

# Council Budget

## 2018-19



Mildura Rural City Council

This annual Budget has been prepared with reference to Local Government Victoria's Victorian City Council Model Budget 2018-19: A best practice guide for reporting local government budgets in Victoria.

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### Disclaimer

Council's Annual Budget, including financial statements, has been prepared in accordance with the requirements of the *Local Government Act 1989* and the Local Government Planning and Reporting Regulations 2014. Council has prepared its Annual Budget using the Model Budget 2018-19 and the Local Government Better Practice Guide developed by Local Government Victoria (LGV).

LGV convened a working group to guide the development of both the Model Budget 2018-19 and the Local Government Better Practice Guide (BPG). The working group for the Model Budget 2018-19 is comprised of representatives from the accounting profession, local government practitioners, the local government finance professionals (FINPro) and LGV. Technical advice and assistance in preparing the Model Budget and BPG was provided by Crowe Horwath. The 2018-19 Model Budget template and BPG can be accessed on LGV's website: <https://www.localgovernment.vic.gov.au/strengthening-councils/sector-guidance-planning-and-reporting>

## Mayor's Introduction

On behalf of my fellow Councillors, I am pleased to present Mildura Rural City Council's 2018/19 Annual Budget for the community's information and consideration.

This budget comes as we enter the second year of our 2017-2021 Community and Council Plan, which is our roadmap for the coming four years, shaped by residents' needs, priorities and feedback following an exhaustive engagement process. From my perspective, this was our most successful and thorough engagement process yet.

Our Annual Budget builds on the progress we've already made to achieve our four-year vision in the following key areas.

- Community
- Economy
- Environment
- Council

The budget details how the organisation will continue to deliver the more than 100 vital services, facilities and infrastructure to residents across the region, as well as many capital works projects which will significantly improve to the region's roads, parks, open spaces, drainage infrastructure and waste services.

These projects are important to not only continue providing and improving services and facilities for residents, but to attract new residents and businesses, ensuring the ongoing growth of the region.

Highlights of the capital works program include:

- \$8.470 million for roads projects
- \$5.244 million for drainage projects
- \$1.522 million for waste management projects
- \$2.567 million for parks, open space and streetscape projects
- \$5.043 million for building projects

As Councillors who live and work in this municipality, we understand the need to provide services for the community in a financially responsible manner, while keeping rates as low as possible.

We have made a conscious effort over the past five years to curb rate increases – an effort which has seen rate increases drop to well under half of what they were in 2012/13, to the proposed 2.25 per cent for the coming 12 months under the third year of the Fair Go Rates System (FGRS). This is also reflected in Council's decision not to apply to the Essential Services Commission for a variation of the FGRS as some Victorian Councils have done.

While a rate increase in line with the two point two five per cent average rate cap is proposed, the actual rate increase for individual ratepayers will vary depending on their property valuations.

As with recent years, Council continues to battle ever increasing cost shifting by State and Federal Governments onto local communities. Examples include the State Government landfill levy, which now costs our community \$1.3 million – up from \$1.1 million last year, and the freezing of Victorian Grants Commission funding between 2014/15 and 2016/17, which is expected to cost Council \$18.3 million accumulatively by 2023/24. This is a trend that has continued over the last 12 months, leading to significant cost and revenue impacts on our budget.

The 2018/19 Annual Budget was developed through a rigorous process and we endorse it as financially responsible. I encourage you to read through this document, together with our Community and Council Plan 2017-2021, to understand how this year's budget will contribute to managing the needs of our community over the next four years.

*Cr Mark Eckel*

*Mayor*

## Executive Summary

As a local government organisation we deliver more than 100 different services, facilities and infrastructure for people who live, work and visit our region. The work we do is vital to ensure our regional city continues to grow, attract new business and investment.

The annual budget for the 2018/19 financial year seeks to balance the demand for services and infrastructure with the community's capacity to pay and is in accordance with the State Government's rate capping requirement.

Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

The annual budget includes a range of services and initiatives to be funded, which will contribute to achieving the strategic objectives specified in the Community and Council Plan 2017-2021.

Seven years ago we initiated an organisation wide, systematic approach to review all services in an effort to identify savings that will have minimal impact on its services, and to provide increased value for money to ratepayers. For example, our senior management structure was reviewed and reduced from 24 staff to 14 - one of the lowest of all ten regional cities in Victoria. This is an ongoing process with a focus on identifying sustainable savings that will enable us to deliver high quality, responsive and accessible services.

Over the past twelve months, we have continued to review and refine operations in a bid to reduce costs where we can. We have looked at how our resources are allocated and we are working to deliver our services as efficiently and effectively as possible.

It is proposed that general rates effort increase by 2.25% for the 2018/19 year, providing total rates of \$69.70 million. The 2.25% increase in the rates effort will go towards maintaining service levels and meeting the cost of a number of external influences affecting the operating budget. This rates effort increase is in line with the Minister for Local Government under the Fair Go Rates System (FGRS) rate cap of 2.25%.

This budget projects a deficit of \$2.10 million for 2018/19. This is due to a timing difference with the forward payment of 50% of the Victorian Grants Commission (VGC) funding allocation from 2018/19 into 2017/18. However, it should be noted that the adjusted underlying result would be a surplus of \$0.23 million after adjusting for timing differences for the VGC and capital grants and contributions.

### Key things we are funding

Ongoing delivery of services to the Mildura community funded by a budget of \$84.95 million. These services are summarised in Section 2.

For the 2018/19 year, \$29.74 million will be spent on capital works projects:

- \$8.47 million on road projects. This includes Federally funded Roads to Recovery projects.
- \$2.57 million on parks, open space and streetscapes. The more significant projects includes Mildura Riverfront Precinct and central business district closed-circuit television (CCTV), lighting installations and upgrades, stage 2 renewal of Park for Play and stage 2 redevelopment of Deakin Avenue median strip.
- \$5.04 million will be expended on building and building improvement projects. Some of the more significant projects include capital improvements to change rooms at Kenny Park, upgrade to The Alfred Deakin Centre entrance and Mildura Waves change rooms, Carnegie Centre building roof refurbishment and soccer change room upgrade at Old Aerodrome soccer clubrooms.
- \$5.24 million on drainage projects. The more significant projects of these include multiple drainage spurline projects and Murrayville drainage upgrade works.

The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Section 4.5.

## Executive Summary

### The rate rise

The base average rate will rise by 2.25% in line with the order by the Minister for Local Government in December 2017 under the FGRS.

The FGRS introduced the capping of average rate increases by Victorian Councils to the forecast movement of 2.25% in the Consumer Price Index (CPI) of Victoria. Irrespective of this, Mildura Rural City Council has been working hard to minimise the rate increase for 2018/19 in acknowledgement of community capacity to pay.

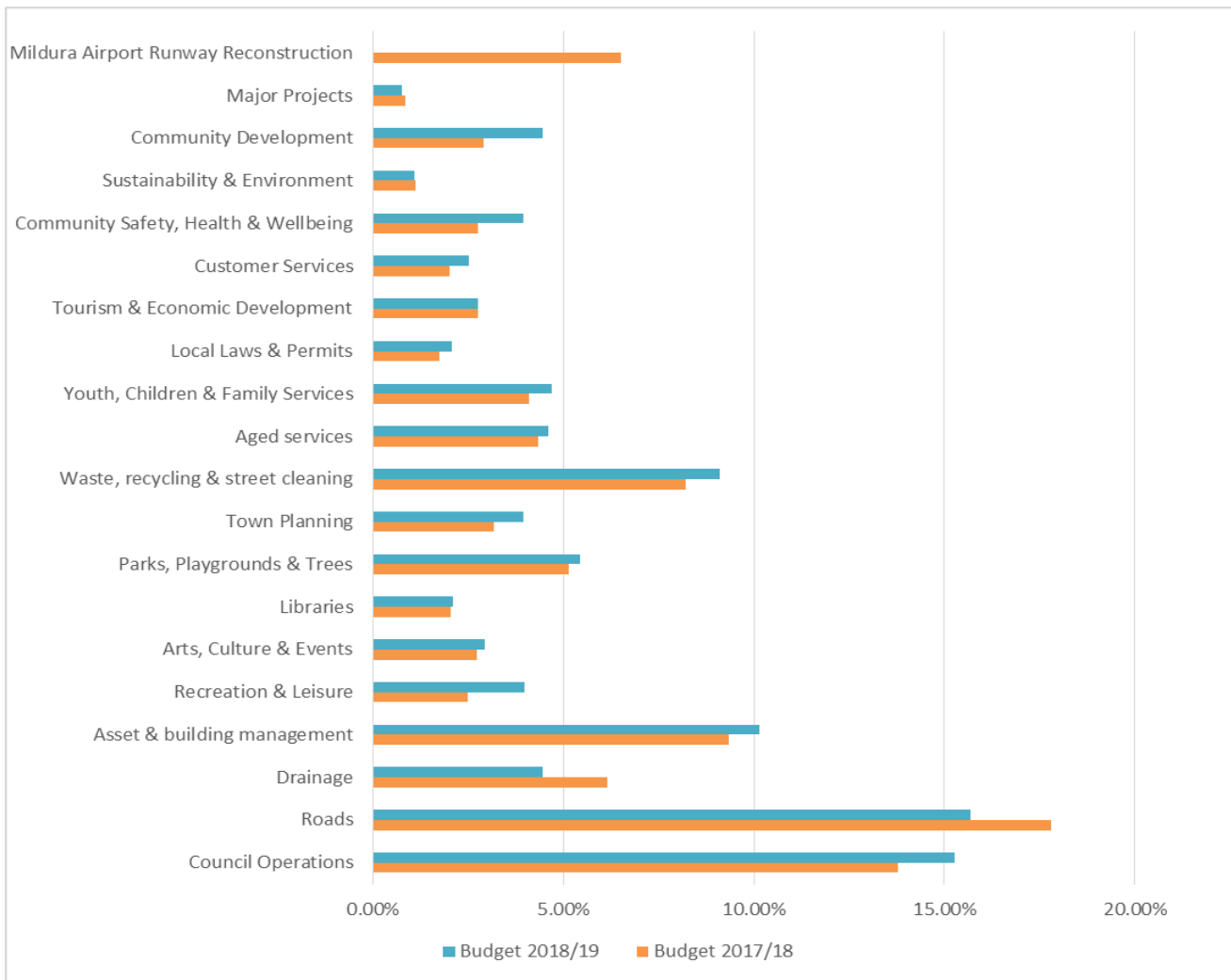
As a direct outcome of this ongoing effort to identify savings in a financially sustainable manner, there has been a steady decline in the rate increases over the last five years. Rate charges have decreased from 6.00% in 2012/13 to 2.25% in 2018/19.

For every \$100 in taxes paid by Victorian residents, only \$3.50 is collected through rates by local government. The remaining \$96.50 is paid directly to the State and Federal Governments.

### Council expenditure allocations

The below chart provides an indication of how we allocate our expenditure across the main services that we deliver. It shows how much is allocated to each service area for every \$100 that Council spends.

**Council Expenditure Allocations**



## Executive Summary

### Key budget statistics

- Adjusted underlying result:  
Deficit of \$7.37 million (2017/18 = Surplus of \$6.51 million)  
The VGC, has had 50% of its 2018/19 VGC grant funding allocation forward paid into 2017/18.  
This is merely a timing difference and has had no overall effect on Council's 2018/19 grant allocation from VGC.  
(Note: underlying operating result is an important measure of financial sustainability as it excludes income which is to be used for capital, from being allocated to cover operating expenses).
- Cash result:  
\$10.71 million deficit (2017/18 = \$4.63 million deficit)  
(Refer Statement of Cash Flows in Section 3)  
This is the net funding result after considering the funding requirements to meet loan principal repayments and the reserve transfers.
- Total capital works program:  
\$29.74 million  
\$25.26 million from Council operations (rates funded)  
\$0.83 million from contributions  
\$3.65 million from external grants  
(Refer Statement of Capital Works Section 3 and 4.5)

### Budget influences

As a result of the city's demographic profile, there are a number of budget implications in the short and long term as follows:

- Mildura Rural City Council encompasses 22,330 square kilometres, which is almost 10% of the state. The vast area increases service delivery costs when compared to metropolitan Councils and resourcing ratios are higher as a result, because services need to be accessible to all as far as practicable.
- The city is substantially developed and is experiencing only a small increase in property numbers. The budget implications arise due to the need to replace important infrastructure such as drainage. These costs cannot be passed on to developers and are paid for from rates. The rates received from new dwellings do not offset the significant infrastructure costs.
- 17% of our ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community.

