

# Council Budget

*2019-20*

This annual budget has been prepared with reference to Local Government Victoria's Victoria City Council Model Budget 2019-20: A best practice guide for reporting local government budgets in Victoria.



Mildura Rural City Council

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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 2019-20 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 2019-20 and the Local Government Better Practice Guide (BPG). The working group for the Model Budget 2019-20 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 2019-20 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'm pleased to present Mildura Rural City Council's 2019-20 Annual Budget.

Our Annual Budget is one of our organisation's most important documents, determining how we go about providing the more than 100 essential services, facilities and infrastructure to residents throughout our region.

Crucially, it also aids us in achieving the overarching aims outlined in our organisation's guiding document – the 2017-2021 Community and Council Plan, which focuses on the following key areas:

- Community
- Economy
- Environment
- Council

I'm pleased to say this year's budget sees an increased emphasis on building and roads projects in our region over the coming 12 months, including our critical Mildura Future Ready suite of projects, which are among the keys to our region's future.

Highlights of the coming 12 months' capital works program include:

- \$10.717 million for roads projects
- \$2.476 million for parks, open space and streetscape projects
- \$17.607 million for building projects
- \$ 1.480 million for waste management projects
- \$ 2.646 million for drainage projects
- \$ 2.959 million for recreational, leisure and community facilities
- \$ 0.858 million for off street carparks

Developing a budget that balances the need to continue growing and improving our community, maintaining the standard of services and facilities across what is physically the largest Local Government area in the State, while keeping rate increases to a minimum is no easy task.

While a rate increase in line with the 2.50 per cent average rate cap is proposed, the actual rate increase for individual ratepayers will vary depending on their property valuations, particularly over the coming 12 months with the introduction of our 2019-2023 Rating Strategy.

This strategy aims as best it can to address the needs of all groups in our community and is the result of an exhaustive consultation process.

Our 2019-20 Annual Budget is the result of a massive amount of work and rigorous process and has our endorsement as being financially responsible.

*Cr Simon Clemence*

*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 and attract new business and investment.

The Annual Budget for the 2019-20 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.

Eight 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 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 10 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 12 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 2.50% for the 2019-20 year, providing total rates of \$72.51 million. The 2.50% increase in 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 Fair Go Rates System (FGRS) rate cap of 2.50%.

This budget projects a surplus of \$18.71 million for 2019-20. This is due to capital funding received for the construction of the Mildura South Regional Sporting Precinct. Our operating surplus, after removing the effect of capital grants and other capital funding sources, is \$1.11 million.

### **Key things we are funding**

Ongoing delivery of services to the Mildura community is funded by a budget of \$88.29 million. These services are summarised in Section 2.

For the 2019-20 year, \$44.06 million will be spent on capital works projects:

- \$10.72 million will be expended on road projects. This includes:
  - The federally funded Roads to Recovery projects.
- \$2.48 million will be expended on parks, open space and streetscapes. The more significant projects include:
  - Stage 3 redevelopment of Deakin Avenue median strip between Seventh Street and Eighth Street.
  - Mildura Riverfront Precinct works and restabilise river bank erosion mitigation at Mildura boat ramp and mouth of Marina Bay.
- \$17.61 million will be expended on building and building improvement projects. Some of the more significant projects include:
  - Construction of the new Mildura South Regional Sporting Precinct.
  - Upgrade and extension to Old Aerodrome Sporting Complex Pavilion (subject to club contributions).
  - Further upgrade works to The Alfred Deakin Centre.
  - Construction at Mildura Pound of an isolation building.
- \$1.48 million will be expended on waste management, including:
  - The purchase of mobile kerbside organics bins.

## Executive Summary

- \$2.65 million will be expended on drainage projects. The more significant projects include:
  - Multiple drainage spurline projects and Murrayville drainage upgrade works.
- \$2.96 million on recreational, leisure and community facilities. The more significant projects include:
  - Oval and lighting works.
  - The Mildura South Regional Sporting Precinct.
  - Upgrades to the Cardross Recreation Reserve cricket pitch.
  - Upgrading Blackburn Park synthetic bowls green (subject to grant approval).
- \$0.86 million will be expended on off-street car parks.

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.

### **The rate rise**

The base average rate will rise by 2.50% in line with the order by the Minister for Local Government in December 2018 under the FGRS.

The FGRS introduced the capping of average rate increases by Victorian Councils to the forecast movement of 2.50% 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 2019-20 in acknowledgement of community capacity to pay.

As a direct outcome of this ongoing effort to identify savings in a financially sustainable manner, this has seen a decline in the rate increases from a high of 6.00% in 2012-13.

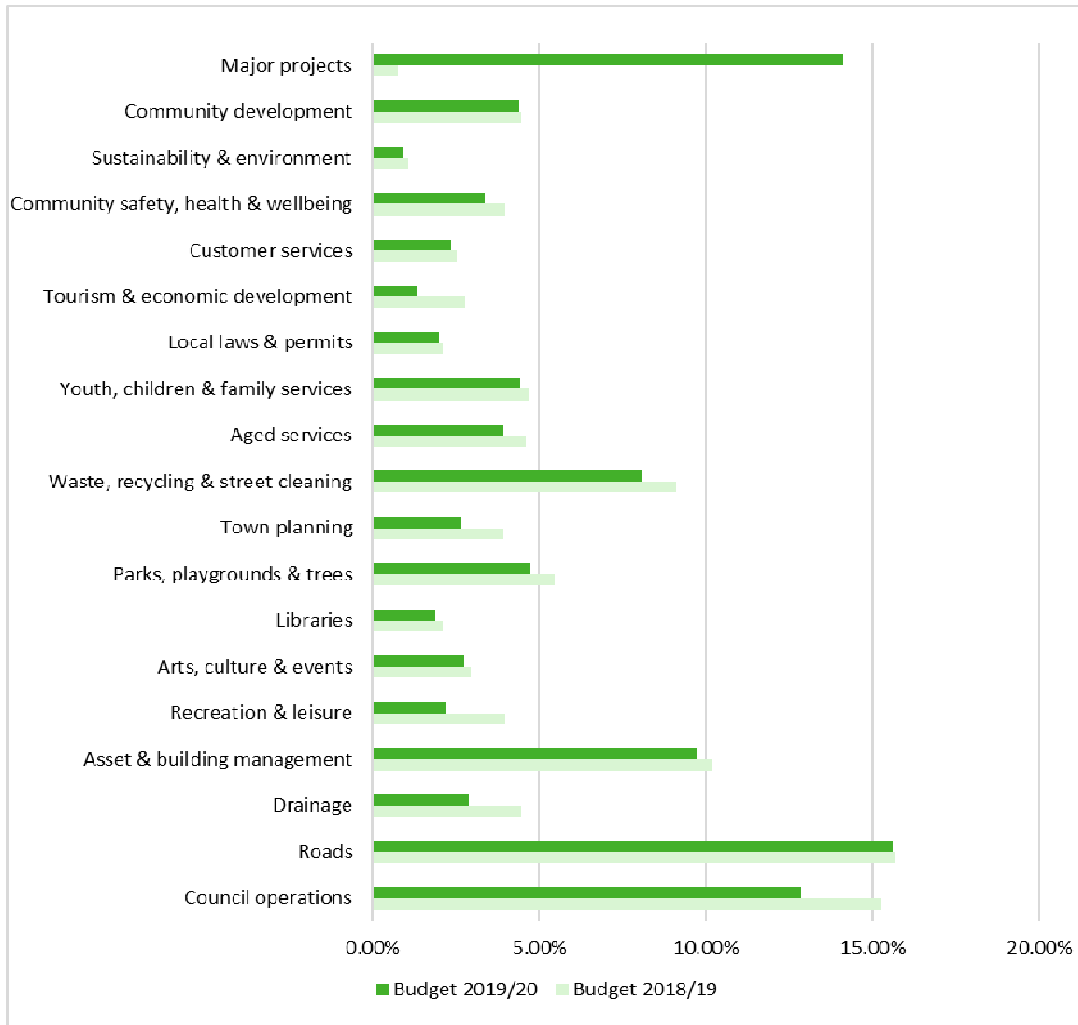
For every \$100 in taxes paid by Victorian residents, only \$3.50 is collected through rates by local government. The remaining \$96.50 is paid directly to the State and Federal Governments.

### **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.

# Executive Summary

## Council Expenditure Allocations



### Key budget statistics

- Adjusted underlying result:  
Operating surplus of \$1.11 million (2018-19 = Surplus of \$1.48 million)  
(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:  
\$3.76 million deficit (2018-19 = \$2.44 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:  
\$44.06 million  
\$27.26 million from Council operations (rates funded)  
\$0.17 million from contributions  
\$16.64 million from external grants  
(Refer Statement of Capital Works Section 3 and 4.5)

# Executive Summary

## 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.
- Approximately 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:

- The Federal Assistance Grant payments have been 50% forward paid this year. This is now an annual occurrence and the 50% advanced payment will be assumed to be received annually each year in June. This is merely a timing difference and has no overall effect on Council's budget or grant allocations.
- The freezing of Federal Assistance Grants funding for three years from 2014-15 to 2016-17. It is estimated to cost Council accumulatively \$18.3 million dollars over the 10-year period from 2014-15 to 2023-24.
- The Victorian Government has introduced a cap on rate increases from 2016-17. The cap for 2019-20 has been set at 2.50%, which is based on the state-wide CPI forecast for the 2019-20 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 2019-20 budget. These matters and their financial impact are set out below:

- Increase in depreciation expense has meant our asset renewal requirements have increased by \$0.30 million in 2019-20.
- Beginning construction of Mildura South Regional Sporting Precinct. This is one part of the Mildura Future Ready advocacy and funding strategy which is the largest initiative Mildura Rural City Council has undertaken.
- 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.

