media accounts/tools/sites registered for conducting

	<p>Council business.</p> <ul style="list-style-type: none">• Monitor Social Media for references to the Buloke Shire Council.• Seek legal advice as appropriate where an issue is likely to be contentious or may create legal risk for Council.• Conduct a desk top review of this policy annually.
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7. Enforcement

All content published or communicated by or on behalf of Buloke Shire Council using Social Media must be recorded (including the author's name, date, time, media site location and link) and kept on record.

Buloke Shire Council actively monitors Social Media for relevant contributions that impact on the municipality, its operations and reputation. Buloke Shire Council will be able to find – and act upon – contributions made by Councillors and staff if deemed necessary.

This policy will be published and promoted to Councillors and staff of Buloke Shire Council. Breaching this policy may result in disciplinary action, performance management and review. Serious breaches may result in suspension or termination of employment or association.

Buloke Shire Council reserves the right to remove, where possible, content that violates this policy or any associated policies.

8. Further information

If you require any further information or help interpreting parts of this policy please contact Council's Manager Customer Engagement.

9. References

9.1 This policy was developed in accordance with the following legislation:

- *Charter of Human Rights and Responsibilities Act 2006*
- *Copyright Act 1958 (Vic)*
- *Crimes Act 1958*
- *Defamation Act 2005 (Vic)*
- *Disability Discrimination Act 1992*
- *Equal Opportunity Act 2010*
- *Fair Trading Act 2009 (Cth)*
- *Fair Work Act 2009*
- *Freedom of Information Act 1982 (Vic)*
- *Information Privacy Act 2000 (Vic)*
- *Local Government Act 1989 (Vic)*
- *Occupational Health and Safety Act 2004*
- *Privacy Act 1988 (Cth)*
- *Public Records Act 1973 (Vic)*
- *Racial and Religious Tolerance Act 2001*
- *Racial Discrimination Act 1975*
- *Sex Discrimination Act 1984*

- *Spam Act 2003 (Cth)*
- *Wrongs Act 1958 (Vic)*

9.2 This policy was developed in accordance with the following documents:

- Buloke Shire Council Electronic Communication Policy
- Buloke Shire Council Information Security Policy
- Buloke Shire Council Enterprise Agreement
- Buloke Shire Council Councillor Code of Conduct
- Buloke Shire Council Staff Code of Conduct
- Buloke Shire Council Performance Management Policy
- Buloke Shire Council Bullying, Equal Opportunity, Discrimination, Sexual Harassment Policy
- State Services Authority: *Guidance for the use of Social Media in the Victorian Public Sector* (18 August 2010).

8.2 MANAGEMENT REPORTS

8.2.1 COUNCIL PLAN 2017/2018 YEAR 2 - ANNUAL PLAN STATUS

Author's Title: Chief Executive Officer

Department: Office of the CEO

File No: GS/03/04

Attachments: 1 [Annual Plan Status Report](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Build a healthy and active community

RECOMMENDATION

That Council note the progress against the Council Plan 2017-2021 Annual Plan Year 2.

1. Executive Summary

This report is provided to Council to note the progress made against the 2018/19 Annual Plan.

2. Discussion

Following the adoption of the 2018/19 budget, Council also adopted the 2018/19 Annual Plan. This plan provides for the key strategic work for the year in ensuring we meet the strategic priorities established in the 2017-2021 Council Plan. The Annual Plan will be reported against quarterly.

The attached table highlights the progress made under the Annual Plan and shows a number of actions completed or in process.

Further reports will be provided to the May 2019 and July 2019 Council meetings.

3. Financial Implications

The table highlights the financial commitments made to achieving the Annual Plan, which was also a key consideration in the development of the 2018/19 budget.

4. Cost Shift Considerations

There are no cost shift considerations associated with this report.

5. Community Consultation

Many of the projects and actions listed have had a significant amount of community consultation.

6. Internal Consultation

Staff from the management team have provided input into this report.

7. Legislative / Policy Implications

This report provides key status updates against Council's key strategy/policy, being the Council Plan.

8. Environmental Sustainability

There are no environmental sustainability considerations in this report.

9. Conflict of Interest Considerations

No staff involved in the preparation of this report have a conflict of interest

10. Conclusion

Council is making solid good progress against the Annual Plan, with a significant amount of items completed and underway. It is recommended that Council note this report.

YEAR 2 Annual Plan – February 2019 progress report

Deliver our services in a financially viable way						
Action	Description of activity	Strategic Basis	Measure	Completion date	Status (complete, in progress, not yet started)	Comments
Improve our financial planning and reporting	Implementation of Long Term Financial Plan	Council Plan 1.1	LTFP adopted by Council	28/02/2019	In progress	Two workshops held with Councillors and draft LTFP developed.
Continuous service improvement for efficient and flexible service	Shared services project with Wimmera Councils	Council Plan 1.2	Final report delivered to Council	31/12/2019	Completed	Report completed and presented to Councillor Briefing
Enhance our communication and technology to improve productivity, service delivery and communication with the community.	Invest in the priorities of the ICT strategy to improve productivity including Phase 2 of the implementation of a corporate system.	Council Plan 1.3	Signing of Contracts and implementation commenced	30/03/2019	In progress	Due to exploring obtaining external funds for this project through the Rural Councils Transformation Program, this project has been delayed. EOI has been successful and we have been invited to develop a full business case. Outcome of funding application due in May 2019.
Advocate for improved financial outcomes for rural communities	Undertake a Rating Strategy to ensure equitable outcomes for communities.	Council Plan 1.4	rating strategy adopted by council	30-Mar-19	In progress	Consultant appointed and Reference Group established. Initial workshop held with Councillors and reference group.

Build a healthy and active community						
Project Name	Description	Strategic Basis	Measure	Completion date	Status	Measure
Seek effective place based services and initiatives focussed on prevention based measures	Partner with a range of Buloke stakeholders to advance primary prevention measures within Buloke with a focus on mental health and healthy living.	Council Plan 2.1	Develop publications that promote place based health services	30-Apr-19	In progress	Buloke Dementia Pathways project actively participated in through SMPCP, handout developed. Strong links formed with EWHS, mental health team linked with key community touch points and contacts.
Advocate for accessible public and community transport for all Buloke residents	Through the Flexible Local Transport Program, develop accessible materials on local transport options utilising the information gathered in the stage one baseline report for the Local Mallee Transport Options.	Council Plan 2.2	Accessible material distributed	30-Oct-18	In progress	We now have 5 communities with an active Community Transport project and all have their vehicle. A \$15,000 funding application has been successful through Flexible Local Transport Solutions Program for the development of material for distribution to community. This material is set to be available over the coming 4-5 months.
Promote and enhance passive and active recreation	Work with the Mallee CMA on the recreational Tyrrell Creek projects- new connections	Council Plan 2.3	Three projects completed	30-Mar-19	Completed	Works completed at Tchum Lake signage, Tchum Lake Walking Track, Stoney Crossing Repairs (Lake Tyrrell) and Lake Marlbed study and signage.
Develop community plans to enhance the liveability of all Buloke communities	Adopt the Buloke Integrated Community Plan	Council Plan 2.4	Integrated plan adopted by Council	30-Dec-18	Completed	Plan adopted at December Council meeting.

Project Name	Description	Strategic Basis	Measure	Completion date	Status	Measure
Develop a Buloke inclusiveness plan to address access and engagement of all residents.	Actively advocate for the effective roll out of the NDIS in Buloke.	Council Plan 2.6	transfer of known eligible HACC clients to NDIS	30-May-19	In progress	Inclusiveness Plan developed. Draft feedback phase completed and changes now being incorporated. Effective relationships being established with NDIA, NDS, advocacy groups and Intereach (LAC) to facilitate information dissemination to community, both potential participants and service providers. Transfer of some clients have already been completed, with significant work to occur until June 30.
Implement the Municipal Early Years Plan and Child & Youth Strategy to address the needs of young people in the Shire.	Supported Playgroup to be rolled out across Buloke Shire with new funding received.	Council Plan 2.8	Two supported community playgroups	30-Jun-19	In progress	Supported Playgroup rolled out in Watchem. Scoping currently underway for a second community.

Diversify and enhance our local economy						
Project Name	Description	Strategic Basis	Measure	Completion date	Status	Measures
Strengthen Agribusiness diversification	Undertake a review of the rural land use elements of the Buloke Planning Scheme to ensure it reflects agricultural activities.	Council Plan 3.1	Rural land use strategy adopted by council	30-Sep-18	Not yet commenced	Consultant appointed with work to be complete by June 30.
Capitalise on Tourism opportunities	Implement Economic Development and Tourism Year 1 Strategies.	Council Plan 3.2	year 1 Action Plan implemented	30-Jun-18	In progress	A number of actions underway, including calling for advisory committee, investment in tourism infrastructure and funding applications for marketing, promotional materials.
Capitalise on Tourism opportunities	Construction of tourism facilities at Lake Tyrrell to capitalise on visitors to the area.	Council Plan 3.2	construction completed	30-Dec-19	In progress	Preparing tender documentation for construction, finalising Cultural Heritage Management Plan and attempting to secure final funding for roadworks
Capitalise on Tourism opportunities	Amenity upgrades at three lakes to be built by summer 18/19	Council Plan 3.2	construction completed	30-Dec-19	In progress	Wooroonook and Watchem Lake amenities opened. Tchum Lake works continuing.
Advocate and facilitate improved and equitable connectivity to promote liveability	Apply for all five eligible locations in Round 1 of the State Governments Mobile Blackspot Program to improve telecommunications and liveability	Council Plan 3.3	applications submitted	30-Aug-18	Completed	Additional projects nominated in the Federal Mobile Blackspot Program (Round 4). Approximately 30 sites nominated in total. Strong discussions with Telstra about a tower at Berriwillock.

Project Name	Description	Strategic Basis	Measure	Completion date		Measures
Encourage and promote renewable energy options as a driver of economic growth and a sustainable environment	Work with agricultural intensive animal husbandry and BCG to demonstrate renewable energy options.	Council Plan 3.4	Renewables in agriculture session held	30-Aug-18	Commenced	BCG funding application successful and microgrid partially installed. Discussions about demonstrations underway
Seek funding for regional supply chain strategies (Road and Rail) to secure viable market access for Buloke products	Seek funding under the Local roads to market program for a key freight route.	Council Plan 3.5	Grants submitted	30/06/2019	Completed	Applications made and Yeungroon and Birchip Corack Roads successful
Promote the lifestyle and economics of living in Buloke.	Annual evaluation of sustainability and community grants success	Council Plan 3.6	report to Council	30-Aug-18	Completed	Report presented to August briefing.
Enhance community cohesion and attractiveness with well maintained and functional streetscapes.	Deliver improvements to the main street of Birchip to upgrade safety and implement their streetscape masterplan priorities.	Council Plan 3.7	construction completed	30-Mar-19	In progress	Detailed designs complete. VicRoads have pulled the funding for this project and works will not commence until alternative funding source found.

Responding to and enhancing our built and natural environment						
Project Name	Description	Strategic Basis	Measure	Completion date		Measures
Reduce the asset renewal gap	Develop and maintain a suite of projects on key buildings across Buloke that are ready to submit for grant opportunities.	Council Plan 4.1	1 design for each asset class	30-Jan-19	Completed	Designs completed for Skate Park, Recreation Reserve, Streetscape (riverfronts), Charlton Hall, Charlton Childcare, drainage and a range of road rehabilitation projects
Partner with communities to develop fit for purpose multi use hubs	Construction of Charlton Park 2020	Council Plan 4.2	Facility constructed and open to the public	30-Sep-19	In progress	On ground works commenced.
Partner with communities to develop fit for purpose multi use hubs	Finalise plans and construct Donald Community Precinct	Council Plan 4.2	Facility constructed and open to the public	30-Sep-19	In progress	On ground works commenced.
Build community preparedness and resilience to the effects of extreme weather events	Develop the Charlton Drainage Designs	Council Plan 4.4	Drainage design completed	30-Apr-19	In progress	Contract let, designs underway and will be completed by March.
Enhance the strategic delivery of council assets	Use the asset management software system to inform ongoing capital and financial budgets	Council Plan 4.4	Building and roads asset data centralised in system	30-Jan-19	Completed	Transfer of data into Asset Management system has been completed
Ensure the ongoing practical management and protection of the shire's native vegetation	Use an MOU with the Dept. of Corrections to assist our Landcare groups to achieve community identified problem locations to eradicate weeds	Council Plan 4.5	Two sites achieved	30-Apr-19	Not yet commenced	Discussions with Department of Corrections to commence in ASAP

Project Name	Description	Strategic Basis	Measure	Completion date		Measures
Support communities' access to recreational water by enhancing our aquatic features	Green Lake - earthworks completed	Council Plan 4.6	works complete and taps turned on	30-Dec-18	Completed	Works completed and lake is filling with water
Become a champion of environmental sustainability through design and practice	Commence Stream 3 of Sustainability Victoria funding to retrofit two high use community buildings for better energy efficiency.	Council Plan 4.7	two building retrofitted	30-Jun-19	Not yet commenced	Energy audits received in early February. Works prioritisation underway.
Improve waste management practices and reduce waste to landfill for improved environmental outcomes	Apply for funding for E-Waste container storage to improve waste management practices	Council Plan 4.8	Facility constructed at Birchip landfill	30-May-19	In progress	Funding applications successful for Birchip and Sea Lake sites

Support our Councillors, Staff, Volunteers and the Community to make informed and transparent decisions						
Project Name	Description	Strategic Basis	Measure	Completion date		Actions to date
Implement a robust compliance and risk framework to ensure statutory obligations are fulfilled	Develop a Business Continuity Management Plan that ensures a robust framework to ensure Council meets its statutory obligations.	Council Plan 5.1	key documents in place in accord with transition phases	as per regulation requirements	Completed	Plans have been completed and presented to Senior Leadership Team and reported on at the Audit and Risk Committee
Ensure the Buloke organisational development strategy supports our culture	Implementation of the online Learning Management System.	Council Plan 5.2	Successful Completion of three compulsory modules by all staff	30-Nov-18	Completed	System implemented and staff have completed training
Ensure our Councillors have support in performing their roles and responsibilities	Review and adopt updated meeting local law	Council Plan 5.3 and 5.5	meeting procedure and common seal law adopted	28-Feb-19	In progress	First round of consultation complete. Adoption at April Ordinary meeting.
Monitor partnership arrangements to maximise services for Buloke	Assess key partnerships with stakeholders such as BCG, WMT, NPC, LMCLP and CVGA .	Council Plan 5.4	report to council	28-Feb-19	In progress	Initial scoping discussions held. Review commenced.
Recognise our volunteers and support their significant contributions	Implementation of Volunteer Strategy	Council Plan 5.5	50% of actions implemented	30/06/2019	In progress	Successful Volunteer Week event run in Donald through EWHS partnership. Future-based conversations had with various community groups across the Shire around support for volunteers. Workshops attended in Volunteer management and culture. Recognition poster created for MOW volunteers, more streamlined Police Check process underway.

8.2.2 COMMUNITY GRANTS AND SPONSORSHIP

Author's Title: Community Development Officer

Department: Planning and Community Support

File No: GS/09/42

Attachments: 1 [↓ Cumulative grants - 18/19](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Support our councillors, staff, volunteers and the community to make informed and transparent decisions.

RECOMMENDATION

That Council:

1. Allocates \$2000 to the Charlton Neighbourhood House;
2. Allocates \$250 to the Donald Learning Group;
3. Allocates \$500 to the Charlton Youth Group;
4. Allocates \$500 to the Wyche Alive Fun Fest; and
5. Does not support the Birchip Kinder application for sustainability funds.

1. Executive Summary

The purpose of this report is to recommend that Council considers and approves the allocation of funds from the Community Grants and Sponsorship Program to the projects listed above.

2. Discussion

Significantly more applications are being received for community grants and sponsorships. The review committee is examining and recommending allocations in line with this increasingly competitive grants environment. The following applications have been received.

Charlton Neighbourhood House is establishing itself and has recently been funded by the state government. The state government funding will fund the operating wage costs, but not the start-up costs. This grant application to Council is for the purchase of computer hardware & programs to run the service. The total cost of the project is \$5159.40 with \$2160 in-kind support and \$1000 cash contribution from the community. The request from Council is for \$2000.

The Donald Learning Group are running an "Over the Farm Gate" function to support the community. The project is partially funded through the VFF and includes a free BBQ and fun night for farmers and the community. We are supporting the event through site usage and power costs. The funding request is for \$500, and is recommended that Council provide \$250 as the application highlighted a profit is to be made.

The Charlton Youth Group are running a youth event at the Esoteric site, with support from Simone Christie of Birchip Neighbourhood House and Freeza. The request is for \$1,000 and as the activity can be co-funded through the Engage program of the NCLLEN, the recommended amount is for \$500.

The Wyche Alive Fun Fest is an event planned on the slopes of Mt Wycheproof on the March long weekend and will be a family fun event with music, stalls and entertainment. The application is for \$2000, but the application anticipated that the event would run at a significant profit and attendees are required to pay for tickets. The Panel recommendation is to award a grant of \$500.

The Birchip Kinder Sustainability application was for landscaping works at the new site. Despite the good aims of the project, it did not meet the criteria of Sustainability Grant funding. The Shire has already supported the building of the facility and by previous agreement the Committee had committed to pay for fencing and landscaping.

3. Financial Implications

The recommended grant allocations would bring the total funding provided under the scheme for the 2018-19 financial year to \$19,400 out of a total of \$20,000. The sustainability fund contributions so far totals \$16,795 out of \$50 000 available.

4. Cost Shift Considerations

There are no cost shift considerations in this report.

5. Community Consultation

Officers have sought clarification where appropriate from applicants.

6. Internal Consultation

An internal working party reviews these applications on a monthly basis.

7. Legislative / Policy Implications

The community grants and sponsorship program has been developed in response to the Local Government Investigations and Compliance Inspectorate guidelines

8. Environmental Sustainability

There are no environmental sustainability considerations in this report.

9. Conflict of Interest Considerations

Council's Children and Youth Officer, Mr Barry McKenzie, sits on the evaluation panel for these grants and also sits on the Committee of Governance for the Charlton Neighbourhood House.

When evaluating the application from the Charlton Neighbourhood House, Mr McKenzie was not present and did not participate.

10. Conclusion

It is recommended that Council provide funding allocations to the Charlton Neighbourhood House, Donald Learning Group, Charlton Youth Group and Wycheproof Alive.

Community Grants, Sponsorship & Sustainability Fund

2018 - 19

	Organisation	type	applied	recommended
	Birchip Art Show	sponsorship	500	500
	Birchip Connect	project support grant	2000	1000
	Charlton Art Show	sponsorship	500	500
	Charlton Play	project support grant	2000	1000
	NCLLEN Bike Ride	sponsorship	500	500
	Tyrrell College State Schools Spectacular	project support grant	2000	1000
	Taste of Birchip VCAL project	sponsorship	500	250
Aug	Coonooer Memorial reno		2,000	1,000
Aug	Donald Lions VRI reno		1,990	1,000
Aug	Donald Bridge tournament		500	500
Aug	Wyche Armistice tour		2,000	1,000
Sept	Nullawill Organ Restoration	Community	2,000	2,000
Sept	Charlton Forum A frame	Community	250	250
Sept	Donald Mens Shed	Community	1,200	1,200
Oct	Birchip FV project	Sponsorship?	250	250
	Remembrance day Charlton			
Oct	Golden Grains 100th Anniv	Sponsorship?	200	200
Oct	Charlton Bowls Club	Community	2,000	2000
Oct	Nandaly Hall Air Con	Sustainability??	8666	2000
Feb	Charlton N House equip	Community	2000	2000
Feb	Donald Learning Group	Over the farm gate	500	250
Feb	Charlton Youth Group	Below 0	1000	500
Feb	Wyche Alive	Mt Fun Fest	2000	500
	total		34556	19400

SUSTAINABILITY

	Birchip Recycled stormwater pump	Sustainability Fund grant	10,000	10,000
	CHARTESC solar project	Sustainability Fund grant	3,795	3,795
Oct	Wyche CRC Fruit Fly trap wicks	Sustainability	3000	3000
Oct	Advance Sea Lake Garden	Sustainability	App 2460	0
	Birchip Early Learning Centre			
Feb	Committee			0
	total			16,795

8.2.3 LONG TERM FINANCIAL PLAN 2018/19 TO 2028/29

Author's Title: Director Corporate Services

Department: Corporate Services

File No: FM|05|02

Attachments: 1 [↓](#) Long Term Financial Plan - 2018/19 to 2028/29

Relevance to Council Plan 2017 - 2021

Strategic Objective: Deliver our service in a financially viable way

RECOMMENDATION

That Council:

1. Adopt the 2018/19 to 2028/29 Long Term Financial Plan as attached to this report; and
2. The Long Term Financial Plan be updated to inform the 2019/20 Budget in May 2019.

1. Executive Summary

The Long-Term Financial Plan (LTFP) is a key financial planning document for Council.

The Plan is constantly under review and is modified on an as needs basis. This plan has been developed in recent months and was considered by Council at workshops in December 2018 and January 2019.

In line with best practice and open and transparent governance, the Long-Term Financial Plan document will be reviewed and updated as part of Council 2019/2020 Budget process.

2. Discussion

The purpose of this report is to present to Council the Draft Long Term Financial Plan for 2018/19 to 2028/29.

The purpose of a long-term financial plan is to express in financial terms the activities that the Council proposes to undertake over the medium to longer term to achieve its stated objectives. It is similar to, but less detailed than the Annual Budget and helps guide Council's future actions depending on the longer-term revenue and expenditure proposals.

Long-term financial plans are particularly important for entities with a high level of long-lived assets and significant asset management responsibilities relative to their income base. Such entities may have long periods with modest levels of asset renewal requirements and then other periods when very significant outlays are necessary. They need to be generating revenue in an equitable manner over time and ensure that they have capacity to finance peaks in asset management and other outlays.

The preparation of a long-term financial plan generates improved information to guide Council's decisions about the mix and timings of outlays on operating activities and additional assets and the funding implications of these. Without a soundly based long-term financial plan, the Council with its significant asset management responsibilities is unlikely to have sufficient data to determine sustainable service levels with affordable asset strategies, appropriate revenue targets and treasury management.

The long-term plan is reviewed at least annually and provides a financial plan for the next 10 years. The current plan will be reviewed as part of the 2019/20 Budget process. After it is adopted by Council the Long Term Financial Plan will be displayed on Council's website.

3. Financial Implications

Council has a legislative requirement to comply with the following principles of sound financial management.

- 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 further generations.
- Provide full, accurate and timely disclosure of financial information.

A key component of sound financial management is the preparation of longer-term financial budgets and plans. Council has prepared a LTFP for the 10 years 2018/19 to 2028/29 that includes a detailed 10-year capital expenditure program.

4. Cost Shift Considerations

This plan will be a key tool in protecting against future cost shift by state and federal government.

5. Community Consultation

The LTFP will be updated as part of Council's 2019/20 Budget process. It is proposed that the updated draft of the LTFP will be placed on public exhibition with the Draft Budget for community consultation. Submissions on both the Budget and the LTFP will be considered at that time.

6. Internal Consultation

The author of the Plan, Mr Terry Mathews CPA, has consulted with key Council staff and councillors in the preparation of this report.

7. Legislative / Policy Implications

Council operates within a business risk framework in conjunction with its Risk Management & Audit Committee.

The LTFP will be referred to the Risk Management & Audit Committee for comment following its endorsement.

The LTFP is based on assumptions and estimates. Council manages this risk by reassessing progress and developments each year and adjusting its annual Council Plan and LTFP where necessary.

8. Environmental Sustainability

Council should consider its environmental and social objectives in any decision-making process including the LTFP.

9. Conflict of Interest Considerations

No person involved in preparing this report has a conflict of interest.

10. Conclusion

It is recommended that Council adopt the 2018/19 to 2028/29 LTFP, but that following development of Council's 2019/20 Draft Budget Document the plan be updated to inform the 2019/20 budget process. It is anticipated that this will occur in May this year.