### External influences

The preparation of the budget is influenced by the following external factors:

- In late 2017 the Chinese government announced a new policy banning the importation of certain recyclable goods. This had a major impact on Australia's recycling industry, significantly increasing processing costs. The fallout is estimated to cost Council an extra \$0.70 million per year. These costs are outside of Council's control and will be passed on to consumers. In the 2018/19 Council budget approximately \$28 dollars extra will be applied to the waste management charge of each eligible ratepayer to offset these costs and ensure kerbside recycling services are sustained.
- The VGC, will be prepaying half of Council's 2018/19 allocation by the end of June 2018. This is merely a timing difference and has no overall effect on Council's 2018/19 grant allocation from VGC.
- The freezing of VGC funding for three years from 2014/15 to 2016/17. It is estimated to cost Council accumulatively \$18.3 million dollars over the ten year period from 2014/15 to 2023/24.

## Executive Summary

- Increases in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs. In 2008/09, the domestic levy charge was \$7.00 per tonne and the commercial levy charge was \$13.00 per tonne. In 2018/19, the domestic levy charge is \$32.55 per tonne and the commercial levy charge is \$56.91 per tonne. (2017/18 charges were \$31.84 per tonne and \$55.69 per tonne respectively). This has added to Council's costs.
- The Victorian Government has introduced a cap on rate increases from 2016/17. The cap for 2018/19 has been set at 2.25%, which is based on the state-wide CPI forecast for the 2018/19 year.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of government in Australia. In addition, Councils are entrusted with the maintenance of more than 85% of all local roads across Australia and more than 30% of the all Australian public assets including, bridges, parks, footpaths, drainage and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

### Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2018/19 budget. These matters and their financial impact are set out below:

- Increase in depreciation expense has meant our asset renewal requirements have increased by \$0.59 million in 2018/19.
- The maintenance costs associated with the Mildura Riverfront Precinct Redevelopment and Langtree Avenue Connection.
- Reviews of our services have found cost savings which will assist with ongoing financial sustainability.

### Cost shifting

A significant issue for this Council and all Councils is the cost shifting from the State and Federal Governments onto local government. Cost shifting occurs when Commonwealth and State programs transfer responsibilities to local government with insufficient funding or grants which don't keep pace with delivery costs.

Recent examples of this include imposing a waste levy on each tonne of landfill; increasing costs of providing services such as maternal and child health, school crossing supervision, home care and being responsible for weeds on roadsides just to name a few.

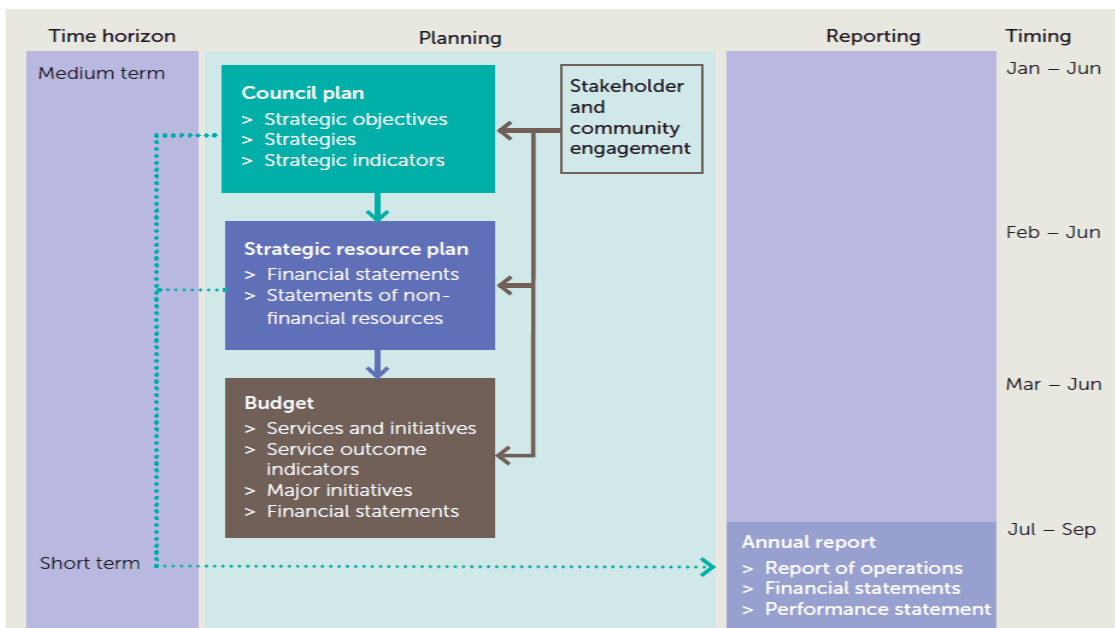


# 1. Link to the Community and Council Plan

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

## 1.1 Planning and accountability framework

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



Source: Department of Environment, Land, Water and Planning

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

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

## 1.2 Our purpose

### Our vision

*Making this the most liveable, people-friendly community in Australia*

### Our values

*Respect – We will be respectful towards others and value differences*

*Honesty – We will be ethical and open*

*Integrity – We will be reliable and trustworthy in all that we do*

*Transparency – We will be objective and fair in our communications and decisions*

*Accountability – We will be consistent and responsible for our actions*

### Our principles

#### Leadership

By providing clear direction through strategies and plans, Council will achieve agreed outcomes for the community

#### Customers

Council is here to provide services to the whole municipality and therefore our community should have a say in what we do and how we do it

#### Systems Thinking

Council recognises that achieving excellent outcomes for our community is done through all parts of the organisation working together effectively and with other levels of government and the wider community

#### People

By involving and developing people, Council enhances commitment, performance and working relationships to improve organisational outcomes

#### Continuous Improvement

To remain relevant and capable of producing excellent results, our organisation needs to continually learn and adapt

#### Information and Knowledge

Council will make the best quality decisions when effort is spent to collect and present all objective relevant data and information

#### Variation

By addressing the underlying factors that cause our processes to deliver inconsistent or unpredictable outcomes (variation), Council's customers will receive the highest standards of service

#### Corporate and Social Responsibility

Council will manage its operations to comply with the law and ethical standards and to produce an overall positive impact on our community

#### Sustainable Results

To deliver sustainable results, Council must have a culture that promotes accountability through all levels of the organisation

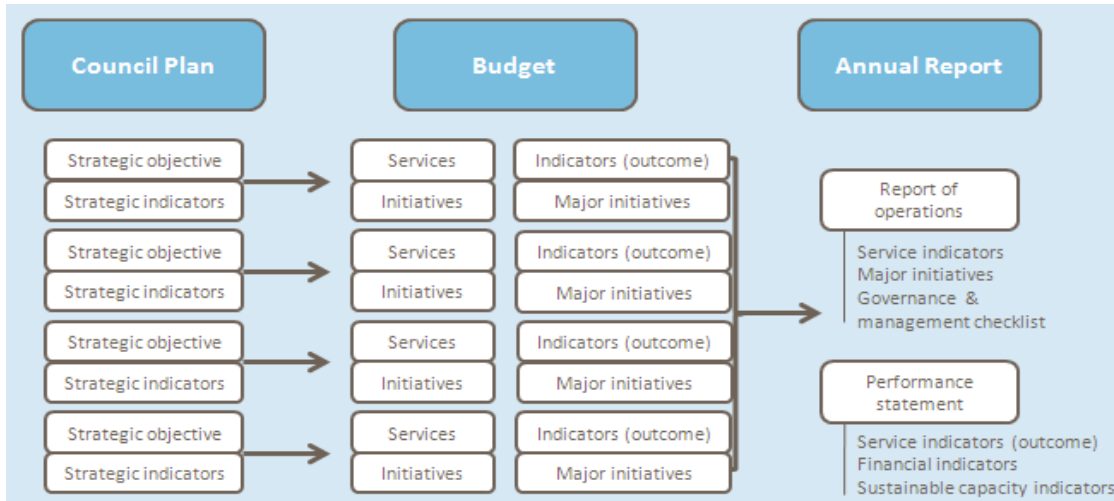
### 1.3 Strategic objectives

Council delivers activities and initiatives under 33 major service categories. Each contributes to the achievement of one of the four strategic objectives set out in the Community and Council Plan 2017-2021. The following table lists the four strategic objectives as described in the Community and Council Plan.

<b>Strategic Objective</b>	<b>Description</b>
1 Community	We will create a safe, supportive place to live, where diversity and lifestyle opportunities are enhanced
2 Environment	We will create and promote sustainable natural and built environments
3 Economy	We will encourage diverse and sustainable economic development that provides growth in jobs, investment and quality of life
4 Council	We will manage resources in a sustainable manner to provide services that are relevant, of a high standard and respond to identified community needs

## 2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2018/19 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

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

## 2.1 Strategic Objective 1: Community

To achieve the strategic objective of Community, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each service area is described below.

### Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Aged and disability services	This service provides a range of home and community care services for the aged and people with a disability including home care, personal care, respite care, home maintenance and planned activity groups.	<i>Exp</i>	6,054	5,983	6,015
		<i>Rev</i>	4,389	4,200	4,222
		<i>NET</i>	1,665	1,783	1,793
Community health	This service provides family oriented support services including universal and enhanced <b>maternal and child health</b> and immunisation.	<i>Exp</i>	1,442	1,699	1,795
		<i>Rev</i>	817	886	825
		<i>NET</i>	625	813	970
Early years	Provides family day care, centre based child care and other early years planning and programs such as Best Start and supported playgroups.	<i>Exp</i>	2,716	2,699	2,694
		<i>Rev</i>	2,264	2,247	2,044
		<i>NET</i>	452	452	650
Youth services	This service provides youth oriented services including education programs, personal development programs, and health and safety programs.	<i>Exp</i>	1,252	1,337	1,339
		<i>Rev</i>	684	742	827
		<i>NET</i>	568	595	512
Environmental health	This service protects the community's health and well-being by coordination of regulatory services of premises for <b>food safety</b> , accommodation, hair and beauty, skin penetration businesses, tobacco retailers, smoke free legislation and wastewater disposal. The service also works to rectify any public health concerns relating to unreasonable noise emissions, air quality issues and smells etc.	<i>Exp</i>	726	725	787
		<i>Rev</i>	510	392	379
		<i>NET</i>	216	333	408

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Arts and culture	This service provides arts and culture activities throughout the municipality. With the delivery of visual and performing arts programs and services at Mildura Arts Centre across gallery and heritage, community cultural development, marketing and development (including customer service/box office ticketing, café and theatre) and technical services. The presentation of an entrepreneur program in both the visual and performing arts through funding from Arts Victoria, as well as the venue hires of the theatre auditorium and foyer spaces for local and commercial organisation. This service also includes overseeing Mildura's most important heritage building Rio Vista Historic House, as well as Mildura Station Homestead and venue hires of woolshed and cottage.	<i>Exp</i>	2,486	2,671	2,790
		<i>Rev</i>	1,244	1,316	1,337
		<i>NET</i>	1,242	1,355	1,453
Libraries	This service provides public <b>libraries</b> at four locations plus the mobile library service to eight remote locations. It provides a customer focused service that caters for the cultural, educational and recreational needs of residents and visitors. The service also provides a focal point for the community where they can meet, relax and enjoy the facilities, programs and services offered.	<i>Exp</i>	2,205	2,330	2,199
		<i>Rev</i>	423	423	427
		<i>NET</i>	1,782	1,907	1,772
Recreation and sport	This service includes management of recreation facilities (wet and dry) including <b>aquatic facilities</b> , facility redevelopment, provision of grant funding for grass roots participation.	<i>Exp</i>	2,475	2,645	2,683
		<i>Rev</i>	257	212	261
		<i>NET</i>	2,218	2,433	2,422
Community development	This service has the responsibility to support and develop community initiatives listed in individualised, township based community plans and to strengthen local community's capacity to drive its own growth, economic, social and physical development. The service is a conduit between Council services and the wider community.	<i>Exp</i>	2,328	2,441	2,564
		<i>Rev</i>	14	-	250
		<i>NET</i>	2,314	2,441	2,314

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Social development and projects	This service has the responsibility to frame and respond to the challenges of social inclusion across a broad range of areas. It is the responsibility of this service to ensure that issues of a social policy nature are responded to appropriately by Council. The area also manages a broad range of specific project based initiatives including Advancing Country Towns, Northern Mallee Community Partnership and community safety.	<i>Exp</i>	535	776	591
		<i>Rev</i>	602	557	361
		<i>NET</i>	(67)	219	230
Animal management/ Local laws	This service provides staff at school crossings throughout the municipality to ensure that all pedestrians, but mainly school aged children, are able to cross the road safely. It maintains and improves the health and safety of people, animals and the environment providing <b>animal management</b> services including a cat trapping program, a dog and cat collection service, a lost and found notification service, a pound service, a registration and administration service, an after hours service and an emergency service. It also provides education, regulation and enforcement of the general local law and relevant State legislation.	<i>Exp</i>	1,613	1,692	1,845
		<i>Rev</i>	1,427	1,506	1,541
		<i>NET</i>	186	186	304

### Major Initiatives

- 1) Mildura Future Ready (MFR) is Council's funding and advocacy strategy aimed at securing public, government and private sector funding, to realise an \$0.88 million investment, designed to create over 1,000 jobs and inject over \$0.50 million into northwest Victorian regional economies over the next 3-5 years. Allocation is dependent on outcome of Building Better Region's funding application.
- 2) The installation of CCTV and improved lighting at the riverfront to support community safety outcomes.
- 3) To review and develop a detailed design masterplan for stage 2 of Mildura Arts Centre redevelopment focusing on the gallery expansion, enhance connection and functionality of the precinct and additional cultural facilities.
- 4) Pedestrian and cyclist safety initiatives.