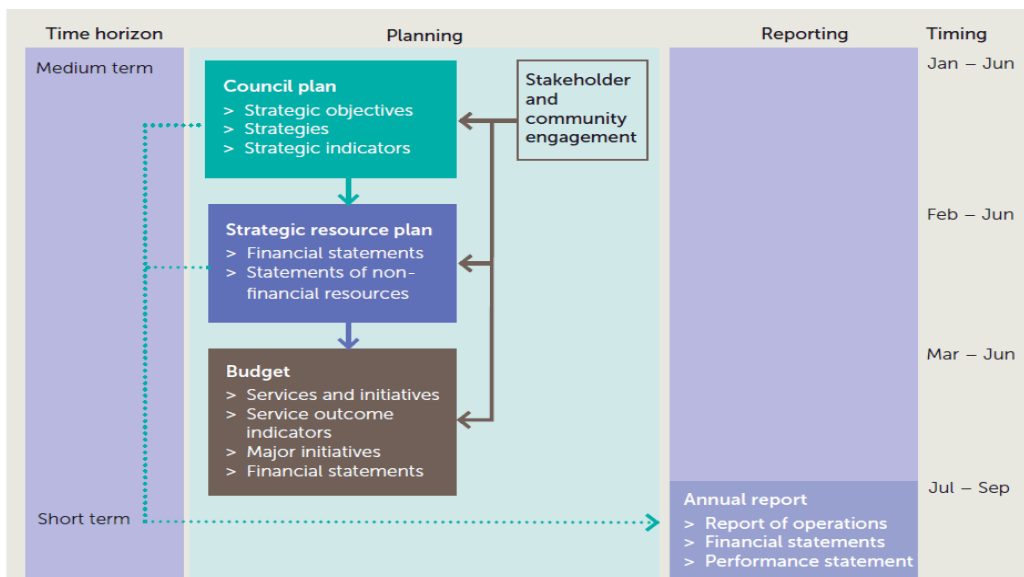


## 1. Link to the Community and Council Plan

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

Feeding in 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.

#### 1.1.2 Key planning considerations

##### Service level planning

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

## 1.2 Our purpose

### Our vision

*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.

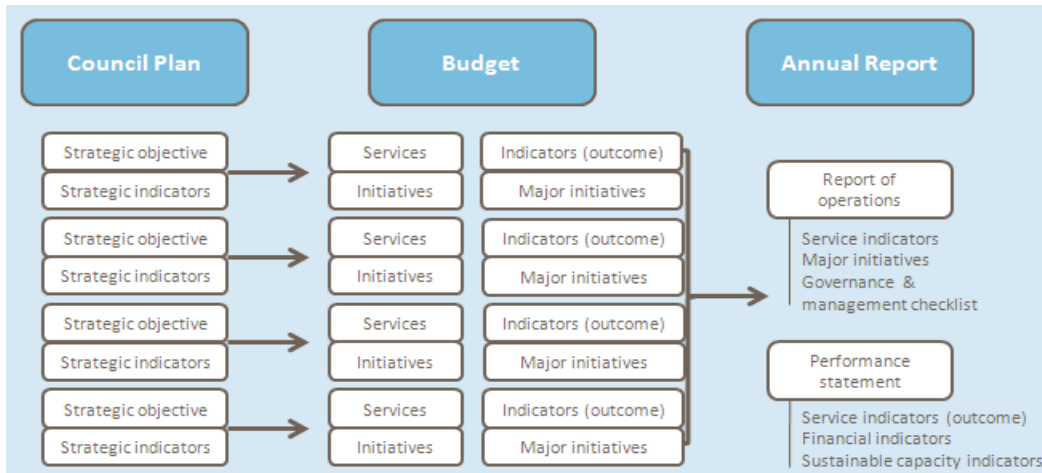
### 1.3 Strategic objectives

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.

Strategic Objective	Description
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 2019-20 year and how these will contribute to achieving the strategic objectives outlined in the Community and Council Plan (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 and service performance outcome indicators in the Budget and report against them in its 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 are described below.

### Services

Service area	Description of services provided		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 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>	5,553	5,946	5,863
		<i>Rev</i>	4,173	4,092	4,094
		<i>NET</i>	1,380	1,854	1,769
Community health	This service provides family oriented support services including universal and enhanced <b>maternal and child health</b> and immunisation.	<i>Exp</i>	1,584	1,825	2,133
		<i>Rev</i>	888	1,019	1,060
		<i>NET</i>	696	806	1,073
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>	2,698	2,931	2,904
		<i>Rev</i>	2,246	2,465	2,620
		<i>NET</i>	452	466	284
Youth services	This service provides youth oriented services including education programs, personal development programs, and health and safety programs.	<i>Exp</i>	1,252	1,394	1,251
		<i>Rev</i>	735	821	764
		<i>NET</i>	517	573	487
Environmental health	This service protects the community's health and well-being through 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>	698	816	936
		<i>Rev</i>	359	390	425
		<i>NET</i>	339	426	511

Service area	Description of services provided		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 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 Creative Victoria, as well as the venue hires of the theatre auditorium and foyer spaces for community, corporate and commercial organisations. This service also includes overseeing Mildura's most important heritage building Rio Vista Historic House, as well as Mildura Station Homestead.	<i>Exp</i>	2,484	2,809	2,823
		<i>Rev</i>	1,198	1,366	1,383
		<b><i>NET</i></b>	<b>1,286</b>	<b>1,443</b>	<b>1,440</b>
Libraries	This service provides public <b>libraries</b> at five locations plus the pop-up mobile library service to four remote locations and support to a Library Agency. 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>	2,206	2,304	2,402
		<i>Rev</i>	424	436	413
		<b><i>NET</i></b>	<b>1,782</b>	<b>1,868</b>	<b>1,989</b>
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>	2,673	2,200	2,118
		<i>Rev</i>	248	205	168
		<b><i>NET</i></b>	<b>2,425</b>	<b>1,995</b>	<b>1,950</b>
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>	2,358	2,952	2,382
		<i>Rev</i>	18	685	-
		<b><i>NET</i></b>	<b>2,340</b>	<b>2,267</b>	<b>2,382</b>

Service area	Description of services provided		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 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>	695	1,027	883
		<i>Rev</i>	681	609	400
		<i>NET</i>	14	418	483
Civic compliance	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><u>animal management</u></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>	1,671	1,912	1,963
		<i>Rev</i>	1,647	1,396	1,592
		<i>NET</i>	24	516	371

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### Major Initiatives

- 1) Develop Mildura South Regional Sporting Precinct.

### Other Initiatives

- 2) Review library service strategy.
- 3) Implement free public internet at the library.
- 4) Develop youth engagement strategy.
- 5) Review of recreation fees and charges.
- 6) Review of recreation strategy.
- 7) Review municipal early years strategy.
- 8) Eighth Street intersection upgrade; this project will improve the safety of this intersection. The intersection has had several minor accidents and is considered high risk as the traffic has increased significantly.
- 9) Design and construction of an isolation facility at the Mildura Animal Pound. This facility will consolidate all animal management facilities on the one site and provide for a more cost effective and efficient delivery of services.
- 10) Installation of a telemetry system for stormwater drainage network and sewerage pits. This will enable better management and monitoring of these assets via remote off site access, control and alarm.
- 11) Tenth Street micro surfacing; this project will increase the useful pavement life by renewing the surface shape and water resistance of the seal. This treatment can be seen on the Sturt Highway towards South Australia.
- 12) Continue to implement environmental sustainability initiatives.

### Service Performance Outcome Indicators

Service	Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Budget
Maternal and child health*	Participation	79.90%	79.95%	80.00%
Maternal and child health*	Participation	58.96%	59.50%	60.00%
Libraries*	Participation	12.28%	12.28%	12.28%
Aquatic facilities*	Utilisation	8.71%	8.71%	8.71%
Animal management*	Health and safety	-	-	-
Food safety*	Health and safety	89.00%	90.00%	91.50%

\* 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 are described below.

### Services

Service area	Description of services provided		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 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>	1,990	2,637	3,243
		<i>Rev</i>	55	523	832
		<i>NET</i>	1,935	2,114	2,411
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>	2,130	1,939	1,587
		<i>Rev</i>	884	-	-
		<i>NET</i>	1,246	1,939	1,587
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>	7,442	7,857	8,144
		<i>Rev</i>	1,719	1,349	1,082
		<i>NET</i>	5,723	6,508	7,062

Service area	Description of services provided		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 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>	1,216	1,531	1,570
		<i>Rev</i>	840	773	740
		<i>NET</i>	376	758	830
Building facilities	This service is responsible for the maintenance, operations, upgrade and renewal of Council's building asset portfolio.	<i>Exp</i>	5,325	6,354	6,352
		<i>Rev</i>	314	136	14
		<i>NET</i>	5,011	6,218	6,338
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>	5,610	6,278	6,526
		<i>Rev</i>	41	12	13
		<i>NET</i>	5,569	6,266	6,513
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>	7,594	8,960	9,552
		<i>Rev</i>	1,452	1,469	1,516
		<i>NET</i>	6,142	7,491	8,036
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>	662	646	663
		<i>Rev</i>	393	428	372
		<i>NET</i>	269	218	291

Service area	Description of services provided	2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 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>	716	951	786
		<i>Rev</i>	224	211	160
		<i>NET</i>	492	740	626
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>	683	954	1,064
		<i>Rev</i>	103	-	-
		<i>NET</i>	580	954	1,064

### Major Initiatives

- 1) Continue planning and design work for Mildura Riverfront Development Project - Stage 2.
- 2) Kerbside Food Organics and Garden Organics: Council is introducing a kerbside Food Organics and Garden Organics (FOGO) collection service in mid 2020. A FOGO service involves the kerbside collection of food and garden organic material such as food scraps, vegetables, fruit, meat, tea leaves, paper, lawn clippings, small branches, leaves and weeds. This material would ultimately be sent to an Environmental Protection Agency (EPA) approved processing facility to produce a compost product. A kerbside FOGO service is introduced to divert organic material from being disposed of into landfill.
- 3) Deakin Avenue Redevelopment Seventh - Eighth Street: Council is continuing to develop Deakin Avenue in line with the Deakin Avenue Masterplan between Seventh and Eighth Streets. This project will deliver improved urban design through centre aligned pathways, lighting and landscaping while preserving existing limestone and other historical structures. A key element is the management and removal of the existing ageing sugar gums which have reached the end of their useful life.
- 4) Playground Strategy: Council is a place with a diverse range of accessible play-spaces that provide opportunities for all children and their families to play safely and creatively in public open space. Playgrounds are a key component of our public open space and will reflect the high quality of public open spaces across the municipality. This Playground Strategy is intended to guide the provision of playground facilities and infrastructure in public open space in Mildura Rural City Council for the next five years.
- 5) 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.
- 6) Asphalt Program: Annual road asphalt resurfacing program. The works program is determined by road asset condition data, road hierarchy, road inspection and reporting.