DRAFT
LONG TERM FINANCIAL PLAN
2018/19 TO 2028/29

CONTENTS

1.	EXECUTIVE SUMMARY	1
1.1	Introduction	1
1.2	Purpose of Long Term Financial Plan	1
1.3	LTFP Objectives	1
1.4	Strategic Financial Direction	2
1.5	Key Strategic Directions	2
2.	LINK BETWEEN STRATEGIC PLANNING AND THE ltfp (long term financial plan) ...	5
2.1	The Purpose of the LTFP	5
3.	FINANCIAL SUSTAINABILITY	6
3.1	Background	6
3.2	Financial Comparisons - Benchmarking.....	6
3.3	Analysis of Council's Financial Sustainability.....	7
3.4	Benchmarking.....	11
4.	SERVICE PROVISION AND PLANNING.....	12
4.1	Introduction	12
4.2	Local Government Service Planning.....	12
4.3	Introducing a Service Planning Approach.....	14
4.4	Service Plan Process: 6 Key Steps	14
4.5	Conclusion.....	17
5.	CAPITAL WORKS PROGRAM	18
5.1	Introduction	18
5.2	Level and Nature of Capital Works	18
5.3	2019/20 Capital Investment Levels.....	19
5.4	Capital Funding Sources.....	19
5.5	Conclusion.....	20
6.	ASSET MANAGEMENT	21
6.1	Introduction	21
6.2	Council's Asset Portfolio - 30 June 2018	21
6.3	Key Questions to Determine Service Level/Investment	22
6.4	Asset Investment	23
6.5	Condition Assessment.....	23
6.6	Management Systems.....	24
6.7	Strategic Asset Management.....	27
6.8	Conclusion.....	30
7.	BORROWING STRATEGIES	31
7.1	Measuring Which Level of Debt is Appropriate	31
7.2	Borrowing Assessment Policy.....	32
7.3	What do the Financial Indicators Mean?.....	32
8.	RATING AND OTHER REVENUE STRATEGIES	36
8.1	Introduction	36
8.2	Valuations	36
8.3	Components of Council's Rating Base.....	37
8.4	Assessment of Current Rating Levels	37
8.5	Rates Affordability	39
8.6	Rating Strategy	40
8.7	Rates and Charges Budget – 2017/18	40
8.8	Rate Capping	41
8.9	Waste Service Charges – Waste Collection Service.....	41

8.10	Grant Revenue.....	42
8.11	Financial Assistance Grant	42
8.12	Fees and Charges Revenue.....	43
9.	APPENDIX A: FINANCIAL STATEMENTS	44
9.1	Comprehensive Income Statement.....	45
9.2	Budgeted Balance Sheet	46
9.3	Budgeted Statement of Changes in Equity	47
9.4	Budgeted Statement of Cash Flows	48
9.5	Budgeted Statement of Capital Works.....	49
9.6	Budgeted Statement of Human Resources.....	50
10.	APPENDIX B: GLOSSARY OF TERMS	51
11.	APPENDIX C: RATING PRINCIPLES.....	56

LIST OF TABLES

Table 1: Key Strategies– 2019/20.....	4
Table 2: Number of Councils in each Category– 2018/19.....	7
Table 3: Buloke Shire Council VAGO Indicators of Council Viability.....	11
Table 4: Statement of Human Resources - For the four years ended 30 June 2023	17
Table 5: Capital Works Summary – 2017/18.....	19
Table 6: Expenditure Definitions – Asset Management – 2018/19	23
Table 7: Intervention Levels by Service Area – Asset Set – 2016/17.....	25
Table 8: Asset Management Plan Objectives & Document Content	28
Table 9: State Government Prudential Guidelines– 2016/17 to 2017/18	32
Table 10: Projected Waste Charges – 2017/18	42

LIST OF CHARTS

Chart 1: Undelying Operating Position – 2016/17	8
Chart 2: Rates Affordability Small Rural – 2016/17.....	10
Chart 3: Operating Expenses per Assessment – 2016/17	16
Chart 4: Employee Costs % Operating Expenses 2016/17	16
Chart 5: Capital Expenditure per Capital Works Statement – 2016/17	18
Chart 6: Depreciation on Infrastructure/Infrastructure Assets – 2016/17	22
Chart 7: Comparison of Total Debt Levels within Small Rural Group 2016/17	31
Chart 8: Current Assets / Current Liabilities – 2016/17.....	33
Chart 9: Total Debt as a Percentage of Rate Revenue – 2016/17	34
Chart 10: Debt Servicing Ratio (Interest / Total Revenue) – 2016/17	35
Chart 11: Rates as % of Total Revenue– 2016/17	38
Chart 12: Rates & Charges per Residential Assessment – 2016/17.....	38
Chart 13: Rates Per Assessment – 2016/17	39
Chart 14: Rates Affordability Small Rural – 2016/17	40
Chart 15: Recurrent Grants/Total Revenue – 2016/17	42
Chart 16: Fees & Charges/Total Revenue – 2016/17.....	43

LIST OF FIGURES

Figure 1: Strategic Service Framework.....	13
Figure 2: Service Plan Process - 6 Key Steps	14
Figure 3: Current Practices Sustainability Assessment.....	15
Figure 4: Comprehensive Income Statement.....	45
Figure 5: Budgeted Balance Sheet.....	46
Figure 6: Budgeted Statement of Changes in Equity	47
Figure 7: Budgeted Cash Flow Statement.....	Error! Bookmark not defined.
Figure 8: Statement of Capital Works	49
Figure 9: Budgeted Statement of Human Resources.....	50

1. EXECUTIVE SUMMARY

1.1 Introduction

The **Long Term Financial Plan** (LTFP) is a key financial plan produced by Council in February 2019. This plan will be updated in future years on a rolling basis and will summarise the resourcing forecasts for the following ten years. The next update of the plan will occur in conjunction with the development of the 2019/20 Budget document. The LTFP is an integral part of Council's overall planning processes. This plan has been developed with assistance from the Department of Environment, Land, Water and Planning. Council is very appreciative of this assistance.

Resource planning is important for ensuring that a Council remains sustainable in the long term and it is good practice to extend forecasting for a ten year period to take account of long lived assets such as road and drainage infrastructure. **Buloke Shire Council** has prepared a 10 year long term financial plan to enable a longer term perspective of the ongoing financial sustainability of the Council and the impact of financial decisions into the longer term.

In preparing the LTFP Council takes into account where possible, all other plans and strategies in regards to services and initiatives which commit financial and non-financial resources over the ten year period.

1.2 Purpose of Long Term Financial Plan

The purpose of the Long Term Financial Plan is to:

- Establish a financial framework over the next 10 years to ensure Council's strategic objectives, as expressed in its Council Plan, are achieved;
- Provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan; and
- Assist Council to comply with sound financial management principles, in accordance with the Act and to plan for the long-term financial sustainability of the municipality.

1.3 LTFP Objectives

The 2018/19 to 2028/29 LTFP is intended to contribute to the following objectives in the 10-year timeframe:

- Maintain the existing range and level of service provision and improve the understanding of the range and levels of service provided;
- Maintain a viable cash position, ensuring Council remains financially sustainable in the long-term;
- Reduce debt to a low to moderate level to allow capacity to fund future infrastructure; and
- Continue to pursue recurrent grant funding for strategic capital funds from the State and Federal government.

1.4 Strategic Financial Direction

A number of strategic challenges remain ahead including renewing existing assets, continuing to provide an appropriate range and level of services to a growing community and maintaining a sound financial position.

The other related issues are the risks and liabilities that Council and the community face if Council does not invest in asset renewal at an adequate rate.

Council, as part of establishing its LTFP, revises its borrowing strategy, asset management, capital investment, discretionary and statutory reserves, capital works program, the range and level of services provided and the revenue-raising strategy.

The LTFP establishes the strategic financial direction for Council to meet the funding and investment challenges that lie ahead in the next 10-years.

The LTFP supports the Council Plan to ensure the affordability of activities included in the Council Plan.

A Glossary of Terms is attached in **Appendix B**.

Appendix A details Council's Financial Statements which are an outcome of this LTFP.

1.5 Key Strategic Directions

The following table highlights the key strategies of this LTFP.

Each section includes detailed analysis to support the strategies.

The key strategies provide direction for the preparation of the 2019/20 Budget.

Section	Strategic Direction
Section 3 Financial Sustainability	<ol style="list-style-type: none">1. That Buloke Shire Council continues to benchmark with other Victorian Councils and those within the Small Rural category.2. That Buloke Shire Council applies the outcomes of this LTFP to the 2019/20 Budget.3. That Buloke Shire Council budget for cash and cash equivalents in excess of \$6M over the life of this LTFP and reduce the annual underlying operating deficits over the life of the LTFP.

Section	Strategic Direction
Section 4 Service Provision and Planning	<ol style="list-style-type: none"> 1. That Buloke Shire Council continue service reviews using the strategic service planning framework incorporating annual budget, departmental operational plans, capital works evaluation and long term financial plan leading to a determination of the appropriate range and levels of service for the community. 2. That Buloke Shire Council as part of the development of its Service Plans consults with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.
Section 5 Capital Works Program	<ol style="list-style-type: none"> 1. That Buloke Shire develops a 10-year capital works program. 2. That Buloke Shire Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service levels indicated in Table 7 (Section 6.5 Condition Assessment), with the next priority on renewal, upgrade and expansion. 3. That any bids for expansion, new and upgrade of assets come from the Service Managers arising from their Service Plans. 4. That Buloke Shire source an additional \$400,000 per annum from government grants to part fund Council's road pavement renewal program.

Section	Strategic Direction
Section 6 Asset Management	<ol style="list-style-type: none"> 1. That Buloke Shire Council, having established its critical renewal investment levels, complete detailed Asset Management Plans (focused on renewal demand) for all classes of Council assets incorporating service level assessments. 2. That Buloke Shire Council, as part of the development of its Service Plans, consults with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio. 3. That Buloke Shire Council focuses on its infrastructure renewal needs before it elects to upgrade or construct new assets. 4. That Buloke Shire Council focuses on reducing the level of sealed surfaces and sealed pavement assets above Council’s asset condition intervention levels over the next ten years.
Section 7 Borrowing Strategies	<ol style="list-style-type: none"> 1. That Buloke Shire Council’s borrowings in this LTFP be focussed towards the following – <ol style="list-style-type: none"> (a) A funding source to meet unanticipated expenditure commitments that arise from time to time. An example of this would be a further call on Council’s defined benefits superannuation scheme. (b) A funding source for the development of significant infrastructure project opportunities that occur from time to time.
Section 8 Rating and Other Revenue Strategies	<ol style="list-style-type: none"> 1. That Buloke Shire Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives.

Table 1: Key Strategies– 2019/20

2. LINK BETWEEN STRATEGIC PLANNING AND THE LTFP (LONG TERM FINANCIAL PLAN)

2.1 The Purpose of the LTFP

A Long Term Financial Plan:

- Needs to be underpinned by a clear financial strategy with measurable financial targets.
- Should be based on an organisation achieving its affordable service level objectives while also maintaining, or where necessary, improving its financial sustainability.
- Should include a description of the financial strategy that the plan is based on including its financial targets and their rationale.

The purpose of a long-term financial plan is to express in financial terms the activities that the Council proposes to undertake over the medium to longer term to achieve its stated objectives. It is similar to, but less detailed than the Annual Budget and helps guide Council's future actions depending on the longer-term revenue and expenditure proposals.

Long-term financial plans are particularly important for entities with a high level of long-lived assets and significant asset management responsibilities relative to their income base. Such entities may have long periods with modest levels of asset renewal requirements and then other periods when very significant outlays are necessary. They need to be generating revenue in an equitable manner over time and ensure that they have capacity to finance peaks in asset management and other outlays when, and including by way of borrowings where, necessary.

The preparation of a long-term financial plan generates improved information to guide Council's decisions about the mix and timing of outlays on operating activities and additional assets and the funding implications of these. Without a soundly based long-term financial plan, the Council with its significant asset management responsibilities is unlikely to have sufficient data to determine sustainable service levels with affordable asset strategies, appropriate revenue targets and treasury management.

3. FINANCIAL SUSTAINABILITY

3.1 Background

Financial sustainability as defined by The Australian Local Government Association (ALGA) is worth noting:

“A Council’s long-term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.”

It is against this definition that the sustainability of **Buloke Shire Council** can be assessed.

The precise financial strategy which supports financial sustainability and which balances community expectations with the capacity to pay, challenges Councils.

As part of this process, strategies, services and investment in infrastructure must be developed that meets the community’s needs whilst simultaneously remaining affordable.

The question of what is ‘financial sustainability’ and the appropriate strategy to support this position will be answered differently by every Council.

However, there are some common questions that should be asked by Councils in the strategic development process. These include:

- the range and level of Council services that are to be offered;
- the affordability of new assets;
- the utilisation of existing assets;
- the quantum of the renewal investment compared to the renewal demand;
- the suitability of borrowings;
- whether rate and charge increases are sustainable within the rate capping requirements; and
- if the community is willing to pay for services and infrastructure.

One mechanism Councils use to support their financial strategic development is to benchmark their financial performance to like sized Councils or their neighbours.

This report contains a summary of relevant benchmarking data for Council to enable this comparative analysis to occur.

3.2 Financial Comparisons - Benchmarking

Council Annual Reports contain standard and consistent financial data which is independently audited by the Victorian Auditor General and therefore can be relied on to draw comparisons.

These Reports have been reviewed to produce the data used for benchmarking purposes in this LTFP.

The number of Councils in each category is shown in the table below.

Category Description	Councils within Category
Inner Metropolitan	22
Interface Metropolitan	9
Regional Cities	10
Large Shires	19
Small Shires	19
TOTAL	79

Table 2: Number of Councils in each Category– 2018/19

These key performance indicators are detailed within the relevant chapters of the LTFP, and assist Council to compare its position to other **Small Rural** Councils.

3.3 Analysis of Council’s Financial Sustainability

3.3.1 Financial Sustainability

Councils are perpetual corporations that manage intergenerational community services and assets. Councils provide the legal framework by which communities own infrastructure and assets collectively.

There have been a number of studies on the financial sustainability of Councils not only in Victoria but across Australia. The measures used below are used widely in the sector, and some are mandated by the State Government to be reported through the annual Performance Statement which is published in the Annual Report.

In the Victorian Auditor General’s recent report on the financial position of Councils he noted that **“rural and regional councils have a higher financial sustainability risk than metropolitan councils. This is mainly due to smaller year-on-year revenue increases, steady increases in expenditure, and their relative inability to generate significant own-sourced revenue streams.”**

Underlying Operating Position (Surplus/Deficit)

The underlying operating result as defined by the *Institute of Chartered Accountants* (2009) is a measure of the financial sustainability of a Council.

Continuous underlying operating deficits lead to a loss in equity, reduction in asset base, drop in service standards over time and a deferral of costs.

The underlying operating result is the operational result (balanced, surplus or deficit) less gifted assets, developer contributions, asset revaluations, write offs and impacts of asset sales. Capital income is also excluded on the grounds it represents an “unmatched” income (expenditure is not included) as it is a non-recurring income source.

One of **Buloke Shire** Council’s long-term financial goals is to achieve a reduction in the operational deficit without the inclusion of any capital income (against which there is no matching expenditure in the operating statement) and abnormal items such as granted assets.

Council’s position compares favourably within the **Small Rural** category at **\$5.8 million** for underlying operating deficit at June 30, 2017. However this result has been inflated in this period by the early payment of 50% of the Victorian Grants Commission payment \$2.8M and a larger than normal Roads to Recovery annual grant allocation (up by \$2.5M).

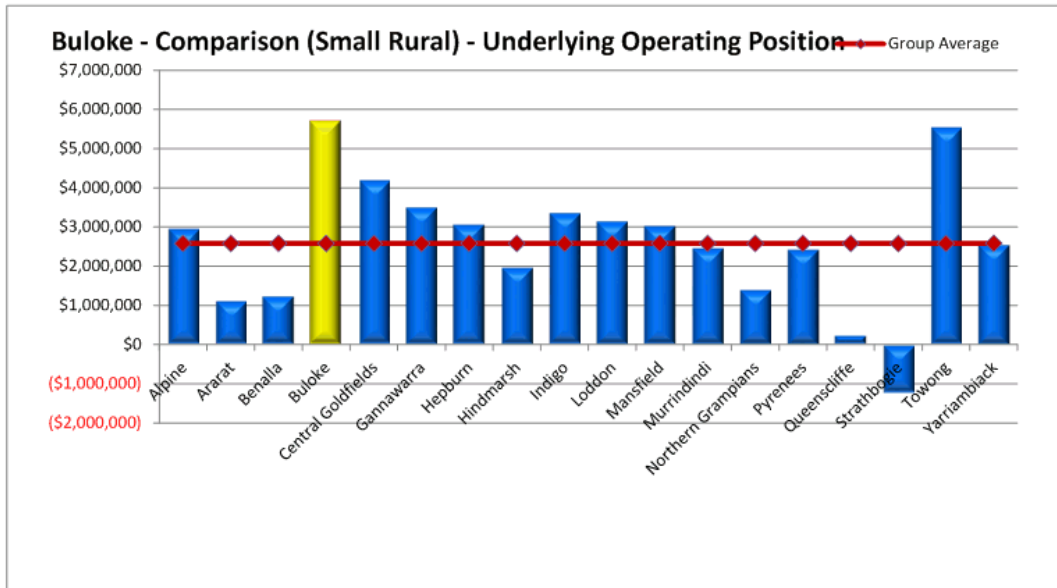


Chart 1: Underlying Operating Position – 2016/17

Liquidity

The MAV assessment asserts a working capital ratio of **100 percent** is generally considered desirable. The analysis considers that Councils with working capital above **150 percent** may have the capacity to reduce long-term debt and preparedness to meet day to day obligations.

Council’s working capital ratio of **415 percent** indicates Council’s liquidity is currently much higher than other similar Councils. This is to enable Council to repay borrowings when they fall due in November 2019. Projected working capital ratios over the remaining 10 years of the Long Term Financial Plan will be managed between 150% and 260% .

Rate effort

The ability to increase rate revenue is a significant factor in determining whether Council is potentially at risk.

Rate effort is now constrained by the State Government’s introduction of rate capping legislation in the form of its “Fair Go” Rates system (rate capping). Rate capping introduces an annual rate cap set by the Minister for Local Government which controls general rate increases for all Councils during that financial year.

On 20 December 2018, the Minister for Local Government, Hon. Adem Somyurek MLC advised an annual rate increase of **2.5 per cent** for the 2019/20 financial year. Councils can seek approval for an increase above this figure through a variation with the *Essential Service Commission* (ESC). The 2.5% rate increase has been used for the life of this LTFP.

Council's rating effort is higher than other Councils within the **Small Rural** group. A rating and revenue strategy is being developed in 2018/19 to assess the equity of the rating burden on each group of ratepayers.

Cost and efficiency

Council is statistically a "mid cost" council.

Adjusted Total Expenses per assessment are below the Small Rural average of **\$2525** at **\$2500** while Council's employee cost as a percentage of total expenditure is **37.1 percent**, compared to **Small Rural** average of **37.0 percent**.

The Victorian Auditor General noted in the 2016/17 annual review of Local Government financial statements that "Rural and regional councils are budgeting to spend more than they can raise. More than 30 per cent of councils in this category are forecasting deficits for the next three years. The majority of councils in this category are facing additional financial pressures due to smaller year-on-year revenue increases and steady increases in expenditure."

Rates affordability

Australian Taxation Office (ATO) income data for wage and salary earners (PAYE) can be used to give some indication of rates affordability.

The *Australian Bureau of Statistics* (ABS) produces a set of socio-economic indices for areas known as SEIFA. The four indices in the set, which are based on census data, reflect the level of social and economic wellbeing in local government areas. SEIFA includes the following indices:

Relative Index of Socio-economic Advantage and Disadvantage (IRSAD): The proportion of families with high/low incomes, people with/without a tertiary education and employees in skilled/unskilled occupations. Low values indicate areas of disadvantage;

Relative Index of Socio-economic Disadvantage (IRSD): Derived from attributes such as income, educational attainment and skill level;

Index of Economic Resources (IER): Derived from attributes relating income and wealth; and

Index of Education and Occupation (IEO): reflect the educational and occupational levels of communities.

The first three indicators have been used to reflect on the socio-economic status of local areas and therefore the ability to bear significant increases in rates. Buloke in 2016/17 was assessed at 14.5%, this is slightly below the rates affordability average of 15% for the small rural Council group. The other issue **Buloke Shire** has to contend with, and which does distort these benchmarks, is that the census understates both number of residents and annual household income due to the impact of non-resident ratepayers.

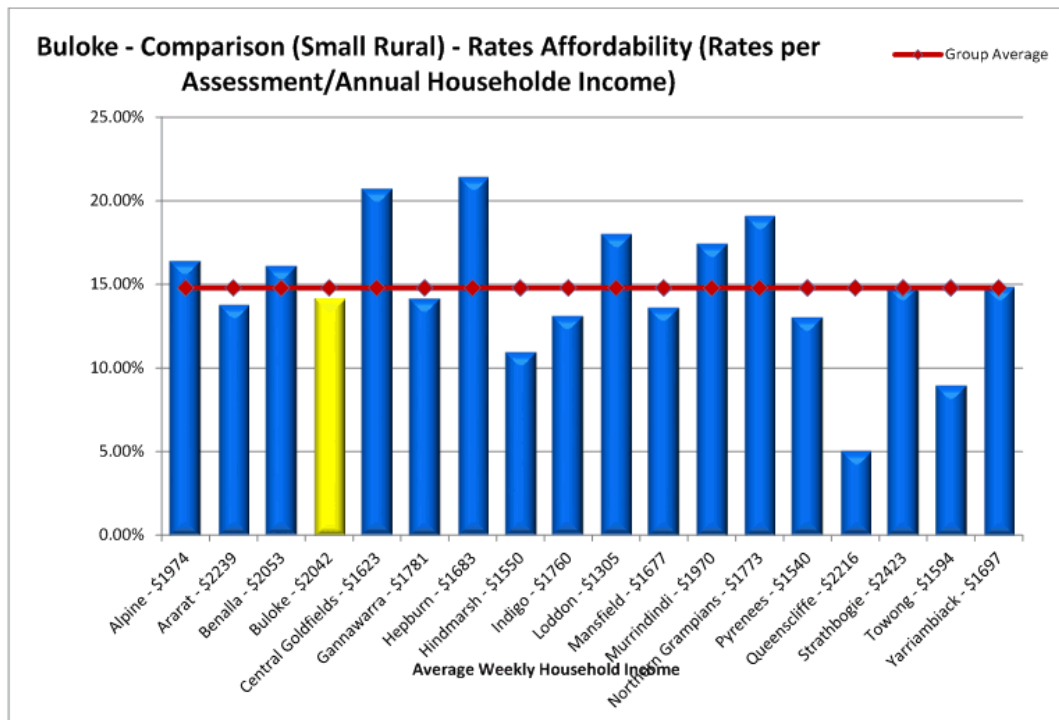


Chart 2: Rates Affordability Small Rural – 2016/17

3.3.2 Victoria Auditor General

The Victorian Auditor General’s Office (VAGO) in late 2007 prepared a report on Local Government which outlines for the first time a detailed analysis on the financial sustainability of Councils and Regional Library Corporations.

The 2016/17 result compared to the five (5) year average for VAGO’s indicators of Council viability are:

Indicator	Calculation	Description	Results 2016/17	Five (5) Year Ave
Net result	Net result/ total revenue	A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long-term.	23.36	21.78
Adjusted Underlying Operating Result	Adjusted underlying surplus (or deficit) / Adjusted underlying revenue	Indicator of the broad objective that an adjusted underlying surplus should be generated in the ordinary course of business. A surplus or increasing surplus suggests an improvement in the operating position.	7.42	3.05
Liquidity	Current Assets/ Current Liabilities	This measures the ability to pay existing liabilities in the next 12 months. A ratio one or more means there is more cash and liquid assets than short-term liabilities	4.69	1.92
Indebtedness	Non-current liabilities/ own sourced revenue	Comparison of non-current liabilities (mainly comprised of borrowings) to own-sourced revenue. The higher the percentage, the less able to cover non-current liabilities from the revenues they generate themselves. Own-sourced revenue is used (rather than total	57.10	39.51

Indicator	Calculation	Description	Results 2016/17	Five (5) Year Ave
		revenue) because it does not include capital grants, which are usually tied to specific projects.		
Internal financing	Net Operating cash flow/Net capital expenditure	Measures the ability of an entity to finance capital works from generated cash flow. The higher the percentage, the greater the ability for the entity to finance capital works from their own funds.	228	137
Capital Replacement	Cash outflows from property, infrastructure, plant and equipment / Depreciation	Comparison of the rate of spending on infrastructure with its depreciation. Ratios higher than 1:1 indicate that spending is faster than the depreciating rate. This is a long-term indicator, as capital expenditure can be deferred in the short-term if there are insufficient funds available from operations, and borrowing is not an option.	0.92	2.15
Renewal gap	Renewal and upgrade expenditure / Depreciation	Comparison of the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation. Ratios higher than 1:1 indicate that spending on existing assets is faster than the depreciating rate. Similar to the capital replacement, this is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option.	0.89	1.95

Table 3: Buloke Shire Council VAGO Indicators of Council Viability

3.4 Benchmarking

When benchmarked to other **Small Rural Councils** and neighbours, **Buloke Shire Council** is characterised by:

- Projected underlying operating deficits;
- Average levels of overall operational costs in comparison to Councils in the category;
- High debt ratios (will reduce post 2019 when the \$7M loan is repaid); and
- Growing capital works program with sufficient priorities given to asset renewal.

Strategic Direction

1. That **Buloke Shire Council** continues to benchmark with other Victorian Councils and those within the **Small Rural** category.
2. That **Buloke Shire Council** applies the outcomes of this LTFP to the 2019/20 Budget.
3. **That Buloke Shire Council** budget for cash and cash equivalents in excess of \$6M over the life of this LTFP and reduce the annual underlying operating deficits over the life of the LTFP.

4. SERVICE PROVISION AND PLANNING

4.1 Introduction

The range and level of services a Council should, or is capable of, or wants to provide is a complex question to consider.

It is critical that an overall understanding of the **Service Planning Framework** be considered within the context of the key service drivers including:

- Community expectations: Ever changing and balanced against willingness to pay;
- Legislative requirements: e.g. Health and environmental standards and regulations;
- Organisational: Strategic Mission and Objectives; and
- Resources: Availability of resources and funding, particularly within a rate capped environment.

This section includes:

- Local Government service planning
- Introducing a service planning approach
- Service planning approach and the six key steps
- Conclusion

4.2 Local Government Service Planning

4.2.1 *Service Delivery challenges*

Buloke Shire Council is grappling with these questions as it seeks to achieve a balance between capital investment, renewal and service delivery. What is the correct range of services, what level should they be provided at and are they sustainable within a rate capped environment for the majority of ratepayers?

- What range of services does Council provide and do these align to the Council Plan and service strategies?
- What level of service does Council want to provide within the capacity of the community to pay?
- What assets are necessary to underpin the required level of service and are these fit for purpose?
- Is the current mix of capital investment ensuring assets underpinning services are safe and serviceable – is Council's renewal investment adequate?
- Are the services (range and level) sustainable over a ten year timeframe against the Council's long term financial plan?