### Other Initiatives

- 5) Review Council's role in aged care and disability support services, in the context of the national sector reforms.
- 6) Exhibition, at the Mildura Arts Centre, that celebrates our community, titled Migration Memories. Captures the cultural diversity that shapes our community and creates partnership opportunities that can further enhance Mildura Arts Centre's identity on a local, national and international level with social, cultural, economic and tourism opportunities.
- 7) The animal voucher system is being introduced as part of the Domestic Animal Management Plan to assist with costs for the desexing and microchipping of cats and dogs.
- 8) The aim of this piece of work is to assess the impact and outcomes of actions contained in the current 2015-2018 Youth Engagement Strategy and use this inform a new three year strategy.
- 9) The current Recreation Strategy is due to expire in 2018. The purpose of this initiative is to develop a new strategic direction for recreation provision in Mildura for the next 10 years.

### Service Performance Outcome Indicators

Service	Indicator	2016/17 Actual	2017/18 Forecast	2018/19 Budget
Maternal and child health*	Participation in MCH service	77.61%	77.81%	78.01%
Maternal and child health*	Participation in MCH services by Aboriginal children	55.53%	59.37%	63.21%
Libraries*	Participation	12.93%	12.93%	12.93%
Aquatic facilities*	Utilisation	8.72	8.72	8.72
Animal management*	Health and safety	1	0	0
Food safety*	Health and safety	87.50%	92%	92%

\* refer to Section 2.5 for information on the calculation of Service Performance Outcome Indicators



## 2.2 Strategic Objective 2: Environment

To achieve the strategic objective of **Environment**, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each service area is described below.

### Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Engineering services	This service undertakes design, tendering, contract, project management, and supervision of various infrastructure works within Council's capital works program. The service also approves and supervises private development activities such as subdivisions and infrastructure associated with unit developments.	<i>Exp</i>	1,983	2,139	2,943
		<i>Rev</i>	57	41	746
		<i>NET</i>	1,926	2,098	2,197
Asset management	This service prepares long term maintenance management programs for Council's infrastructure assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These assets include road and drainage networks, municipal buildings, pavilions and other recreational equipment and outdoor spaces.	<i>Exp</i>	1,517	2,442	1,546
		<i>Rev</i>	-	910	-
		<i>NET</i>	1,517	1,532	1,546
Works and infrastructure services	This service inspects and maintains Council's main civil infrastructure assets in a sustainable and prioritised manner to a defined service level. These include <b>roads</b> , laneways, car parks, footpaths, shared/bike paths and Council's drainage network. The service also includes delivery of civil capital works projects, plus inspection and maintenance of VicRoads arterial roads located within the municipality.	<i>Exp</i>	8,192	7,924	7,827
		<i>Rev</i>	1,415	1,429	1,343
		<i>NET</i>	6,777	6,495	6,484

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Statutory planning	The <b>statutory planning</b> service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It monitors the Council's planning scheme as well as preparing major policy documents shaping the future of the city. It also prepares and processes amendments to the Council planning scheme and carries out research on demographic, urban development, economic and social issues affecting Council.	<i>Exp</i>	1,239	1,333	1,386
		<i>Rev</i>	664	704	811
		<i>NET</i>	575	629	575
Building maintenance	This service is responsible for the maintenance, management and strategic planning for Council's building, land, property leases and licenses.	<i>Exp</i>	5,191	5,741	6,408
		<i>Rev</i>	329	345	323
		<i>NET</i>	4,862	5,396	6,085
Parks services	This service is divided into several operational units including tree pruning, planting, removal of vegetation, planning and street tree strategies. It provides for the management of conservation and parkland areas, and other areas of environmental significance.	<i>Exp</i>	4,844	5,225	5,786
		<i>Rev</i>	32	31	12
		<i>NET</i>	4,812	5,194	5,774
Waste management	This service provides <b>waste collection</b> and waste management services including kerbside garbage and recycling collection, the operation of three landfills and eight rural transfer stations, litter bin collection, street sweeping, bin maintenance, and event bins.	<i>Exp</i>	7,438	7,987	8,959
		<i>Rev</i>	1,140	1,422	1,023
		<i>NET</i>	6,298	6,565	7,936
Building and enforcement	This service provides statutory building services to the Council community including processing of building permits, emergency management responsibilities, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	<i>Exp</i>	660	710	696
		<i>Rev</i>	341	420	373
		<i>NET</i>	319	290	323

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Environmental sustainability	This service develops, coordinates and implements environmental policy, plans, strategies and initiatives and works with other services to improve Council's environmental performance. Reducing energy and water usage within Council operations, protecting and enhancing Council managed natural areas and roadsides, and educating the community are key priority areas for environmental sustainability.	<i>Exp</i>	782	749	669
		<i>Rev</i>	146	182	75
		<i>NET</i>	636	567	594
Strategic planning	Strategic planning monitors Council's planning scheme as well as consulting and preparing major policy documents shaping the future of the city. It also prepares and processes amendments to the Council planning scheme and carries out research on demographic, urban development, economic and social issues affecting Council.	<i>Exp</i>	616	893	874
		<i>Rev</i>	62	100	-
		<i>NET</i>	554	793	874

### Major Initiatives

- 1) Riverfront Development Plan - to review existing design work, review areas where no design exists and develop a detailed precinct plan.
- 2) Deakin Avenue redevelopment - 8th to 9th Street. The Deakin Avenue Masterplan guides the long term development and management of the avenue including garden beds, trees, monuments, sculptures, nature strips and landscape features.
- 3) Mildura and Homestead Wharf Refurbishments to repair and upgrade these structures after the 2016 river flood event.
- 4) Resheet Program - annual gravel road resheeting program. The works program is determined by road asset condition data, road hierarchy, road inspection and reporting and community consultation meetings with rural road users. Works will be scheduled between August and June.
- 5) Asphalt Program - annual road asphalt resurfacing program. The works program is determined by road asset condition data, road hierarchy, road inspection and reporting. Works will be scheduled between November and June.
- 6) Resealing Program - annual bitumen resealing program. The works program is determined by road asset condition data, road hierarchy, road inspection and reporting. Works will be scheduled between November and March.
- 7) Footpath program - annual renewal programs. The works program is determined by asset condition data, inspection and reporting. This also includes disability access and kerb and channel works.
- 8) Stormwater drainage rehabilitation works - annual program of relining and replacement of identified sections of stormwater infrastructure in poor condition.
- 9) Mildura Landfill Capping - required progressive construction of the landfill cap. The capping of the landfill must meet the designated design requirements and be approved by the Environmental Protection Authority.

**Other Initiatives**

- 10) Development of Mildura East Strategic Framework - the framework will provide high level direction for the Mildura East Growth Area including infrastructure requirements and staging.
- 11) Review the Environmental Management Strategy for Stormwater - will be undertaken in conjunction with proposed stormwater review.
- 12) Mildura Heritage Study - works proposed include a review of the existing 1988 Andrew Ward Study together with identifying potential additional items of significance.
- 13) Asset management data capture related to urban trees. This project is involves collecting condition data and other information that is vital in appropriately managing the health and safety of urban trees.

**Service Performance Outcome Indicators**

<b>Service</b>	<b>Indicator</b>	<b>2016/17 Actual</b>	<b>2017/18 Forecast</b>	<b>2018/19 Budget</b>
Statutory Planning*	Decision making	85.71%	86.95%	88.19%
Waste collection *	Waste diversion	32.90%	31.14%	32.50%
Roads*	Satisfaction	56	58	60

\* refer to Section 2.5 for information on the calculation of Service Performance Outcome Indicators

## 2.3 Strategic Objective 3: Economy

To achieve the strategic objective of **Economy**, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each service area is described below.

### Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Economic development and tourism	<p>The economic development and tourism service assists the organisation to:</p> <ul style="list-style-type: none"> <li>• facilitate growth within Council by working with industry and business to grow/sustain existing business and develop new investment opportunities</li> <li>• encourage and form strategic alliances with key stakeholders in industry and government to help build a vibrant and sustainable community</li> <li>• commit to working in partnership with Mildura Regional Development to maximise economic development within the Council region through specialised projects and initiatives</li> <li>• through facilitation of tourism enquiries and booking of accommodation, the Visitor Information Centre (VIC) is responsible for assistance and providing specialised services that are tailored to meet customer and client needs</li> </ul>	<i>Exp</i>	2,899	3,086	3,166
		<i>Rev</i>	218	227	230
		<i>NET</i>	2,681	2,859	2,936
Events	<p>The business conferencing and event services are responsible for assistance and facilitation of business enquiries, events and conferencing. Services are specialised and tailored to meet customer and client needs</p>	<i>Exp</i>	760	764	718
		<i>Rev</i>	10	-	-
		<i>NET</i>	750	764	718

### Major Initiatives

- 1) Funds provided to Mildura Regional Development to achieve economic and tourism outcomes for the community.

## 2.4 Strategic Objective 4: Council

To achieve the strategic objective of **Council**, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each service area is described below.

### Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Chief executive office	This area of <b>governance</b> includes the Mayor, Councillors, Chief Executive Officer and associated support.	<i>Exp</i>	3,000	1,658	1,677
		<i>Rev</i>	130	-	-
		<i>NET</i>	2,870	1,658	1,677
Organisational development	This service provides Council with strategic and operational organisation development support. The service develops and implements strategies, policies and procedures through the provision of human resource, industrial relations, and occupational health and safety services. The service also assists managers to determine and progress toward future structures, capability and cultures in their service units. It also includes the payment of salaries and wages to Council employees.	<i>Exp</i>	2,358	2,147	2,169
		<i>Rev</i>	246	248	200
		<i>NET</i>	2,112	1,899	1,969
Marketing and communications	This service works with all areas of the organisation to ensure the community is informed about and involved in Council decisions, services, projects and facilities. Key tasks include media liaison, online communications, website management, publication development, graphic design, advertising and marketing.	<i>Exp</i>	681	704	842
		<i>Rev</i>	-	-	-
		<i>NET</i>	681	704	842
Customer service	Customer service is the first point of contact the public has with Council and acts as the interface between the organisation and the community. This service provides face-to-face service in three Council service centres, call centre operations, processes customer requests and payments and issues permits and receipts. Customer service staff also provide internal administrative support to the whole organisation.	<i>Exp</i>	1,109	1,344	1,525
		<i>Rev</i>	19	22	15
		<i>NET</i>	1,090	1,322	1,510

<b>Service area</b>	<b>Description of services provided</b>		<b>2016/17 Actual \$'000</b>	<b>2017/18 Forecast \$'000</b>	<b>2018/19 Budget \$'000</b>
Financial services	This service predominantly provides financial based services to both internal and external customers including the management of Council's finances, raising and collection of rates and charges, and valuation of properties throughout the municipality.	<i>Exp</i>	1,750	1,763	1,773
		<i>Rev</i>	372	361	364
		<b><i>NET</i></b>	<b>1,378</b>	<b>1,402</b>	<b>1,409</b>
Information systems	This service enables and supports the information and communication technology (ICT) needs of all of Council. This encompasses all mobile and fixed voice, data record management, GIS and software applications across all sites and field operations to all staff enabling the timely and efficient delivery of services to the community.	<i>Exp</i>	3,738	3,933	4,399
		<i>Rev</i>	-	9	-
		<b><i>NET</i></b>	<b>3,738</b>	<b>3,924</b>	<b>4,399</b>
Governance and Risk	This area provides a range of governance and statutory services. Services include legislative compliance, maintenance of public registers and coordination of Council meetings, coordination of legal services, insurance, business risk management and business continuity services. It also provides leadership in emergency management through planning for disaster emergencies and coordinating emergency services and support agencies in their planning and response to emergencies.	<i>Exp</i>	2,689	2,159	2,078
		<i>Rev</i>	537	530	565
		<b><i>NET</i></b>	<b>2,152</b>	<b>1,629</b>	<b>1,513</b>
Procurement and fleet	This service purchases and maintains Council vehicles, plant and equipment to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet. In addition, it also provides procurement and contracting of services.	<i>Exp</i>	3,912	4,215	4,210
		<i>Rev</i>	6,616	6,718	6,590
		<b><i>NET</i></b>	<b>(2,704)</b>	<b>(2,503)</b>	<b>(2,380)</b>

### Other Initiatives

- 1) Council is required to undertake an annual audit program conducted by independent external auditors to verify Council has robust systems and processes in place.
- 2) Council website review and update to increase community engagement, particularly with online capabilities and further improve general communication.
- 3) White Ribbon Re-accreditation. White Ribbon is internationally recognised workplace based prevention program to raise awareness of and enhance positive action to help stop violence against women and violence more broadly.
- 4) Development of Rating Strategy - 2019 to 2024. The objective of the strategy is to ensure financial sustainability and meets the needs of the community in a financially responsible manner.