- 7) Resealing Program: Annual bitumen resealing program. The works program is determined by road asset condition data, road hierarchy, road inspection and reporting.
- 8) 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.
- 9) Stormwater drainage rehabilitation works: Annual program of relining and replacement of identified sections of stormwater infrastructure in poor condition.
- 10) Public Toilet Strategy: Commence implementation of the public toilet strategy that guides location, design, safety and prioritising delivery of Council owned and managed assets that are well designed, accessible and easy to maintain.

#### Other Initiatives

- 11) Installation of a telemetry system for stormwater drainage network and sewerage pits. This will enable better management and monitoring of these assets via remote off site access, control and alarm.
- 12) Tenth Street micro surfacing; this project will increase the useful pavement life by renewing the surface shape and water resistance of the seal. This treatment can be seen on the Sturt Highway towards South Australia.
- 13) Pavement strength assessment program: This program will assist in selecting priority roads/sections of roads for suitability for micro surfacing or reconstruction.
- 14) San Mateo Avenue micro surfacing: This project will increase the useful pavement life by renewing the surface shape and water resistance of the seal. This treatment can be seen on the Sturt Highway towards South Australia.

#### Service Performance Outcome Indicators

Service	Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Budget
Statutory Planning*	Decision making	75.00%	83.33%	86.00%
Waste collection *	Waste diversion	32.25%	32.63%	32.79%
Roads*	Satisfaction	57	58	59

\* 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		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 Budget \$'000
Economic development and tourism	The economic development and tourism service assists the organisation to: <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>	3,468	3,663	3,452
		<i>Rev</i>	218	323	234
		<i>NET</i>	3,250	3,340	3,218
Events	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.	<i>Exp</i>	643	711	1,066
		<i>Rev</i>	-	-	-
		<i>NET</i>	643	711	1,066

### Major Initiatives

- 1) Continue to advocate for funding for Mildura Future Ready strategy.
- 2) Funds provided to Mildura Regional Development to achieve economic and tourism outcomes for the community.

### Other Initiatives

- 3) Review of Events Strategy.

## 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 are described below.

### Services

Service area	Description of services provided		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 Budget \$'000
Chief executive office	This area of <b>governance</b> includes the Mayor, Councillors, Chief Executive Officer and associated support.	<i>Exp</i>	1,626	1,626	1,637
		<i>Rev</i>	-	-	-
		<i>NET</i>	1,626	1,626	1,637
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>	2,197	2,272	2,398
		<i>Rev</i>	325	267	258
		<i>NET</i>	1,872	2,005	2,140
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>	731	751	987
		<i>Rev</i>	-	-	-
		<i>NET</i>	731	751	987
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>	1,323	1,467	1,547
		<i>Rev</i>	20	16	16
		<i>NET</i>	1,303	1,451	1,531

Service area	Description of services provided		2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 Budget \$'000
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>	987	1,032	1,048
		<i>Rev</i>	399	368	371
		<i>NET</i>	588	664	677
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>	3,658	4,666	4,683
		<i>Rev</i>	-	-	-
		<i>NET</i>	3,658	4,666	4,683
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 and property management 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>	2,228	2,349	2,330
		<i>Rev</i>	662	582	590
		<i>NET</i>	1,566	1,767	1,740
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>	4,265	4,526	4,400
		<i>Rev</i>	6,633	6,589	6,679
		<i>NET</i>	(2,368)	(2,063)	(2,279)

## 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) Maintain White Ribbon accreditation. White Ribbon is an 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) Implementation of Rating Strategy - 2019 to 2023. 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	2017/18 Actual	2018/19 Forecast	2019/20 Budget
Governance	Satisfaction	54	55	56

\* 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 Victorian Civil Administration Tribunal (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	12,739	25,658	12,919
Strategic Objective 2: Environment	34,758	39,487	4,729
Strategic Objective 3: Economy	4,284	4,518	234
Strategic Objective 4: Council	11,116	19,030	7,914
<b>Total</b>	<b>62,897</b>	<b>88,693</b>	<b>25,796</b>
Other non-attributable	8,834		
<b>Deficit before funding sources</b>	<b>71,731</b>		
<b>Funding sources added in:</b>			
Rates and charges revenue	73,029		
Capital income	17,408		
<b>Deficit/(surplus) funds for the year</b>	<b>(18,706)</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 2019-20 has been supplemented with projection to 2022-23 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

#### **Pending Accounting Standards**

The 2019-20 budget has been prepared based on the accounting standards applicable at the date of preparation. This means that pending accounting standards that will be in effect from the 2019-20 financial year have not been considered in the development of the budget.

Standards that are likely to impact on the 2019-20 financial statements, not considered in the preparation of the budget include:

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

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

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

## Comprehensive Income Statement

For the four years ending 30 June 2023

	Notes	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>						
Rates and charges	4.1.1	70,059	<b>72,514</b>	75,426	77,995	80,645
Statutory fees and fines	4.1.2	2,523	<b>2,593</b>	2,658	2,724	2,792
User fees	4.1.3	6,578	<b>6,550</b>	6,760	6,976	7,199
Grants - operating	4.1.4	24,315	<b>22,116</b>	22,603	23,100	23,609
Grants - capital	4.1.4	8,162	<b>16,638</b>	11,015	4,386	4,435
Contributions - monetary	4.1.5	1,362	<b>1,304</b>	1,319	1,333	1,348
Contributions - non-monetary	4.1.5	1,847	<b>1,839</b>	1,839	1,839	1,839
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		(1,935)	<b>(1,843)</b>	(1,889)	(1,936)	(1,984)
Other income	4.1.6	6,088	<b>5,840</b>	5,982	6,174	6,371
<b>Total income</b>		<b>118,999</b>	<b>127,551</b>	125,713	122,591	126,254
<b>Expenses</b>						
Employee costs	4.1.7	46,657	<b>49,077</b>	50,991	52,980	55,046
Materials and services	4.1.8	38,857	<b>36,593</b>	38,650	39,887	41,211
Depreciation and amortisation	4.1.9	20,253	<b>20,553</b>	21,065	21,590	22,131
Bad and doubtful debts		149	<b>149</b>	154	159	164
Borrowing costs		1,117	<b>1,042</b>	1,165	1,068	1,143
Other expenses	4.1.10	1,446	<b>1,431</b>	1,477	1,524	1,573
<b>Total expenses</b>		<b>108,479</b>	<b>108,845</b>	113,502	117,208	121,268
<b>Surplus/(deficit) for the year</b>		<b>10,520</b>	<b>18,706</b>	12,211	5,383	4,986
<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)		6,000	<b>6,000</b>	6,000	6,000	6,000
Share of other comprehensive income of associates and joint ventures		356	<b>364</b>	372	381	389
<b>Total comprehensive result</b>		<b>16,876</b>	<b>25,070</b>	18,583	11,764	11,375

## Balance Sheet

For the four years ending 30 June 2023

	Notes	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	Projections 2021/22 \$'000	2022/23 \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		51,556	<b>47,793</b>	54,143	52,551	52,940
Trade and other receivables		6,772	<b>6,796</b>	6,835	6,868	6,898
Other financial assets		2,879	<b>2,879</b>	2,879	2,879	2,879
Inventories		677	<b>699</b>	721	744	768
Other assets		289	<b>298</b>	308	318	328
<b>Total current assets</b>	4.2.1	<u>62,173</u>	<u><b>58,465</b></u>	<u>64,886</u>	<u>63,360</u>	<u>63,813</u>
<b>Non-current assets</b>						
Trade and other receivables		4,809	<b>4,478</b>	4,135	3,781	3,415
Other financial assets		1,750	<b>1,750</b>	1,750	1,750	1,750
Investments in subsidiaries		51,675	<b>52,039</b>	52,411	52,792	53,181
Property, infrastructure, plant and equipment		764,460	<b>793,362</b>	811,357	822,440	833,135
Intangible assets		7,982	<b>7,982</b>	7,982	7,982	7,982
<b>Total non-current assets</b>	4.2.1	<u>830,676</u>	<u><b>859,611</b></u>	<u>877,635</u>	<u>888,745</u>	<u>899,463</u>
<b>Total assets</b>		<u>892,849</u>	<u><b>918,076</b></u>	<u>942,521</u>	<u>952,105</u>	<u>963,276</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables		1,981	<b>1,981</b>	1,981	1,981	1,981
Trust funds and deposits		1,849	<b>1,849</b>	1,849	1,849	1,849
Provisions		10,923	<b>11,349</b>	11,792	12,252	12,730
Interest-bearing liabilities	4.2.3	1,100	<b>1,444</b>	3,537	1,614	1,166
<b>Total current liabilities</b>	4.2.2	<u>15,853</u>	<u><b>16,623</b></u>	<u>19,159</u>	<u>17,696</u>	<u>17,726</u>
<b>Non-current liabilities</b>						
Provisions		21,295	<b>22,126</b>	22,989	23,886	24,818
Interest-bearing liabilities	4.2.3	18,633	<b>17,189</b>	19,652	18,038	16,872
<b>Total non-current liabilities</b>	4.2.2	<u>39,928</u>	<u><b>39,315</b></u>	<u>42,641</u>	<u>41,924</u>	<u>41,690</u>
<b>Total liabilities</b>		<u>55,781</u>	<u><b>55,938</b></u>	<u>61,800</u>	<u>59,620</u>	<u>59,416</u>
<b>Net assets</b>		<u>837,068</u>	<u><b>862,138</b></u>	<u>880,721</u>	<u>892,485</u>	<u>903,860</u>
<b>Equity</b>						
Accumulated surplus		344,092	<b>356,266</b>	368,018	373,035	377,642
Reserves		492,976	<b>505,872</b>	512,703	519,450	526,218
<b>Total equity</b>		<u>837,068</u>	<u><b>862,138</b></u>	<u>880,721</u>	<u>892,485</u>	<u>903,860</u>