In 2015/16, Council commenced a **Service Planning** project to facilitate answers to these questions. Service plans have been undertaken for all services to understand the current levels of services and costs (see Step 1 below). Step 2 has commenced with a more comprehensive service review template developed and more indepth analysis of each service undertaken.

4.2.2 What is Service Planning

Service Plans define programs and projects which need to be undertaken to deliver the service and include specific information on service levels, the service provider, service cost, service targets, performance indicators and the reporting framework.

Service Plans identify assets (upgrades or new) required to support those services and reviews the outcomes of Asset Management Plans to ensure existing assets are appropriate for the delivery of services required.

Actions are specific, based on a 10 year horizon. Having detailed **Service Plans** with costed levels of service allows comparative choice decisions to be made in a transparent manner when budget adjustments are required.

The service outputs should be achievable and defined within service plans which are fully funded and resourced within the Council's 10 year Long Term Financial Plan. Through this sustainable service delivery model Council has the capacity to deliver on its commitments. Council must remain financially sustainable to continue to provide services to its community into the future.

Having detailed **Service Plans** with costed levels of service will allow Council to make comparative choice decisions in a transparent manner, if and when service and budget adjustments are required.

Service Plans provide a clear point of reference to manage and monitor progress towards achievement of strategic outcomes as well as forming the basis of reporting to the community and State Government.

Council acknowledges that there will always be many competing interests for scarce Council resources. Adopting a *service planning* approach throughout the organisation will address many of the service delivery priorities and in turn community perceptions of Council performance.

The process will ensure that Council remains committed to providing service levels to the community that are of an acceptable standard and delivered in the most efficient and appropriate manner.

The **Strategic Service Framework** fits within the broader context of Council operations as illustrated below:

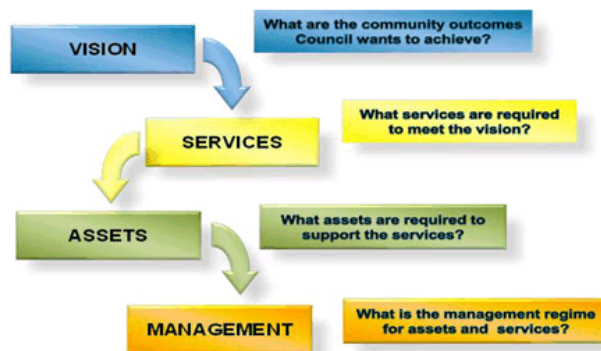


Figure 1: Strategic Service Framework

4.3 Introducing a Service Planning Approach

4.3.1 Understanding Levels of Service

Understanding the *Levels of Service* approach within a Council context is important because it facilitates:

- Support for the sustainability of current services;
- Increasing satisfaction levels: minimising the gap between what is provided and what the community needs;
- Transparent decision making for good governance; and
- A robust relationship between levels of service and funding.

The objective for the level of service process is to enable Council to engage in community consultation efforts that focus on *Community Levels of Service*.

4.4 Service Plan Process: 6 Key Steps

The **Service Planning** process needs to be comprehensive and cover the entire organisation.

All services need to be included in the process (including internal services) as the Council needs to be in a position to make informed comparative choice decisions.

Council proposes that the service review process be undertaken in six stages.

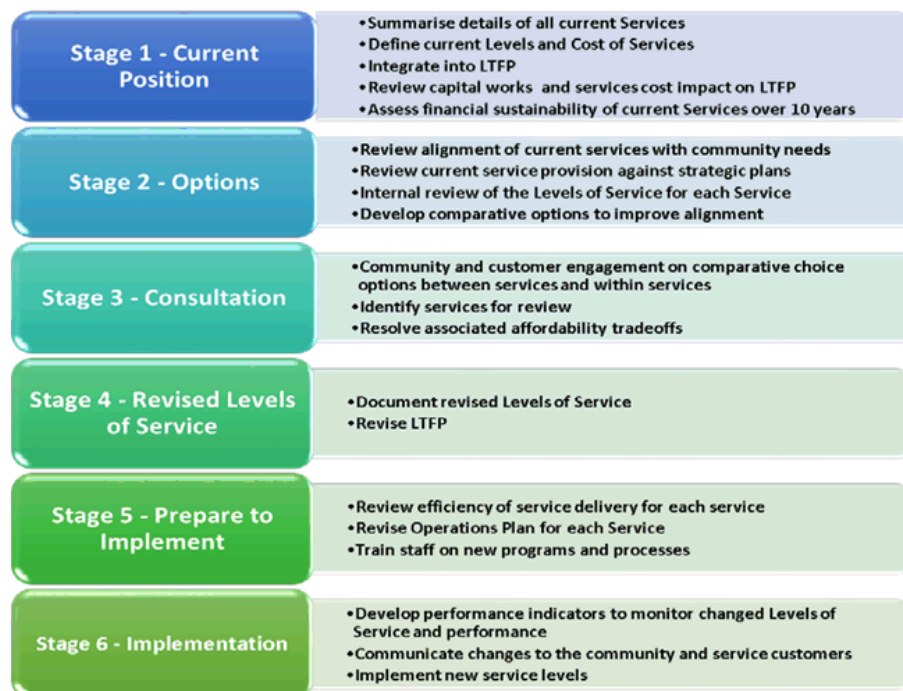


Figure 2: Service Plan Process - 6 Key Steps

4.4.1 Stage 1 – Current Practices Sustainability Assessment

This first stage takes a holistic approach and prepares a 10 year *Service Profile* and a *Service Cost Evaluation* for all services to assess the long term sustainability of Council’s range of services.

At the end of **stage 1** Council will have a detailed understanding of the:

- Range of Services it provides to the community;
- Levels of Service for each Service;
- Projected cost of each service over the forward 10 year period;
- Life cycle cost impacts of capital works associated with the service delivery;
- Long term financial sustainability of Council’s current service model; and
- Framework under which Council can make informed choices around resource allocation to specific service areas.

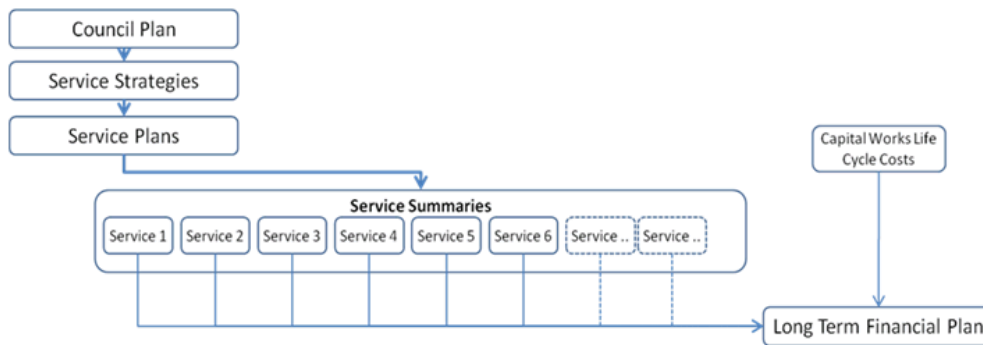


Figure 3: Current Practices Sustainability Assessment

These plans also provide a direct linkage to *Service Plans* and to implementing program and projects defined in the *Service Plans* with specific actions and budgets generally for year 1 and into year 2.

4.4.2 Council Budget

Council’s operation includes provision of building, planning, economic development services, community services, infrastructure planning, operations and corporate support services including finance, information technology, asset management and organisation development.

Council’s budgeted operating costs and revenues for 2018/19 are **\$32.9 million** and **\$ 36.4 million** respectively with forecasts for the next 10 years contained in **Appendix A**.

The Capital Works Program is explained in more detail in Section 5.

4.4.3 Human Resource Needs

Council’s Human Resources are integral to the delivery of Council’s services. Council’s overall adjusted operating expenses per assessment (adjusted to remove depreciation) in the graph below show Council’s total operating costs benchmarked to like sized Councils.

Council’s operating costs per assessment are lower than average. Employee costs are one element of these costs. Councils use employees or contractors to deliver services. Council’s employee costs as a percentage of operating expenses have been benchmarked to similar sized Councils in Victoria are also detailed hereunder:

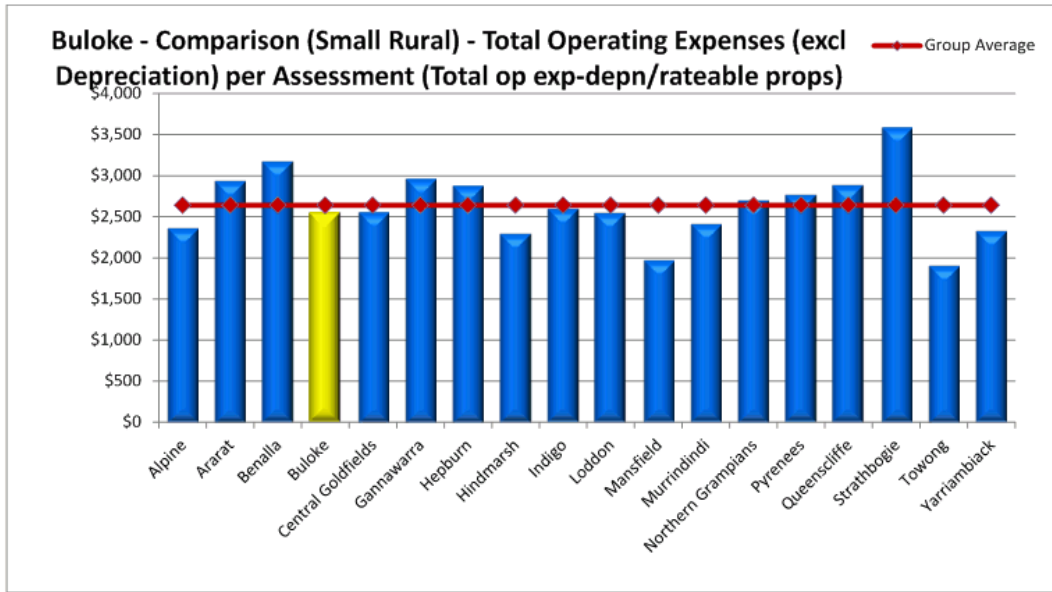


Chart 3: Operating Expenses per Assessment – 2016/17

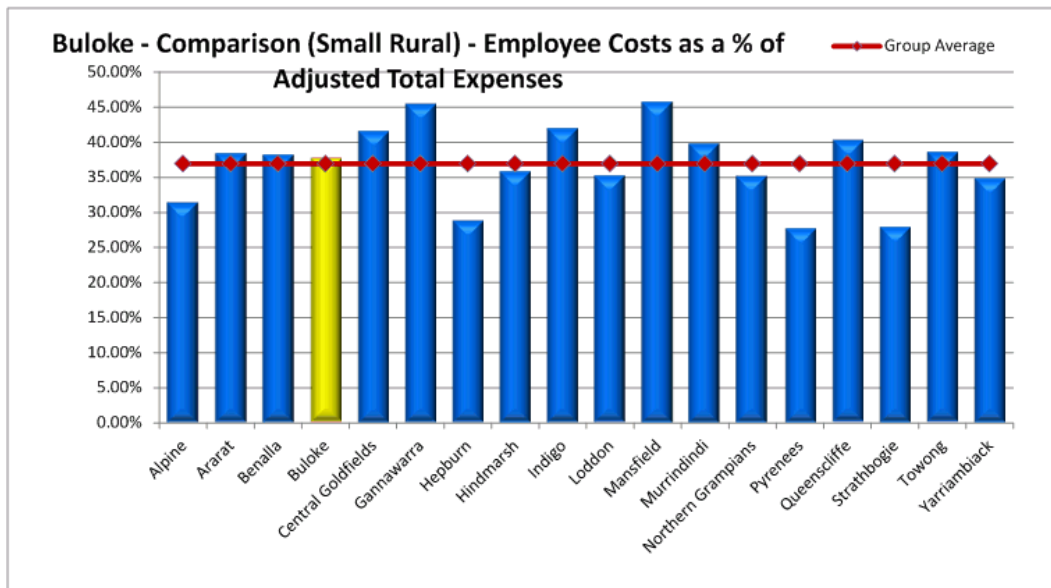


Chart 4: Employee Costs % Operating Expenses 2016/17

The table below details the *Statement of Human Resources* for the oncoming four years:

	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000
Staff Expenditure				
Employee Costs	9,897	10,184	10,540	10,887
Total staff expenditure	9,897	10,184	10,540	10,887
	EFT	EFT	EFT	EFT
Staff numbers				
Employees	115	115	115	115
Total staff numbers	115	115	115	115

Table 4: Statement of Human Resources - For the four years ended 30 June 2023

4.5 Conclusion

Managing financial sustainability and the range and level of services provided will remain an ongoing challenge, particularly in a rate capped environment.

This work continues in the context of improving financial sustainability, linking infrastructure planning to service planning and resource constraints.

Council will demonstrate clear and transparent decision making in allocating scarce resources whilst delivering the best service outcomes from amongst the many alternatives demanded by the community, a critical outcome of the proposed service planning framework.

Strategic Direction

1. That **Buloke Shire** Council continue service reviews using the strategic service planning framework incorporating annual budget, departmental operational plans, capital works evaluation and long term financial plan leading to a determination of the appropriate range and levels of service for the community.
2. That **Buloke Shire** Council, as part of the development of its service plans, consult with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.

5. CAPITAL WORKS PROGRAM

5.1 Introduction

The previous section discusses the long-term issues with respect to *Service Planning*.

It should be noted **79.0 per cent** of the capital expenditure is on renewal and upgrade type projects in the capital works program budget for 2019/20. The total capital program of **\$9.7 million** is composed of **\$2.0 million** in new assets and **\$7.7 million** in renewal and upgrade.

This section includes:

- Level and nature of capital works;
- 2019/20 Capital Investment levels
- Capital funding sources; and
- Capital Works Evaluation process

The benchmark for 2016/17 capital expenditure levels by Small Rurals is illustrated below:

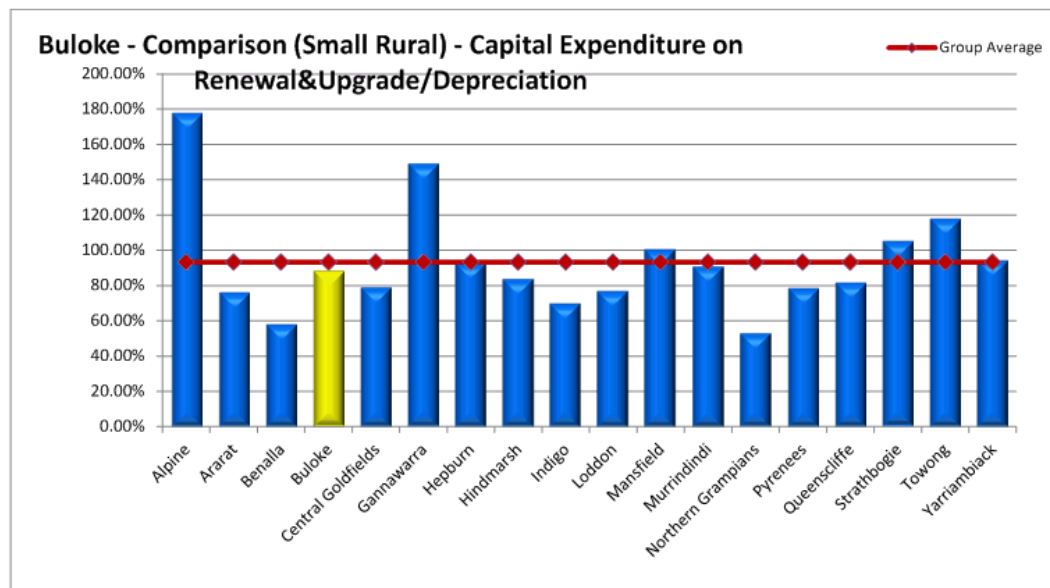


Chart 5: Capital Expenditure per Capital Works Statement – 2016/17

Capital expenditure per assessment is higher than average in 2016/17 at **\$1,000** per assessment as compared to **\$975** for the average **Small Rurals**.

5.2 Level and Nature of Capital Works

It is important that the *asset management* issues raised in the next section inform the decisions taken in determining the capital works program.

Four key outcomes from the long-term financial plan will be:

- To maintain the annual critical renewal investment – section 6;
- To maintain agreed service levels as determined in Council's *Service Plans*-section 4;

- Maintain average condition where desired; and
- Invest in new assets subject to principles espoused in section 4.

5.2.1 Capital works 2019/20 – 2028/29 – Parameters

The following are the parameters against which the 2019/20 capital works program has been developed:

- Alignment to *Strategic Resource Plan*, financial growth assumptions with respect to expenditure and revenue;
- Meeting agreed levels of service; and
- Priority provision for critical renewal investment, then capital renewal, capital upgrade with capital expansion and new which is the most discretionary.

In terms of the longer term program to 2028/29 the following parameters/assumptions apply:

- Large one-off projects flagged in subsequent years require accurate costing to be undertaken and their timing and priority finalised;
- Continue priority on renewal, followed by upgrade with expansion and new, the most discretionary;
- Provide for grant income of an additional \$400,000 per annum to part fund Council’s road pavement renewal program;
- Income assumptions to remain conservative given they are less predictable; and
- Roads to Recovery income assumed to continue at current level, spread across relevant projects within the Roads Program. The LTFP allows approximately \$1.28M per annum for this source.

5.3 2019/20 Capital Investment Levels

The 2017/18 capital works program by expenditure type is detailed hereunder:

Capital Expenditure Type	2019/20 \$	2019/20 %
Renewal	6,700	69
Upgrade	980	10
New	2,004	21
Expansion	0	0
TOTAL	9,684	100

Table 5: Capital Works Summary – 2019/20

5.4 Capital Funding Sources

The development of a 10-year capital works program will enable a precise cash flow budget to be developed.

External capital funding services include capital grants, developer contributions and special charge schemes.

Internal capital funding sources include land sales, asset sales, special charge schemes and general rates. The SRP forecasts capital funding sources conservatively.

5.5 Conclusion

Council's capital works program underpins the needs and priorities as determined by Council's capital evaluation process.

It is the Council's challenge to develop *Service Plans* and *Asset Management Plans* that ensure the community's levels of service are met through the delivery of efficient and effective services.

Strategic Direction

1. That **Buloke Shire** develops a 10-year capital works program.
2. That **Buloke Shire** Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service level as indicated in Table 7 (**Section 6.5 Condition Assessment**), with the next priority on renewal, upgrade and expansion.
3. That any bids for expansion, new and upgrade of assets come from the Service Managers arising from their **Service Plans**.
4. That **Buloke Shire** source an additional \$400,000 per annum from government grants to part fund Council's road pavement renewal program.

6. ASSET MANAGEMENT

6.1 Introduction

Linking asset management to Council's strategic financial direction is fundamental to achieving the goal of long-term financial sustainability.

This section includes:

- Council's asset portfolio at 30 June 2018;
- Key questions to determine service level/investment;
- Asset investment;
- Condition assessments;
- Management Systems; and
- Strategic asset management.

6.2 Council's Asset Portfolio - 30 June 2018

6.2.1 Current Assets

Accounting for an asset requires the recognition of all costs associated with asset ownership including creation/acquisition, operations, maintenance, rehabilitation, renewal, depreciation and disposal.

This "life cycle" approach needs to be recorded at an individual asset level so all the costs of owning and operating assets are known and understood.

For accounting purposes assets are grouped into current and non-current assets. Current assets are cash or those assets that are considered to be readily convertible to cash.

This asset grouping includes cash at bank, investment funds, stock on hand, debtors and land held for resale. The balance of current assets held by **Buloke Shire Council** at 30 June 2018 is **\$22.4 million**.

6.2.2 Non-Current Fixed Assets

Fixed assets consist of land, buildings, plant, furniture, roads, drains, playgrounds and other similar infrastructure assets.

The total value of fixed assets at 30 June 2018 is **\$196.7 million**. The balance of this section will focus on the fixed assets and the management strategies that Council is pursuing.

Councils all over Australia are facing the problem of ageing assets in need of renewal.

Many of these assets were not initially funded by councils, but came by State and Federal Government grants, developer contributions or from a shift of responsibilities for State owned assets to Local Government.

6.2.3 Depreciation Expense

Depreciation expenses, useful lives and the rate at which the economic benefits or the service potential of the asset are consumed are reassessed following condition assessments and when asset valuations are undertaken.

All changes to depreciation expenses are reviewed by Council’s external auditor and reported to Council’s *Audit Committee* prior to being adopted by Council.

Council’s depreciation expenses as a percentage of its total assets are benchmarked and depicted in the following graph:

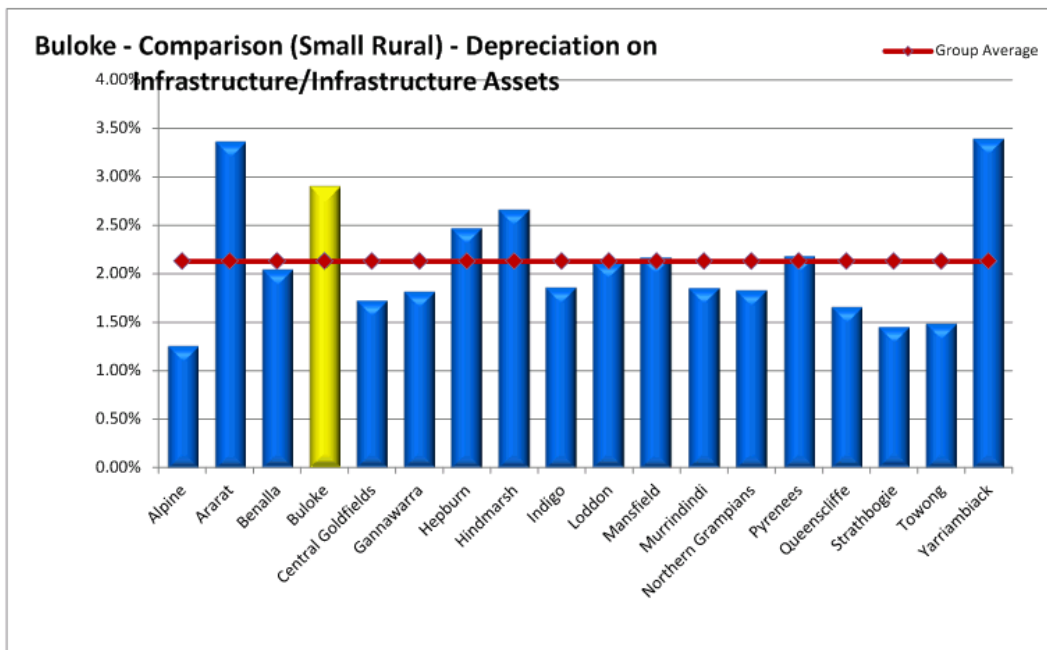


Chart 6: Depreciation on Infrastructure/Infrastructure Assets – 2016/17

6.3 Key Questions to Determine Service Level/Investment

The key questions with respect to infrastructure investment are detailed below:

1. How much does it cost ratepayers to retain the current infrastructure portfolio, that is, what is the long-term average cost of renewal plus maintenance?
2. **What assets support services and therefore should be renewed and retained as opposed to assets that are surplus and should be rationalised?**
3. How much will need to be spent in the short term (next 10 years) relative to the renewal expenditure invested in the recent past?
4. How much more management effort (financial and operational) will be required of Council as its assets age?
5. **What assets are at the “at risk” phase (intervention level) of their life cycle and will ultimately result in their being unserviceable and unsafe?**
6. What outcomes would the community and Council like to achieve with respect to asset upgrades?
7. Are the Council assets providing the level of service expected by the community?
8. **What assets should the community “manage for decline” – public halls, buildings, bridges, roads?**

6.4 Asset Investment

Asset investment can be made in the following ways:

Type of Expenditure	Definition	Purpose/Example
Maintenance	Expenditure on an asset that maintains the asset in use, but does not increase its service potential or life.	Maintaining asset serviceability by repair eg repairing a single pipe in a drainage network, or a pothole in a road.
New asset expenditure	Means expenditure that creates a new asset that provides a service that does not currently exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal.	Provides new assets for services that do not currently exist.
Asset renewal expenditure	Means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability. It has no impact on revenue but may reduce future operating and maintenance expenditure if completed at the optimum time.	Retains an existing service level, e.g. re-sheeting and road reseals, resurfacing an oval.
Asset expansion expenditure	Means expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries. It is discretionary expenditure which increases future operating and maintenance costs because it increases Council's asset base, but may be associated with additional revenue from the new user group.	Increases the quality of service provided to ratepayers or provides new services, eg . widening the pavement of a sealed area of an existing road.
Asset upgrade expenditure	Means expenditure that enhances an existing asset to provide a higher level of service or that will increase the life of the asset beyond its original life. Asset upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in Council's asset base.	Extends services to newly developing areas of the Council where there are new ratepayers, eg. extending a road or drainage network, new pre-school.

Table 6: Expenditure Definitions – Asset Management – 2018/19

It is important Council records its expenditure correctly as the impacts of capital investment differ between these categories – for example whole of life costs for new assets as opposed to renewal.

6.5 Condition Assessment

Monitoring asset condition and performance relates to the ability of the asset to meet targeted levels of service. Asset condition reflects the physical state of the asset and the functional level of service it is capable of providing.

Monitoring asset condition and performance throughout the asset life cycle is important in order to identify underperforming assets or those which are about to fail. Council has developed its *Asset Management System* to readily monitor asset condition and performance and to:

- Identify those assets which are underperforming;
- Predict when asset failure to deliver the required level of service is likely to occur;
- Ascertain the reasons for performance deficiencies; and
- Determine what corrective action is required and when (maintenance, rehabilitation, renewal).