### Service Performance Outcome Indicators

Service	Indicator	2016/17 Actual	2017/18 Forecast	2018/19 Budget
Governance	Satisfaction	56	57	58

\* refer to Section 2.5 for information on the calculation of Service Performance Outcome Indicators

### 2.5 Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions. (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community
Statutory planning	Decision making	Council planning decisions upheld at VCAT. (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Roads	Satisfaction	Satisfaction with sealed local roads. (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads



Service	Indicator	Performance Measure	Computation
Libraries	Participation	Active library members. (Percentage of the municipal population that are active library members)	[Number of active library members / Municipal population] x100
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill. (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Aquatic facilities	Utilisation	Utilisation of aquatic facilities. (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Animal management	Health and safety	Animal management prosecutions. (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Food safety	Health and safety	Critical and major non-compliance notifications. (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

Service	Indicator	Performance Measure	Computation
Maternal and child health	Participation	Participation in the MCH service. (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children. (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

## 2.6 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Strategic Objective 1: Community	12,828	25,302	12,474
Strategic Objective 2: Environment	32,388	37,094	4,706
Strategic Objective 3: Economy	3,654	3,884	230
Strategic Objective 4: Council	10,939	18,673	7,734
<b>Total</b>	<b>59,809</b>	<b>84,953</b>	<b>25,144</b>
Other non-attributable	17,072		
<b>Deficit before funding sources</b>	<b>76,881</b>		
<b>Funding sources added in:</b>			
Rates and charges revenue	69,700		
Capital income	5,081		
<b>Deficit/(surplus) funds for the year</b>	<b>2,100</b>		

### 3. Financial Statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2018/19 has been supplemented with projection to 2021/22 extracted from the Strategic Resource Plan.

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

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

## Comprehensive Income Statement

For the four years ending 30 June 2022

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2017/18	2018/19	2019/20	2020/21	2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>						
Rates and charges	4.1.1	66,750	<b>69,700</b>	72,022	74,355	76,766
Statutory fees and fines	4.1.2	2,353	<b>2,466</b>	2,521	2,578	2,636
User fees	4.1.3	6,742	<b>6,413</b>	6,621	6,836	7,058
Grants - operating	4.1.4	33,078	<b>13,398</b>	21,470	21,953	22,447
Grants - capital	4.1.4	6,589	<b>3,651</b>	3,690	5,735	3,771
Contributions - monetary	4.1.5	1,793	<b>1,991</b>	1,506	1,522	1,538
Contributions - non-monetary	4.1.5	-	<b>1,847</b>	1,839	1,839	1,839
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		694	<b>(1,843)</b>	(1,884)	(1,926)	(1,970)
Other income	4.1.6	6,004	<b>5,812</b>	5,940	6,128	6,323
<b>Total income</b>		<b>124,003</b>	<b>103,435</b>	<b>113,725</b>	<b>119,020</b>	<b>120,408</b>
<b>Expenses</b>						
Employee costs	4.1.7	45,800	<b>47,678</b>	49,537	51,469	53,476
Materials and services	4.1.8	40,847	<b>35,137</b>	36,004	37,156	38,393
Depreciation and amortisation	4.1.9	19,663	<b>20,253</b>	20,858	21,484	22,128
Bad and doubtful debts		155	<b>149</b>	154	159	164
Borrowing costs		1,151	<b>1,117</b>	1,042	986	882
Other expenses	4.1.10	1,186	<b>1,201</b>	1,239	1,279	1,320
<b>Total expenses</b>		<b>108,802</b>	<b>105,535</b>	<b>108,834</b>	<b>112,533</b>	<b>116,363</b>
<b>Surplus/(deficit) for the year</b>		<b>15,201</b>	<b>(2,100)</b>	<b>4,891</b>	<b>6,487</b>	<b>4,045</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to surplus or deficit in future periods</b>						
Net asset revaluation increment /(decrement)		5,000	<b>6,000</b>	6,000	6,000	6,000
Share of other comprehensive income of associates and joint ventures		8,882	<b>345</b>	356	366	374
<b>Total comprehensive result</b>		<b>29,083</b>	<b>4,245</b>	<b>11,247</b>	<b>12,853</b>	<b>10,419</b>

## Balance Sheet

For the four years ending 30 June 2022

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2017/18	2018/19	2019/20	2020/21	2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		38,773	28,065	28,470	28,719	26,901
Trade and other receivables		8,234	8,591	8,635	8,674	8,708
Other financial assets		2,782	2,782	2,782	2,782	2,782
Inventories		684	706	729	752	776
Other assets		316	326	336	347	358
<b>Total current assets</b>	4.2.1	<b>50,789</b>	<b>40,470</b>	<b>40,952</b>	<b>41,274</b>	<b>39,525</b>
<b>Non-current assets</b>						
Trade and other receivables		5,129	4,809	4,478	4,135	3,781
Other financial assets		1,750	1,750	1,750	1,750	1,750
Investments in subsidiaries		51,581	51,926	52,282	52,648	53,022
Property, infrastructure, plant and equipment		730,027	744,913	755,680	768,203	778,355
Intangible assets		6,065	6,065	6,065	6,065	6,065
<b>Total non-current assets</b>	4.2.1	<b>794,552</b>	<b>809,463</b>	<b>820,255</b>	<b>832,801</b>	<b>842,973</b>
<b>Total assets</b>		<b>845,341</b>	<b>849,933</b>	<b>861,207</b>	<b>874,075</b>	<b>882,498</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables		2,809	2,809	2,809	2,809	2,809
Trust funds and deposits		1,673	1,673	1,673	1,673	1,673
Provisions		10,920	11,346	11,788	12,248	12,726
Interest-bearing liabilities	4.2.3	738	1,100	1,157	3,214	1,280
<b>Total current liabilities</b>	4.2.2	<b>16,140</b>	<b>16,928</b>	<b>17,427</b>	<b>19,944</b>	<b>18,488</b>
<b>Non-current liabilities</b>						
Provisions		16,906	17,565	18,250	18,962	19,702
Interest-bearing liabilities	4.2.3	19,733	18,633	17,476	14,262	12,982
<b>Total non-current liabilities</b>	4.2.2	<b>36,639</b>	<b>36,198</b>	<b>35,726</b>	<b>33,224</b>	<b>32,684</b>
<b>Total liabilities</b>		<b>52,779</b>	<b>53,126</b>	<b>53,153</b>	<b>53,168</b>	<b>51,172</b>
<b>Net assets</b>		<b>792,562</b>	<b>796,807</b>	<b>808,054</b>	<b>820,907</b>	<b>831,326</b>
<b>Equity</b>						
Accumulated surplus		317,447	322,955	327,581	333,906	337,783
Reserves		475,115	473,852	480,473	487,001	493,543
<b>Total equity</b>		<b>792,562</b>	<b>796,807</b>	<b>808,054</b>	<b>820,907</b>	<b>831,326</b>

## Statement of Changes in Equity

For the four years ending 30 June 2022

	NOTES	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2018 Forecast Actual</b>					
Balance at beginning of the financial year		763,479	311,583	409,459	42,437
Surplus/(deficit) for the year		24,083	15,201	-	8,882
Net asset revaluation increment/(decrement)		5,000	-	5,000	-
Transfers to other reserves		-	(19,766)	-	19,766
Transfers from other reserves		-	10,429	-	(10,429)
<b>Balance at end of the financial year</b>		<b>792,562</b>	<b>317,447</b>	<b>414,459</b>	<b>60,656</b>
<b>2019 Budget</b>					
Balance at beginning of the financial year		792,562	317,447	414,459	60,656
Surplus/(deficit) for the year		(1,755)	(2,100)	-	345
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves	4.3.1	-	(3,567)	-	3,567
Transfers from other reserves	4.3.1	-	11,175	-	(11,175)
<b>Balance at end of the financial year</b>	4.3.2	<b>796,807</b>	<b>322,955</b>	<b>420,459</b>	<b>53,393</b>
<b>2020</b>					
Balance at beginning of the financial year		796,807	322,955	420,459	53,393
Surplus/(deficit) for the year		5,247	4,891	-	356
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves		-	(1,827)	-	1,827
Transfers from other reserves		-	1,562	-	(1,562)
<b>Balance at end of the financial year</b>		<b>808,054</b>	<b>327,581</b>	<b>426,459</b>	<b>54,014</b>
<b>2021</b>					
Balance at beginning of the financial year		808,054	327,581	426,459	54,014
Surplus/(deficit) for the year		6,853	6,487	-	366
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves		-	(1,846)	-	1,846
Transfers from other reserves		-	1,684	-	(1,684)
<b>Balance at end of the financial year</b>		<b>820,907</b>	<b>333,906</b>	<b>432,459</b>	<b>54,542</b>
<b>2022</b>					
Balance at beginning of the financial year		820,907	333,906	432,459	54,542
Surplus/(deficit) for the year		4,419	4,045	-	374
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves		-	(1,866)	-	1,866
Transfers from other reserves		-	1,698	-	(1,698)
<b>Balance at end of the financial year</b>		<b>831,326</b>	<b>337,783</b>	<b>438,459</b>	<b>55,084</b>

## Statement of Cash Flows

For the four years ending 30 June 2022

	Notes	Forecast	Budget	Strategic Resource Plan		
		Actual 2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	Projections 2020/21 \$'000	2021/22 \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>						
Rates and charges		66,677	69,616	71,936	74,268	76,677
Statutory fees and fines		2,353	2,466	2,521	2,578	2,636
User fees		6,942	6,631	6,850	7,078	7,312
Grants - operating		34,352	14,448	22,544	23,051	23,569
Grants - capital		6,918	3,834	3,875	6,022	3,960
Contributions - monetary		1,793	1,991	1,506	1,522	1,538
Interest received		1,293	1,369	1,397	1,442	1,489
Trust funds and deposits taken		6,000	6,000	6,000	6,000	6,000
Other receipts		4,711	4,443	4,543	4,686	4,834
Net GST refund / payment		2,147	1,962	2,012	1,991	2,177
Employee costs		(45,350)	(47,211)	(49,052)	(50,964)	(52,951)
Materials and services		(49,367)	(38,066)	(38,996)	(40,240)	(41,575)
Trust funds and deposits repaid		(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Other payments		(1,186)	(1,201)	(1,239)	(1,279)	(1,320)
<b>Net cash provided by/(used in) operating activities</b>	4.4.1	31,283	20,282	27,897	30,155	28,346
<b>Cash flows from investing activities</b>						
Payments for property, infrastructure, plant and equipment		(34,955)	(29,740)	(26,289)	(28,727)	(27,058)
Proceeds from sale of property, infrastructure, plant and equipment		894	605	619	633	647
Repayments of loans and advances		-	-	320	331	343
<b>Net cash provided by/ (used in) investing activities</b>	4.4.2	(34,061)	(29,135)	(25,350)	(27,763)	(26,068)
<b>Cash flows from financing activities</b>						
Finance costs		(1,151)	(1,117)	(1,042)	(986)	(882)
Repayment of borrowings		(700)	(738)	(1,100)	(1,157)	(3,214)
<b>Net cash provided by/(used in) financing activities</b>	4.4.3	(1,851)	(1,855)	(2,142)	(2,143)	(4,096)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(4,629)	(10,708)	405	249	(1,818)
Cash and cash equivalents at the beginning of the financial year		43,402	38,773	28,065	28,470	28,719
<b>Cash and cash equivalents at the end of the financial year</b>		38,773	28,065	28,470	28,719	26,901