## Statement of Changes in Equity

For the four years ending 30 June 2023

	Notes	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2019 Forecast Actual</b>					
Balance at beginning of the financial year		820,192	335,614	424,554	60,024
Surplus/(deficit) for the year		10,876	10,520	-	356
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves		-	(12,163)	-	12,163
Transfers from other reserves		-	10,121	-	(10,121)
<b>Balance at end of the financial year</b>		<b>837,068</b>	<b>344,092</b>	<b>430,554</b>	<b>62,422</b>
<b>2020 Budget</b>					
Balance at beginning of the financial year		837,068	344,092	430,554	62,422
Surplus/(deficit) for the year		19,070	18,706	-	364
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves	4.3.1	-	(16,323)	-	16,323
Transfers from other reserves	4.3.1	-	9,791	-	(9,791)
<b>Balance at end of the financial year</b>	4.3.2	<b>862,138</b>	<b>356,266</b>	<b>436,554</b>	<b>69,318</b>
<b>2021</b>					
Balance at beginning of the financial year		862,138	356,266	436,554	69,318
Surplus/(deficit) for the year		12,583	12,211	-	372
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves		-	(12,133)	-	12,133
Transfers from other reserves		-	11,674	-	(11,674)
<b>Balance at end of the financial year</b>		<b>880,721</b>	<b>368,018</b>	<b>442,554</b>	<b>70,149</b>
<b>2022</b>					
Balance at beginning of the financial year		880,721	368,018	442,554	70,149
Surplus/(deficit) for the year		5,764	5,383	-	381
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves		-	(12,357)	-	12,357
Transfers from other reserves		-	11,991	-	(11,991)
<b>Balance at end of the financial year</b>		<b>892,485</b>	<b>373,035</b>	<b>448,554</b>	<b>70,896</b>
<b>2023</b>					
Balance at beginning of the financial year		892,485	373,035	448,554	70,896
Surplus/(deficit) for the year		5,375	4,986	-	389
Net asset revaluation increment/(decrement)		6,000	-	6,000	-
Transfers to other reserves		-	(12,584)	-	12,584
Transfers from other reserves		-	12,205	-	(12,205)
<b>Balance at end of the financial year</b>		<b>903,860</b>	<b>377,642</b>	<b>454,554</b>	<b>71,664</b>

## Statement of Cash Flows

For the four years ending 30 June 2023

	Notes	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>						
Rates and charges		69,981	72,425	75,335	77,902	80,549
Statutory fees and fines		2,523	2,593	2,658	2,724	2,792
User fees		6,817	6,803	7,007	7,236	7,472
Grants - operating		25,531	23,222	23,733	24,255	24,789
Grants - capital		8,570	17,470	11,566	4,605	4,657
Contributions - monetary		1,362	1,304	1,319	1,333	1,348
Interest received		1,483	1,379	1,407	1,452	1,498
Trust funds and deposits taken		6,000	6,000	6,000	6,000	6,000
Other receipts		4,605	4,461	4,575	4,722	4,873
Net GST refund / payment		1,935	1,396	1,848	2,268	2,361
Employee costs		(46,198)	(48,600)	(50,495)	(52,465)	(54,511)
Materials and services		(42,022)	(39,504)	(41,738)	(43,068)	(44,492)
Trust funds and deposits repaid		(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Other payments		(1,446)	(1,431)	(1,477)	(1,524)	(1,573)
<b>Net cash provided by/(used in) operating activities</b>	4.4.1	33,141	41,518	35,738	29,440	29,763
<b>Cash flows from investing activities</b>						
Payments for property, infrastructure, plant and equipment		(34,234)	(44,064)	(33,730)	(27,406)	(27,623)
Proceeds from sale of property, infrastructure, plant and equipment		513	605	620	636	652
Repayments of loans and advances		-	320	331	343	354
<b>Net cash provided by/ (used in) investing activities</b>	4.4.2	(33,721)	(43,139)	(32,779)	(26,427)	(26,617)
<b>Cash flows from financing activities</b>						
Finance costs		(1,117)	(1,042)	(1,165)	(1,068)	(1,143)
Proceeds from borrowings		-	-	6,000	-	-
Repayment of borrowings		(738)	(1,100)	(1,444)	(3,537)	(1,614)
<b>Net cash provided by/(used in) financing activities</b>	4.4.3	(1,855)	(2,142)	3,391	(4,605)	(2,757)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(2,435)	(3,763)	6,350	(1,592)	389
Cash and cash equivalents at the beginning of the financial year		53,991	51,556	47,793	54,143	52,551
<b>Cash and cash equivalents at the end of the financial year</b>		51,556	47,793	54,143	52,551	52,940

## Statement of Capital Works

For the four years ending 30 June 2023

	Notes	Forecast	Budget	Strategic Resource Plan Projections		
		Actual 2018/19 \$'000	2019/20 \$'000	2019/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Property</b>						
Land		120	-	500	500	500
<b>Total land</b>		120	-	500	500	500
Buildings		4,637	17,607	8,414	2,812	1,434
<b>Total buildings</b>		4,637	17,607	8,414	2,812	1,434
<b>Total property</b>		4,757	17,607	8,914	3,312	1,934
<b>Plant and equipment</b>						
Computers and telecommunications		1,203	947	559	643	739
Fixtures, fittings and furniture		230	30	129	142	156
Library books		524	345	421	463	510
Plant, machinery and equipment		4,844	2,710	2,489	2,738	3,012
<b>Total plant and equipment</b>		6,801	4,032	3,598	3,986	4,417
<b>Infrastructure</b>						
Roads		11,512	10,717	12,880	12,005	13,163
Bridges		556	166	55	61	67
Footpaths and cycle ways		1,452	831	400	600	660
Drainage		3,743	2,646	2,491	2,699	2,969
Recreational, leisure and community facilities		1,505	2,959	1,435	1,100	1,552
Waste management		945	1,480	1,069	1,628	1,790
Parks, open space and streetscapes		3,382	2,476	2,374	1,450	450
Kerb and channel		307	178	110	121	133
Off street car parks		608	858	327	359	395
Other infrastructure		-	114	77	85	93
<b>Total infrastructure</b>		24,010	22,425	21,218	20,108	21,272
<b>Total capital works expenditure</b>	4.5.1	35,568	44,064	33,730	27,406	27,623
<b>Represented by:</b>						
New asset expenditure		4,239	21,069	5,170	2,791	2,697
Asset renewal expenditure		23,361	14,972	18,959	19,431	19,918
Asset expansion expenditure		5,907	2,599	3,693	1,994	1,926
Asset upgrade expenditure		2,061	5,424	5,908	3,190	3,082
<b>Total capital works expenditure</b>	4.5.1	35,568	44,064	33,730	27,406	27,623
<b>Funding sources represented by:</b>						
Grants		8,162	16,638	11,015	4,386	4,435
Contributions		176	165	169	174	180
Council cash		27,230	27,261	22,546	22,846	23,008
<b>Total capital works expenditure</b>	4.5.1	35,568	44,064	33,730	27,406	27,623



## Statement of Human Resources

For the four years ending 30 June 2023

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2018/19	2019/20	2019/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Staff expenditure</b>					
Employee costs - operating	46,657	<b>49,077</b>	50,991	52,980	55,046
Employee costs - capital	2,161	<b>1,903</b>	1,941	1,980	2,019
<b>Total staff expenditure</b>	<b>48,818</b>	<b>50,980</b>	<b>52,932</b>	<b>54,960</b>	<b>57,065</b>
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	509.3	<b>516.8</b>	516.8	516.8	516.8
Total staff numbers	509.3	<b>516.8</b>	516.8	516.8	516.8

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

Department	Comprises		
	Budget	Permanent	Permanent
	2019/20	Full Time	Part Time
	\$'000	\$'000	\$'000
Asset Services	4,609	4,148	461
Executive Services	513	513	-
Community Care Services	8,693	2,693	6,000
Community Futures	4,233	3,298	935
Community General Manager	499	404	95
Corporate Administration	3,406	3,211	195
Corporate General Manager	373	260	113
Development General Manager	375	375	-
Development Services	4,155	2,812	1,343
Financial Services	2,730	2,625	105
Information Systems	1,797	1,506	291
Leisure and Cultural Services	5,117	3,954	1,163
Organisational Development	1,804	1,446	358
Parks and Waste Services	6,085	5,700	385
Works and Infrastructure Services	4,618	4,618	-
<b>Total permanent staff expenditure</b>	<b>49,007</b>	<b>37,563</b>	<b>11,444</b>
Casuals, temporary and other expenditure	70		
Capitalised labour costs	1,903		
<b>Total expenditure</b>	<b>50,980</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	
	2019/20 FTE	Permanent Full Time	Permanent Part Time
Asset Services	37.8	34.0	3.8
Executive Services	3.0	3.0	-
Community Care Services	109.7	34.0	75.7
Community Futures	35.9	28.0	7.9
Community General Manager	4.9	4.0	0.9
Corporate Administration	28.6	27.0	1.6
Corporate General Manager	5.7	4.0	1.7
Development General Manager	4.0	4.0	-
Development Services	42.9	29.0	13.9
Information Systems	26.0	25.0	1.0
Financial Services	15.5	13.0	2.5
Leisure and Cultural Services	51.8	40.0	11.8
Organisational Development	10.0	8.0	2.0
Parks and Waste Services	67.3	63.0	4.3
Works and Infrastructure Services	54.0	54.0	-
<b>Total permanent staff FTE</b>	<b>497.1</b>	<b>370.0</b>	<b>127.1</b>
Casuals, temporary and other expenditure	0.7		
Capitalised labour costs	19.0		
<b>Total staff FTE</b>	<b>516.8</b>		

Please note that Council has a total head count of 655 staff members budgeted for the 2019-20 year (707 staff 2018-19). This consists of 391 full time, 210 part time and 54 casual staff members.