6.6 Management Systems

Council has *Asset Management Plans for each main class of infrastructure assets, these were last reviewed and updated in 2015*. Condition assessments have recently been undertaken on a number of Council buildings. A conditional assessment of all of Council's road infrastructure assets is scheduled for the early part of 2019. This assessment will be carried out by Moloney Asset Management Systems. This company has carried out Council's last two condition assessments of road infrastructure assets.

The benefits of knowing the current condition and performance (level of service) an asset provides are:

- Ability to plan for and manage the delivery of the required level of service;
- Avoidance of premature asset failure, leaving open the option of cost-effective renewal;
- Managing risk associated with asset failures;
- Accurate prediction of future expenditure requirements; and
- Refinement of maintenance and rehabilitation strategies.

The **Asset Management System** should not only records asset condition and asset defects/inspection details; it should also provide financial management and year-end accounting and valuation data.

Priority is on funding the annual renewal annuity based on predetermined service levels generally described as intervention levels- the maximum level an asset can deteriorate to prior to renewal investment.

The intervention level is theoretically where the assets service life has expired and renewal investment is required to restore service potential - eg. A road needs resheeting to be useable.

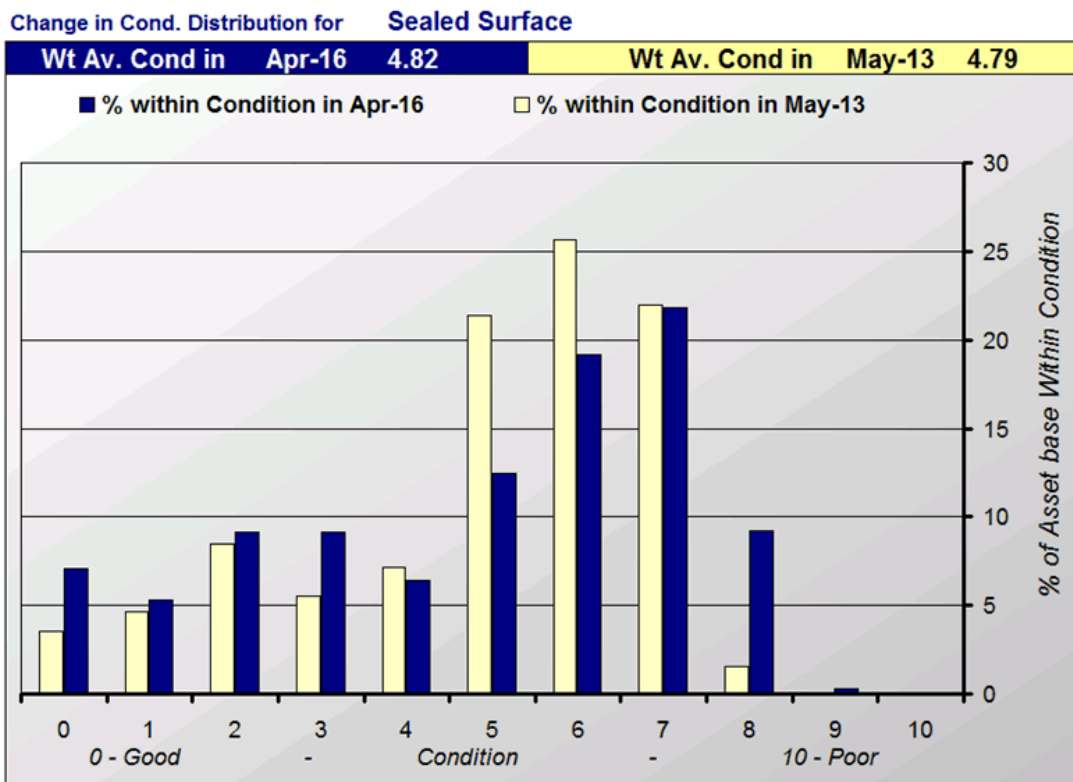
Council, as asset managers, need to be able to assess the relative merits of rehabilitation / renewal / replacement options and identify the optimum long-term solution through a decision related to levels of service. Council needs to strategically determine an affordable level of service to manage the emerging condition profile.

Council's current intervention levels are detailed below.

Asset Component	Basis for Adoption of Deterioration Curve	Intervention level
Urban sealed pavement	Custom	7.0
Urban sealed surface - asphalt	Custom	7.0
Spray seal	Custom	7.0
Kerb & channel	Custom	8.5
Rural sealed pavement	Custom	7.0
Rural sealed surface	Custom	7.0
Shoulder – high traffic	Custom	7.0
Low Traffic	Custom	7.0
Unsealed road pavement – high traffic	Custom	5.0
- Low traffic	Custom	5.0

Table 7: Intervention Levels by Service Area – Asset Set – 2016/17

Condition and Performance Indicators for Sealed Surfaces

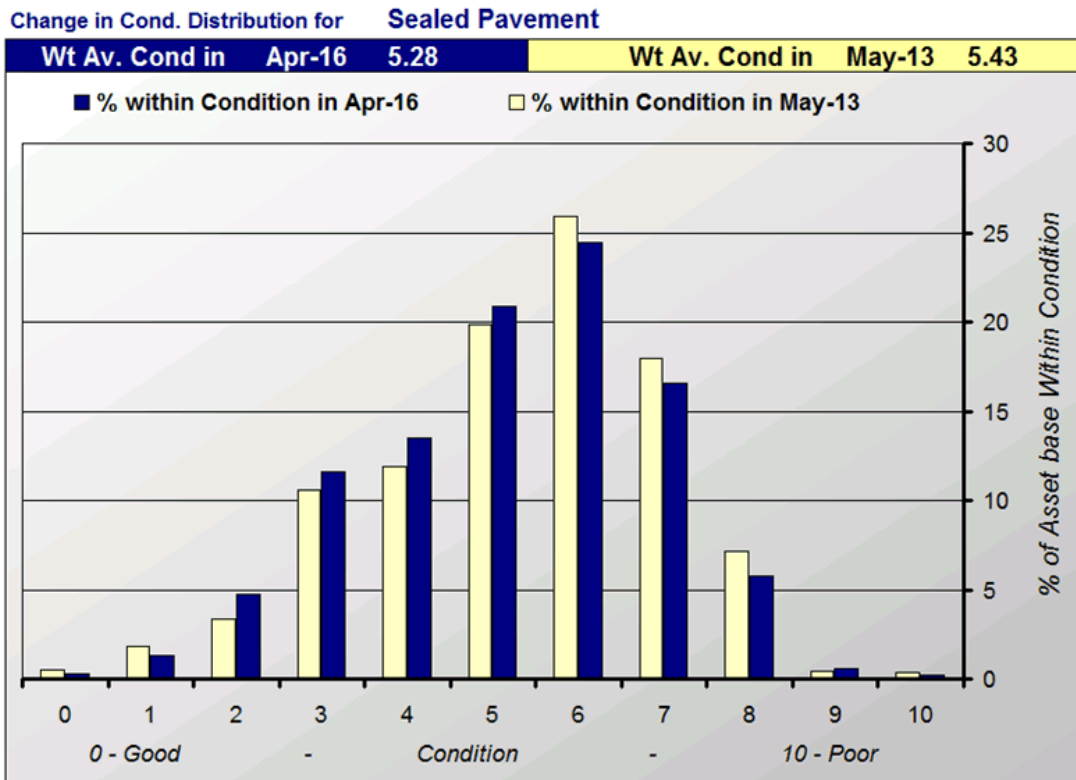


Condition Distribution Comparison Graph – Between Surveys all Sealed Surfaces

The table above reflects that Council has a high amount sealed surface assets with condition rating of seven or above.

Condition and Performance Indicators for Sealed Pavement

The table below reflects that Council has a high amount sealed pavement assets with condition rating of seven or above.



Condition Distribution Comparison Graph – Between Surveys all Sealed Surfaces

Comparison With Other Neighbouring Council Condition Figures

Council	Sealed Rd Pavement		Sealed Surface	
	Wt Av Cond	% at and above 7	Wt Av Cond	% at and above 7
Buloke	5.23	22.48	4.84	31.72
Council 1	4.48	4.23	2.77	8.03
Council 2	4.29	1.93	3.88	7.19
Council 3	4.11	4.92	3.02	1.85
Council 4	4.11	1.15	3.60	2.36
Council 5	4.04	1.82	4.48	19.39
Council 6	3.97	3.28	3.98	8.78
Council 7	3.85	3.94	3.74	5.15
Council 8	3.84	3.10	3.36	3.84
Council 9	3.73	1.62	3.25	11.11
Council 10	3.69	1.60	4.47	12.86
Council 11	3.59	4.02	3.14	4.39
Council 12	3.53	2.87	3.12	3.35
Council 13	3.50	1.89	4.26	16.56
Council 14	3.43	0.26	3.80	5.08

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The challenge for Council is the extent of its asset base that is above condition 7 for both asset classes. One of the key focuses and outcomes of this LTFP is that Council has determined to increase the level of funding for asset renewal in the roads area. This funding increase will reduce the the level of Council road infrastructure assets that are rated at condition 7 or above.

6.7 Strategic Asset Management

Council reviews its *Asset Management Policy* on a triennial basis.

Other major elements are the *Asset Management Strategy* which details specific actions to be undertaken by Council to improve asset management capability and achieve specific strategic objectives.

Asset Management Plans are subsequent components where long-term plans (10-years and beyond) outline renewal requirements for each asset category.

The table below explains the objectives and typical contents of these documents:

Asset Management Strategy	Asset Management Plans
Specific actions to be undertaken by Council in order to improve or enhance asset management capability and achieve specific strategic objectives.	Long-term plans (usually 20 years or more for infrastructure assets) that outline the asset activities for each service area.
<i>Develops a structured set of actions aimed at enabling improved asset management by Council.</i>	<i>Outlines actions and resources to provide a defined level of service in the most cost effective way.</i>
<ul style="list-style-type: none"> • A description of the current status of asset management practices (processes, asset data and information systems). • Organisation’s future vision of asset management. • A description of the required status of asset management practices to achieve the future vision. • Identification of the gap between the current status and the future vision (a “gap analysis”). • Identification of strategies and actions required to close the gaps, including resource requirements and timeframes. 	<ul style="list-style-type: none"> • A summary of Council’s strategic goals and key asset management policies. • Definition of levels of service and performance standards. • Demand forecasts and management techniques. • Description of the asset portfolio. • A broad description of the lifecycle management activities for operating, maintaining, renewing, developing and disposing of assets. • A cashflow forecast. • Key asset management improvement actions including resources/timeframes.

Table 8: Asset Management Plan Objectives & Document Content

Council has reached the point where it has identified and is attempting to fund its critical renewal (Section 6.6 Management Systems).

Council is now in a position to analyse its condition profile and determine and understand the cost of a predetermined service level.

Alternatively Council may allow some assets to degrade in condition, freeing up funds to improve the level of service for other assets.

6.7.1 Community Consultation

Council aims to ensure its assets are relevant to the community, as retention of unused assets places a financial burden on the community. Council’s LTFP is presently focused on funding a “service level” that prioritises critical renewal and maintains average condition to meet community expectation.

The challenge ahead is to understand the community’s expectations and provide service level and funding options to accommodate these.

The target for Council in 2019/20 will be to engage Council and the community in discussions about **levels of service** to provide the opportunity for differing service levels to be costed and reviewed.

Sound Asset Management is:

- Knowing what assets we own (Asset Register);
- Understanding the condition and expected lives of our assets;
- Knowing what ‘levels of service’ customers want- service planning;
- Having processes in place to establish priorities and allocate funds;
- Knowing the long-term funding requirements associated with our assets; and
- Having documented *Asset Management Plans* detailing levels of service

- What services, including their performance levels, are required to meet the community outcomes?
- Finally what infrastructure or assets are required to support the service level?

6.7.2 Renewal Demand

(1) Road Infrastructure

The following table details the recommended annual asset renewal expenditure for Council road infrastructure assets. This recommendation is from the most recent condition assessment carried out by Moloney Asset Management Systems¹.

Sub Asset Description	Average Planned renewal expenditure next 10 Years	Annual Depreciation or Average Long term Annual Demand	Present Capital Renewal Demand From Modelling	Peak Capital Renewal Demand From Modelling	Year of Predicted Peak Demand	Recommended Commencing funding with 2.0% Compounding annual increase for next 20-years	% of Present Renewal Demand (From Model) Being Met	% of Annual Depreciation Being Met
Sealed Pavements	\$977,000	\$2,405,032	\$6,250,000	\$6,250,000	2017	\$3,335,000	16%	41%
Sealed Surfaces	\$420,000	\$1,153,986	\$1,745,000	\$1,745,000	2017	\$900,000	24%	36%
Unsealed Pavements	\$608,000	\$813,834	\$470,000	\$1,155,000	2034	\$560,000	129%	75%
Kerbs	\$60,000	\$117,314	\$372,000	\$372,000	2017	\$75,000	16%	51%
Footpaths	\$51,000	\$153,109	\$215,000	\$215,000	2017	\$60,000	24%	33%
Bridges	\$0	\$89,208	\$170,000	\$170,000	2017	\$50,000	0%	0%
Totals	\$2,116,000	\$4,732,483	\$9,222,000	\$9,222,000	2017	\$4,980,000	23%	45%

Comments:

1. In the above table the renewal demand is thoroughly dominated by sealed surfaces and sealed pavements

6.7.3 Proposed Renewal/Predicted Renewal/% of Asset base above Intervention

Comments:

1. The current % of assets over intervention exceeds the accepted figure of 2-3%.
2. There is an underlying demand of around \$8M/year.

The renewal gap in terms of both quantity and a backlog is an enormous challenge and will require some attention to manage in a financially sustainable way.

Options for reducing the renewal gap include:

- Increase funding through rates and grants
- Reduce expenditure by:
 - Disposal of assets
 - Reduction in the level of service by accepting a higher intervention level, moving assets to a lower service hierarchy or reducing hierarchy (construction) standards
 - Reducing renewal construction cost (alternative treatments, efficiency gains)

Opportunity for increasing funding are currently limited by the prospect of rate capping.

¹ Moloney Asset Management Systems MAMS Report April 2016

The rationalisation of building assets can provide some opportunity. The ongoing development of service plans and documented levels of service provides the basis of these decisions.

Council's *LTFP* is transitioning to focus on funding a "service level" that prioritises critical renewal and maintains average condition to meet community expectation.

To facilitate this process, Council will engage in consultation with key stakeholders including discussions on the key questions with respect to infrastructure investment and service levels, as detailed in Section 5.

6.8 Conclusion

Council's priorities for the 2019/20 financial year as regards Asset Management are:

- **Review of Asset hierarchies:** Determine if current categories and service levels are appropriate.
- **Field test condition data:** Review useful life left versus condition rating based on a field analysis to ensure quality and interpretation of condition is accurate.
- **Revaluation of Assets:** Review the schedule for the revaluation of assets and ensure condition assessments are done concurrently to facilitate review of useful lives etc.
- **Increased renewal investment:** Continue investment in renewal to ensure the future safety and serviceability of assets.
- **Improved data:** Improve component data for recreation assets and buildings.
- **Reduce the amount of road assets above intervention levels:** Reduce the level of sealed surfaces and sealed pavement assets that are currently above Council's asset condition intervention levels.

Strategic Direction

1. That **Buloke Shire** Council, having established its critical renewal investment levels, completes detailed *Asset Management Plans* (focused on renewal demand) for all classes of Council assets incorporating service level assessments.
2. That **Buloke Shire** Council, as part of the development of its *Service Plans*, consults with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.
3. That **Buloke Shire** Council focuses on its infrastructure renewal needs before it elects to upgrade or construct new assets.
4. That **Buloke Shire** Council focuses on reducing the level of sealed surfaces and sealed pavement assets above Council's asset condition intervention levels over the next ten years.

7. BORROWING STRATEGIES

This section includes:

- Measuring what level of debt is appropriate;
- Borrowing Assessment Policy;
- What do financial indicators mean;
- What is a prudent level of debt; and
- Future loan program.

7.1 Measuring Which Level of Debt is Appropriate

Each Council is different and the level of debt that is appropriate for Council may not be adequate for another Council.

The following factors are seen as important issues for deliberation by Council:

- level of debt servicing as a proportion of rate revenue;
- ability to raise revenue in addition to rates;
- level of realisable assets to support the indebtedness;
- achieving the right mix of capital works and debt commitments;
- growth rate of the municipality; and
- community growth needs.

The table below highlights the relative debt levels of Councils within the **Small Rural** grouping at 30 June 2017. Council's relative debt level is also shown. By comparing a number of different debt ratios within the Council grouping, **Buloke Shire** Council can begin to consider what level of debt is appropriate.

In terms of total debt levels, Council is higher than average with the **Small Rural** grouping, refer to Chart 9.

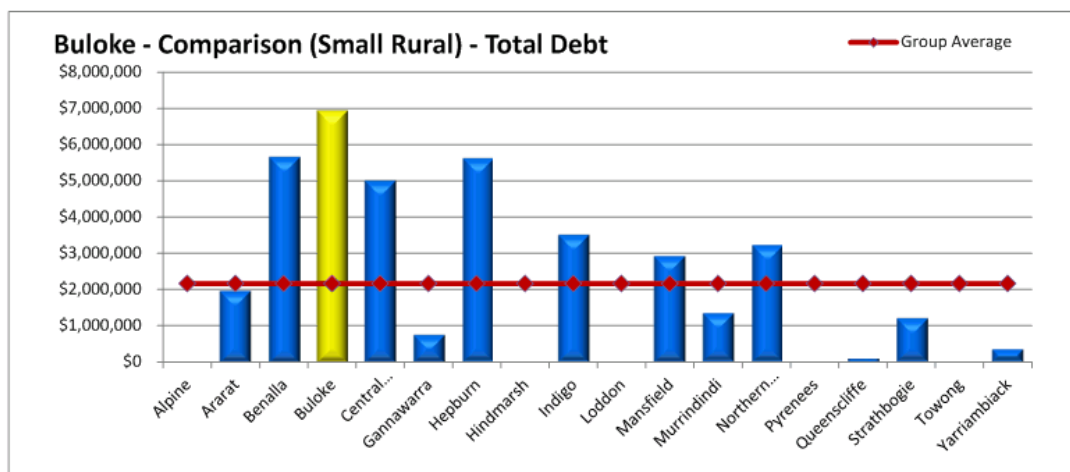


Chart 7: Comparison of Total Debt Levels within Small Rural Group 2016/17

Buloke Shire Council currently has a fixed term loan of \$7.0 million which is due to be repaid in November 2019. On repayment of this loan, Council will have no debt.

Despite the \$7.0 million loan, relative debt ratios for the **Buloke Shire** Council are considered reasonable throughout the life of the LTFP. On repayment of the loan, Council will have the capacity to borrow funds in the future to fund any large unforeseen expenditure commitments. Council also believes that new borrowings can be utilised as a funding source for the development of significant infrastructure projects.

7.2 Borrowing Assessment Policy

Buloke Shire Council assessed its capacity to borrow against general (Better Practice) Prudential Guidelines.

All borrowings by individual Councils require the approval of the Local Government Division. The policy identifies key areas of financial management with certain general thresholds that are considered appropriate.

Detailed below is Council’s current and projected performance on a number of the financial indicators.

Area	Financial Indicator	Threshold (Guidelines)	Position 2016/17	Budget 2017/18
Debt Management	Total liabilities over rate revenue	80%	63.6%	60.2%
Debt Servicing	Debt Servicing Costs as a % of Total Revenue	5%	1.0%	1.0%
Debt Commitment	Debt Servicing and Redemption Costs as a % of Rate Revenue	10%	2.3%	2.3%

Table 9: Borrowing Guidelines– 2016/17 to 2017/18

Buloke Shire Council is well within the Buloke Borrowings Guidelines as at 30 June 2017.

7.3 What do the Financial Indicators Mean?

The graphs below detail the previously mentioned financial indicators and present Council’s position graphically.

The borrowing threshold detailed against each indicator is the guideline target for Council.

Buloke Shire Council’s forecast is within the Buloke Borrowing guidelines at June 30, 2018 for all loan indicators.

7.3.1 Liquidity

How measured Current assets over current liabilities

Guideline Threshold 110 percent or higher

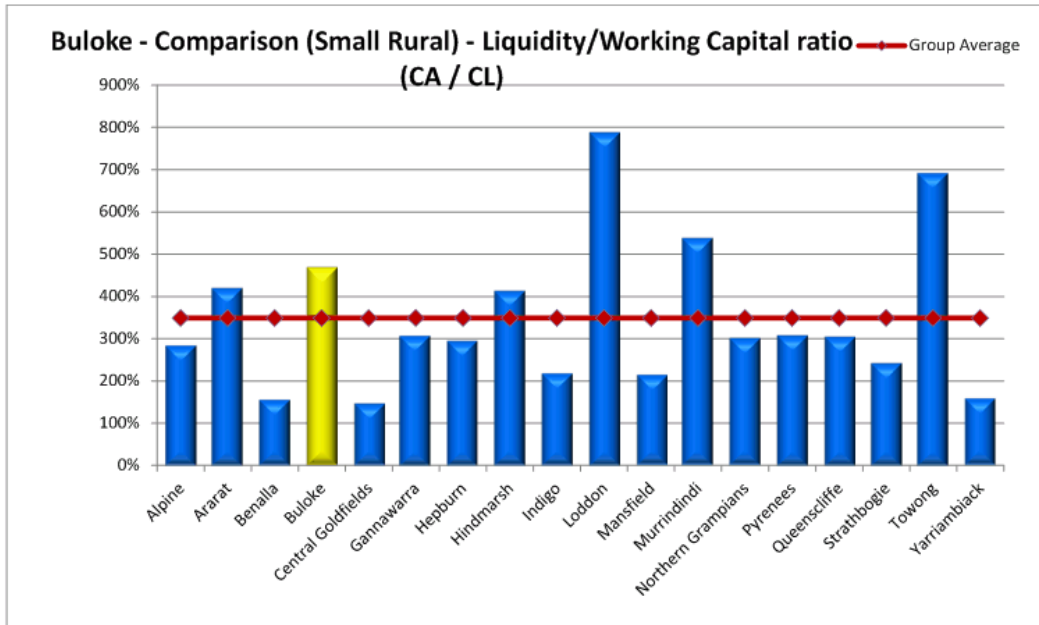


Chart 8: Current Assets / Current Liabilities – 2016/17

Description

This indicator reflects the short-term liquidity position. That is, the Council’s ability to repay current commitments from cash or near cash assets. Councils with a ratio of **110 percent** and below or with a deteriorating trend may be financially at risk of not being able to meet creditor payment.

Buloke Shire Council’s working capital ratio as at June 30, 2018 was **415 percent** (that is, current assets over current liabilities), which is well in excess of the **110 percent** guideline benchmark.

Council is increasing its level of cash reserves (current assets) in order to have cash resources to retire \$7M of debt in November 2019. Council also received \$4.1 million in grants paid in advance which increased the level of current assets as at 30 June 2018.

7.3.2 Debt Management

How measured Total debt as a percentage of rate revenue

Guideline Threshold 80 percent or below

Description The *Local Government Act 1989* requires that all loans are secured against the revenue stream from rates. A threshold of **80 percent** is considered reasonable.

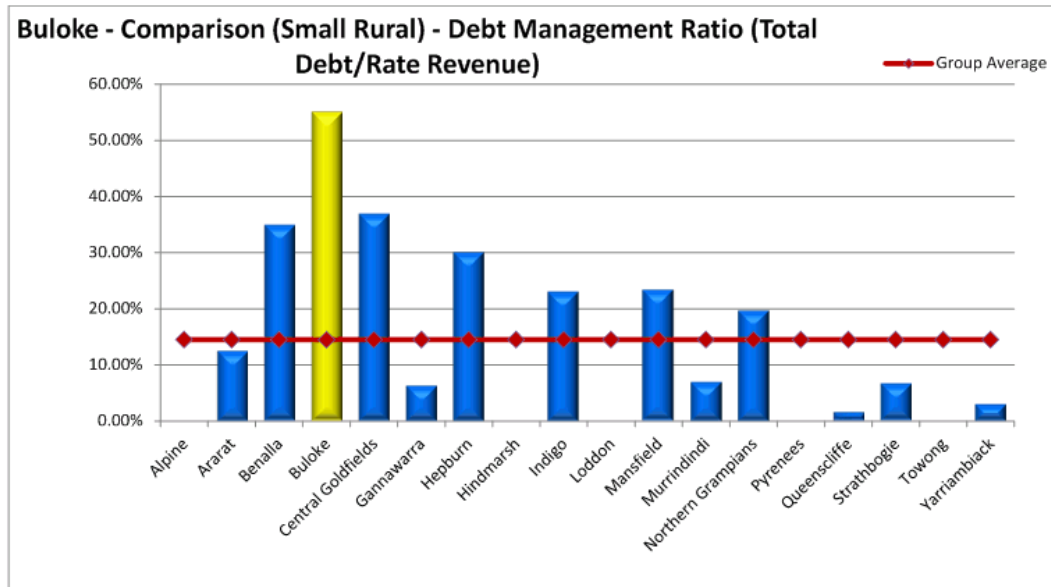


Chart 9: Total Debt as a Percentage of Rate Revenue – 2016/17

Buloke Shire Council’s debt as a percentage of rate revenue as at June 30, 2018 was **53.8 percent**, which is well below the **80 percent** guideline benchmark and currently above the **Small Rural** Council average.