## Statement of Capital Works

For the four years ending 30 June 2022

	Forecast Actual	Budget	Strategic Resource Plan Projections		
			2017/18	2018/19	2019/20
NOTES	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>					
Land	2,443	-	500	500	500
<b>Total land</b>	2,443	-	500	500	500
Buildings	3,427	5,043	3,244	2,612	1,434
<b>Total buildings</b>	3,427	5,043	3,244	2,612	1,434
<b>Total property</b>	5,870	5,043	3,744	3,112	1,934
<b>Plant and equipment</b>					
Computers and telecommunications	1,307	892	981	1,079	1,187
Fixtures, fittings and furniture	484	117	129	142	156
Library books	533	383	421	463	510
Plant, machinery and equipment	3,798	3,369	2,489	2,738	3,012
<b>Total plant and equipment</b>	6,122	4,761	4,020	4,422	4,865
<b>Infrastructure</b>					
Roads	12,988	8,470	10,429	12,483	11,448
Bridges	227	368	55	61	67
Footpaths and cycleways	618	1,128	400	300	330
Drainage	4,115	5,244	3,594	3,953	4,349
Recreational, leisure and community facilities	780	170	187	206	226
Waste management	1,114	1,522	972	1,069	1,176
Parks, open space and streetscapes	2,772	2,567	2,374	2,556	2,042
Kerb and channel	-	100	110	121	133
Off street car parks	349	297	327	359	395
Other infrastructure	-	70	77	85	93
<b>Total infrastructure</b>	22,963	19,936	18,525	21,193	20,259
<b>Total capital works expenditure</b> 4.5.1	34,955	29,740	26,289	28,727	27,058
<b>Represented by:</b>					
New asset expenditure	7,809	5,177	2,487	3,138	2,350
Asset renewal expenditure	19,592	15,109	19,184	19,760	20,345
Asset expansion expenditure	1,428	2,489	1,776	2,242	1,678
Asset upgrade expenditure	6,126	6,965	2,842	3,587	2,685
<b>Total capital works expenditure</b> 4.5.1	34,955	29,740	26,289	28,727	27,058
<b>Funding sources represented by:</b>					
Grants	6,589	3,651	3,690	5,735	3,771
Contributions	1,412	825	1,124	1,131	1,138
Council cash	26,954	25,264	21,475	21,861	22,149
<b>Total capital works expenditure</b> 4.5.1	34,955	29,740	26,289	28,727	27,058



## Statement of Human Resources

For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2017/18	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Staff expenditure</b>					
Employee costs - operating	45,800	<b>47,678</b>	49,537	51,469	53,476
Employee costs - capital	2,118	<b>2,161</b>	2,204	2,290	2,380
<b>Total staff expenditure</b>	<b>47,918</b>	<b>49,839</b>	<b>51,741</b>	<b>53,759</b>	<b>55,856</b>
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	505.5	<b>509.3</b>	509.3	509.3	509.3
<b>Total staff numbers</b>	<b>505.5</b>	<b>509.3</b>	<b>509.3</b>	<b>509.3</b>	<b>509.3</b>

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

Department	Comprises		
	Budget	Permanent Full Time	Permanent Part Time
	2018/19		
	\$'000	\$'000	\$'000
Asset services	4,406	4,055	351
Executive services	522	522	-
Community care services	8,591	3,109	5,482
Community futures	3,655	2,950	705
Community general manager	662	504	158
Corporate administration	3,061	2,951	110
Corporate general manager	362	362	-
Development general manager	355	355	-
Development services	3,742	3,218	524
Financial services	2,621	2,384	237
Information systems	1,741	1,511	230
Leisure and cultural services	5,635	4,557	1,078
Organisational development	1,691	1,320	371
Parks and waste services	5,715	5,445	270
Works and infrastructure services	4,678	4,678	-
<b>Total permanent staff expenditure</b>	<b>47,437</b>	<b>37,921</b>	<b>9,516</b>
Casuals, temporary and other expenditure	241		
Capitalised labour costs	2,161		
<b>Total expenditure</b>	<b>49,839</b>		

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

Department	Budget	Comprises	
	2018/19 FTE	Permanent Full Time	Permanent Part Time
Asset services	41.9	38.6	3.3
Executive services	3.0	3.0	-
Community care services	102.3	37.0	65.3
Community futures	33.5	27.0	6.5
Community general manager	3.9	3.0	0.9
Corporate administration	31.0	29.9	1.1
Corporate general manager	2.0	2.0	-
Development general manager	2.0	2.0	-
Development services	40.6	34.9	5.7
Information systems	15.0	13.0	2.0
Financial services	25.3	23.0	2.3
Leisure and cultural services	54.4	44.0	10.4
Organisational development	12.8	10.0	2.8
Parks and waste services	66.1	63.0	3.1
Works and infrastructure services	50.3	50.3	-
<b>Total permanent staff FTE</b>	<b>484.1</b>	<b>380.7</b>	<b>103.4</b>
Casuals, temporary and other expenditure	2.6		
Capitalised labour costs	22.6		
<b>Total staff FTE</b>	<b>509.3</b>		

Please note that Council has a total head count of 707 staff members budgeted for the 2018/19 year. This consists of 400 full time, 243 part time and 64 casual staff members.

## Budgeted Operating Income Statement

For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2017/18	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Rates and charges	66,750	<b>69,700</b>	72,022	74,355	76,766
Statutory fees and fines	2,353	<b>2,466</b>	2,521	2,578	2,636
User fees	6,742	<b>6,413</b>	6,621	6,836	7,058
Grants - operating	33,078	<b>13,398</b>	21,470	21,953	22,447
Contributions - monetary	381	<b>374</b>	382	391	400
Other income	6,004	<b>5,812</b>	5,940	6,128	6,323
<b>Total income</b>	<b>115,308</b>	<b>98,163</b>	<b>108,956</b>	<b>112,241</b>	<b>115,630</b>
<b>Expenses</b>					
Employee costs	45,800	<b>47,678</b>	49,537	51,469	53,476
Materials and services	40,847	<b>35,137</b>	36,004	37,156	38,393
Bad and doubtful debts	155	<b>149</b>	154	159	164
Depreciation and amortisation	19,663	<b>20,253</b>	20,858	21,484	22,128
Borrowing costs	1,151	<b>1,117</b>	1,042	986	882
Other expenses	1,186	<b>1,201</b>	1,239	1,279	1,320
<b>Total expenses</b>	<b>108,802</b>	<b>105,535</b>	<b>108,834</b>	<b>112,533</b>	<b>116,363</b>
<b>Surplus/(deficit) from operations</b>	<b>6,506</b>	<b>(7,372)</b>	<b>122</b>	<b>(292)</b>	<b>(733)</b>
<b>Capital funding</b>					
Grants - capital	6,589	<b>3,651</b>	3,690	5,735	3,771
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	694	<b>(1,843)</b>	(1,884)	(1,926)	(1,970)
Contributions - monetary (capital)	1,412	<b>1,617</b>	1,124	1,131	1,138
Contributions - non-monetary (capital)	-	<b>1,847</b>	1,839	1,839	1,839
<b>Total surplus/(deficit)</b>	<b>15,201</b>	<b>(2,100)</b>	<b>4,891</b>	<b>6,487</b>	<b>4,045</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit in future periods:</b>					
Net asset revaluation increment/(decrement)	5,000	<b>6,000</b>	6,000	6,000	6,000
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	8,882	<b>345</b>	356	366	374
<b>Total comprehensive result</b>	<b>29,083</b>	<b>4,245</b>	<b>11,247</b>	<b>12,853</b>	<b>10,419</b>

## 4. Notes to the financial statements

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

### 4.1 Comprehensive Income Statement

#### 4.1.1 Rates and charges

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

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The Fair Go Rates System (FGRS) sets out the maximum amount Councils may increase rates in a year. For 2018/19 the FGRS cap has been set at 2.25%. The cap applies to both general rates and municipal charges and is calculated on the basis of Council's average rates and charges.

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

To achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and municipal charge will increase by 2.25% in line with the rate cap.

In late 2017 the Chinese government announced a new policy banning the importation of certain recyclable goods. This had a major impact on Australia's recycling industry, significantly increasing processing costs. The fallout is estimated to cost Council an extra \$0.70 million per year. These costs are outside of Council's control and will be passed on to consumers. In the 2018/19 Council budget approximately \$28 dollars will be applied to the Waste Management Charge of each eligible ratepayer to offset these costs and ensure kerbside recycling services are sustained.

This will raise total rates and charges for 2018/19 to \$69.70 million.

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

	Forecast Actual \$'000	Budget \$'000	Change	
			\$'000	%
General rates*	54,462	<b>56,465</b>	2,003	3.68%
Municipal charge*	2,740	<b>2,772</b>	32	1.17%
Waste management charge	8,403	<b>9,374</b>	971	11.56%
Abandonments	(10)	<b>(10)</b>	0	0.00%
Special rates and charges	580	<b>595</b>	15	2.59%
Supplementary rates and rate adjustments	558	<b>489</b>	(69)	(12.37%)
Cultural land	17	<b>15</b>	(2)	(11.76%)
<b>Total rates and charges</b>	<b>66,750</b>	<b>69,700</b>	<b>2,950</b>	<b>4.42%</b>

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

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

Type or class of land	2017/18 cents/\$CIV*	2018/19 cents/\$CIV*	Change
Residential differential rate	0.00664800	<b>0.00610510</b>	(8.17%)
Farm land differential rate	0.00631560	<b>0.00579985</b>	(8.17%)
Business differential rate	0.00797760	<b>0.00732612</b>	(8.17%)
Cultural and recreation	0.00066480	<b>0.00061051</b>	(8.17%)
Mildura City Heart special rate*	0.00262987	<b>0.00251127</b>	(4.51%)

\*Mildura City Heart special rate is levied only on those properties in the specified zone and paid directly to Mildura City Heart Inc.

**4.1.1(c)** The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year.

Type or class of land	2017/18 \$'000	2018/19 \$'000	Change \$'000	%
Residential differential rate	34,149	<b>34,105</b>	(44)	(0.13%)
Farm land differential rate	8,198	<b>10,073</b>	1,875	22.87%
Business differential rate	12,098	<b>12,272</b>	174	1.44%
Cultural and recreational	17	<b>15</b>	(2)	(11.76%)
<b>Total amount to be raised by general rates</b>	<b>54,462</b>	<b>56,465</b>	<b>2,003</b>	<b>3.68%</b>
Mildura City Heart special rate	580	<b>595</b>	15	2.59%
<b>Total amount to be raised by general rates</b>	<b>55,042</b>	<b>57,060</b>	<b>2,018</b>	<b>3.67%</b>

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

Type or class of land	2017/18 Number	2018/19 Number	Change \$'000	%
Residential differential rate	22,883	<b>23,095</b>	212	0.93%
Farm land differential rate	3,371	<b>3,339</b>	(32)	(0.95%)
Business differential rate	2,329	<b>2,434</b>	105	4.51%
Cultural and recreational	89	<b>84</b>	(5)	(5.62%)
<b>Total number of rateable assessments</b>	<b>28,672</b>	<b>28,952</b>	<b>280</b>	<b>0.98%</b>
Mildura City Heart special rate	366	<b>368</b>	2	0.55%

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

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

Type or class of land	2017/18 \$'000	2018/19 \$'000	Change \$'000	%
Residential differential rate	5,137,185	<b>5,586,379</b>	449,194	8.74%
Farm land differential rate	1,298,106	<b>1,736,884</b>	438,778	33.80%
Business differential rate	1,516,091	<b>1,675,136</b>	159,045	10.49%
Cultural and recreational	25,658	<b>25,447</b>	(211)	(0.82%)
<b>Total value of land</b>	<b>7,977,040</b>	<b>9,023,846</b>	<b>1,046,806</b>	<b>13.12%</b>
Mildura City Heart special rate	220,543	<b>236,932</b>	16,389	7.43%

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

Type of Charge	Per Rateable Property	Per Rateable Property	Change	
	2017/18	2018/19	\$	%
Municipal	100	100	-	0.00%

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

Type of Charge	2017/18	2018/19	Change	
	\$'000	\$'000	\$'000	%
Municipal	2,740	2,772	32	1.17%

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

Type of Charge	Per Rateable Property	Per Rateable Property	Change	
	2017/18	2018/19	\$	%
Municipal waste	179	183	4	2.23%
Kerbside collection	114	116	2	1.75%
Recycling	29	58	29	100.00%
<b>Total</b>	322	357	35	10.87%

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

Type of Charge	2017/18	2018/19	Change	
	\$'000	\$'000	\$'000	%
Municipal waste	4,681	4,830	149	3.18%
Kerbside collection	2,983	3,062	79	2.65%
Recycling	739	1,491	752	101.76%
<b>Total</b>	8,403	9,383	980	11.66%

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

Type of Charge	2017/18	2018/19	Change	
	\$'000	\$'000	\$'000	%
General rates	54,462	56,465	2,003	3.68%
Municipal charge	2,740	2,772	32	1.17%
Municipal waste, kerbside collection and recycling	8,403	9,374	971	11.56%
<b>Rates and charges</b>	65,605	68,611	3,006	4.58%
Special rate	580	595	15	2.59%
<b>Total rates and charges</b>	66,185	69,206	3,021	4.56%

#### 4.1.1(l) Fair Go Rates System compliance.

Mildura Rural City Council is fully compliant with the State Government's Fair Go Rates System.