## Budgeted Operating Income Statement

For the four years ending 30 June 2023

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Rates and charges	70,059	<b>72,514</b>	75,426	77,995	80,645
Statutory fees and fines	2,523	<b>2,593</b>	2,658	2,724	2,792
User fees	6,578	<b>6,550</b>	6,760	6,976	7,199
Grants - operating	24,315	<b>22,116</b>	22,603	23,100	23,609
Contributions - monetary	394	<b>339</b>	350	359	368
Other income	6,088	<b>5,840</b>	5,982	6,174	6,371
<b>Total income</b>	<b>109,957</b>	<b>109,952</b>	<b>113,779</b>	<b>117,328</b>	<b>120,984</b>
<b>Expenses</b>					
Employee costs	46,657	<b>49,077</b>	50,991	52,980	55,046
Materials and services	38,857	<b>36,593</b>	38,650	39,887	41,211
Bad and doubtful debts	149	<b>149</b>	154	159	164
Depreciation and amortisation	20,253	<b>20,553</b>	21,065	21,590	22,131
Borrowing costs	1,117	<b>1,042</b>	1,165	1,068	1,143
Other expenses	1,446	<b>1,431</b>	1,477	1,524	1,573
<b>Total expenses</b>	<b>108,479</b>	<b>108,845</b>	<b>113,502</b>	<b>117,208</b>	<b>121,268</b>
<b>Surplus/(deficit) from operations</b>	<b>1,478</b>	<b>1,107</b>	<b>277</b>	<b>120</b>	<b>(284)</b>
<b>Capital funding</b>					
Grants - capital	8,162	<b>16,638</b>	11,015	4,386	4,435
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,935)	<b>(1,843)</b>	(1,889)	(1,936)	(1,984)
Contributions - monetary (capital)	968	<b>965</b>	969	974	980
Contributions - non-monetary (capital)	1,847	<b>1,839</b>	1,839	1,839	1,839
<b>Total surplus/(deficit)</b>	<b>10,520</b>	<b>18,706</b>	<b>12,211</b>	<b>5,383</b>	<b>4,986</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)	6,000	<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	356	<b>364</b>	372	381	389
<b>Total comprehensive result</b>	<b>16,876</b>	<b>25,070</b>	<b>18,583</b>	<b>11,764</b>	<b>11,375</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 2019-20 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of Council's average rates and charges.

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

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

This will raise total rates and charges for 2019-20 to \$72.51 million.

Please note the Rates and charges may be subject to change due to basing the figures on Council's Draft Rating Strategy 2019-2023, which is yet to be approved. The figures in the Rates and charges section are based upon a 100% Residential differential rate, 76% Farm land differential rate, 76% Irrigated farm differential rate, 120% Business differential rate, 10% Cultural and recreation differential rate and a 0% Municipal charge.

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

	Forecast	Budget	Change	
	Actual	2019/20	\$'000	%
	2018/19	2019/20	\$'000	%
General rates*	56,450	<b>61,615</b>	5,165	9.1%
Municipal charge*	2,772	-	(2,772)	(100.0%)
Waste management charge	9,374	<b>9,617</b>	243	2.6%
Abandonments	(10)	<b>(10)</b>	0	0.0%
Special rates and charges	595	<b>610</b>	15	2.5%
Supplementary rates and rate adjustments	769	<b>500</b>	(269)	(35.0%)
Cultural land	15	<b>18</b>	3	20.0%
Other	94	<b>164</b>	70	74.5%
<b>Total rates and charges</b>	<b>70,059</b>	<b>72,514</b>	<b>2,455</b>	<b>3.5%</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	2018/19 cents/\$CIV*	2019/20 cents/\$CIV*	Change
Residential differential rate	0.00610510	<b>0.00643030</b>	5.3%
Farm land differential rate	0.00579985	-	(100.0%)
Dryland farm differential rate	-	<b>0.00488703</b>	100.0%
Irrigated farm differential rate	-	<b>0.00488703</b>	100.0%
Business differential rate	0.00732612	<b>0.00771636</b>	5.3%
Cultural and recreation	0.00061051	<b>0.00064303</b>	5.3%
Mildura City Heart special rate*	0.00251127	<b>0.00248870</b>	(0.9%)

\* 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	2018/19 \$'000	2019/20 \$'000	Change	
			\$'000	%
Residential differential rate	34,105	<b>38,485</b>	4,380	12.8%
Farm land differential rate	10,073	-	(10,073)	(100.0%)
Dryland farm differential rate	-	<b>4,177</b>	4,177	100.0%
Irrigated farm differential rate	-	<b>5,637</b>	5,637	100.0%
Business differential rate	12,272	<b>13,316</b>	1,044	8.5%
Cultural and recreational	15	<b>18</b>	3	20.0%
<b>Total amount to be raised by general rates</b>	<b>56,465</b>	<b>61,633</b>	<b>5,168</b>	<b>9.2%</b>
Mildura City Heart special rate	595	<b>610</b>	15	2.5%
<b>Total amount to be raised by general rates</b>	<b>57,060</b>	<b>62,243</b>	<b>5,183</b>	<b>9.1%</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	2018/19 Number	2019/20 Number	Change	
			\$'000	%
Residential differential rate	23,095	<b>23,514</b>	419	1.8%
Farm land differential rate	3,339	-	(3,339)	(100.0%)
Dryland farm differential rate	-	<b>1,545</b>	1,545	100.0%
Irrigated farm differential rate	-	<b>1,796</b>	1,796	100.0%
Business differential rate	2,434	<b>2,388</b>	(46)	(1.9%)
Cultural and recreational	84	<b>89</b>	5	6.0%
<b>Total number of rateable assessments</b>	<b>28,952</b>	<b>29,332</b>	<b>380</b>	<b>1.3%</b>
Mildura City Heart special rate	368	<b>368</b>	-	0.0%

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

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

Type or class of land	2018/19 \$'000	2019/20 \$'000	Change	
			\$'000	%
Residential differential rate	5,586,379	<b>5,984,883</b>	398,504	7.1%
Farm land differential rate	1,736,884	-	(1,736,884)	(100.0%)
Dryland farm differential rate	-	<b>854,722</b>	854,722	100.0%
Irrigated farm differential rate	-	<b>1,153,474</b>	1,153,474	100.0%
Business differential rate	1,675,136	<b>1,725,648</b>	50,512	3.0%
Cultural and recreational	25,447	<b>27,312</b>	1,865	7.3%
<b>Total value of land</b>	<b>9,023,846</b>	<b>9,746,039</b>	<b>722,193</b>	<b>8.0%</b>
Mildura City Heart special rate	236,932	<b>245,108</b>	8,176	3.5%

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	
	2018/19	2019/20	\$	%
	\$	\$		
Municipal	100	-	(100)	(100.0%)

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

Type of Charge	2018/19	2019/20	Change	
	\$'000	\$'000	\$'000	%
Municipal	2,772	-	(2,772)	(100.0%)

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	
	2018/19	2019/20	\$	%
	\$	\$		
Municipal waste	183	187	4	2.2%
Kerbside collection	116	120	4	3.4%
Recycling	58	59	1	1.7%
<b>Total</b>	<b>357</b>	<b>366</b>	<b>9</b>	<b>2.5%</b>

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	2018/19	2019/20	Change	
	\$'000	\$'000	\$'000	%
Municipal waste	4,821	4,905	84	1.7%
Kerbside collection	3,062	3,174	112	3.7%
Recycling	1,491	1,538	47	3.2%
<b>Total</b>	<b>9,374</b>	<b>9,617</b>	<b>243</b>	<b>2.6%</b>

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	2018/19	2019/20	Change	
	\$'000	\$'000	\$'000	%
General rates	56,465	61,633	5,168	9.2%
Municipal charge	2,772	-	(2,772)	(100.0%)
Municipal waste, kerbside collection and recycling	9,374	9,617	243	2.6%
<b>Rates and charges</b>	<b>68,611</b>	<b>71,250</b>	<b>2,639</b>	<b>3.8%</b>
Special rate	595	610	15	2.5%
<b>Total rates and charges</b>	<b>69,206</b>	<b>71,860</b>	<b>2,654</b>	<b>3.8%</b>

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

Mildura Rural City Council is required to comply with the State Government's Fair Go Rates System (FGRS).

The table below details the budget assumptions consistent with the requirements of the FGRS.