7.3.3 Debt Servicing

How measured Debt servicing costs as a percentage of adjusted total revenue

Guideline Threshold 5 percent or below

Description This indicator reflects the proportion of total revenue that is used to service debt (interest on outstanding debt and any loan administration charges) and which cannot be used directly for service delivery. A guideline threshold of **5 percent** is considered reasonable.

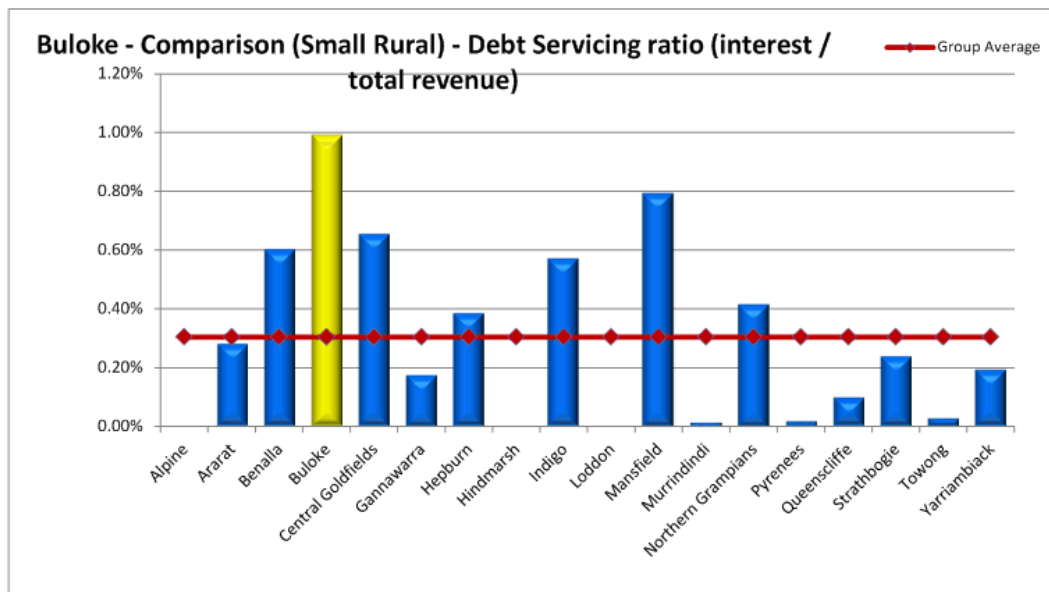


Chart 10: Debt Servicing Ratio (Interest / Total Revenue) – 2016/17

The **Buloke Shire** Council’s projected ratio is **1% percent** at 30 June 2018, which is well below the **5 percent** guideline benchmark.

This illustrates the benefit of taking loans over a longer period of time such that each generation of ratepayers incurs a modest share of the long term cost of providing long life community assets.

7.3.4 Future Loan Program

Strategic Direction

2. That **Buloke Shire** Council loan borrowings in this LTFP be focussed towards the following –
 - (a) A funding source to meet unanticipated expenditure commitments that arise from time to time. An example of this would be a further call on Council’s defined benefits superannuation scheme.
 - (b) Council also considers that new borrowings can be utilised as a funding source for the development of significant infrastructure project opportunities that occur from time to time.

8. RATING AND OTHER REVENUE STRATEGIES

8.1 Introduction

This section includes:

- Valuations;
- Components of **Buloke Shire** Council's rating base;
- Background to present rating system;
- Rates Affordability;
- Rating Strategy;
- Rate Capping;
- Rating Strategy 2017/18;
- Waste services;
- Grant revenue;
- Victoria Grants Commission; and
- Fees and charges revenue.

8.2 Valuations

Valuations are conducted under the provisions of the *Valuation of Land Act (1960)* with each separate occupancy on rateable land computed at its net annual value (NAV), capital improved value (CIV), and site value (SV).

Valuations are carried out using *Valuation Best Practice Principles* as set down by the State Government Valuer General. In the **Buloke Shire**, the valuation unit's general valuations are required every year to ensure a common date is used for all valuations. Data on every property is recorded and used by the appointed valuer, along with sales, rentals and other information to determine the valuations.

A general valuation (revaluation) establishes the value of a property relative to all other properties, that is, its market relativity. Valuations form the basis of **Buloke Shire** Council's rating system; therefore, their accuracy is of paramount importance. The 2018 revaluation was undertaken based on property values at 1 January 2018.

The revaluation does not in itself raise the total rate income for **Buloke Shire** Council, as the rates are distributed based on the property value of all properties across the municipality. As a result of the revaluation, some property owners may pay more in rates and others less, depending on their new property valuation, relative to others.

8.2.1 Definitions of valuations

Buloke Shire Council uses the capital improved method of valuation (CIV), which is the market value of a property including land, buildings and improvements. CIV has the following long-term advantages relative to other valuation bases:

- flexibility to apply an unlimited range of strategic differentials;
- does not prejudice the industrial, commercial and retail sectors in terms of the rate burden; and
- is easier for people to understand.

The other valuation bases the Valuer is required to return are:

- Site value (SV) which is the market value of land excluding improvements; and
- Net annual value (NAV) which represents the reasonable annual rental of a property, minus specified outgoings. In most cases this is five percent of the CIV.

8.2.2 Supplementary valuations

Supplementary valuations are made during the financial year when a significant change to the valuation occurs. The most common causes for supplementary valuations are:

- construction of a new dwelling or building;
- subdivision of a property; or
- consolidation of properties

Buloke Shire Council presently undertakes this task on a monthly basis.

As a result of a supplementary valuation, a rate notice is issued to reflect any change in rates.

8.3 Components of Council's Rating Base

Buloke Shire Council levies differential rates, annual service charges and a municipal charge, to raise its annual rates and charges revenue.

The legislative basis of how they apply to **Buloke Shire** Council are available upon request:

- Differential Rates – Legislation;
- Municipal Charges;
- Service Rates and Charges; and
- Rebates and Concessions

8.4 Assessment of Current Rating Levels

Comparing the relativity of rating levels between Councils can be a difficult exercise due to debate over the most appropriate methods to use and the inability to take into account the intricacies of rating structures in different councils.

Each local government sets rates based on an assessment of the desires, wants and needs of its community and as each community is different, direct comparisons can be difficult. For example, cash holdings of municipalities vary and Councils have significantly different infrastructure needs and geographic sizes.

Each municipality also has significantly different levels of capital works, funding structures for capital works and varying debt levels.

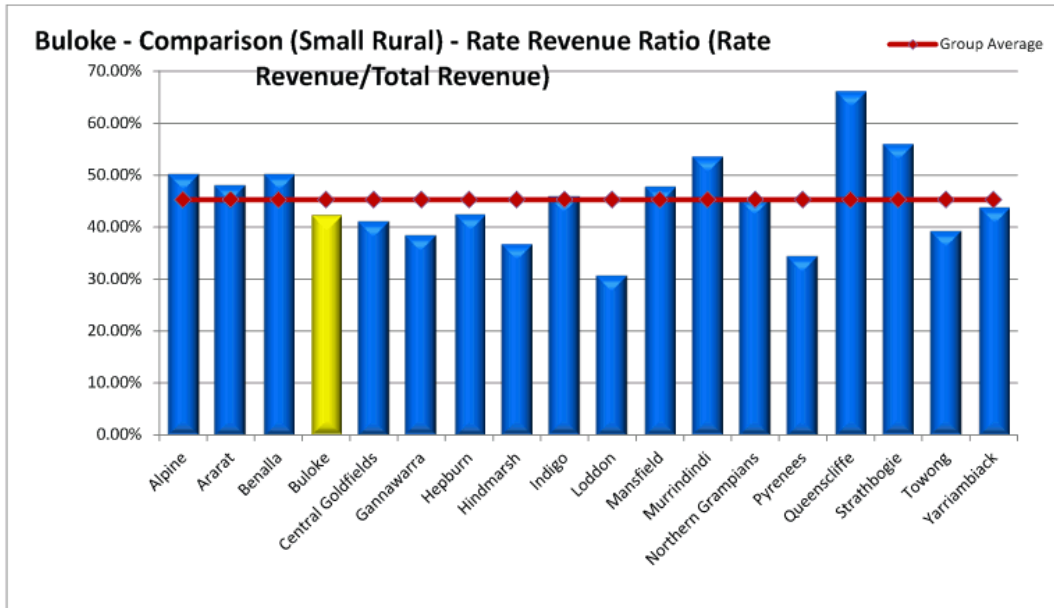


Chart 11: Rates as % of Total Revenue– 2016/17

On rates per assessment basis in the 2016/17 financial year, **Buloke Shire Council** was below the average for the **Small Rural** group.

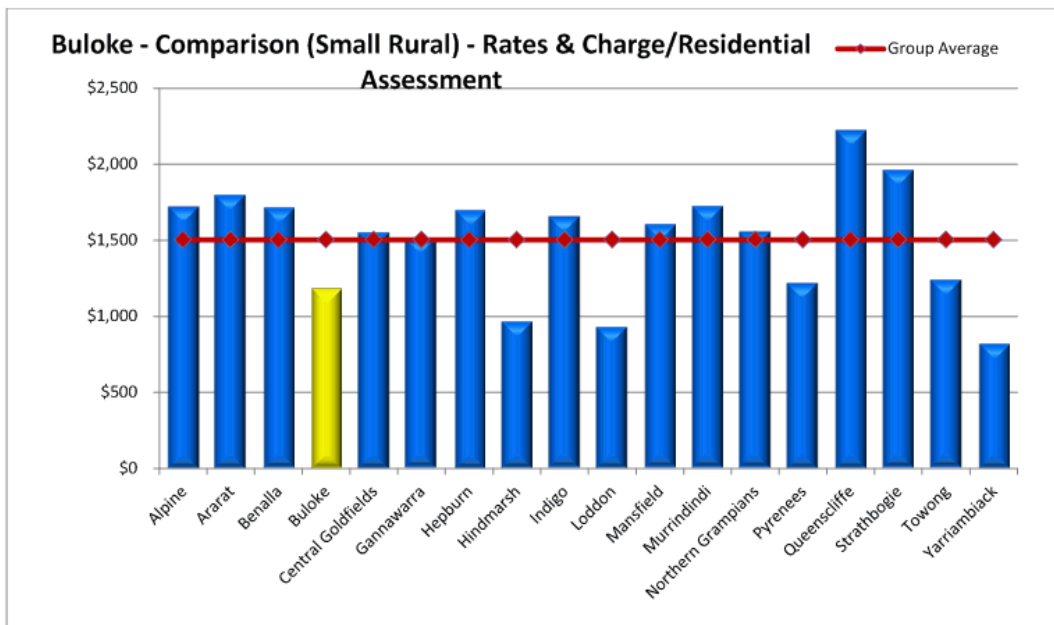


Chart 12: Rates & Charges per Residential Assessment – 2016/17

On a rates per residential assessment **Buloke Shires** rating effort is approximately **\$350 below** the average of the benchmark group.

Higher comparative rating levels do not necessarily represent a position of weakness or inefficiency.

External funding bodies may consider levels of rating effort in their funding decisions, i.e. low rates could be construed as less preparedness at the local level to match the external contribution.

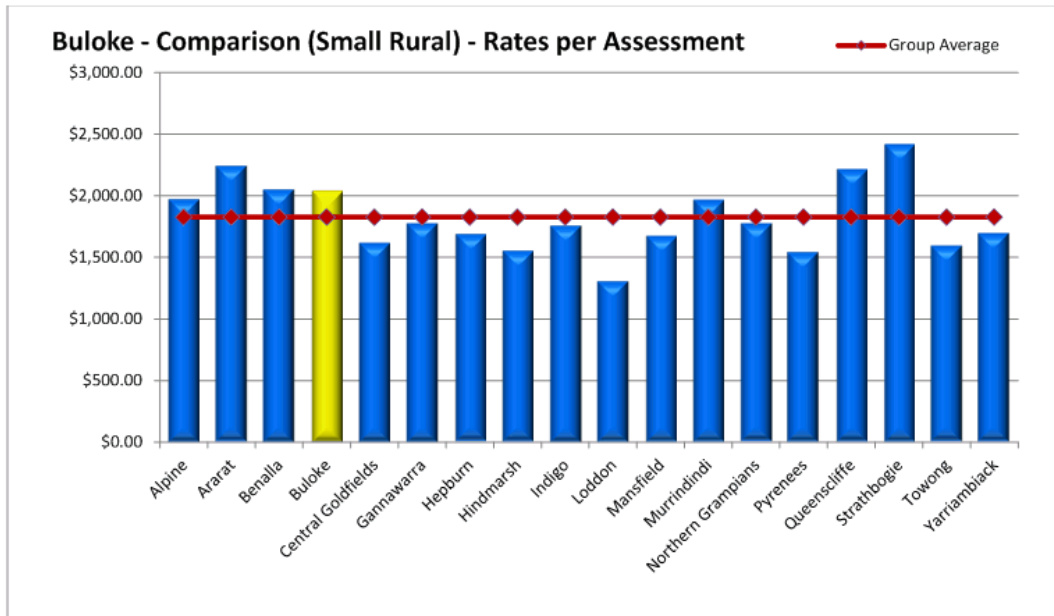


Chart 13: Rates Per Assessment – 2016/17

What is most critical in setting a rating structure is for **Buloke Shire** Council to be accountable and responsible for the policy decisions with respect to the range of services provided, the expenditure and delivery of the services and the way services are funded and paid for by the community.

8.5 Rates Affordability

The ability to increase rate revenue is a significant factor in determining whether a Council is potentially at risk.

Buloke Shire Council's rating effort has been satisfactory and when benchmarked was above the average effort of the **Small Rural** group.

Australian Taxation Office (ATO) income data for wage and salary earners (PAYE) can be used to give some indication of rates affordability.

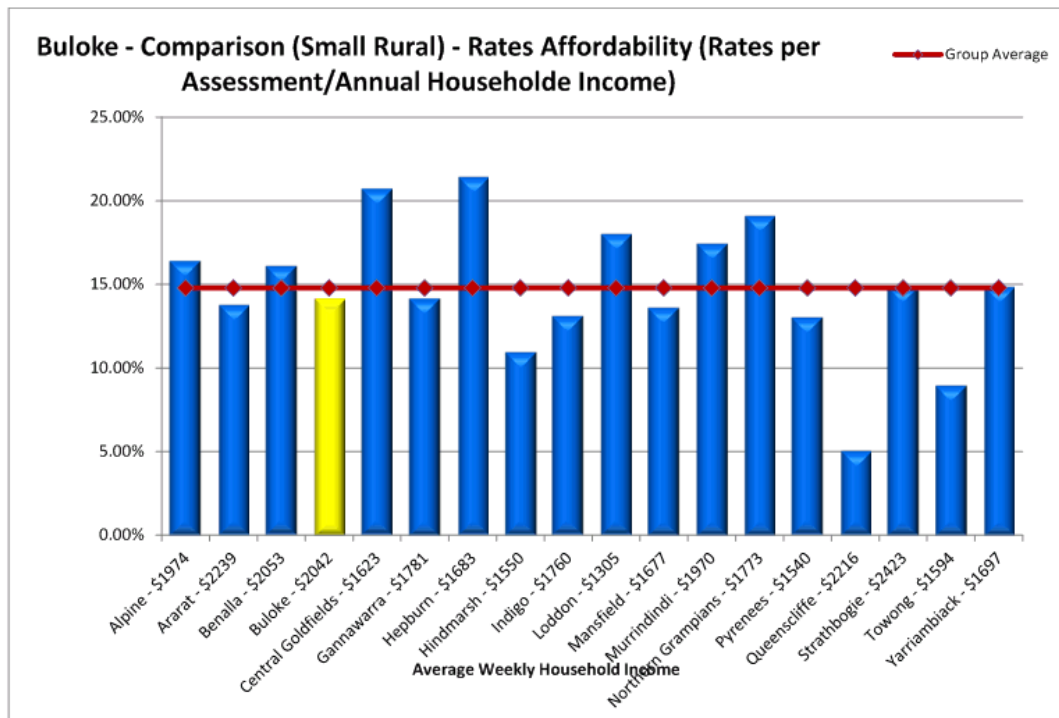


Chart 14: Rates Affordability Small Rural – 2016/17

The Rates Affordability Chart above details the percentage of income that pays rates and charges to Council.

8.6 Rating Strategy

Buloke Shire Council’s rating establishes a framework by which rates and charges will be shared by the community. In developing a long-term financial plan, rates and charges are an important source of revenue.

The rating system determines how **Buloke Shire** Council will raise money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property.

Council in 2019 is reviewing its rating strategy. It is anticipated that this updated strategy shall be adopted by Council in early 2019.

8.7 Rates and Charges Budget – 2017/18

A key decision of **Buloke Shire** Council during the life of the LTFP is to determine the rating structure and the level of rate increase that will address funding levels for capital works, service provision for the municipality and improve **Buloke Shire** Council’s long-term financial sustainability.

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

- Property values, which reflect capacity to pay and form the central basis of rating under the *Local Government Act 1989*
- A “user pays” component to reflect usage of services provided by Council

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

Council makes a further distinction within the property value component of rates based on the purpose for which property is used; that is, whether the property is used for residential, commercial, farming or a social purpose such as recreation.

The distinction is based on the concept that different property categories should pay a fair and equitable contribution to rates, taking into account the benefits those properties derive from the local community and Council.

Council's current rating structure comprised of three differential rates (residential, commercial and farming).

These rates are structured in accordance with the requirements of Section 161 "Differential Rates" of the Act and in line with Ministerial Guidelines for differential rating.

Council also charges a waste collection charge under the Act.

8.8 Rate Capping

Rate effort is now constrained by the State Government's introduction of rate capping legislation in the form of its "Fair Go" Rates system (FGRS).

The FGRS or rate capping introduces an annual rate cap set by the Minister for Local Government who controls general rate increases for all Councils during that financial year.

On 20 December 2018, the Minister for Local Government, Hon. Adem Somyurek MLC advised an annual rate increase of **2.5 per cent** for the 2019/20 financial year. The 2.5% rate increase has been used for the life of this LTFP.

Councils can seek approval for an increase above this figure through a variation with the Essential Service Commission (ESC).

Council intends to raise rates within the rate cap for the life of the LTFP and where possible find cost savings or operational efficiencies to ensure the financial sustainability of the organisation. This is on the assumption that current levels of grant funding for State and Federal Governments are maintained and increased by CPI.

8.9 Waste Service Charges – Waste Collection Service

Buloke Shire Council is empowered under Section 162(1) (b) of the *Local Government Act (1989)* to levy a service charge for the collection and disposal of refuse. The purpose of this charge is to meet the costs of waste disposal and recycling activities throughout the **Buloke Shire** area, including development and rehabilitation of Landfill sites and the operating costs of Landfills and Transfer Stations. **Buloke Shire** Council has typically used this option through the raising of garbage and recycling charges on the annual rate assessment.

Buloke Shire Council's Waste Services includes:

- Weekly kerbside waste collection service;
- Fortnightly kerbside recycling and green organics collection service;
- Public recycling and waste disposal and transfer station facilities;
- Commercial disposal facility and Landfill;
- Street litter and public place recycling bins; and
- Forward planning and for capital budget requirements.

Buloke Shire Council’s garbage proposed charges are as described below (** denotes ex GST). A total income of **\$1.424 million** will be received for garbage and recycling services in 2017/18 to support recurrent operating expenditure).

Service Charge	Charge per Service 2016/2017 (\$)	Charge per Service 2017/2018 (\$)	Change (\$)	Change (%)
Kerbside Garbage and Recycling collection	\$381	\$414	\$33.00	8.66%

Table 10: Projected Waste Charges – 2017/18

8.10 Grant Revenue

As at 30 June 2017 **Buloke Shire** Council was above average in terms of receiving government grant revenue, compared to its like Council grouping as outlined in the graph below.

As a benchmark **Buloke Shire** Council receives **33.5 percent** of its revenue (as a percentage of total revenue) from recurrent operating grants compared to the average of **Small Rural’s** at **28 percent**.

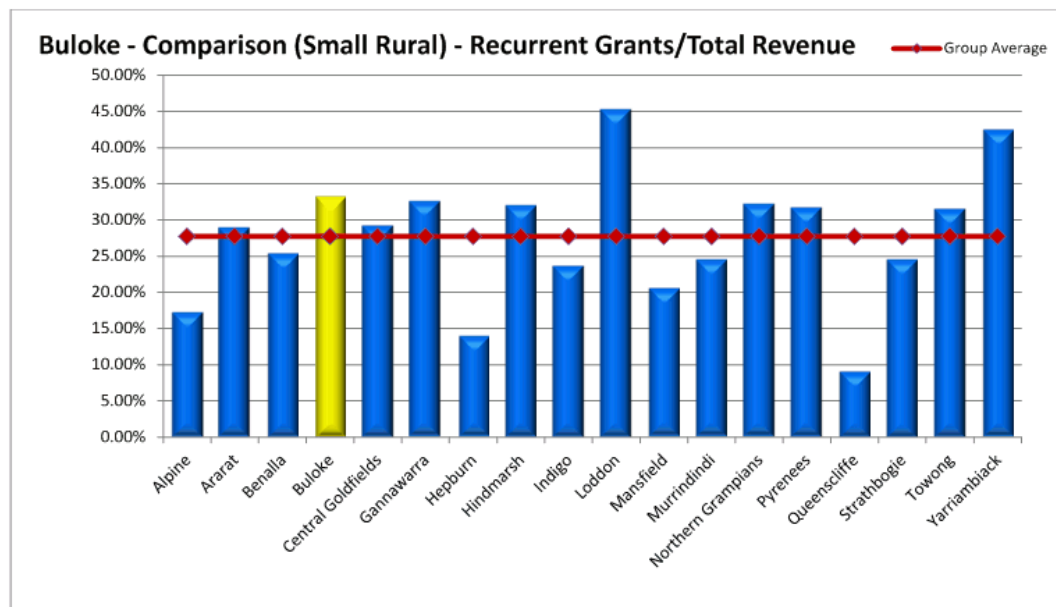


Chart 15: Recurrent Grants/Total Revenue – 2016/17

Buloke Shire Council must continue its strong focus on securing grant revenue, particularly for capital works. Grants (capital and operating) at 30 June 2017 totalled **\$15.4 million**, this included early payment half the **2017/18 Financial Assistance Grant** allocation of **\$2.932M in June 2017**. **Buloke Shire** Council has been successful in attracting significant grant funding for capital works in 2017 which will be undertaken over the 2017/18 and 2018/19 years.

8.11 Financial Assistance Grant

Buloke Shire Council receives approximately **30 percent** of its revenue from the Financial Assistance Grant administered by the Victoria Grants Commission. This revenue is projected at

\$6.0 million in 2017/18 and budgeted at \$6.14 million in 2018/19. The indexation on this grant was frozen from 2014-2017 but has been reinstated in the 2017/18 financial year.

8.12 Fees and Charges Revenue

Buloke Shire Council’s fees and charges revenue as a percentage of its total revenue is below average for **Small Rurals** as outlined in the graph below. Fees for use of swimming pools were discontinued in 2011 as the cost of collecting the fees outweighed the fees collected. There is little scope for Council to raise more revenue in fees given the majority of fees charged are for statutory services that are set by the State Government or for services with low utilisation levels and limited options for expansion.

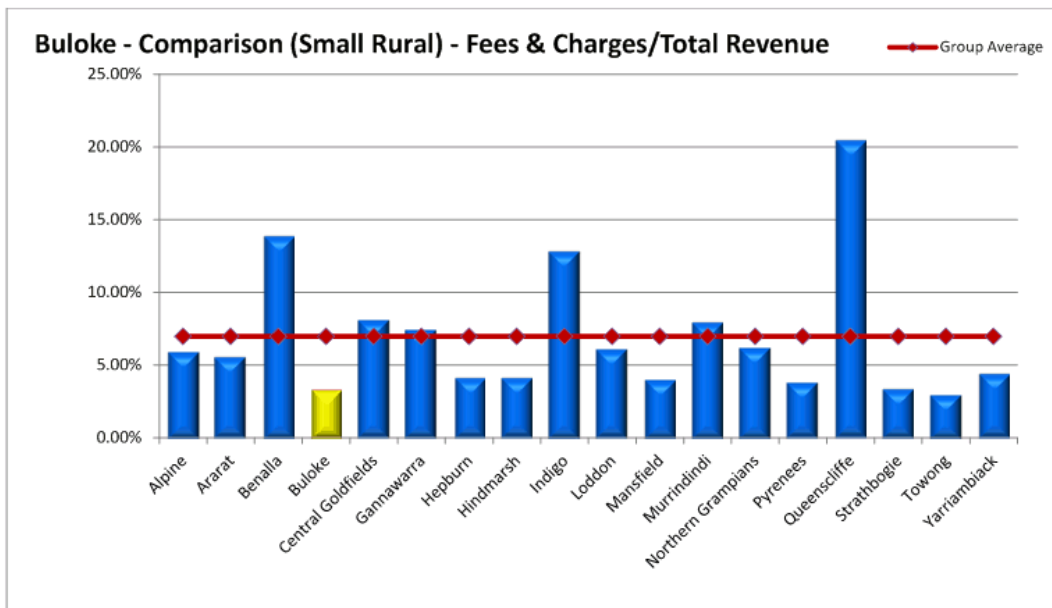


Chart 16: Fees & Charges/Total Revenue – 2016/17

Strategic Direction

1. That **Buloke Shire** Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives.

9. APPENDIX A: FINANCIAL STATEMENTS

This Appendix contains the financial statements that follow:

- Comprehensive Income Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Statement of Capital Works;
- Statement of Human Resources
- Summary of planned capital works expenditure
- Summary of planned human resources expenditure
- Financial Performance Indicators

These statements are required under Division 1, Part 6 of the *Local Government (Planning and Reporting) Regulations 2014*.