	2017/18	2018/19
Total rates	\$ 57,912	\$ 59,214
Number of rateable properties*	28,900	28,900
Base average rates	\$ 2.00	\$ 2.05
Maximum rate increase (set by the State Government)	2.00%	2.25%
Capped average rate	\$ 2,003.89	\$2,048.98
Maximum general rates and municipal charges revenue	\$ 57,912	\$ 59,215
Budgeted general rates and municipal charges revenue	\$ 57,176	\$ 59,214

\* Estimated number of properties at year end

#### 4.1.1(m) Any significant changes that may affect the estimated amounts to be raised by rates and charges.

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations (2018/19: estimated \$0.49 million and 2017/18: \$0.56 million)
- The variation of returned levels of value (e.g. valuation appeals)
- Changes of use of land such that rateable land becomes non-rateable land and vice versa; and
- Changes of use of land such that residential land becomes business land and vice versa.

#### 4.1.1(n) Differential rates

The rate and amount of rates payable in relation to land in each category of differential are:

- Farm land differential rate of 0.0057996% (0.0063156 cents in the dollar of CIV) for all rateable farming properties
- Business differential rate of 0.0073261% (0.0079776 cents in the dollar of CIV) for all rateable business properties
- Cultural and recreational concessional rate of 0.0006105% (0.0006648 cents in the dollar of CIV) for all rateable cultural and recreational properties

Each differential rate will be determined by multiplying the CIV of each rateable land by the relevant percentages indicated above.

Council considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions. Details of the objectives of each differential rate, the types of classes of land, which are subject to each differential rate and the uses of each differential rate, are set out in Mildura Rural City Council's Rating Strategy 2014 to 2019 which is available for viewing on the Mildura Rural City Council's website.

## 4.1.2 Statutory fees and fines

	Forecast	Budget	Change	
	Actual	2018/19		
	2017/18	2018/19	\$'000	%
	\$'000	\$'000	\$'000	%
Permits	288	295	7	2%
Statutory planning fees	620	718	98	16%
Infringements and costs	857	906	49	6%
Land information certificates	114	112	(2)	(2%)
Valuations database	231	235	4	2%
Other statutory fees and fines	243	200	(43)	(18%)
<b>Total statutory fees and fines</b>	<b>2,353</b>	<b>2,466</b>	<b>113</b>	<b>5%</b>

### Statutory fees and fines (\$0.11 million increase)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, Public Health and Wellbeing Act 2008 registrations and parking fines. Increases in statutory fees are made in accordance with legislative requirements. Fees will be amended in line with any increase should one be determined by the State Government over the course of the 2018/19 year.

Statutory fees are forecast to increase by 5% or \$0.11 million compared to 2017/18 forecast. The increase in statutory planning fees is primarily due to an increase in the gazetted fees which is set by the State Government. The decrease on other statutory fees and fines is related to fines income received in relation to the Council elections.

A detailed listing of statutory fees can be obtained from the Fees and Charges Schedule 2018/19 which can be viewed on Mildura Rural City Council's website.

## 4.1.3 User fees

	Forecast	Budget	Change	
	Actual	2018/19		
	2017/18	2018/19	\$'000	%
	\$'000	\$'000	\$'000	%
Rent/lease fees	622	674	52	8%
Animal control and local laws	509	495	(14)	(3%)
Child care/children's programs	413	461	48	12%
Aged and health services	1,306	1,338	32	2%
Swimming pool fees	98	98	-	0%
Other fees and charges	541	501	(40)	(7%)
Contract works	1,213	1,130	(83)	(7%)
Entrance charges	570	597	27	5%
Waste management services	1,270	918	(352)	(28%)
Commission/agency fees	200	201	1	1%
<b>Total user fees</b>	<b>6,742</b>	<b>6,413</b>	<b>(329)</b>	<b>(5%)</b>

### User fees (\$0.33 million decrease)

User charges relate to the recovery of service delivery costs through the charging of fees to users of Council's services. These include separate rating schemes, use of leisure, entertainment and other community facilities and the provision of human services such as family day care and home help services. In setting the budget, the key principle for determining the level of user charges is cost recovery and that any increase does not exceed the Local Government Cost Index or market levels.

Overall user charges income is projected to decrease by 5% or \$0.33 million from 2017/18. The main area influencing this movement is a decrease in commercial waste disposal at the Mildura landfill.

A detailed listing of user fees can be obtained from the Fees and Charges Schedule 2018/19 which can be viewed on Mildura Rural City Council's website.



#### 4.1.4 Grants

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

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000	Change	
			\$'000	%
<b>Grants were received in respect of the following:</b>				
Summary of grants				
Commonwealth funded grants	30,944	11,114	(19,830)	(64%)
State funded grants	8,723	5,935	(2,788)	(32%)
<b>Total grants received</b>	<b>39,667</b>	<b>17,049</b>	<b>(22,618)</b>	<b>(57%)</b>
<b>Operating Grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Aged care	2,029	2,023	(6)	(0%)
Family day care	240	-	(240)	(100%)
Victorian Grants Commission	15,175	7,182	(7,993)	(53%)
<b>Recurrent - State Government</b>				
Aged care	853	826	(27)	(3%)
Arts and culture	190	190	-	0%
Community health	33	22	(11)	(33%)
Early years	299	280	(19)	(6%)
Family day care	20	3	(17)	(85%)
Libraries	377	366	(11)	(3%)
Maternal and child health	757	704	(53)	(7%)
Primary care partnerships	388	401	13	3%
Road maintenance	127	127	-	0%
School crossing supervisor	141	141	-	0%
Social development	137	-	(137)	(100%)
Youth services	292	-	(292)	(100%)
<b>Total recurrent grants</b>	<b>21,058</b>	<b>12,265</b>	<b>(8,793)</b>	<b>(42%)</b>
<b>Non-recurrent - Commonwealth Government</b>				
Airport	9,874	-	(9,874)	(100%)
Environmental planning	6	-	(6)	(100%)
<b>Non-recurrent - State Government</b>				
Aged care	5	3	(2)	(40%)
Airport	1,309	-	(1,309)	(100%)
Community and cultural management	-	250	250	100%
Community safety	120	120	-	0%
Environment	183	75	(108)	(59%)
Recreation	-	30	30	100%
Social development	420	361	(59)	(14%)
Strategic planning	100	-	(100)	(100%)
Youth services	3	294	291	9,700%
<b>Total non-recurrent grants</b>	<b>12,020</b>	<b>1,133</b>	<b>(10,887)</b>	<b>(91%)</b>
<b>Total operating grants</b>	<b>33,078</b>	<b>13,398</b>	<b>(19,680)</b>	<b>(59%)</b>

### Operating Grants (\$19.68 million decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants is projected to decrease by 59% or \$19.68 million compared to 2017/18.

The most significant decrease to funding is in relation to Victorian Grants Commission (VGC), where half of the Council's 2018/19 allocation was brought forward to June 2018. This is merely a timing difference and has no overall affect on Council 2018/19 grant allocation from VGC. There has been a decrease also due to funding received in relation to the Mildura Airport redevelopment project. This project has now been completed and has seen a \$11.18 million decrease in grant funds received for the airport from 2017/18 to 2018/19.

A list of operating grants by type and source, classified into recurrent and non-recurrent, is included on the previous page.

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000	Change	
			\$'000	%
<b>Capital Grants</b>				
<b><i>Recurrent - Commonwealth Government</i></b>				
Roads to Recovery	3,620	1,909	(1,711)	(47%)
<b>Total recurrent grants</b>	3,620	1,909	(1,711)	(47%)
<b><i>Non-recurrent - State Government</i></b>				
Buildings	599	910	311	52%
Roads	1,465	12	(1,453)	(99%)
Off street car parks	-	75	75	100%
Footpaths and cycleways	100	411	311	311%
Library books and art works	19	-	(19)	(100%)
Parks, open space and streetscapes	500	234	(266)	(53%)
Rec, leisure and community facilities	286	100	(186)	(65%)
<b>Total non-recurrent grants</b>	2,969	1,742	(1,227)	(41%)
<b>Total capital grants</b>	6,589	3,651	(2,938)	(45%)
<b>Total Grants</b>	39,667	17,049	(22,618)	(57%)

### Capital Grants (\$2.94 million decrease)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding capital works program. Overall, the level of capital grants has decreased by 45% or \$2.94 million compared to 2017/18 due mainly to funding from Roads to Recovery, Roads to Market, National Disaster Relief Recovery Arrangements, and specific funding for capital works projects.

A list of capital grants by type and source, classified into recurrent and non-recurrent, is included above.

#### 4.1.5 Contributions

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000	Change	
			\$'000	%
Monetary	1,793	1,991	198	11%
Non-monetary	-	1,847	1,847	100%
<b>Total contributions</b>	1,793	3,838	2,045	114%

#### Contributions (\$2.05 million increase)

Monetary contributions relate to monies paid by developers in regard to public amenities and recreation, drainage and car parking in accordance with planning permits issued for property development. Non-monetary contributions relate to assets that are handed over to Council, generally by developers, in the constrictions of residential sub-divisions.

Monetary contributions are projected to increase by \$0.20 million or 11% compared to 2017/18. Non-monetary contributions hasn't previously been budgeted for due to being a non cash item.

#### 4.1.6 Other income

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000	Change	
			\$'000	%
Interest	989	1,069	80	8%
Interest on rates	303	300	(3)	(1%)
Sales	441	421	(20)	(5%)
Other	9	8	(1)	(11%)
Child care reimbursement	1,269	1,300	31	2%
Fuel tax rebate	200	215	15	8%
Workcover costs reimbursements	240	200	(40)	(17%)
Legal costs recouped	277	215	(62)	(22%)
Airport reimbursement	14	13	(1)	(7%)
Cemetery reimbursement	387	400	13	3%
Utilities reimbursement	303	322	19	6%
Youth case management reimbursement	438	525	87	20%
Other costs reimbursed	1,134	824	(310)	(27%)
<b>Total other income</b>	6,004	5,812	(192)	(3%)

#### Other income (\$0.19 million decrease)

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

Other income is forecast to decrease by 3% or \$0.19 million compared to 2017/18. This relates predominantly to other costs reimbursed which has decreased by 27% or \$0.31 million from 2017/18. This is due to Council being the auspice body for the construction of Ouyen lake and the reimbursement for costs incurred.

#### 4.1.7 Employee costs

	Forecast	Budget	Change	
	Actual	2018/19	\$'000	%
	2017/18	2018/19		
	\$'000	\$'000	\$'000	%
Wages and salaries	41,675	<b>43,379</b>	1,704	4%
Payroll tax	18	<b>17</b>	(1)	(6%)
Superannuation	3,927	<b>4,087</b>	160	4%
Fringe benefits tax	180	<b>195</b>	15	8%
<b>Total employee costs</b>	<b>45,800</b>	<b>47,678</b>	<b>1,878</b>	<b>4%</b>

#### Employee costs (\$1.88 million increase)

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc.