	Annual Budget 2018/19	Budget 2019/20
Total rates	\$59,214	<b>\$60,112</b>
Number of rateable properties*	28,900	<b>29,243</b>
Base average rates	\$2,048.93	<b>\$2,055.60</b>
Maximum rate increase (set by the State Government)	2.25%	<b>2.50%</b>
Capped average rate	\$2,048.98	<b>\$2,106.99</b>
Maximum general rates and municipal charges revenue	\$59,215	<b>\$61,615</b>
Budgeted general rates and municipal charges revenue	\$59,214	<b>\$61,615</b>
Budgeted supplementary rates	\$490	<b>\$500</b>
Budgeted total rates and municipal charges revenue	\$59,704	<b>\$62,115</b>

\* Estimated total rates and number of properties as at 30 June

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

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

- The making of supplementary valuations (2019-20: estimated \$0.50 million and 2018-19: \$0.77 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;
- 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:

- Residential differential rate of 0.64303% (0.0064303 cents in the dollar of CIV) for all rateable residential properties
- Dryland farm differential rate of 0.488703% (0.00488703 cents in the dollar of CIV) for all rateable dryland farming properties
- Irrigated farm differential rate of 0.488703% (0.00488703 cents in the dollar of CIV) for all rateable irrigated farming properties
- Business differential rate of 0.771636% (0.00771636 cents in the dollar of CIV) for all rateable business properties
- Cultural and recreational concessional rate of 0.064303% (0.00064303 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 2019-2023 which is available for viewing on the Mildura Rural City Council's website.

#### 4.1.2 Statutory fees and fines

	Forecast	Budget	Change	
	Actual	2019/20		
	2018/19	2019/20	\$'000	%
	\$'000	\$'000	\$'000	%
Permits	353	291	(62)	(17.6%)
Statutory planning fees	690	735	45	6.5%
Infringements and costs	886	906	20	2.3%
Land information certificates	112	113	1	0.9%
Valuations database	235	241	6	2.6%
Other statutory fees and fines	247	307	60	24.3%
<b>Total statutory fees and fines</b>	<b>2,523</b>	<b>2,593</b>	<b>70</b>	<b>2.8%</b>

##### Statutory fees and fines (\$0.07 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 Victorian State Government over the course of the 2019-20 year.

Statutory fees are forecast to increase by 3.0% or \$0.07 million compared to 2018-19 forecast. The increase in statutory planning fees is primarily due to an increase in the gazetted fees which is set by the Victorian State Government.

A detailed listing of statutory fees can be obtained from the Fees and Charges Schedule 2019-20 which can be viewed on Mildura Rural City Council's website.

#### 4.1.3 User fees

	Forecast	Budget	Change	
	Actual	2019/20		
	2018/19	2019/20	\$'000	%
	\$'000	\$'000	\$'000	%
Rent/lease fees	718	749	31	4.3%
Animal control and local laws	510	517	7	1.4%
Child care/children's programs	398	532	134	33.7%
Aged and health services	1,243	1,281	38	3.1%
Other fees and charges	515	426	(89)	(17.3%)
Contract works	1,116	853	(263)	(23.6%)
Entrance charges	612	636	24	3.9%
Waste management services	1,265	1,407	142	11.2%
Commission/agency fees	201	149	(52)	(25.9%)
<b>Total user fees</b>	<b>6,578</b>	<b>6,550</b>	<b>(28)</b>	<b>(0.4%)</b>

##### User fees (\$0.03 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 0.4% or \$0.03 million from 2018-19. The decrease in user fees and charges is due to Council attempting to ease the burden on ratepayers wherever possible. One area where this can be shown is the zero entry charge at rural aquatic facilities.

A detailed listing of user fees can be obtained from the Fees and Charges Schedule 2019-20 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 2018/19 \$'000	Budget 2019/20 \$'000	Change	
			\$'000	%
<b>Grants were received in respect of the following:</b>				
Summary of grants				
Commonwealth funded grants	20,640	<b>33,209</b>	12,569	60.9%
State funded grants	11,837	<b>5,545</b>	(6,292)	(53.2%)
<b>Total grants received</b>	<b>32,477</b>	<b>38,754</b>	<b>6,277</b>	<b>19.3%</b>
<b>Operating Grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Aged care	2,033	<b>2,115</b>	82	4.0%
Family day care	200	<b>180</b>	(20)	(10.0%)
Federal Assistance Grants	15,417	<b>15,624</b>	207	1.3%
<b>Recurrent - State Government</b>				
Aged care	780	<b>706</b>	(74)	(9.5%)
Arts and culture	190	<b>190</b>	-	0.0%
Community health	29	<b>31</b>	2	6.9%
Early years	281	<b>286</b>	5	1.8%
Family day care	(6)	<b>20</b>	26	(433.3%)
Libraries	372	<b>374</b>	2	0.5%
Maternal and child health	882	<b>978</b>	96	10.9%
Primary care partnerships	401	<b>407</b>	6	1.5%
Road maintenance	127	<b>127</b>	-	0.0%
School crossing supervisor	-	<b>170</b>	170	100.0%
Social development	143	-	(143)	(100.0%)
Youth services	293	<b>183</b>	(110)	(37.5%)
<b>Total recurrent grants</b>	<b>21,142</b>	<b>21,391</b>	<b>249</b>	<b>1.2%</b>
<b>Non-recurrent - Commonwealth Government</b>				
Airport	1,000	-	(1,000)	(100.0%)
<b>Non-recurrent - State Government</b>				
Aged care	3	<b>3</b>	-	0.0%
Community and cultural management	250	-	(250)	(100.0%)
Community development	25	-	(25)	(100.0%)
Community health	16	<b>16</b>	-	0.0%
Community safety	120	<b>120</b>	-	0.0%
Early years	31	<b>20</b>	(11)	(35.5%)
Emergency payment	563	-	(563)	(100.0%)
Environment	645	<b>160</b>	(485)	(75.2%)
Information centre	31	<b>4</b>	(27)	(87.1%)
Recreation	30	-	(30)	(100.0%)
Social development	459	<b>400</b>	(59)	(12.9%)
Youth services	-	<b>2</b>	2	100.0%
<b>Total non-recurrent grants</b>	<b>3,173</b>	<b>725</b>	<b>(2,448)</b>	<b>(77.2%)</b>
<b>Total operating grants</b>	<b>24,315</b>	<b>22,116</b>	<b>(2,199)</b>	<b>(9.0%)</b>

### Operating Grants (\$2.20 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 9.0% or \$2.20 million compared to 2018-19.

There has been a decrease also due to funding received in relation to the Mildura Airport Redevelopment Project. This project has now been completed.

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

	Forecast Actual 2018/19 \$'000	Budget 2019/20 \$'000	Change	
			\$'000	%
<b>Capital Grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Roads to Recovery	1,909	2,164	255	13.4%
<b>Total recurrent grants</b>	<b>1,909</b>	<b>2,164</b>	<b>255</b>	<b>13.4%</b>
<b>Non-recurrent - Commonwealth Government</b>				
Building	81	9,439	9,358	11,553.1%
Roads	-	1,139	1,139	100.0%
Off street car parks	-	621	621	100.0%
Recreational, leisure and community facilities	-	1,927	1,927	100.0%
<b>Non-recurrent - State Government</b>				
Buildings	3,521	557	(2,964)	(84.2%)
Roads	736	477	(259)	(35.2%)
Off street car parks	80	37	(43)	(53.8%)
Footpaths and cycle ways	484	-	(484)	(100.0%)
Library books and art works	11	-	(11)	(100.0%)
Fixtures, fittings and furniture	20	-	(20)	(100.0%)
Parks, open space and streetscapes	645	-	(645)	(100.0%)
Recreation, leisure and community facilities	524	277	(247)	(47.1%)
Waste management	151	-	(151)	(100.0%)
<b>Total non-recurrent grants</b>	<b>6,253</b>	<b>14,474</b>	<b>8,221</b>	<b>131.5%</b>
<b>Total capital grants</b>	<b>8,162</b>	<b>16,638</b>	<b>8,476</b>	<b>103.8%</b>
<b>Total grants</b>	<b>32,477</b>	<b>38,754</b>	<b>6,277</b>	<b>19.3%</b>

### Capital Grants (\$8.48 million increase)

Capital grants include all monies received from state, federal sources for the purposes of funding our capital works program. Overall, the level of capital grants has increased by 103.8% or \$8.48 million compared to 2018-19. The increase is due mainly to funding for Mildura South Regional Sporting Precinct and solar initiatives of LED street lighting upgrades.

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

#### 4.1.5 Contributions

	Forecast	Budget	Change	
	Actual	2019/20	\$'000	%
	2018/19	2019/20		
	\$'000	\$'000	\$'000	%
Monetary	1,362	1,304	(58)	(4.3%)
Non-monetary	1,847	1,839	(8)	(0.4%)
<b>Total contributions</b>	<b>3,209</b>	<b>3,143</b>	<b>(66)</b>	<b>(2.1%)</b>

#### Contributions (\$0.66 million decrease)

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 decrease by \$0.66 million or 2.1% compared to 2018-19.

#### 4.1.6 Other income

	Forecast	Budget	Change	
	Actual	2019/20	\$'000	%
	2018/19	2019/20		
	\$'000	\$'000	\$'000	%
Interest	1,183	1,080	(103)	(8.7%)
Interest on rates	300	300	-	0.0%
Sales	425	411	(14)	(3.3%)
Other	8	8	-	0.0%
Child care reimbursement	1,560	1,580	20	1.3%
Fuel tax rebate	215	220	5	2.3%
Workcover costs reimbursements	265	250	(15)	(5.7%)
Legal costs recouped	215	215	-	0.0%
Airport reimbursement	13	10	(3)	(23.1%)
Cemetery reimbursement	381	325	(56)	(14.7%)
Utilities reimbursement	55	-	(55)	(100.0%)
Youth case management reimbursement	520	579	59	11.3%
Other costs reimbursed	948	862	(86)	(9.1%)
<b>Total other income</b>	<b>6,088</b>	<b>5,840</b>	<b>(248)</b>	<b>(4.1%)</b>

#### Other income (\$0.25 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 4.1% or \$0.25 million compared to 2018-19. This relates predominantly to interest income which has decreased by 8.7% or \$0.10 million from 2018-19.