The Regulations commenced on 18 April 2014.

Regulations 13(2), 16(1) and 17(2) come into operation on July 1 2015.

9.1 Comprehensive Income Statement

For the ten years ending 30 June 2029	Budget	LTFP									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income											
Rates and charges	13,316	13,649	13,990	14,340	14,698	15,066	15,442	15,829	16,224	16,630	17,046
Statutory fees and fines	100	101	104	106	109	112	115	117	120	123	126
User fees	777	787	806	827	847	868	890	912	935	959	982
Grants - Operating	11,788	7,702	7,895	8,092	8,294	8,502	8,714	8,932	9,155	9,384	9,619
Grants - Capital	8,217	5,336	2,259	2,990	1,915	2,493	2,477	2,576	2,294	2,891	2,410
Contributions - monetary	2,410	86	50	50	55	75	175	75	75	75	250
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10	50	100	100	100	125	150	150	150	150	150
Other income	474	356	359	362	366	369	373	401	405	409	488
Total Income	37,092	28,066	25,563	26,867	26,384	27,610	28,335	28,993	29,359	30,621	31,072
Expenses											
Employee costs	(9,602)	(9,897)	(10,184)	(10,540)	(10,887)	(11,246)	(11,617)	(12,000)	(12,420)	(12,854)	(13,303)
Materials and services	(15,149)	(5,593)	(5,733)	(5,876)	(6,023)	(6,174)	(6,328)	(6,486)	(6,648)	(6,814)	(6,985)
Bad and doubtful debts	(52)	(15)	(23)	(21)	(22)	(21)	(22)	(23)	(23)	(24)	(25)
Depreciation and amortisation	(7,061)	(7,061)	(7,132)	(7,203)	(7,275)	(7,348)	(7,421)	(7,495)	(7,570)	(7,646)	(7,723)
Borrowing costs	(297)	(112)	-	-	-	-	-	-	-	-	-
Other expenses	(776)	(1,418)	(1,558)	(1,437)	(1,418)	(1,398)	(1,490)	(1,351)	(1,367)	(1,401)	(1,500)
Total Expenses	(32,937)	(24,096)	(24,629)	(25,076)	(25,625)	(26,187)	(26,879)	(27,356)	(28,029)	(28,739)	(29,535)
Surplus/(deficit) for the year	4,155	3,970	935	1,791	758	1,423	1,457	1,637	1,330	1,882	1,537
Other comprehensive income											
Items that will not be reclassified to surplus or deficit in future periods:											
Net asset revaluation increment	(3,000)	-	-	-	-	-	-	-	-	-	-
/(decrement)											
Total comprehensive result	1,155	3,970	935	1,791	758	1,423	1,457	1,637	1,330	1,882	1,537

Figure 4: Comprehensive Income Statement

9.2 Budgeted Balance Sheet

For the ten years ending 30 June 2029

	Budget	LTFP									
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000
Assets											
Current assets											
Cash and cash equivalents	13,924	7,366	7,392	6,634	7,017	6,959	7,078	7,287	7,736	7,604	7,738
Trade and other receivables	1,491	2,399	2,178	2,299	2,243	2,346	2,410	2,463	2,490	2,598	2,633
Inventories	119	119	119	119	119	119	119	119	119	119	119
Other assets	544	544	544	544	544	544	544	544	544	544	544
Total current assets	16,078	10,428	10,234	9,596	9,923	9,968	10,151	10,412	10,889	10,864	11,033
Non-current assets											
Property, infrastructure, plant & equipment	202,500	205,123	206,341	208,838	209,348	210,802	212,173	213,622	214,569	216,567	218,045
Total non-current assets	202,500	205,123	206,341	208,838	209,348	210,802	212,173	213,622	214,569	216,567	218,045
Total assets	218,578	215,551	216,575	218,434	219,271	220,770	222,324	224,035	225,458	227,431	229,079
Liabilities											
Current liabilities											
Trade and other payables	1,470	1,438	1,491	1,522	1,562	1,598	1,655	1,689	1,739	1,788	1,854
Trust funds and deposits	114	114	114	114	114	114	114	114	114	114	114
Provisions	1,945	1,965	1,986	2,007	2,029	2,051	2,074	2,098	2,122	2,147	2,172
Interest-bearing loans and borrowings	7,000	-	-	-	-	-	-	-	-	-	-
Total current liabilities	10,529	3,517	3,591	3,643	3,705	3,764	3,844	3,900	3,975	4,048	4,140
Non-current liabilities											
Provisions	1,077	1,092	1,108	1,124	1,140	1,157	1,174	1,192	1,210	1,228	1,247
Total non-current liabilities	1,077	1,092	1,108	1,124	1,140	1,157	1,174	1,192	1,210	1,228	1,247
Total liabilities	11,606	4,609	4,698	4,767	4,845	4,921	5,018	5,092	5,185	5,276	5,387
Net assets	206,972	210,942	211,877	213,667	214,426	215,849	217,306	218,943	220,273	222,155	223,692
Equity											
Accumulated surplus	103,366	107,336	108,271	110,061	110,820	112,243	113,700	115,337	116,667	118,549	120,086
Reserves	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606
Total equity	206,972	210,942	211,877	213,667	214,426	215,849	217,306	218,943	220,273	222,155	223,692

Figure 5: Budgeted Balance Sheet

9.3 Budgeted Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserve: \$'000
2019/20				
Balance at beginning of the financial year	206,972	103,366	103,606	
Surplus/(deficit) for the year	3,970	3,970	-	
Balance at end of financial year	210,942	107,336	103,606	
2020/21				
Balance at beginning of the financial year	210,942	107,336	103,606	
Surplus/(deficit) for the year	935	935	-	
Balance at end of financial year	211,877	108,271	103,606	
2021/22				
Balance at beginning of the financial year	211,877	108,271	103,606	
Surplus/(deficit) for the year	1,791	1,791	-	
Balance at end of financial year	213,667	110,061	103,606	
2022/23				
Balance at beginning of the financial year	213,667	110,061	103,606	
Surplus/(deficit) for the year	758	758	-	
Balance at end of financial year	214,426	110,820	103,606	
2023/24				
Balance at beginning of the financial year	214,426	110,820	103,606	
Surplus/(deficit) for the year	1,423	1,423	-	
Balance at end of financial year	215,849	112,243	103,606	
2024/25				
Balance at beginning of the financial year	215,849	112,243	103,606	
Surplus/(deficit) for the year	1,457	1,457	-	
Balance at end of financial year	217,306	113,700	103,606	
2025/26				
Balance at beginning of the financial year	217,306	113,700	103,606	
Surplus/(deficit) for the year	1,637	1,637	-	
Balance at end of financial year	218,943	115,337	103,606	
2026/27				
Balance at beginning of the financial year	218,943	115,337	103,606	
Surplus/(deficit) for the year	1,330	1,330	-	
Balance at end of financial year	220,273	116,667	103,606	
2027/28				
Balance at beginning of the financial year	220,273	116,667	103,606	
Surplus/(deficit) for the year	1,882	1,882	-	
Balance at end of financial year	222,155	118,549	103,606	
2028/29				
Balance at beginning of the financial year	222,155	118,549	103,606	
Surplus/(deficit) for the year	1,537	1,537	-	
Net asset revaluation increment/(decrement)	-	-	-	
Balance at end of financial year	223,692	120,086	103,606	

Figure 6: Budgeted Statement of Changes in Equity

9.4 Budgeted Statement of Cash Flows

For the ten years ending 30 June 2029	Budget	LTFP									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities											
Rates and charges	13,316	13,312	14,155	14,330	14,774	15,069	15,468	15,858	16,266	16,636	17,096
Statutory fees and fines	100	99	105	106	110	112	115	118	121	123	127
User fees	854	767	816	826	852	869	892	914	938	959	985
Grants - operating	11,788	7,512	7,988	8,086	8,337	8,503	8,729	8,948	9,179	9,388	9,647
Grants - capital	8,217	5,204	2,286	2,988	1,925	2,494	2,481	2,580	2,300	2,892	2,417
Contributions - monetary	2,410	86	50	50	55	75	175	75	75	75	250
Interest received	-	225	225	225	225	225	225	250	250	250	325
Other receipts	484	125	136	137	142	144	148	152	156	159	164
Net GST refund / payment	2,965	1,396	1,422	1,535	1,379	1,461	1,477	1,499	1,475	1,590	1,565
Employee costs	(9,602)	(10,271)	(10,522)	(10,896)	(11,247)	(11,616)	(11,988)	(12,390)	(12,811)	(13,258)	(13,712)
Materials and services	(16,664)	(5,826)	(5,945)	(6,096)	(6,244)	(6,399)	(6,553)	(6,720)	(6,881)	(7,053)	(7,224)
Other payments	(911)	(1,477)	(1,615)	(1,491)	(1,470)	(1,449)	(1,543)	(1,400)	(1,415)	(1,450)	(1,551)
Net cash provided by/(used in) operating activities	12,957	11,152	9,101	9,801	8,836	9,487	9,625	9,883	9,652	10,312	10,090
Cash flows from investing activities											
Payments for property, infrastructure, plant and equipment	(19,006)	(10,652)	(9,185)	(10,670)	(8,563)	(9,683)	(9,671)	(9,840)	(9,368)	(10,609)	(10,121)
Proceeds from sale of property, infrastructure, plant and equipment	-	55	110	110	110	138	165	165	165	165	165
Net cash provided by/(used in) investing activities	(19,006)	(10,597)	(9,075)	(10,560)	(8,453)	(9,545)	(9,506)	(9,675)	(9,203)	(10,444)	(9,956)
Cash flows from financing activities											
Finance costs	(297)	(112)									
Repayment of borrowings	-	(7,000)									
Net cash provided by/(used in) financing activities	(297)	(7,112)									
Net increase/(decrease) in cash & cash equivalents	(6,346)	(6,558)	26	(759)	383	(58)	119	209	449	(132)	134
Cash and cash equivalents at the beginning of the financial year	20,270	13,924	7,366	7,392	6,634	7,017	6,959	7,078	7,287	7,736	7,604
Cash and cash equivalents at the end of the financial year	13,924	7,366	7,392	6,634	7,017	6,959	7,078	7,287	7,736	7,604	7,738

Figure 7: Budgeted Cash Flow Statement

9.5 Budgeted Statement of Capital Works

For the ten years ending 30 June 2029

	Budget	LTFP									
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000
Property											
Land improvements		260	259	266	273	279	286	294	301	308	316
Total land		260	259	266	273	279	286	294	301	308	316
Buildings	8,022	3,534	768	1,329	371	883	390	997	409	1,048	430
Total buildings	8,022	3,534	768	1,329	371	883	390	997	409	1,048	430
Plant and equipment											
Plant, machinery and equipment	620	755	1,266	1,281	1,313	1,219	1,250	1,281	1,313	1,346	1,379
Computers and telecommunications	985	160	166	170	174	179	183	188	193	197	202
Library books	200	50	52	53	55	56	57	59	60	62	63
Total plant and equipment	1,805	965	1,484	1,504	1,542	1,454	1,490	1,528	1,566	1,605	1,645
Infrastructure											
Roads	3,338	4,200	5,044	5,469	4,950	4,962	5,390	5,096	5,224	5,354	5,488
Footpaths and cycleways	86	130	150	175	158	162	166	170	175	179	183
Drainage	190	60				279	324	332	301	349	316
Recreational, leisure and community facilities	858	245	415	638	436	447	687	470	481	740	506
Waste management	30	120	52	53	55	56	57	59	60	62	316
Parks, open space and streetscapes	125										
Aerodromes		170	176	266		279					
Total infrastructure	4,627	4,925	5,838	6,601	5,599	6,186	6,625	6,127	6,241	6,684	6,810
Total capital works expenditure	14,454	9,684	8,350	9,700	7,784	8,802	8,792	8,945	8,516	9,645	9,201
Represented by:											
New asset expenditure	1,030	2,004	415	426							
Asset renewal expenditure	8,155	6,700	7,727	8,307	7,784	8,299	8,792	8,347	8,516	8,770	9,201
Asset upgrade expenditure	5,269	980	208	967		503		598		875	
Total capital works	14,454	9,684	8,350	9,700	7,784	8,802	8,792	8,945	8,516	9,645	9,201
Funding sources represented by:											
Grants	7,541	5,336	2,259	2,990	1,915	2,493	2,477	2,576	2,294	2,891	2,410
Contributions	2,271	36									
Council Cash	4,642	4,312	6,090	6,710	5,870	6,309	6,315	6,370	6,222	6,754	6,791
Total capitaworks expenditure	14,454	9,684	8,350	9,700	7,784	8,802	8,792	8,945	8,516	9,645	9,201

Figure 8: Statement of Capital Works

9.6 Budgeted Statement of Human Resources

For the ten years ending 30 June 2029

	Budget	LTFP									
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000
Staff expenditure											
Employee costs - Operating	(9,602)	(9,897)	(10,184)	(10,540)	(10,887)	(11,246)	(11,617)	(12,000)	(12,420)	(12,854)	(13,303)
Employee costs - Capital	-	-	-	-	-	-	-	-	-	-	-
Total staff expenditure	(9,602)	(9,897)	(10,184)	(10,540)	(10,887)	(11,246)	(11,617)	(12,000)	(12,420)	(12,854)	(13,303)
Staff numbers	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT
Employees	115	115	115	115	115	115	115	115	115	115	115
Total staff numbers	115	115	115	115	115	115	115	115	115	115	115

Figure 9: Budgeted Statement of Human Resources

10. APPENDIX B: GLOSSARY OF TERMS

TERM	DEFINITION
Act	The <i>Local Government Act 1989</i> .
Activities	The operations of the Council including services undertaken to meet the needs of the community as reflected in the Council Plan and are generally ongoing in nature.
Adjusted operating surplus/deficit	Operating surplus/deficit less revenue from capital (non-recurrent) grants, developer contributions (i.e. assets contributed), asset revaluations, sale of assets plus expenditure from asset revaluations, WDV of assets sold and unfunded superannuation expense.
Adjusted total operating expenses	Total operating expenses as per the "Statement of financial performance" – net of asset revaluations, unfunded superannuation expense and WDV of asset sold.
Adjusted total revenue	Total revenue from "Statement of Financial Performance" – net of asset sales, asset contributions in kind. Capital grant funding and revaluation adjustments.
Annual report	A report of the Council's operations of the previous financial year and contains a report of operations, audited financial statements and an audited Performance Statement.
Australian Accounting Standards	The Accounting Standards published by the Australian Accounting Standards Board.
Average Rate Cap	Means an amount expressed as a percentage amount, based on the change to CPI over the financial year to which the cap relates, plus or minus any adjustment.
Borrowings	Loan funding.
Budget	A plan setting out the services and initiatives to be funded for the financial year and how they will contribute to achieving the strategic objectives specified in the Council Plan.
Capital works expenditure	Expenditure on non-current assets and includes new assets, asset renewal, asset expansion and asset upgrades.
Council cash	Funding from Council's own sources of income. Example include rates, charges, investments and reserves, interest and asset sales.
Council plan	A plan setting out the medium-term strategic objectives, strategies, strategic indicators and resources reflecting vision and aspirations of the community for the next four years.
Current assets	Total current assets from "Statement of financial position".

TERM	DEFINITION
Current liabilities	Total current liabilities from “Statement of financial position”
Debt redemption	Debt principal’s repayments.
Debt servicing costs (interest)	Total borrowing costs or interest expense as per the “Statement of financial performance” or as disclosed in the notes of the council statements.
Details list of planned capital works expenditure	A list of projects in relation to non-current assets by class and expenditure type.
Developer cash contributions	Cash contributions from developers. This does not include in-kind works or developer contributed assets.
Federal grants	Grant funding from the Commonwealth Government.
Fees and charges revenue	Total fees and charges revenue as per the “Statement of Financial Performance” or as disclosed in the notes of the Council statements (includes fines).
Financial performance indicators	A set of indicators measuring the effectiveness of financial management in a Council covering operating position, liquidity, obligations, stability and efficiency.
Financial resources	Income, expenditure, assets, liabilities, equity, cash and capital works required to deliver the services and initiatives in the budget.
Financial statements	The financial statements and notes prepared in accordance with the Local Government Model Financial Report, Australian Accounting Standards and other applicable standards as they apply to the general purpose financial reports and a statement of capital works and included in the annual report.
Financial year	The period of 12 months ending on 30 June each year.
General Order	Means an order made by the Minister under section 185D of the Act.
Grant income and reimbursements	Total grants revenue as per the “Statement of Financial Performance” or as disclosed in the notes of the Council statements (includes VicRoads sometimes shown as “reimbursements” by some Councils).
Granted assets	Total value of assets received from developers (in kind) as per the “Statement of Financial Performance” or as disclosed in the notes of the Council statements.
Higher cap	An amount expressed as the average rate cap specified in a general order plus an additional percentage amount in respect of that financial ear.
Human Resources	The staff employed by a council.
Indicator	What will be measured to assess performance.
Initiatives	Actions that are one-off in nature and/or lead to improvements in service.
Interest earnings	Total interest received as per the “Statement of

TERM	DEFINITION
	Financial Performance” or as disclosed in the notes of the Council’s statements.
Local Government Model Financial Report	The model report published by the Department of Environment, Land, Water and Planning
Major initiatives	Significant initiatives that will directly contribute to the achievement of the council plan during the current year and have a major focus in the budget.
Measure	How an indicator will be measured and typically includes a numerator and denominator.
Minister	The Minister for Local Government.
Model Budget	The <i>Victorian City Council Model Budget</i> prepared annually by the Chartered Accountants in Australia and New Zealand.
No. of rateable properties	Number of rateable properties in the municipality.
Non-current liabilities	Total non-current liabilities from “Statement of Financial Position”.
Non-financial resources	The resources other than financial resources required to deliver the services and initiatives in the budget.
Non-recurrent grant	A grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council’s Strategic Resource Plan.
Philanthropic or private contributions	Funding from philanthropic or private sources. An example would be a co-contribution by the private sector towards construction of a community asset.
Performance statement	A statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the Annual Report.
Planning and accountability framework	The key statutory planning and reporting documents that are required to be prepared by Councils to ensure accountability to local communities in the performance of functions and exercise of powers under the Act.
Proceeds from sale of non-current assets	Total proceeds from asset sales as per the “Statement of Financial Performance” or as disclosed in the notes of the council statements, (gross received not written-down value).
Rate revenue	Total rate revenue as per the “Statement of Financial Performance” or as disclosed in the notes of the Council statements.
Rates outstanding at end of year	Rate debtor amount as disclosed in “Receivables” note.
Recurrent grant	A grant other than a non-recurrent grant.
Regulations	The Local Government (Planning and Reporting) Regulations 2014.

TERM	DEFINITION
Report of Operations	A report containing a description of the operations of the council during the financial year and included in the Annual Report.
Services	Assistance, support, advice and other actions undertaken by a council for the benefit of the local community.
Special order	An order made by the ESC under section 185E of the Act.
State grants	Grant funding from the State Government.
Strategic objectives	The outcomes a Council is seeking to achieve over the next four years and included in the Council Plan.
Strategic Resource Plan	A plan of the financial and non-financial resources for at least the next four years required to achieve the strategic objectives in the Council Plan. It also referred to as a long term financial plan.
Strategies	High level actions directed at achieving the strategic objectives in the council plan.
Statement of capital works	A statement which shows all capital expenditure of a Council in relation to non-current assets and asset expenditure type prepared in accordance to the model statement of capital works in the Local Government Financial Report.
Statement of human resources	A statement which shows all council staff expenditure and numbers of full time equivalent council staff.
Statements of non-financial resources	A statement which describes the non-financial resources including human resources.
Summary of planned capital works expenditure	A summary of capital works expenditure in relation to non-current assets classified according to the model statement of capital works in the <i>Local Government Model Financial Report</i> , by asset expenditure type and funding source.
Summary of planned human resources expenditure	A summary of permanent Council staff expenditure and numbers of full time equivalent Council staff categorised according to the organisational structure of the Council.
Total assets	Total assets from "Statement of Financial Position".
Total capital asset outlays	Payments for capital purchases per the "Cash Flow Statement".
Total cash inflows from operations, finance and Investment Act	Total inflows per the "Cash Flow Statement".
Total cash outflows from operations, finance and Investment Act	Total outflows per the "Cash Flow Statement".
Total depreciation	Total depreciation expense as per the "Statement of Financial Performance" or as disclosed in the notes of the Council statements.

TERM	DEFINITION
Total depreciation on infrastructure assets	Total depreciation on infrastructure assets as disclosed in the "Depreciation Expense" note.
Total debt	Total interest bearing liabilities (current and non-current) from "Statement of Financial Position".
Total indebtedness	Total liabilities (current and non-current) from "Statement of Financial Position".
Total infrastructure assets	Total infrastructure assets from "Statement of Financial Position" or as disclosed in the note (written-down value). Infrastructure includes roads, bridges, drains, road structures, other structures, playground equipment, and other like categories. Heritage assets have been deemed to be building assets. Work in progress, where not separately split, and have been included as infrastructure.
Total net realisable assets	Total assets less total infrastructure assets.
Total operating expenses	Total operating expenses as per the "Statement of Financial Performance".
Total revenue	Total revenue from "Statement of financial performance"
User contributions	Funding from users. An example would be a co-contribution by a sporting club to the construction of a new facility.
Written-down value of assets sold	Written-down value of assets sold as per the "Statement of Financial Performance" or as disclosed in the notes of the Council statements.

Table 11: Glossary of Terms / Definitions

11. APPENDIX C: RATING PRINCIPLES

(a) Sustainable financial management

The aggregate revenue raised by Council plus that received from grants needs to be sufficient to cover the aggregate long-run cost of delivering the services provided measured on an accrual-accounting basis. Sustainable financial management requires the application of multi-year framework to financial management, asset management, planning, spending and revenue decisions.

(b) Evaluating and setting priorities

Council is aware of and will have regard to the views of its communities with respect to the priority areas for Council services. Council will heighten the communities awareness of the short and long-term financial implications of potential service priorities and key decisions, including trade-offs between service priorities.

(c) Core Functions

Council will continue to provide a full range of municipal goods and services in accordance with its statutory and community service obligations.

Where Council engages in the provision of services, that resemble those of private sector markets, the application of competitive neutrality principles requires

Council to aim to recover the full costs of a significant business activity, including the direct costs of providing goods and services, rate and tax equivalent payments and a commercial rate of return on investment.

(d) Identifying the cost of service delivery

Council will understand the cost of delivering its services as an acknowledgement that this information is useful in determining the range of services, and the level of service provision, and the corresponding structure for rates and charges.

(e) Prudent borrowings for infrastructure

Borrowings when undertaken prudently are an appropriate means for local government to finance long lived infrastructure assets as the cost of servicing of debt through rates or user charges enables the cost of the asset to be matched with the benefits from consumption of the services over the life of the asset, thereby promoting intergenerational equity.

(f) Rate setting and pricing of services

A single rate cap of 2% was introduced for the 2017-2018 financial year by the Victorian Government. This cap increased to 2.25% in 2018/19.

Rate capping delivers on a key election promise for a fairer rating system to help ease cost of living pressures on Victorians. It is part of delivering value for communities and provide fair, responsible and effective policies and processes for Victorian ratepayers.

Only the general rate and municipal charges part of a rates bill are capped. All other parts, such as waste charges and other fees and levies, remain uncapped.

Where infrastructure costs are directly attributable to individual property owners, Council will recover those costs through the application of special charge schemes, developer charges or contributions.

Council will also take consideration of the community's ability to pay as well as the benefits derived from the provision of services.

(g) Openness and transparency

Council is accountable and responsible for the policy decisions with respect to the range of services provided, the expenditure and delivery of the services and the way services are funded and paid for by the community. Open and transparent processes for decision making of Council include the making of information openly available to people in the local community and seeking active participation by the community with respect to choices regarding the range and level of services provided and how they are funded.

(h) Providing services on behalf of other tiers of government

Effective interaction between Council and other tiers of Government is important to ensure delivery of some essential services to the community. Where Council enters into the delivery of services on behalf of other tiers of government, the supply of these services should be delivered on commercial terms based on the incremental cost to Council. In situations where Council determines to provide subsidies for the delivery of these services Council will make the costs transparent and inform the community about the purpose and amount of the subsidy and how it is to be funded.

8.3 FINANCIAL REPORTS

8.3.1 DRAFT AUDIT COMMITTEE MEETING MINUTES 5 DEC 2018

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [↓](#) Audit Committee Minutes 5 Dec 2018

Relevance to Council Plan 2017 - 2021

Strategic Objective: Deliver our service in a financially viable way

RECOMMENDATION

That Council notes the draft Minutes of the Audit Committee meeting held on 5 December 2018.

1. Executive Summary

The Audit Committee is a statutory committee of Council which considers matters of governance, finance and risk management. The Committee is comprised of three independent members and the Mayor. The Committee provides advice on the integrity and effectiveness of Council's financial reporting and risk management system.

2. Discussion

At its 5 December 2018 meeting, the Committee considered the following matters:

- Outstanding Actions
- Audit Committee Work Plan
- 2019 Audit Committee meeting dates
- Draft Legislative Compliance Policy
- Draft Corporate Card Policy
- Draft Councillor Reimbursement Policy
- Legislative Compliance Register
- Final Management Letter – VAGO 2017-18 Audit
- Financial Report as at 30 September 2018

3. Financial Implications

The cost of the Audit Committee function is incorporated into the 2018/19 Annual Budget.

4. Cost Shift Considerations

There are no cost shift implications associated with the Committee.