Employee costs are forecast to increase by 4% or \$1.88 million in comparison to 2017/18. Of this, wages and salaries are forecast to increase by \$1.70 million or 4%. This increase is influenced by Council bringing in-house \$0.70 million in engineering services that have previously been outsourced externally and not included as wages and salaries. If not for this, the increase in wages and salaries would be 2.41%.

From the Statement of Human Resources in Section 3 Council has 509.3 full time equivalent staff (FTE), 484.1 permanent and 2.6 casual staff are employed to deliver the Community and Council Plan. In addition Council has 22.6 FTE staff budgeted in the capital works program, to maintain, upgrade and develop new infrastructure. Capitalised salaries are not shown as part of Council's employee benefits in the Comprehensive Income Statement, they form part of Council's \$29.74 million capital works program.

#### 4.1.8 Materials and services

	Forecast	Budget	Change	
	Actual	2018/19	\$'000	%
	2017/18	2018/19		
	\$'000	\$'000	\$'000	%
Contract payments	13,075	<b>14,085</b>	1,010	8%
Consultants	2,037	<b>1,946</b>	(91)	(4%)
Environmental protection waste levy	1,119	<b>1,331</b>	212	19%
Grants, contributions and donations	11,113	<b>3,360</b>	(7,753)	(70%)
Utilities	3,231	<b>3,895</b>	664	21%
Office administration	945	<b>936</b>	(9)	(1%)
Materials purchased	3,260	<b>3,059</b>	(201)	(6%)
Plant and vehicle costs	2,122	<b>2,117</b>	(5)	(0%)
Information technology	1,205	<b>1,544</b>	339	28%
Insurance	964	<b>996</b>	32	3%
Training	1,148	<b>1,188</b>	40	3%
Other materials and contractors	193	<b>208</b>	15	8%
General maintenance	435	<b>472</b>	37	9%
<b>Total materials and services</b>	<b>40,847</b>	<b>35,137</b>	<b>(5,710)</b>	<b>(14%)</b>

### Material and services (\$5.71 million decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 14% or \$5.71 million compared to 2017/18.

In 2017/18 materials and services included grant funding to be paid to the Mildura Airport Pty Ltd for the Mildura Airport runway reconstruction. As such there is a decrease of \$7.75 million in grants, contributions and donations from 2017/18 to 2018/19.

Contract payments has increased by \$1.01 million or 8% from 2017/18 to 2018/19. This is due to the Chinese government new policy banning the importation of certain recyclable goods. This had a major impact on Australia's recycling industry, significantly increasing processing costs. The fallout is estimated to cost Council an extra \$0.70 million per year in contract payments.

Information technology material services costs have increased in 2018/19 predominantly due to an increase in software licences fees. This is partly due to several large multi year licences coming due in the 2018/19 year.

Utility costs such as electricity and water has increased by \$0.66 million or 21% in 2018/19. This is due to a significant price increase in electricity prices due to the expiration of long term contracts.

### 4.1.9 Depreciation and amortisation

	Forecast	Budget	Change	
	Actual	2018/19	\$'000	%
	2017/18	2018/19		
	\$'000	\$'000	\$'000	%
Buildings	2,327	2,397	70	3%
Plant and equipment	3,137	3,231	94	3%
Infrastructure	13,980	14,399	419	3%
Intangible assets	219	226	7	3%
<b>Total depreciation and amortisation</b>	<b>19,663</b>	<b>20,253</b>	<b>590</b>	<b>3%</b>

### Depreciation (\$0.59 million increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of \$0.59 million for 2018/19 is due mainly to the completion of the 2018/19 capital works program and the full year effect of depreciation on the 2017/18 capital works program. Refer to Section 4.5 for a more detailed analysis of Council's capital works program for the 2018/19 year.

### 4.1.10 Other expenses

	Forecast	Budget	Change	
	Actual	2018/19	\$'000	%
	2017/18	2018/19		
	\$'000	\$'000	\$'000	%
Auditors' remuneration - VAGO - audit of the financial statements and performance statement	60	60	-	0%
Auditors' remuneration - internal	139	139	-	0%
Councillors' allowances	320	326	6	2%
Refunds	43	42	(1)	(2%)
Operating lease rentals	128	127	(1)	(1%)
Other	496	507	11	2%
<b>Total other expenses</b>	<b>1,186</b>	<b>1,201</b>	<b>15</b>	<b>1%</b>

### Other expenses (\$0.02 million increase)

Other expenses relate to a range of unclassified items, including auditors remuneration, college lease, elected members vehicle allowance, stock adjustment/write off expense and planning fee refunds. Other expenses are forecast to remain relatively stable with an increase of just 1%.

## 4.2 Balance Sheet

### 4.2.1 Assets

#### **Current assets (\$10.32 million decrease) and Non-current assets (\$14.91 million increase)**

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$10.32 million during the year due to the VGC prepaying half of Council's 2018/19 allocation by the end of June 2018. This is merely a timing difference and has no overall effect on Council's 2018/19 grant allocation from VGC.

Trade and other receivables are monies owed to Council by ratepayers and others. Short-term debtors are not expected to change significantly in the budget. Non-current trade and other receivables relate to loan to community organisations such as the Mildura Airport Pty Ltd.

Other assets include items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months. Financial assets are short term deposits greater than 90 days but less than 12 months.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment and other infrastructure which has been built up by Council over many years. The \$14.89 million increase in this balance is attributable to the \$29.74 million capital works program.

Please refer to Section 3 Balance Sheet for more details.

### 4.2.2 Liabilities

#### **Current liabilities (\$0.79 million increase) and Non-current liabilities (\$0.44 million decrease)**

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2017/18 levels.

Provisions include accrued long service leave, annual leave and rostered days off (RDOs) owing to employees. These employee entitlements are expected to increase by \$0.43 million in total. These entitlements are being actively managed through Council's employee policies.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$0.74 million over the year.

### 4.2.3 Borrowings

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

	2017/18	2018/19
	\$	\$
Amount borrowed as at 30 June of the prior year	21,171	20,471
Amount proposed to be borrowed	-	-
Amount projected to be redeemed	(700)	(738)
Amount of borrowings as at 30 June	20,471	19,733

Borrowings are an important funding source for capital works programs. In the past, Council has borrowed to finance large infrastructure projects and since then has been in a phase of debt reduction.

This approach has resulted in a reduction in debt servicing costs but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs. Council's long-term borrowing strategy focuses on reaching a debt position that provides future flexibility to use loan funds, without unduly exposing Council to a high debt burden.

For the 2018/19 year, Council has decided not to take out new borrowings. After making loan repayments of \$0.74 million, total borrowings will be \$19.73 million as at 30 June 2019. However, it is likely that in future years, borrowings will be required to fund future infrastructure initiatives.

Please refer to Council's Strategic Resource Plan 2018/19 - 2021/22 for further details on Council's borrowing strategies. The Strategic Resource Plan 2018/19 - 2021/22 is available on Council's website.

## 4.3 Statement of Changes in Equity

### 4.3.1 Reserves

Council's reserves include both discretionary and statutory reserves. Statutory reserves must be applied for specified statutory purposes in accordance with various legislative requirements. While these funds earn interest revenues for Council, the funds are not available for other purposes.

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

#### **Transfers to reserves (\$3.57 million)**

Transfer to reserves includes both statutory and discretionary reserves. Statutory reserves transfers includes \$0.80 million from developer contributions and \$0.08 million from lease income received for Crown Land.

Discretionary reserve transfers include \$0.50 million set aside for the land reserves which is used for acquiring strategic pieces of land needed for drainage basins. The landfill reserve receives funds needed for the future after care of the site and also to repay money which was borrowed from the reserve to contribute to the construction of the Mildura Airport Runway redevelopment.

### **Transfers from reserves (\$11.18 million)**

Money transferred from Council's reserves is predominantly for funding required for the 2018/19 capital works program. The majority of the funds are coming from Council's landfill reserve, developer contributions reserves and land reserve.

Also this year due to the VGC prepaying half of Council's 2018/19 allocation by the end of June 2018 there has been a transfer from the VGC grants in advance reserve. This is a reserve created to hold VGC grant funds received in advance. This is merely a timing difference and has no overall effect on Council's 2018/19 grant allocation from VGC.

For further details on Council's reserves please refer to Section 3 Statement of Changes in Equity.

### **4.3.2 Equity**

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

Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations.

Reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the accumulated surplus of the Council to be separately disclosed.

Accumulated surplus which is the value of all net assets less reserves that have accumulated over time. The accumulated surplus increase of \$5.51 million is the net result of the comprehensive result of \$4.25 million and net transfers from reserves of \$1.26 million, which excludes the asset revaluation reserve.

## **4.4 Statement of Cash Flows**

### **4.4.1 Net cash flows provided by/used in operating activities**

#### **Net cash flows provided by/used in operating activities (\$11.00 million decrease)**

The decrease in cash inflows from operating activities is due mainly to the VGC prepaying half of Council's 2018/19 allocation by the end of June 2018. This is merely a timing difference and will have no overall effect on Council's grant allocation for 2017/18 or 2018/19 year.

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

### **4.4.2 Net cash flows provided by/used in investing activities**

#### **Net cash flows provided by/used in investing activities (\$4.93 million decrease)**

The decrease of \$4.93 million is due to a decrease in Council's 2018/19 capital works program as disclosed in Section 3 and 4.5. The capital works program is influenced by such things as the availability of grant funding and local capacity to complete the works.

### **4.4.3 Net cash flows provided by/used in financing activities**

#### **Net cash flows provided by/used in financing activities (\$0.004 million increase)**

This has remained relatively stable with no new borrowings to have occurred in the 2017/18 financial year or forecast in the 2018/19 financial year. The total expected of principal repayments are \$0.74 million and finance charges of \$1.12 million.



## 4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2018/19 year, classified by expenditure type and funding source. Works are also disclosed as current budget or carried forward from prior year.

### 4.5.1 Summary

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000	Change \$'000	%
Property	5,870	5,043	(827)	(14%)
Plant and equipment	6,122	4,761	(1,361)	(22%)
Infrastructure	22,963	19,936	(3,027)	(13%)
<b>Total</b>	<b>34,955</b>	<b>29,740</b>	<b>(5,215)</b>	<b>(15%)</b>

#### 4.5.1 Summary

##### Property (\$0.83 million decrease)

Property overall has decreased by 14% or \$0.83 million compared to 2017/18 due to new lifts constructed at Mildura Arts Centre for the auditorium forestage, passenger lift in the gallery and land acquisitions for drainage works.

##### Plant and equipment (\$1.36 million decrease)

Plant and equipment overall has decreased by 22% or \$1.36 million compared to 2017/18 due to purchasing of aerial imagery that occurs every alternate year, installation of public wifi and installation of fibre optic for telecommunications network build.

##### Infrastructure (\$3.03 million decrease)

Infrastructure overall has decreased by 13% or \$3.03 million compared to 2017/18 due to additional funding from Road to Recovery and Roads to Market funding.

	Project Cost \$'000	Asset Expenditure Types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	5,043	766	1,765	1,111	1,401	910	800	3,333	-
Plant and equipment	4,761	216	4,133	412	-	-	-	4,761	-
Infrastructure	19,936	4,195	9,211	5,442	1,088	2,741	25	17,170	-
<b>Total</b>	<b>29,740</b>	<b>5,177</b>	<b>15,109</b>	<b>6,965</b>	<b>2,489</b>	<b>3,651</b>	<b>825</b>	<b>25,264</b>	<b>-</b>

#### 4.5.1 New assets (\$5.18 million), Asset renewal (\$15.11 million), Upgrade (\$6.97 million) and Expansion (\$2.49 million)

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

The major projects included in the above categories, which constitute expenditure on new assets are multiple drainage projects, oval lighting, multiuse change rooms at Henshilwood Recreation Reserve (subject to grant approval), tracks and trails from Riverside Golf Club to Kings Billabong Park, Mildura Riverfront Precinct and central business district CCTV, lighting installations and upgrades. The remaining capital expenditure represents renewals and expansion/upgrades of existing assets.