#### 4.1.7 Employee costs

	Forecast	Budget	Change	
	Actual			
	2018/19	2019/20	\$'000	%
	\$'000	\$'000	\$'000	%
Wages and salaries	42,639	<b>44,865</b>	2,226	5.2%
Payroll tax	22	<b>14</b>	(8)	(36.4%)
Superannuation	3,801	<b>3,998</b>	197	5.2%
Fringe benefits tax	195	<b>200</b>	5	2.6%
<b>Total employee costs</b>	<b>46,657</b>	<b>49,077</b>	<b>2,420</b>	<b>5.2%</b>

#### Employee costs (\$2.42 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 5.2% or \$2.42 million in comparison to 2018-19. Of this, wages and salaries are forecast to increase by \$2.23 million or 5.2%. This is influenced by Council having a large number of unfulfilled positions throughout 2018-19, mainly in engineering, which has reduced the wages and salaries budget in our forecast by \$0.74 million from the originally adopted budget of \$43.38 million. In 2019-20, wages and salaries have been budgeted to have a full compliment of staff. If not for the abnormally high number of unfulfilled positions the increase in wages from the 2018-19 adopted budget is \$1.40 million or 2.9%.

From the Statement of Human Resources in Section 3 Council has 516.8 full time equivalent staff (FTE), 497.1 permanent and 0.7 casual staff employed to deliver the Community and Council Plan. In addition Council has 19 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, but they form part of Council's \$44.06 million capital works program.

#### 4.1.8 Materials and services

	Forecast	Budget	Change	
	Actual			
	2018/19	2019/20	\$'000	%
	\$'000	\$'000	\$'000	%
Contract payments	15,812	<b>14,690</b>	(1,122)	(7.1%)
Consultants	2,510	<b>2,035</b>	(475)	(18.9%)
Environmental protection waste levy	1,331	<b>1,460</b>	129	9.7%
Grants, contributions and donations	3,968	<b>3,508</b>	(460)	(11.6%)
Utilities	3,859	<b>3,999</b>	140	3.6%
Office administration	972	<b>1,021</b>	49	5.0%
Materials purchased	3,224	<b>3,141</b>	(83)	(2.6%)
Plant and vehicle costs	2,355	<b>2,228</b>	(127)	(5.4%)
Information technology	1,585	<b>1,508</b>	(77)	(4.9%)
Insurance	1,135	<b>1,126</b>	(9)	(0.8%)
Training	1,252	<b>1,184</b>	(68)	(5.4%)
Other materials and contractors	341	<b>243</b>	(98)	(28.7%)
General maintenance	513	<b>450</b>	(63)	(12.3%)
<b>Total materials and services</b>	<b>38,857</b>	<b>36,593</b>	<b>(2,264)</b>	<b>(5.8%)</b>

#### Material and services (\$2.26 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 5.8% or \$2.26 million compared to 2018-19.

In 2018-19, materials and services included grant funding to be paid for the construction of Ouyen Lake. As such there is a decrease of \$0.46 million in grants, contributions and donations from 2018-19 to 2019-20.

#### 4.1.9 Depreciation and amortisation

	Forecast	Budget	Change	
	Actual	2019/20	\$'000	%
	2018/19	2019/20		
	\$'000	\$'000	\$'000	%
Buildings	2,397	2,651	254	10.6%
Plant and equipment	3,231	3,221	(10)	(0.3%)
Infrastructure	14,399	14,439	40	0.3%
Intangible assets	226	242	16	7.1%
<b>Total depreciation and amortisation</b>	<b>20,253</b>	<b>20,553</b>	<b>300</b>	<b>1.5%</b>

#### Depreciation (\$0.30 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 \$0.30 million for 2019-20 is due mainly to the 2019-20 capital works program and the full year effect of depreciation on the 2018-19 capital works program. Refer to Section 4.5 for a more detailed analysis of Council's capital works program for the 2019-20 year.

#### 4.1.10 Other expenses

	Forecast	Budget	Change	
	Actual	2019/20	\$'000	%
	2018/19	2019/20		
	\$'000	\$'000	\$'000	%
Auditors' remuneration - VAGO - audit of the financial statements and performance statement	60	60	-	0.0%
Auditors' remuneration - internal	128	139	11	8.6%
Councillors' allowances	324	337	13	4.0%
Refunds	19	15	(4)	(21.1%)
Operating lease rentals	383	348	(35)	(9.1%)
Other	532	532	-	0.0%
<b>Total other expenses</b>	<b>1,446</b>	<b>1,431</b>	<b>(15)</b>	<b>(1.0%)</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 (\$3.71 million decrease) and Non-current assets (\$28.94 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 \$3.76 million during the year.

Trade and other receivables are monies owed to Council by ratepayers and others. Short-term debtors are not expected to change significantly in the budget. Non-current trade and other receivables relate to loans 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 \$28.90 million increase in this balance is attributable to the \$44.06 million capital works program.

Please refer to Section 3 Balance Sheet for more details.

### 4.2.2 Liabilities

#### **Current liabilities (\$0.77 million increase) and Non-current liabilities (\$0.61 million decrease)**

Trade and other payables are those to whom Council owes money as at 30 June 2020. These liabilities are budgeted to remain consistent with 2018-19 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 \$1.44 million over the year.

### 4.2.3 Borrowings

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

	2018/19	2019/20	2019/21
	\$'000	\$'000	\$'000
Amount borrowed as at 30 June of the prior year	20,471	19,733	18,633
Amount proposed to be borrowed	-	-	6,000
Amount projected to be redeemed	(738)	(1,100)	(1,444)
Amount of borrowings as at 30 June	19,733	18,633	23,189

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 2019-20 year, Council has decided not to take out new borrowings. After making loan repayments of \$1.10 million, total borrowings will be \$18.63 million as at 30 June 2020. However, Council has forecast to borrow \$6.00 million in 2020-21 to help fund the Mildura South Regional Sporting Precinct. No further future borrowings are forecast over the life of the plan at this stage.

Please refer to Council's Strategic Resource Plan 2019-20 - 2022-23 for further details on Council's borrowing strategies. The Strategic Resource Plan 2019-20 - 2022-23 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 (\$16.32 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 \$7.81 million which is forward payment of 50% of the Federal Assistance Grant funding which is now forecast to be received annually. It also includes \$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.

### **Transfers from reserves (\$9.79 million)**

Money transferred from Council's reserves is predominantly for funding required for the 2019-20 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 prepaying half of Council's 2019-20 Federal Assistance Grant allocation by the end of June 2019 there has been a transfer from the grants in advance reserve of \$7.81 million. This is a reserve created to hold grant funds received in advance which is forecast to happen annually. This is merely a timing difference and has no overall effect on Council's 2019-20 grant allocation.

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 \$12.17 million is the net result of the comprehensive result of \$18.71 million and net transfers from reserves of \$6.54 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 (\$8.38 million increase)**

The increase in cash inflows from operating activities is due mainly to capital grant funding for the construction of the Mildura South Regional Sporting Precinct.

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 (\$9.42 million increase)**

The increase is due the construction of the Mildura South Regional Sporting Precinct which has increased Council's 2019-20 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 (\$0.29 million increase)**

This has remained relatively stable with no new borrowings to have occurred in the 2018-19 financial year or forecast in the 2019-20 financial year. The total expected of principal repayments are \$1.10 million and finance charges of \$1.04 million.



## 4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2019-20 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 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000	%
Property	4,757	<b>17,607</b>	12,850	270.1%
Plant and equipment	6,801	<b>4,032</b>	(2,769)	(40.7%)
Infrastructure	24,010	<b>22,425</b>	(1,585)	(6.6%)
<b>Total</b>	<b>35,568</b>	<b>44,064</b>	<b>8,496</b>	<b>23.9%</b>

#### 4.5.1 Summary

##### **Property (\$12.85 million increase)**

Property overall has increased by 270% or \$12.85 million compared to 2018-19 due to construction of the Mildura South Regional Sporting Precinct.

##### **Plant and equipment (\$2.77 million decrease)**

Plant and equipment overall has decreased by 41% or \$2.77 million compared to 2018-19 due to purchasing a compactor that is not required yearly and purchasing a replacement of unified communications system.

##### **Infrastructure (\$1.59 million decrease)**

Infrastructure overall has decreased by 7% or \$1.59 million compared to 2018-19 due to completion of the tracks and trails strategy and completion of stage 1 of Mildura Riverfront Precinct.

	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	15,439	13,044	1,158	780	457	9,997	165	5,277	-
Plant and equipment	3,832	135	3,246	420	31	-	-	3,832	-
Infrastructure	19,537	4,790	9,668	3,582	1,497	6,641	-	12,896	-
<b>Total</b>	<b>38,808</b>	17,969	14,072	4,782	1,985	16,638	165	22,005	-

#### 4.5.1 New assets (\$17.97 million), Asset renewal (\$14.07 million), Upgrade (\$4.78 million) and Expansion (\$1.99 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 Mildura South Regional Sporting Precinct. 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 \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
<b>PROPERTY</b>									
<b>Buildings</b>									
Arts centre	45	-	-	-	45	-	-	45	-
Major projects	13,044	13,044	-	-	-	9,997	-	3,047	-
Solar initiatives	50	-	-	50	-	-	-	50	-
Specific building	1,509	-	824	473	212	-	-	1,509	-
Sporting reserves master plan	450	-	-	257	193	-	165	285	-
Swimming pool	305	-	305	-	-	-	-	305	-
Waste management	36	-	29	-	7	-	-	36	-
<b>TOTAL PROPERTY</b>	<b>15,439</b>	13,044	1,158	780	457	9,997	165	5,277	-
<b>PLANT AND EQUIPMENT</b>									
<b>Computers and telecommunications</b>									
IT hardware and software	747	-	326	390	31	-	-	747	-
<b>Fixtures, fittings and furniture</b>									
Arts centre	30	-	-	30	-	-	-	30	-
<b>Library books</b>									
Art works acquisition and conservation	75	75	-	-	-	-	-	75	-
Library book acquisition	270	-	270	-	-	-	-	270	-
<b>Plant, machinery and equipment</b>									
Asset condition inspection	84	-	84	-	-	-	-	84	-
Environmental management initiatives	60	60	-	-	-	-	-	60	-
Fleet replacement	2,350	-	2,350	-	-	-	-	2,350	-
Swimming pool	216	-	216	-	-	-	-	216	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>3,832</b>	135	3,246	420	31	-	-	3,832	-