5. Community Consultation

Not applicable

6. Internal Consultation

Councillors and senior staff are invited to attend, and present as required to at Committee meetings. Recommendations from the Committee are communicated to relevant staff members for action.

7. Legislative / Policy Implications

Council is required under the *Local Government Act 1989* to create and maintain an Audit Committee.

8. Environmental Sustainability

Not applicable

9. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

10. Conclusion

The draft Audit Committee minutes are attached for the information of Council.



AUDIT COMMITTEE MEETING

MINUTES

Wednesday 5 December 2018

Commencing at 9:00am

Wycheproof Supper Room

367 Broadway

Wycheproof

**Anthony Judd
Chief Executive Officer
Buloke Shire Council**

ORDER OF BUSINESS

1. WELCOME

The Chair opens the meeting and welcomes those present.

2. RECEIPT OF APOLOGIES

3. ATTENDEES

Jessica Adler (Chair), Tom Evans (Member), Margaret Abbey (Member), Cr Carolyn Stewart (Mayor), Anthony Judd (CEO), Hannah Yu (Director Corporate Services), Sean Portelli (Acting Manager Finance), Kathie Teasdale (RSD Audit), Cr Daryl Warren, Cr Graeme Milne, Zoe Watts (Manager Governance), Jen Hewett (Governance Officer), Ash Attrill (Manager Information Services), Georgia Nicholson (Corporate Services Assistant)

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDATION:

That Council adopt the Minutes of the Audit Committee Meeting held on Wednesday, 5 September 2018.

Minutes were confirmed and signed by Chair.

5. CHIEF EXECUTIVE BRIEFING

Briefing by Chief Executive Officer to the Audit Committee Meeting including any legal matters.

The Chief Executive Officer, congratulated Jess Adler on her new role as chair, thanked Tom Evans for his contributions as the previous chair, welcomed Margaret Abbey to her first meeting as an independent member of the Audit Committee, welcomed Cr Carolyn Stewart as the new Mayor, and thanked Cr Pollard for his contributions as the previous Mayor.

The Chief Executive Officer updated Audit Committee on the following topics;

- Staffing
- Capital Funding from the Election
- Change to Natural Disaster Relief and Recovery Arrangements Funding process
- Rural Council Transformation Project
- Ten year financial plan
- Revenue and Rating Strategy
- Legal Matters: Sea Lake Hotels
- Status of implementation of the Asset Management System

The Manager Information Services provided brief overview and a report on to the Committee on IT penetration testing that has been conducted on Council's IT security.

6. DECLARATION OF PECUNIARY AND CONFLICTS OF INTEREST

There were no declarations of interest. .

7. MATTERS FOR DECISION / DISCUSSION / NOTING

7.9 INTERNAL AUDIT PROGRAM - PROGRESS UPDATE

4

Buloke Shire Council Audit Committee Meeting Minutes Wednesday, 5 December 2018

7.1	OUTSTANDING ACTION ITEMS	4
7.2	DRAFT AUDIT COMMITTEE WORK PLAN	6
7.3	2019 AUDIT ADVISORY COMMITTEE MEETING DATES	6
7.4	DRAFT LEGISLATIVE COMPLIANCE POLICY	8
7.5	DRAFT CORPORATE CARD POLICY	8
7.6	DRAFT REIMBURSEMENT OF COUNCILLOR EXPENSES POLICY	10
7.7	LEGISLATIVE COMPLIANCE	11
7.8	FINAL MANAGEMENT LETTER - VAGO 2017-18 AUDIT	12
7.10	FINANCIAL PERFORMANCE AS AT 30 SEPTEMBER 2018	13

8. ANY OTHER BUSINESS

9. MEETING CLOSE

NEXT MEETING

THE NEXT AUDIT COMMITTEE MEETING WILL BE HELD IN ON 6 FEBRUARY 2019 AT 1PM,
WYCHEPROOF SUPPER ROOM, 367 BROADWAY WYCHEPROOF.

Anthony Judd
CHIEF EXECUTIVE OFFICER

7. MATTERS FOR DECISION / DISCUSSION / NOTING

7.9 INTERNAL AUDIT PROGRAM - PROGRESS UPDATE

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [RSD Audit - Internal Audit Progress Update](#)

RECOMMENDATION

That the Audit Committee Meeting note:

1. The Progress Update from Council's Internal Auditors – RSD Audit

1. Purpose

The 2017-2019 Audit Program was endorsed by Audit Committee at its meeting on 28 April 2017. The objectives of the Internal Audit program are to provide a risk based, cyclical, strategic plan which focuses on the organisations risks and internal control systems. The progress update provides an update on the status of the Internal Audit program.

RSD Audit have provided is a summary of recent reports and publications by government agencies and other sources that may impact on public sector agencies.

The Internal Audit Progress update is attached.

Discussion

Kathie Teasdale from RSD Audit provided an update on the status of the Internal Audit Program, indicating that whilst no reports have been tabled, RSD audit are in the process of preparing a scope for Audits on Financial Controls and Children's Services. RSD Audit also expect to undertake a Data Mining Audit in March or April 2019.

Kathie also indicated that she attended a recent Auditor General's Forum on the future directions of External Audit which indicated the focus of External Audit within the next 2-5 years to Data Mining activities and engaging different contractors to undertake specific areas across the whole sector.

Kathie discussed the Auditor General's view on Asset valuations and materiality, based on the reader assessment and not the value of the error.

7.1 OUTSTANDING ACTION ITEMS

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [Outstanding Action Items](#)

MOTION:

That the Audit Committee Meeting notes the status of the outstanding action items.

MOVED: JESSICA ADLER

SECONDED: TOM EVANS

CARRIED.

1. Executive Summary

The attachment to this report contains outstanding actions and their current status. It identifies the source of the action, whether from an audit or a direct request of the Audit Committee and also the timeframes on which it will be complete.

The Outstanding Actions report attached has been amended to include a reference number to each action item. A summary table has also been included to indicate the number of actions closed and added since the last meeting.

Officers are required to provide updated commentary and to advise when an action is complete. Once complete to the satisfaction of the Audit Committee, the action will be removed from the report.

Current comments are indicated by red font.

Discussion

The outstanding action item report was discussed, with the Chair indicating that it was great to see progress on the actions.

The Director-Corporate Services provided additional commentary on the progress of the implementation of the Actions and the Chair agreed to close an number of items.

Ms Abbey queried the Disaster Recovery Plan and was informed that the suggestions from the Audit Committee at their last meeting were incorporated. The Plan has been adopted.

Mr Evans queried the levels of accountability in relation to item 10, the CEO responded that management supervision controls are currently in place.

On Item 11, the CEO indicated that further options have been flagged for consideration in the budget.

In regard to Item 28, regular reviews between Finance and Asset team have commenced and will continue to ensure implementation of Asset Management System and development of the Asset Management Plan and Strategy.

7.2 DRAFT AUDIT COMMITTEE WORK PLAN

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [2019 Audit Committee Work Plan](#)

MOTION:

That the Audit Committee Meeting adopt the attached annual work plan

MOVED: JESSICA ADLER

SECONDED: TOM EVANS

CARRIED.

1. Purpose

The Audit Committee Charter requires the development of an annual work plan. The work plan incorporates all matters to be considered by the Audit Committee over a twelve month period, including matters outlined in the Audit Committee Charter adopted by Council in November 2017.

The attached annual work plan has been populated to status of current documents and processes, and key documents and initiatives to be to be considered within the 2019 meeting schedule.

The work plan is a dynamic document; it will be reviewed and adjusted at each meeting of the Audit Committee and additional items added as they become known.

Discussion

The Audit Committee work plan was adopted by the Committee. Ms Adler indicated that old items where there is no action planned can be removed. Ms Adler requested to see updates on the status of the Risk Management policy and Framework incorporated into the forward plan.

The Committee requested regular status reports on areas of legislative compliance, and review of designated high risks and strategic risk as a standing item in future meetings.

7.3 2019 AUDIT ADVISORY COMMITTEE MEETING DATES

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: Nil

MOTION:

That the Audit Committee conducts its meetings as follows:

- Wednesday 6 February 2019, commencing 2 pm Wycheproof Hall Supper Room
- Wednesday 8 May 2019, commencing 2 pm Charlton Council Chambers
- Wednesday 4 September 2019, commencing 10 am Wycheproof Hall Supper Room
- Wednesday 4 December 2019, commencing 2 pm Wycheproof Hall Supper Room

MOVED: TOM EVANS

SECONDED: MARGARET ABBEY

CARRIED.

1. Executive Summary

The Audit Committee is required to set its meeting dates for 2019. The following dates have been recommended and take into consideration the preparation of the budget and the annual statements.

The first meeting is scheduled for Wednesday 6 February 2019 in Wycheproof commencing 2pm.

The second meeting has been scheduled for Wednesday 8 May 2019 in Charlton commencing at 2pm to allow the Audit Committee to be updated on the draft budget prior to it being placed on public exhibition by Council.

The third meeting has been scheduled for Wednesday 4 September 2019 in Wycheproof commencing 10am. This meeting will consider the annual statements and is subject to receiving the external audit schedule.

The final meeting for 2019 will be held Wednesday 4 December 2019 in Wycheproof commencing at 2 pm.

Discussion

The Audit Committee accepted the meeting dates. Discussions after the meeting, with consent from the Chair changed the time of the February meeting from commencing at 2pm to commencing at 1pm.

7.4 DRAFT LEGISLATIVE COMPLIANCE POLICY

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [Draft Legislative Compliance policy](#)

MOTION:

That the Audit Committee endorse the draft Legislative Compliance Policy

MOVED: JESSICA ADLER

SECONDED: MARGARET ABBEY

CARRIED.

Executive Summary

In June 2018 Council's Internal Auditors, RSD Audit, provided its final report outlining findings and recommendations for legislative compliance.

The report highlighted that, while Council is focused on continuously pursuing efficiency, effectiveness, and control enhancements, an overarching regulatory compliance framework is required. The framework will provide additional assurance to the Buloke community, Council and its administration that Council is able to identify and respond to relevant obligations and requirements.

The development of the draft Legislative Compliance policy is a positive first step in the development of the framework. The draft policy has been attached for consideration by the Audit Committee.

Discussion

The Audit Committee indicated that the policy should be incorporated as part of the induction manual and compliance with legislative requirements be included in Position Descriptions.

7.5 DRAFT CORPORATE CARD POLICY

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [Draft Corporate Card policy](#)

MOTION:

That the Audit Committee endorse the draft Corporate Card Policy

MOVED: MARGARET ABBEY

SECONDED: TOM EVANS

CARRIED.

Executive Summary

Council adopted a revised Corporate Card policy at its 2013 September Ordinary Meeting.

The Corporate Card policy and staff responsibilities contained therein sets out minimum administrative controls which must be adhered to in order to minimise the risk of fraud and corruption.

Council Officers have undertaken a review of the policy in accord with the policy schedule. As part of this review, consideration has been given to whether the policy should form part of the Council adopted policy suite. The policy is not applicable to Councillors and does not support or inform Council strategy and is essentially operational in nature. Council Officers propose the revised policy should form part of Council's operational suite.

The draft Policy has been attached for review and feedback from the Audit Committee.

Discussion

The Audit committee suggested the inclusion of clauses relating to interaction with other policies such as the Fleet Management Policy and use of fuel cards and in regards to hospitality.

The Audit Committee endorsed the policy and agreed that it is an operational policy for which the CEO is ultimately responsible.

7.6 DRAFT REIMBURSEMENT OF COUNCILLOR EXPENSES POLICY

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [Draft Reimbursement of Expenses policy](#)

MOTION:

That the Audit Committee endorse the draft Reimbursement of Councillor Expenses Policy

MOVED: JESSICA ADLER

SECONDED: TOM EVANS

CARRIED.

Executive Summary

Section 75 of the *Local Government Act 1989* (the Act) requires Council to reimburse Councillor expenses incurred as a result of performing their duties. Additionally, Section 75B states a Council must adopt and maintain a policy in relation to the reimbursement of expenses and members of Council committees.

In reviewing the policy, additional requirements in of the Local Government Bill 2018 has been considered and incorporated in particular, to have regard to expenses incurred by a Councillor who is a carer in a care relationship (*Carers Recognition Act 2012*).

The policy provides for Councillors the requirements prescribed in the Act, the Local Government (Planning and Reporting) Regulations 2014 and Recognition and Support: the Victorian Government's Policy Statement on Local Government Mayoral and Councillor Allowances and Resources April 2008.

The draft Policy has been attached for consideration by the Audit Committee.

Discussion

There was discussion in relation to the equitable distribution of funds in the area of Councillor development and the possible insertion of a trigger for Councillor's development opportunities. The Director Corporate Services indicated that discussion in this area will be had during the budget preparation period.

7.7 LEGISLATIVE COMPLIANCE

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [Legislative Compliance Register](#)

MOTION:

That the Audit Committee Meeting note the legislative compliance register

MOVED: JESSICA ADLER

SECONDED: TOM EVANS

CARRIED.

1. Purpose

Internal Audit undertook an Audit for Legislative Compliance and how Council manages its regulatory compliance framework, with a focus on compliance with the *Local Government Act 1989*. A number of actions were identified for Council to improve, identify and measure compliance to legislation.

A legislative compliance register has been developed, containing items for compliance to the *Local Government Act 1989* and associated regulations. The register also provides provision for identification of compliance / non-compliance, and review due dates, in accordance with the Act or Best Practice, in effect, providing Council with a gap analysis to ensure that all the key elements under same are met.

The legislative compliance register will be rolled out across other areas of Council to capture legislative requirements specific to each function. Council's Finance team have recently commenced completing the pilot register.

The register will form the basis of a legislative compliance framework and will expand to incorporate Council's obligations for other legislation, and standards.

Discussion

The Audit Committee noted the Legislative Compliance Register and recognised the amount of work that was undertaken to compile. They also requested that it be a standing item on the Audit Committee Agenda for review.

The CEO confirmed the Register is a standing agenda item once per month on the Senior Leadership Team Agenda.

7.8 FINAL MANAGEMENT LETTER - VAGO 2017-18 AUDIT

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [Final Management Letter - VAGO 2017-18](#)

RECOMMENDATION

That the Audit Committee notes the attached final management letters from VAGO for the year ended 30 June 2018.

Executive Summary

The final management letter from the Victorian Auditor General Office regarding the outcomes of the 2017-18 Audit has been attached for the information of the Audit Committee.

The final management letter has identified a number of items which Council has incorporated into its work program.

Discussion

In relation to the VAGO Report, the CEO informed the Committee that an update will be provided for the matters pertaining to assets and infrastructure. Mr Terry Mathews has assisted to address matters raised in relation to accrual, and; that matters raised regarding salary and oncost accruals reflecting incorrect phasing which has been addressed for the future.

Sean Portelli (Acting Finance Manager) took a question pertaining to End-of-Year checklists on notice.

Sean Portelli (Acting Finance Manager) discussed the matters regarding debtor write-off's indicating that the Rates Officer will write off small amounts and report these to the Finance Manager for final approval. Provisions in both the *Local Government Act 1989* and the *Fire Services Property Levy Act 2012* allow this process to occur.

Item - 7.9. Internal Audit Program - Progress Update - has been moved to another part of the document.

7.10 FINANCIAL PERFORMANCE AS AT 30 SEPTEMBER 2018

Author's Title: Director Corporate Services

Department: Corporate Services

File No: FM|19|03

Attachments:

- 1 [Income Statement](#)
- 2 [Balance Sheet](#)
- 3 [Cash Flow Statement](#)
- 4 [Cash Flow Chart](#)
- 5 [Capital Works Program](#)
- 6 [Capital Works Graph](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Deliver our service in a financially viable way

MOTION:

That the Audit Committee Meeting note:

1. The financial performance as at 30 Sept 2018

MOVED: TOM EVANS

SECONDED: MARGARET ABBEY

CARRIED.

1. Executive Summary

The **Income Statement** provides a summary of the total income and total expenditure relating to the Council's annual recurrent operations. It also specifically includes capital income but does not include capital works expenditure.

For the first three months of the financial year ending 30 September 2018, the surplus disclosed was \$6.610M. *Excluding* capital grants income of \$387K, a surplus of \$6.224M was achieved.

The **Balance Sheet** effectively shows a summary of the value of Assets (what we own) and our Liabilities (what we owe), both of which balance off against each other to show Net Assets or Equity (our net worth).

At 30 September 2018, the Balance Sheet disclosed Council's Cash and Cash Equivalents at \$13.361M.

The **Cash Flow Statement** is formatted to show a 12 month forecast. The corresponding chart is mapped against actual cash.

The **Capital Works Program** depicts \$728K of capital works having been expended as at the 30 September 2018. The Annual Budget for capital works is \$14.454M to be funded by Capital Grants of \$7.5M, Contributions \$2.3M and Council Cash of \$4.6M.

2. Financial Implications

The table below provides an overview of Council's financial performance at 30 September 2018.

Income Statement excluding Capital Grants	YTD	YTD	YTD	Annual
Description	Actuals	Budget	Variance	Budget
Total Income excluding Capital Grants	15,390	19,691	(4,301)	28,874
Total Expenses	9,166	10,477	1,310	32,936
Surplus/(Deficit) excluding Capital Grants	6,224	9,214	(2,990)	(4,062)
Add Capital Grants Income	387	2,785	(2,399)	7,541
Surplus/(Deficit) including Capital Grants	6,610	12,000	(5,389)	3,479
Capital Expenditure (WIP per Balance Sheet)	728	1,303	575	14,454

The September financial summary table above reflects the following –

a. Total income excluding government grants

The negative variance occurs largely as a result of National Disaster Funding (\$3.5M) and capital contributions for miscellaneous community projects not having been received (see references 2 and 3 per Income Statement for further detail).

b. Total expenses

Positive variance occurs as a result of flood restoration works not having been completed to this stage of the year (\$3.1M) (see reference 7).

c. Capital Grant Income

Nine capital projects awaiting funding including Yuengroon Road Stage 1 (see Ref. 11).

d. Capital Expenditure

Council has expended \$728K on capital works during the first three months of the financial year.

3. Community Consultation

No consultation with the community was required for the production of this report.

4. Internal Consultation

The reports have been prepared in consultation with the budget managers directly responsible for Council budgets.

5. Legislative / Policy Implications

The report is consistent with the requirements of the *Local Government Act 1989*.

6. Environmental Sustainability

This report has no direct impact on environmental sustainability.

7. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

8. Conclusion

Grant income for both operating and capital are behind where Council planned to be on a year to date basis. Council is being proactive in attaining these funds especially with the Natural Disaster Funding Authority (Treasury and Finance), where grants received have been fully acquitted (as at October) (see note 2 of Income Statement for further comment).

Discussion

Sean Portelli (Acting Finance Manager) addressed the report highlighting the key points. He also informed the committee of the impacts of the change in state government policy to pay Natural Disaster and Grant money in arrears rather than up front, Council is actively improving their systems and processes to ensure that these funds are received as quickly as possible as it impacts Council's cash flows.

Project Management software is being implemented to improve budget forecasting. Budget reforecasting is undertaken once per year, Council is looking to increase this to quarterly. Significant work has been undertaken by the Acting Manager Finance to automate some reporting and reforecasting to improve the somewhat time consuming processes. The audit Committee members indicated they would be interested in the seeing some of this work.

8. ANY OTHER BUSINESS

Cr Daryl Warren asked if a change the time of the February 2019 meeting be considered, as a Councillor Briefing is to be held in Birchip on the same day and the travelling logistics in the time frame.

9. MEETING CLOSE

Meeting was closed at 10:15 am

8.3.2 FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018

Author's Title: Acting Manager Finance

Department: Corporate Services

File No: FM/19/03

Attachments:

- 1 [Income Statement](#)
- 2 [Balance Sheet](#)
- 3 [Cash Flow Statement](#)
- 4 [Cash Flow Graph](#)
- 5 [Capital Works Program](#)
- 6 [Capital Works Graph](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Deliver our service in a financially viable way

RECOMMENDATION

That Council receives and notes the Financial Performance Report for the month ending 31 December 2018.

1. Executive Summary

The **Income Statement** provides a summary of the total income and total expenditure relating to Council's annual recurrent operations. It also specifically includes capital income but does not include capital works expenditure. The surplus/(deficit) is disclosed at item B on the Income Statement (Attachment 1). So as operating revenues can be compared to operating expenditures, an adjustment is made to exclude all capital income. The presentation of this income statement and resultant surplus/(deficit) is reported at item A.

For the first six months of the financial year ending 31 December 2018, the surplus disclosed was \$1.148m. *Excluding* capital grants income of \$2.22m, a deficit of \$1.1m was recorded. See notes 2 and 7 on the income statement for the reasons behind this deficit, but in summary, Flood monies have not been received due to State Government change in disbursement policy, and flood reconstruction works are ahead of the original program (annual budget has not been reached).

The **Balance Sheet** effectively shows a summary of the value of Assets (what we own) and our Liabilities (what we owe), both of which balance off against each other to show Net Assets or Equity (our net worth). Council's net worth as at this accounting period was \$207m.

The **Cash Flow Statement** is formatted to show a 12 month forecast. The corresponding cash flow chart maps actual cash alongside budgeted cash and restricted funds. At 31 December 2018, Council's Cash and Cash Equivalents were \$9.6m.

The **Capital Works Program** depicts \$3.368m of capital works having been expended to the end of this accounting period. The Annual Budget for capital works is \$14.454m to be funded by Capital Grants of \$7.5M, Contributions \$2.3M and Council Cash of \$4.6M. Council has let a number of large scale contracts in the first half of the 2018/19 financial year (i.e. Charlton Park, Donald Community Precinct, Road Rehabilitation) and expenditure will increase over the coming six months.

2. Financial Implications

The table below provides an overview of Council's financial performance as at 31 December 2018.

Income Statement - Excluding Capital Grants and Contributions	YTD	YTD	YTD	Annual
	Actuals	Budget	Variance	Budget
	\$(000)	\$(000)	\$(000)	\$(000)
Total Income	17,728	20,064	(2,335)	26,603
Total Expenses	18,800	16,514	(2,286)	32,936
Surplus/(Deficit)	(1,072)	3,550	(4,622)	(6,332)
Add back Capital Grants Income and Contributions	2,220	5,825	(3,605)	9,812
Surplus/(Deficit) including Capital Grants Income and Cont.	1,148	9,375	(8,227)	3,479
Capital Works Program	3,368	6,007	2,639	14,454
Cash and Cash Equivalents		Restricted	Un-Rest.	Total
		1,476	8,131	9,607

The following commentary is provided:

a. Total income excluding capital grants and contributions

The negative variance of \$2.34m occurs largely as a result of Flood Natural Disaster Funding (\$2.8m variance) not having been received (see reference 2 per Income Statement for further detail). This is a timing matter.

b. Total expenses

Unfavourable variance of \$2.29m materially explained by flood restoration works exceeding budget expectations (see reference 7).

c. Capital Grant Income and Contributions

Roads to Market and Heavy Vehicle Safety Productivity Program funding are yet to be received (\$1.15m). Funding for Lake Tyrell (\$952k) and Roads to Recovery (\$342k) also not received in full.

d. Capital Works Program Expenditure

Council has expended \$3.37m on capital works YTD this period, with significant large contracts let.

e. Cash and Cash Equivalents

Council has cash of \$9.6m of which \$1.48m is restricted being committed to capital projects.

3. Community Consultation

No consultation with the community was required for the production of this report.

4. Internal Consultation

The reports have been prepared in consultation with the budget managers directly responsible for Council budgets.

5. Legislative / Policy Implications

The report is consistent with the requirements of the *Local Government Act 1989*.

6. Environmental Sustainability

This report has no direct impact on environmental sustainability.

7. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

8. Conclusion

Grant income for both operating and capital are behind where Council planned to be on a year to date basis. Council is being proactive in attaining these funds especially with the Natural Disaster Funding Authority (Treasury and Finance), where grants received have been fully acquitted (as at December) and Council having spent \$6.55m of its own monies (\$7.25m total spend YTD less \$700k received).