#### 4.5.2 Current Budget

Capital Works Area	Project Cost \$'000	Asset Expenditure Types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROPERTY</b>									
<b>Buildings</b>									
Arts centre upgrade	108	33	75	-	-	-	-	108	-
Solar initiatives	170	-	41	129	-	-	-	170	-
Specific building upgrade	4,116	733	1,146	943	1,294	700	800	2,616	-
Swimming pool upgrade	245	-	245	-	-	110	-	135	-
<b>TOTAL PROPERTY</b>	<b>4,639</b>	<b>766</b>	<b>1,507</b>	<b>1,072</b>	<b>1,294</b>	<b>810</b>	<b>800</b>	<b>3,029</b>	<b>-</b>
<b>PLANT AND EQUIPMENT</b>									
<b>Plant, machinery and equipment</b>									
Fleet replacement	2,600	-	2,600	-	-	-	-	2,600	-
Furniture and equipment acquisition	104	-	52	52	-	-	-	104	-
Swimming pool upgrade	45	-	23	22	-	-	-	45	-
<b>Fixtures, fittings and furniture</b>									
Arts centre upgrade	40	-	-	40	-	-	-	40	-
Furniture and equipment acquisition	15	11	4	-	-	-	-	15	-
Waste management	62	-	-	62	-	-	-	62	-
<b>Computers and telecommunications</b>									
IT hardware and software	892	122	564	206	-	-	-	892	-
<b>Library books</b>									
Art works acquisition and conservation	75	45	-	30	-	-	-	75	-
Library book acquisition	308	38	270	-	-	-	-	308	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>4,141</b>	<b>216</b>	<b>3,513</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,141</b>	<b>-</b>

Capital Works Area	Project Cost \$'000	Asset Expenditure Types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INFRASTRUCTURE</b>									
<b>Roads</b>									
Asphalt	750	-	450	300	-	-	-	750	-
Asset condition inspection	190	-	190	-	-	-	-	190	-
Design	100	-	100	-	-	-	-	100	-
Disability access	60	-	-	60	-	-	-	60	-
Gravel resheeting	940	-	752	188	-	-	-	940	-
Intersection improvements	145	-	30	115	-	-	-	145	-
Minor projects	22	22	-	-	-	12	-	10	-
Resealing	1,750	-	1,750	-	-	-	-	1,750	-
Road Rehab and Reconstruction Program	1,712	-	981	731	-	-	-	1,712	-
Road Safety Program	125	26	33	66	-	-	-	125	-
Road to Recovery reconstruction	776	-	388	388	-	776	-	-	-
Road to Recovery resealing	633	-	424	209	-	633	-	-	-
Road to Recovery resheeting	500	-	400	100	-	500	-	-	-
Road upgrade and widening	537	122	-	415	-	-	-	537	-
Waste management	230	-	126	104	-	-	-	230	-
<b>Bridges</b>									
Riverfront precinct	368	-	353	15	-	-	-	368	-
<b>Footpaths and cycleways</b>									
Bicycle facilities program	30	21	-	9	-	-	-	30	-
Footpath	319	168	151	-	-	-	-	319	-
Recreation facilities	779	545	-	21	213	411	-	368	-
<b>Drainage</b>									
Stormwater extension	3,378	2,413	92	256	617	-	-	3,378	-
Stormwater replacement and modification program	1,683	-	1,453	110	120	-	-	1,683	-
<b>Recreational, leisure and community facilities</b>									
Recreation facilities	150	-	-	150	-	100	25	25	-
Parks and natural area development	20	-	-	20	-	-	-	20	-

Capital Works Area	Project Cost \$'000	Asset Expenditure Types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
<b>Waste management</b>									
Waste management	1,522	-	175	1,267	80	-	-	1,522	-
<b>Parks, open space and streetscapes</b>									
Major projects	963	-	770	193	-	-	-	963	-
Parks and natural area development	704	555	41	67	41	-	-	704	-
Parks irrigation	25	-	25	-	-	-	-	25	-
Playground equipment replacement	200	40	-	160	-	-	-	200	-
Riverfront precinct	663	263	80	320	-	234	-	429	-
<b>Kerb and channel</b>									
Kerb and channel	100	20	80	-	-	-	-	100	-
<b>Off street car parks</b>									
Car parking development	75	-	-	75	-	75	-	-	-
Riverfront precinct	52	-	-	52	-	-	-	52	-
<b>Other infrastructure</b>									
Caravan park upgrade	70	-	56	14	-	-	-	70	-
<b>TOTAL INFRASTRUCTURE</b>	<b>19,571</b>	<b>4,195</b>	<b>8,900</b>	<b>5,405</b>	<b>1,071</b>	<b>2,741</b>	<b>25</b>	<b>16,805</b>	<b>-</b>
<b>TOTAL CAPITAL WORKS</b>	<b>28,351</b>	<b>5,177</b>	<b>13,920</b>	<b>6,889</b>	<b>2,365</b>	<b>3,551</b>	<b>825</b>	<b>23,975</b>	<b>-</b>

## **4.5.2 Current Budget**

### **Property (\$4.64 million)**

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

For 2018/19, \$4.64 million will be expended on building and building improvement projects. The more significant projects include capital improvements to change rooms at Kenny Park (subject to grant approval), oval lighting and multiuse change rooms at Henshilwood Recreation Reserve (subject to grant approval), outdoor pool painting and grinding works at Merbein, Murrayville and Colignan pools, upgrade to The Alfred Deakin Centre entrance and Mildura Waves change rooms, Carnegie Centre building roof refurbishment, soccer change room upgrade at Old Aerodrome soccer clubrooms, internal refurbishment at Mildura Function Centre, Lake Cullulleraine Multipurpose Centre kitchen refurbishment and Irymple Community Leisure Centre paving.

### **Plant and equipment (\$4.14 million)**

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

For the 2018/19 year, \$4.14 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$2.60 million), upgrade and replacement of information technology and library material purchases.

### **Infrastructure (\$19.57 million)**

Infrastructure includes roads, bridges, footpaths and cycleways, drainage, recreation, leisure and community facilities, waste management, parks, open space and streetscapes, kerb and channel, off street car parks and other infrastructure.

For the 2018/19 year, expenditure on road projects will be \$8.47 million. The more significant projects include federally funded Roads to Recovery projects (\$1.91 million), road upgrade and widening, resealing, road rehabilitation and reconstruction program, intersection improvements, asphalt works and gravel resheeting.

Expenditure on footpaths and cycleways projects will be \$1.13 million. The more significant projects of these include tracks and trails pathways from Riverside Golf Club to Kings Billabong Park, rail pedestrian crossing at Thirteenth Street (south western side) and renewal to existing footpaths.

Expenditure on kerb and channel projects will be \$0.10 million.

Expenditure on drainage projects will be \$5.06 million. The more significant projects of these include multiple drainage spurline projects, stormwater CCTV condition assessment and rehabilitation works and Murrayville drainage upgrade works.

Expenditure on waste management projects will be \$1.52 million. The more significant projects includes stage 2 capping of the Mildura landfill and upgrades to rural transfer stations.

Expenditure on parks, open space and streetscapes will be \$2.56 million. The more significant projects includes Mildura Riverfront Precinct and Central Business District CCTV, lighting installations and upgrades, stage 2 renewal of Park for Play, stage 2 redevelopment of Deakin Avenue Median strip, Central Park public open space and park landscaping, stage 2 Barclay Square paving replacement, renewal of The Grange playground equipment and landscaping upgrade of Mildura Marina.

#### 4.5.3 Works carried forward from the 2017/18 year

Capital Works Area	Project Cost \$'000	Asset Expenditure Types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
<b>PROPERTY</b>									
<b>Buildings</b>									
Furniture and equipment acquisition	20	-	-	-	20	-	-	20	-
Specific building upgrade	100	-	-	25	75	100	-	-	-
Swimming pool upgrade	284	-	258	14	12	-	-	284	-
<b>TOTAL PROPERTY</b>	<b>404</b>	-	258	39	107	100	-	304	-
<b>PLANT AND EQUIPMENT</b>									
<b>Plant, machinery and equipment</b>									
Plant and machinery equipment	620	-	620	-	-	-	-	620	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>620</b>	-	620	-	-	-	-	620	-

Capital Works Area	Project Cost \$'000	Asset Expenditure Types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
<b>INFRASTRUCTURE</b>									
<b>Drainage</b>									
Asset condition inspection	183	-	183	-	-	-	-	183	-
<b>Parks, open space and streetscapes</b>									
Parks and Natural Area Development Program	12	-	9	3	-	-	-	12	-
<b>Off street car parks</b>									
Car parking development	170	-	119	34	17	-	-	170	-
<b>TOTAL INFRASTRUCTURE</b>	<b>365</b>	-	311	37	17	-	-	365	-
<b>TOTAL CARRIED FORWARD CAPITAL WORKS 2017/18</b>	<b>1,389</b>	-	1,189	76	124	100	-	1,289	-

#### **4.5.3 Works carried forward from the 2017/18 year (\$1.39 million)**

At the end of each financial year, there are projects which are either incomplete or not commenced due to factors including planning issues, extended consultation, weather delays. It should be noted that 30 June is a point in time and projects may be multi-year projects. For example a grant with income recognised when money is received, but the works may not be completed until the following year resulting in funds being carried forward between financial years. There may also be situations where a project is physically completed by June 30, but not all invoices have been received resulting in the project not being financially complete by June 30, and requiring funds to be carried into the next financial year.

For the 2017/18 year, it is forecast that \$1.39 million of capital works will be incomplete and be carried forward into the 2018/19 year. Significant funding includes grants for the Libraries Branching Out program, large plant items, replacement of main pool filters at Mildura Waves, condition survey of drainage CCTV and upgrade of intersection Ontario Avenue and Thirteenth Street.



## 5. Financial performance indicators

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

Indicator	Measure	Notes	Actual	Forecast	Budget	Strategic Resource Plan Projections			Trend
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	+/-
<b>Operating position</b>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / adjusted underlying revenue	1	10.84%	9.10%	(7.30%)	0.13%	1.46%	(0.68%)	-
<b>Liquidity</b>									
Working capital	Current assets / current liabilities	2	267.42%	314.68%	239.07%	234.99%	206.95%	213.79%	-
Unrestricted cash	Unrestricted cash / current liabilities	3	113.16%	202.14%	141.60%	139.87%	123.47%	123.36%	-
<b>Obligations</b>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	32.92%	30.92%	28.56%	26.09%	23.69%	18.72%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		7.11%	2.80%	2.68%	3.00%	2.91%	5.38%	+
Indebtedness	Non-current liabilities / own source revenue		43.27%	44.76%	42.89%	41.02%	36.96%	35.23%	+
Asset renewal	Asset renewal expenses / asset depreciation	5	80.69%	99.64%	74.60%	91.97%	91.98%	91.94%	o
<b>Stability</b>									
Rates concentration	Rate revenue / adjusted underlying revenue	6	53.35%	55.66%	69.06%	64.43%	63.50%	64.80%	-
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.81%	0.83%	0.77%	0.78%	0.80%	0.82%	o
<b>Efficiency</b>									
Expenditure level	Total expenses/ no. of property assessments		\$3,706.31	\$3,782.25	\$3,715.50	\$3,808.01	\$3,913.13	\$4,021.51	+
Revenue level	Residential rate revenue / no. of residential property assessments		\$1,554.70	\$1,582.87	\$1,583.48	\$1,637.43	\$1,622.58	\$1,677.88	+
Workforce turnover	No. of permanent staff resignations and terminations / average no. of permanent staff for the financial year		12.42%	12.56%	12.56%	12.56%	12.56%	12.56%	+

### Key to Forecast Trend:

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

## Notes to indicators

### 1. Adjusted underlying result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. The 2018/19 year shows a deficit which is due to a timing difference due to the forward payment of 50% of the Victorian Grants Commission (VGC) funding into 2017/18. Council's financial performance is expected to drop over the period due to the State Government's introduction of The Fair Go Rates System. Victorian Councils rates have been capped at the average Victorian CPI of 2.25% for the 2018/19 year.

### 2. Working capital

The proportion of current liabilities represented by current assets. Working capital is forecast to decrease in 2018/19 year due to a timing difference with the forward payment of 50% of the VGC funding paid into 2017/18. The trend in later years is to remain steady at an acceptable level.

### 3. Unrestricted cash

Unrestricted cash represent Council's cash free of external restrictions. As above this is affected by the forward payment of VGC funding.

### 4. Debt compared to rates

Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.

### 5. Asset renewal

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

### 6. Rates concentration

Reflects extent of reliance on rate revenues to fund all of Council's ongoing services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.