Income Statement

31 December 2018

Buloke Shire Council

Income Statement - Excluding Capital Grants and Contributions	YTD Actuals \$'000	YTD Budget \$'000	YTD Variance \$'000	Annual Budget \$'000	Ref:
Income					
Rates and charges	13,323	13,316	7	13,316	
Statutory fees and fines	79	25	54	100	
User fees	356	342	14	777	
Grants - operating (recurrent)	2,549	2,272	277	4,425	1
Grants - operating (non-recurrent)	1,063	3,827	(2,764)	7,365	2
Grants - capital (recurrent) - EXCLUDED					
Grants - capital (non-recurrent) - EXCLUDED					
Contributions - cash	149	76	73	139	
Contributions - capital - EXCLUDED					
Gain (Loss) on Disposal of Assets	0	0	0	10	
Other Income	98	60	38	127	4
Interest	112	146	(34)	345	5
Total Income excluding Capital Grants and Contributions	17,728	20,064	(2,335)	26,603	
Expenses					
Employee benefits	4,335	4,821	486	9,601	6
Materials and services	10,539	7,778	(2,760)	15,149	7
Bad and doubtful debts	1	0	(1)	52	
Depreciation and amortisation	3,527	3,530	3	7,061	
Finance costs	148	149	1	297	
Other expenses	251	236	(14)	776	
Total Expenses	18,800	16,514	(2,286)	32,936	
A Surplus/(Deficit) excluding Capital Grants and Contributions	(1,072)	3,550	(4,622)	(6,332)	
Add back Capital Grants Income and Contributions					
Grants - capital (recurrent)	270	612	(342)	1,224	10
Grants - capital (non-recurrent)	1,785	3,758	(1,974)	6,317	11
Contributions - capital	165	1,455	(1,290)	2,271	12
Total Capital Grants Income	2,220	5,825	(3,605)	9,812	
B Surplus/(Deficit) including Capital Grants Income and Cont.	1,148	9,375	(8,227)	3,479	

Notes:

- More recurrent operating grant income received YTD than budgeted. Many *overs* and *unders* but principally greater receipts for CHSP Home Help (favourable variance of \$74K), Finance (\$28K), MCH (\$36K) and Municipal Emergency Management (\$30K).
- Due to a change in State Government policy whereby monies are no longer advanced, Council is yet to receive Flood Natural Disaster Funding of about 2.8M (var. per YTD budget). However, \$1.2 has been received in January with further monies expected in February. \$7.25M has been expended YTD.
- Mostly \$29k received for Recycling (scrap metal receipts).
- This item ok - journal to move \$28k interest received from Other Income to Interest Income in January period.
- A favourable underspend of \$486k on employee costs. Notable salary and on-cost underspends include within Roads Sealed (\$89k), Finance (\$94k), Mun. Emg Mgt (\$53), Heavy Plant (\$51k), Risk (\$39) and HR (\$52k). Some of these positions are contractors (Finance and HR) so savings here will be partially offset by overspends in Materials and Services.
- Unfavourable variance of \$2.76m on Materials and Services mostly explained by flood restoration works which have been delivered quicker than expected (YTD budget of \$4.5m of which \$7.17m has been expended (Var \$2.67m) - annual Budget of \$9M is on target). External Contracts are over by \$226k with employee budget savings being offset here re Finance, HR and Risk. Consulting fees for Flood Recovery Management unbudgeted (Var 80k).
- Roads to Recovery Federal Grant of \$342k yet to be received YTD. To December \$545k has been spent on R2R capital works. This will be resolved in time (timing difference).
- YTD \$3.76M of Capital Grants expected with only \$1.79k having been received. Nine capital projects of which the Rehabilitation of the Yuengroon Road Stage 1 project (Roads to Market/Heavy Vehicle Safety Productivity Program) being the most material with expected grant monies of \$1.148M. However, whilst the income has been budgeted, the Capital expenditures have not. No works have commenced on this project. Project Manager is liaising with the Grantors and forecast figures will reveal more. The other major capital funding is for Lake Tyrrell (\$952k variance YTD). This project has commenced.
- Seven projects requiring capital contribution funding with Charlton Park 2020 Redesign (YTD variance of 490k) and Donald Flood Study Levee Development (\$454k variance).

Balance Sheet

As at

31 December 2018

	Actual December 2017	Actual December 2018	Annual Budget 2019	Variance LY to TY	Ref
	\$000's	\$000's	\$000's	\$000's	
Assets					
Current assets					
Cash and Cash Equivalents	14,578	9,607	13,924	(4,971)	1
Trade and Other Receivables - Current	11,220	13,153	1,491	1,933	
Inventories	119	64	119	(55)	
Non current assets classified as held for sale	0	0	0	0	
Other assets	227	19	544	(208)	
Total current assets	26,144	22,842	16,078	(3,301)	
Non-current assets					
Investment in associates	224	0	0	(224)	
Property, infrastructure, plant and equipment	180,393	191,503	186,895	11,110	
PIPE - Work In Progress		4,996			
Total non-current assets	180,617	196,499	186,895	10,886	
Total assets	206,761	219,342	202,973	7,585	
Liabilities					
Current liabilities					
Trade and other payables	1,085	2,300	1,470	1,214	
Trust funds and deposits	27	62	114	35	
Provisions - Current	2,498	2,517	1,945	19	
Interest Bearing Loans and Borrowings - Current	0	0	7,000	0	
Total current liabilities	3,611	4,878	10,529	1,268	
Non-current liabilities					
Provisions - Non Current	536	485	1,077	(51)	
Interest Bearing Loans and Borrowings -Non Current	7,000	7,000	0	0	
Total-non current liabilities	7,536	7,485	1,077	(51)	
Total liabilities	11,147	12,363	11,606	1,216	
Net Assets	195,614	206,978	191,367	6,368	
Equity					
Accumulated surplus	95,486	99,222	99,899	3,736	
Reserves	90,992	106,608	87,989	15,616	
YTD Surplus / (Deficit)	9,136	1,148	3,479	(7,989)	
Total Equity	195,615	206,978	191,367	11,364	2

Notes:

1 Compared to last year cash has reduced by \$4.97m. Flood Recovery and R2R grants of about 3.1 m are expected.

2 Council's net position is \$11.36m stronger than at this time last year.

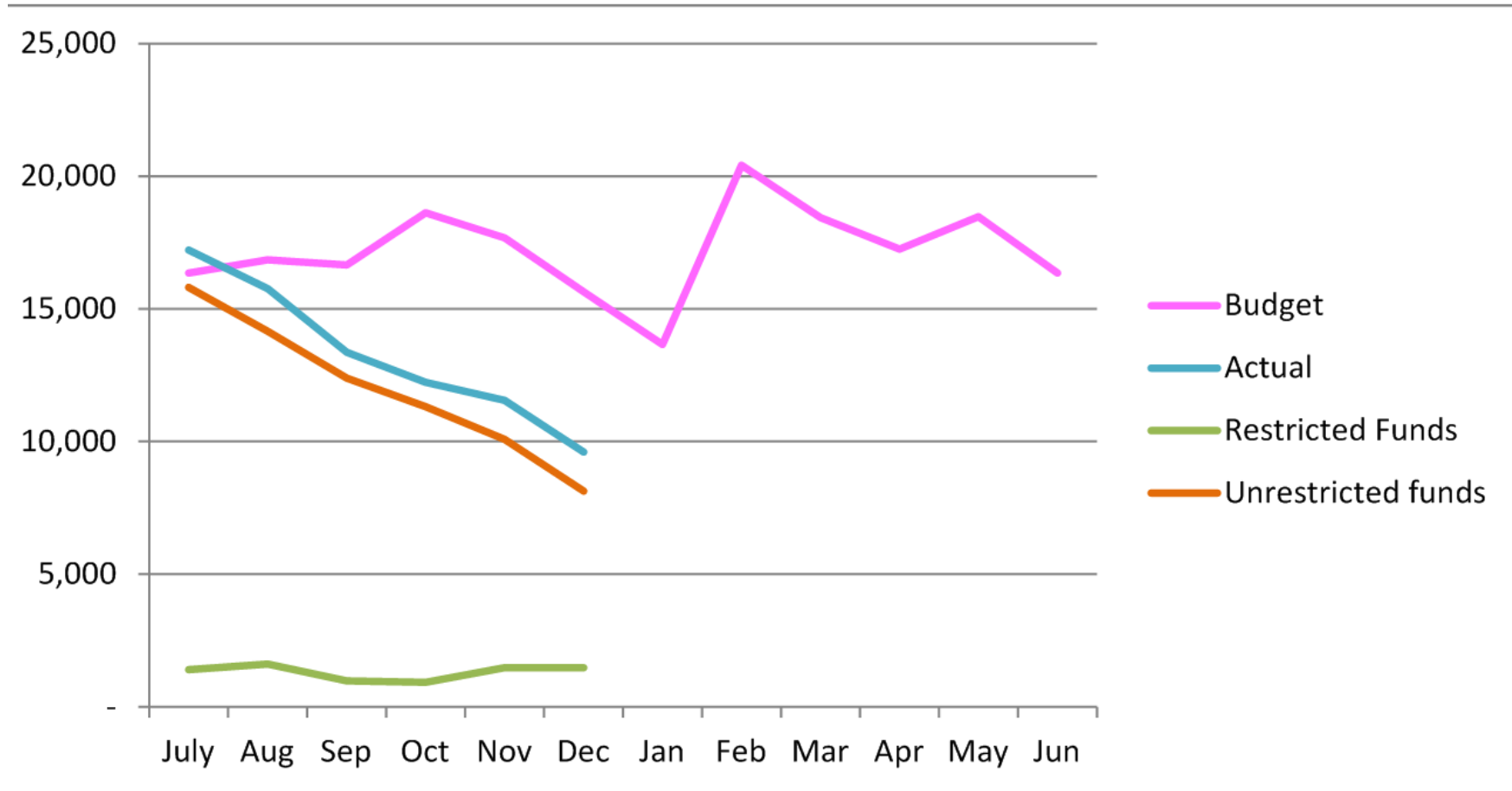
- | | | | |
|--|----|-----------|--|
| 3.1 As at 30 June 2018 (last year), PIPE Work in Progress was: | \$ | 1,627,744 | |
| 3.2 For this accounting period, WIP is: | \$ | 4,996,097 | |
| 3.3 WIP movement to this period is: | \$ | 3,368,353 | This item matches Capital Works Expenditure. |

Statement of Cash Flows
 31 December 2018

es	Budget		2018/19																		YTD			
	Notes	2018/19 \$'000	Jul-18		Aug-18		Sep-18		Oct-18		Nov-18		Dec-18		Budget	Budget	Budget	Budget	Budget	Budget	Budget	Actual	Budget	
			2018/19	2018/19	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	ANNUAL 2019	Budget
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
			Inflows (Outflows)																					
			Cash flows from operating activities																					
				(44)	285	362	253	934	1,152	752	348	503	618	319	490	734	7,661	611	392	503	269	2,825	1	
				100	4	4	8	8	10	9	4	9	8	5	6	6	0	4	7	3	3	42	39	
				854	216	134	8	46	(51)	(40)	188	138	(654)	94	44	141	(35)	133	74	34	55	79	(249)	
				11,788	124	274	808	840	141	159	613	4,311	1,481	754	(12)	382	35	866	(403)	423	668	3,479	3,154	
				7,541	106	-	280	410	-	134	-	-	1,418	735	250	193	27	-	1,813	902	2,300	1,026	2,055	
				2,410	16	2	78	277	160	389	8	7	51	30	1	54	579	327	34	148	518	45	314	
				-	27	-	37	-	48	-	35	-	25	-	(60)	-	-	-	-	-	-	-	112	
				-	5	-	40	-	123	-	(139)	-	47	-	(45)	-	-	-	-	-	-	-	32	
				484	5	327	32	1,256	6	18	21	20	34	103	98	10	(12)	76	26	(64)	991	(2,267)	195	
				2,965	87	681	217	390	(247)	159	(66)	28	172	152	(76)	(59)	645	224	236	103	424	(18)	88	
				(9,602)	(682)	(906)	(668)	(657)	(565)	(685)	(898)	(966)	(679)	(812)	(767)	(818)	(744)	(746)	(733)	(723)	(952)	(859)	(4,259)	
				(16,664)	(2,663)	(3,986)	(2,471)	(1,838)	(2,565)	(1,076)	(796)	(785)	(2,219)	(992)	(532)	(494)	(2,857)	(272)	(1,173)	(560)	(852)	(1,779)	(11,245)	
				(911)	(30)	(53)	(60)	(49)	(58)	(91)	(18)	(12)	(49)	(53)	(37)	(83)	(26)	(37)	(33)	(96)	(72)	(251)	(16)	
				12,282	12,777	(2,828)	(3,237)	(1,328)	937	(2,064)	129	(296)	3,097	138	635	(812)	(178)	(1,656)	7,966	455	625	3,563	(54)	(7,190)
				Cash flows from investing activities																				
				(15,899)	(711)	(267)	(676)	(122)	(445)	(290)	(322)	(812)	(1,127)	(656)	(1,433)	(1,122)	(1,854)	(334)	(1,206)	(2,437)	(1,810)	(2,186)	(2,069)	(3,269)
				-	(175)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
				-	-	-	-	(50)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(100)
				(15,899)	(16,785)	(267)	(676)	(122)	(445)	(340)	(322)	(829)	(1,127)	(673)	(1,433)	(1,139)	(1,854)	(334)	(1,206)	(2,437)	(1,810)	(2,186)	(2,069)	(3,369)
				Cash flows from financing activities																				
				(297)	40	-	-	-	-	-	-	(148)	(149)	-	-	-	-	-	-	-	(149)	-	(108)	
				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
				(297)	40	-	-	-	-	-	-	(148)	(149)	-	-	-	-	-	-	-	(149)	-	(108)	
				(3,915)	(4,306)	(3,055)	(3,913)	(1,450)	493	(2,404)	(193)	(1,125)	1,970	(683)	(947)	(1,951)	(2,032)	(1,990)	6,780	(1,981)	(1,185)	1,229	(2,124)	(10,667)
				17,839	20,070	20,270	20,270	17,216	16,357	15,766	16,849	13,362	16,656	12,237	18,626	11,555	17,679	15,647	13,657	20,416	18,435	17,250	18,479	20,270
				13,924	15,764	17,215	16,357	15,766	16,849	13,362	16,656	12,237	18,626	11,555	17,679	9,604	15,647	13,657	20,416	18,435	17,250	18,479	16,355	9,603
				Crosscheck																				
				(1)	1	0	(1)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	
				Restricted Funds																				
				1,405	1,614	976	925	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	
				Unrestricted Funds																				
				15,810	14,152	12,386	11,312	10,081	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	

Capital Grant received in advance (2017/18) (200)
 Operating Expenditure carry forward (413)
 Capital Grant funding forecast in 2017/18 now to be received in 2018/19 1,108
 Capital Works carry forward from 2017/18 program (711)
 Library equity received in 2017/18 (175)
 Cash (including Financial Assets) at the end of 2018 \$20,070
 Except for note 6, adjustments to be incorporated in mid year forecasts in readiness for 2019. They are not included in budget figures.
 Principal assumption in determining budget cash figures is last year actuals as a percentage of cash budget.

Cash Flow Chart 31 December 2018



Comment:

Council was expecting more grant revenue to the end of October

Capital Works Program

31 December 2018

Buloke Shire Council

Asset Class	Project Description	YTD Actuals \$'000	YTD Budget \$'000	YTD Variance \$'000	Annual Budget \$'000	Ref:
Bld	BB0073 - Split system replacement program	6	-	(6)	15	
Bld	BB0080 - Charlton Park 2020 Redesign	588	1,650	1,062	3,200	2
Bld	BB0082 - Watchem Rec Reserve Reuse pipeline	-	-	-	-	
Bld	BB0087 - Birchip Leisure Centre hot water system & flooring	-	-	-	-	
Bld	BB0089 - Wycheproof Office external refurbishment	-	-	-	-	
Bld	BB0090 - Municipal offices renewal program	67	70	3	70	
Bld	BB0091 - Swimming Pool renewal program	13	-	(13)	40	
Bld	BB0092 - Donald Community Precinct Construction	103	400	297	1,925	2
Bld	BB0096 - Charlton Museum roof upgrade	-	25	25	25	4
Bld	BB0097 - Birchip Leisure Centre Laundry Demolition	16	12	(4)	12	
Bld	BB0098 - Depot safety improvements	31	40	9	40	
Bld	BB0099 - Sustainability developments project	-	-	-	104	
Bld	BB0100 - Birchip pool painting	20	18	(2)	18	
	Sub-Total_Buildings	843	2,215	1,372	5,449	
P&E	EI0051 - IT & Equipment replacement	116	90	(26)	155	
P&E	EI0052 - Asset Management System - 2017	-	10	10	30	
P&E	EI0053 - IT systems renewal	4	200	196	800	5
P&E	EI0054 - Phone system replacement	2	-	(2)	-	
P&E	EP0002 - Major Plant	587	600	13	600	
P&E	EP0003 - Small Plant	6	10	4	20	
	Sub-Total_Plant & Equipment	715	910	195	1,605	
FFF	EF0009 - HACC Minor Capital Works	2	-	(2)	-	
FFF	EF0010 - Library books purchase	200	200	-	200	
FFF	EF0011 - Library Project	19	-	(19)	-	
	Sub-Total_Furniture Fittings & Fixtures	221	200	(21)	200	
Infra_LF	IL0015 - Birchip upgrades -power connection and litter scre	32	10	(22)	30	
	Sub-Total_Infrastructure_Landfill	32	10	(22)	30	
Infra_Other	IO0084 - Streetscape Plan and Implementation Stage 1	-	-	-	125	
Infra_Other	IO0085 - Playground Replacement program	3	-	(3)	60	
Infra_Other	IO0086 - Park irrigation upgrades	-	40	40	40	
Infra_Other	IO0087 - Park furniture/BBQ upgrades	3	-	(3)	20	
Infra_Other	IO0088 - Lake amenities development (Stage 1)	813	800	(13)	800	
Infra_Other	IO0090 - Tourism and Cultural Heritage signs	4	-	(4)	-	
Infra_Other	IO0092 - Lake Tyrrell infrastructure upgrades (Stage 1)	89	1,236	1,146	2,471	3
Infra_Other	IO0095 - Town entrances - tree planting	-	20	20	40	
	Sub-Total_Infrastructure_Other	912	2,096	1,183	3,556	
Infra_Roads_R2R	IR7100 - Road Reseal Program	-	-	-	700	
Infra_Roads_R2R	IR7240 - Final Seal - Yuengroon Road	-	-	-	70	
Infra_Roads	IR7241 - Northern earth road soft crests	-	100	100	150	
Infra_Roads_R2R	IR7242 - Corack East-Chirrup Rd (Corack) (4600m)	140	-	(140)	127	
Infra_Roads_R2R	IR7243 - Blairs A Rd (Nareewillock) (1150m)	38	36	(2)	36	
Infra_Roads_R2R	IR7244 - Cooks and Kerrs Road (Narraport) (5000m)	112	84	(28)	84	
Infra_Roads_R2R	IR7245 - Sea Lake Springfield Rd (Sea Lake) (1850m)	71	-	(71)	80	
Infra_Roads_R2R	IR7246 - Speed Estate School Bus Rd (Nandaly) (5000m)	147	100	(47)	145	
Infra_Roads_R2R	IR7247 - Charlton - Swan Hill Road (Glenloth) (3,000m)	-	-	-	64	
Infra_Roads	IR9007 - Major Patch Program 2016/2017	-	-	-	100	
Infra_Roads	IR9015 - Birchip-Corack Pavement Renewal	29	-	(29)	822	
Infra_Roads_R2R	IR9016 - Yuengroon Road Pavement Renewal	36	-	(36)	960	
	Sub-Total_Infrastructure_Roads	574	320	(254)	3,338	

Capital Works Program

31 December 2018

Buloke Shire Council

Asset Class	Project Description	YTD Actuals \$'000	YTD Budget \$'000	YTD Variance \$'000	Annual Budget \$'000	Ref:
Infra_Ft Pth	IF0025 - Horace Street, Sea Lake (St Marys)	-	36	36	36	
Infra_Ft Pth	IF0026 - Davies Street, Charlton (Charlton College)	-	50	50	50	
	Sub-Total_Infrastructure_Footpaths	-	86	86	86	
Infra_Drainage	ID0020 - Donald Flood Study - Levee Development Stage 2	71	100	29	120	
Infra_Drainage	ID0023 - Charlton Drainage Design	-	70	70	70	
	Sub-Total_Infrastructure_Drainage	71	170	99	190	
	Total Capital Works Program	3,368	6,007	2,639	14,454	

Less items Capitalised

Capital Works Remaining 3,368

Movement in WIP per note 3 of Balance Sheet 3,368

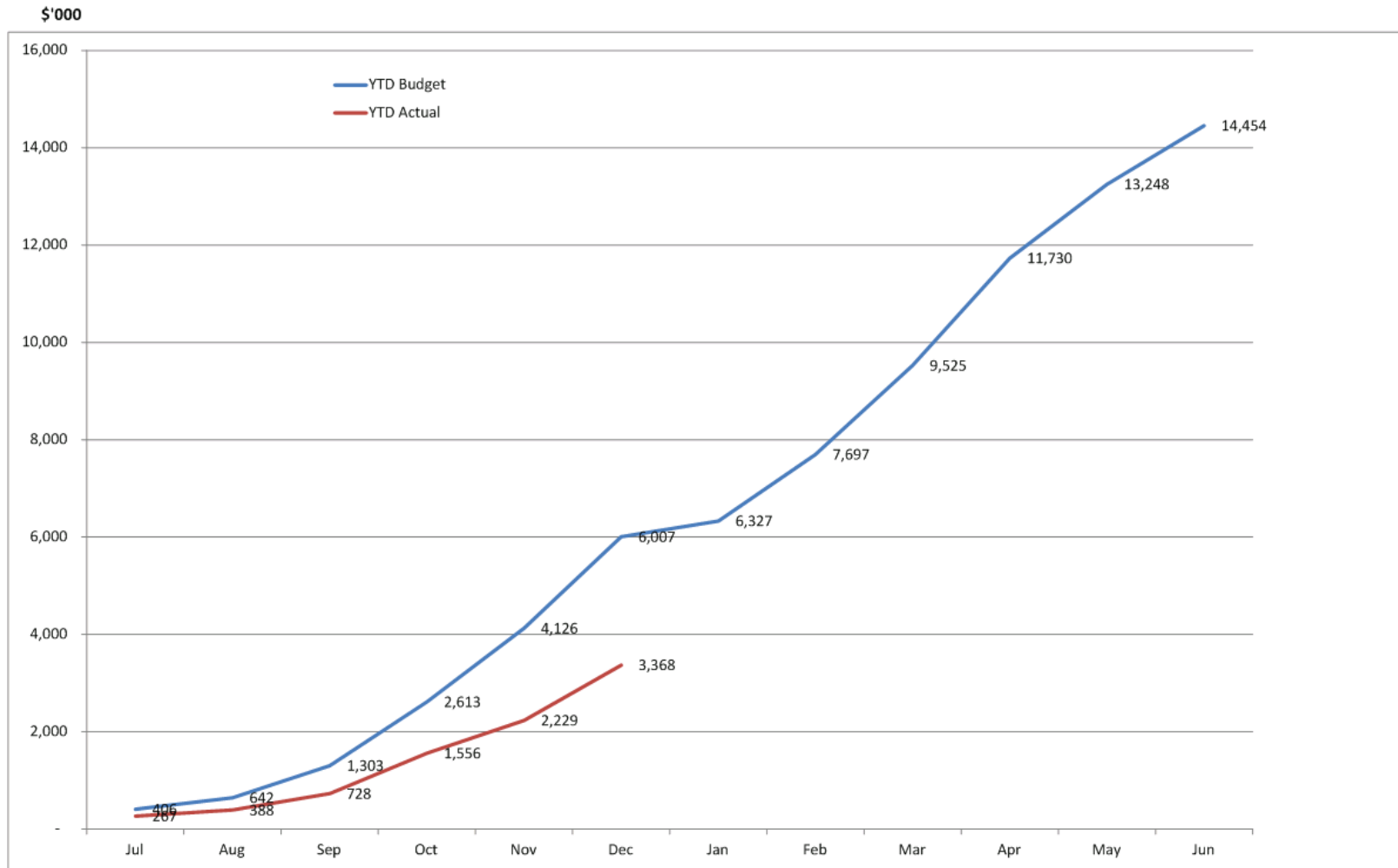
31 December 2018

	YTD Actuals \$'000	YTD Budget \$'000	YTD Variance \$'000	Annual Budget \$'000	Ref:
Capital Income					
Grants - Capital (recurrent)	270	612	(342)	1,224	6.1
Grants - Capital (non-recurrent)	1,785	3,758	(1,974)	6,317	6.2
Contributions - Capital	165	1,455	(1,290)	2,271	6.3
Council Cash				4,642	
Total Capital Income	2,220	5,825	(3,605)	14,454	
Total Capital Works Program	3,368	6,007	2,639	14,454	
Capital Works Program Net Result	(1,148)	(181)	(6,244)	(0)	

Notes:

- 1 Carried forward projects from 2017/18 are per below:
 - Donald Community Precinct
 - Charlton Park 2020
 - Lake Tyrrell infrastructure upgrades
 - Lake amenities development (Stage 1)
 - New IT system
 - Donald Flood Levee
 - Streetscape Plan and Implementation Stage 1
- 2 Delays in the commencement of the Charlton Park and Donald Stadium projects.
- 3 Project milestones for Lake Tyrrell have been extended.
- 4 Expenditure and income for Museum project expected in Feb. 2019.
- 5 IT System Project has had a change in scope due to opportunities with the Rural Council's Transformation Fund whereby monies will be allocated to rural Councils in a shared service arrangement for a new Corporate System. Council along with Loddon Shire intend to proceed with procurement of a new Records Management System.
- 6.1 Roads to Recovery Federal Grant of \$342k yet to be received YTD. To December \$545k has been spent on R2R capital works. This will be resolved in time (timing difference).
- 6.2 YTD \$3.76M of Capital Grants expected with only \$1.79k having been received. Nine capital projects of which the Rehabilitation of the Yuengroon Road Stage 1 project (Roads to Market/Heavy Vehicle Safety Productivity Program) being the most material with expected grant monies of \$1.148M. However, whilst the income has been budgeted, the Capital expenditures have not. No works have commenced on this project. The other major capital funding is for Lake Tyrrell (\$952k variance YTD). This project has commenced.
- 6.3 Seven projects requiring capital contribution funding with Charlton Park 2020 Redesign (YTD variance of 490k) and Donald Flood Study Levee Development (\$454k variance).

Capital Works Program 2018/19
Cummulative Capital Expenditure



8.4 ORGANISATIONAL REPORTS

Nil

8.5 REPORTS FROM COUNCILLORS

Nil

9. OTHER BUSINESS

9.1 NOTICES OF MOTION

Nil

9.2 QUESTIONS FROM COUNCILLORS

Nil

9.3 URGENT BUSINESS

Nil

9.4 ANY OTHER BUSINESS

Nil

9.5 MATTERS WHICH MAY EXCLUDE THE PUBLIC

Nil

10. MEETING CLOSE