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	800	-	480	320	-	-	-	800	-
Bus shelter	15	11	4	-	-	-	-	15	-
Design	200	-	200	-	-	-	-	200	-
Disability access	99	-	-	99	-	-	-	99	-
Gravel resheeting	1,020	-	1,020	-	-	-	-	1,020	-
Intersection improvements	281	-	281	-	-	-	-	281	-
Major projects	1,000	1,000	-	-	-	766	-	234	-
Minor projects	30	30	-	-	-	20	-	10	-
Resealing	2,390	-	2,390	-	-	-	-	2,390	-
Road rehabilitation and reconstruction	751	-	225	526	-	-	-	751	-
Road safety program	198	50	16	132	-	-	-	198	-
Road to Recovery resealing	1,150	-	1,150	-	-	1,150	-	-	-
Road to Recovery resheeting	1,014	-	1,014	-	-	1,014	-	-	-
Shoulder rehabilitation	550	-	550	-	-	-	-	550	-
Solar initiatives	880	-	-	880	-	830	-	50	-
Street lighting	30	-	-	10	20	-	-	30	-
<b>Bridges</b>									
Bridge condition inspection	15	-	15	-	-	-	-	15	-
<b>Footpaths and cycle ways</b>									
Footpath	756	60	499	147	50	-	-	756	-
<b>Drainage</b>									
Asset condition inspection	300	-	300	-	-	-	-	300	-
Stormwater extension	93	-	-	93	-	-	-	93	-
<b>Recreational, leisure and community facilities</b>									
Major projects	2,663	2,663	-	-	-	2,041	-	622	-
Sporting reserves master plan	296	-	-	296	-	163	-	133	-

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>Waste management</b>									
Waste management	1,480	-	-	80	1,400	-	-	1,480	-
<b>Parks, open space and streetscapes</b>									
Major projects	1,053	-	843	210	-	-	-	1,053	-
Parks and natural area development	102	18	15	50	19	-	-	102	-
Parks irrigation	67	-	50	17	-	-	-	67	-
Playground equipment replacement	40	-	32	-	8	-	-	40	-
Riverfront precinct	1,114	100	292	722	-	-	-	1,114	-
<b>Kerb and channel</b>									
Kerb and channel	178	-	178	-	-	-	-	178	-
<b>Off street car parks</b>									
Major projects	858	858	-	-	-	657	-	201	-
<b>Other infrastructure</b>									
Caravan park	114	-	114	-	-	-	-	114	-
<b>TOTAL INFRASTRUCTURE</b>	<b>19,537</b>	<b>4,790</b>	<b>9,668</b>	<b>3,582</b>	<b>1,497</b>	<b>6,641</b>	<b>-</b>	<b>12,896</b>	<b>-</b>
<b>TOTAL CAPITAL WORKS</b>	<b>38,808</b>	<b>17,969</b>	<b>14,072</b>	<b>4,782</b>	<b>1,985</b>	<b>16,638</b>	<b>165</b>	<b>22,005</b>	<b>-</b>

## **4.5.2 Current Budget**

### **Property (\$15.44 million)**

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

For 2019-20, \$15.44 million will be expended on building and building improvement projects. The more significant projects include:

- Construction of the Mildura South Regional Sporting Precinct.
- Upgrade and extension to Old Aerodrome Sporting Complex Pavilion (subject to club contributions).
- Further upgrade works to The Alfred Deakin Centre.
- Construction at Mildura Animal Shelter of an isolation building.
- Pool liner for rural swimming pool.
- Painting and grinding works at Red Cliffs, Irymple and Underbool pools.
- Renewal of barbecues at Johansen Memorial Reserve and Jacaranda Street green belt.
- Upgrade of Mildura Function Centre stairs.

### **Plant and equipment (\$3.83 million)**

Plant and equipment includes plant, machinery and equipment, computers and telecommunications, Mildura Arts Centre gallery and theatre equipment upgrade and library books.

For the 2019-20 year, \$3.83 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$2.35 million), replacement of information technology, library material purchases, replacement of Mildura Waves circulation heat pumps and upgrade of variable speed drive.

### **Infrastructure (\$19.54 million)**

Infrastructure includes roads, bridges, footpaths and cycle ways, 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 2019-20 year, expenditure on road projects will be \$10.41 million. The more significant projects include Federally funded Roads to Recovery projects (\$2.16 million), resealing, gravel resheeting, road rehabilitation and reconstruction program, intersection improvements, asphalt works, shoulder rehabilitation, solar initiatives LED street lighting upgrades (subject to grant approval), road safety program and major projects.

Expenditure on footpaths and cycle ways projects will be \$0.76 million. The projects include renewal and upgrade to existing footpaths, new and missing link footpaths throughout the municipality, upgrades and renewal in the municipalities Central Business Districts.

Expenditure on kerb and channel projects will be \$0.18 million.

Expenditure on drainage projects will be \$0.39 million. This includes a Closed Circuit Television stormwater drainage condition assessment program.

Expenditure on off street car park project will be \$0.86 million.

Expenditure on parks, open space and streetscape projects will be \$2.38 million. The more significant projects include the Stage 3 Redevelopment of Deakin Avenue Median Strip, Mildura Riverfront Precinct projects, restabilise river bank erosion mitigation at Mildura Boat Ramp and mouth of Marina Bay, renewal Woodbine Park playground equipment, renewal of irrigation at Heath Street south end median strip, irrigation installation in Fifteenth Street, Robyn and Karingal Court service road, irrigation and landscaping of Murrayview Court open space development and extension of fencing at Rio Vista Dog Off-Leash Park.

Expenditure on waste management projects will be \$1.48 million. These projects include purchase of mobile kerbside organics bins and upgrade of litter bins in Merbein Central Business District.

#### 4.5.3 Works carried forward from the 2018-19 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>									
Art Centre upgrade	155	-	155	-	-	-	-	155	-
Major projects	1,409	1,409	-	-	-	-	-	1,409	-
Specific building	404	-	106	146	152	-	-	404	-
Waste management program	200	-	-	200	-	-	-	200	-
<b>TOTAL PROPERTY</b>	<b>2,168</b>	<b>1,409</b>	<b>261</b>	<b>346</b>	<b>152</b>	<b>-</b>	<b>-</b>	<b>2,168</b>	<b>-</b>
<b>PLANT AND EQUIPMENT</b>									
<b>Plant, machinery and equipment</b>									
Computers and telecommunications	200	-	120	80	-	-	-	200	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>200</b>	<b>-</b>	<b>120</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>
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>Roads</b>									
Road upgrade and widening program	100	-	100	-	-	-	-	100	-
Waste management program	209	-	108	101	-	-	-	209	-
<b>Bridges</b>									
Riverfront precinct	151	-	151	-	-	-	-	151	-
<b>Footpaths and cycle ways</b>									
Footpath program	75	15	60	-	-	-	-	75	-
<b>Drainage</b>									
Stormwater extension program	2,253	1,676	-	115	462	-	-	2,253	-
<b>Parks, open space and streetscapes</b>									
Riverfront precinct	100	-	100	-	-	-	-	100	-
<b>TOTAL INFRASTRUCTURE</b>	<b>2,888</b>	<b>1,691</b>	<b>519</b>	<b>216</b>	<b>462</b>	<b>-</b>	<b>-</b>	<b>2,888</b>	<b>-</b>
<b>TOTAL CARRIED FORWARD CAPITAL WORKS 2018-19</b>	<b>5,256</b>	<b>3,100</b>	<b>900</b>	<b>642</b>	<b>614</b>	<b>-</b>	<b>-</b>	<b>5,256</b>	<b>-</b>

#### **4.5.3 Works carried forward from the 2019-20 year (\$5.26 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 and 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 2018-19 year, it is forecast that \$5.26 million of capital works will be incomplete and be carried forward into the 2019-20 year. The more significant projects include Mildura South Regional Sporting Precinct, multiple drainage spurline projects, Mildura Wharf and Mildura Homestead Wharf Refurbishment and landscaping upgrade of the Mildura Marina.



## 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
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	+/-
<b>Operating position</b>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / adjusted underlying revenue	1	11.44%	1.30%	1.27%	2.30%	0.29%	(0.08%)	o
<b>Liquidity</b>									
Working capital	Current assets / current liabilities	2	425.98%	392.18%	351.71%	338.67%	358.05%	360.00%	-
Unrestricted cash	Unrestricted cash / current liabilities	3	257.91%	238.42%	240.34%	241.67%	252.66%	254.42%	o
<b>Obligations</b>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	30.86%	28.41%	25.91%	30.99%	25.40%	22.54%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		1.74%	2.67%	2.98%	3.49%	5.95%	3.44%	-
Indebtedness	Non-current liabilities / own source revenue		47.10%	46.84%	44.93%	46.95%	44.66%	42.98%	o
Asset renewal	Asset renewal expenses / asset depreciation	5	75.35%	115.35%	72.85%	90.00%	90.00%	90.00%	o
<b>Stability</b>									
Rates concentration	Rate revenue / adjusted underlying revenue	6	54.10%	62.08%	64.13%	63.35%	64.76%	64.99%	-
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.82%	0.77%	0.74%	0.76%	0.78%	0.80%	o
<b>Efficiency</b>									
Expenditure level	Total expenses/ no. of property assessments		\$3,744.79	\$3,807.38	\$3,816.83	\$3,846.37	\$3,971.47	\$4,108.40	-
Revenue level	Residential rate revenue / no. of residential property assessments		\$1,917.78	\$1,989.36	\$1,972.63	\$2,039.31	\$2,108.01	\$2,178.92	-
Workforce turnover	No. of permanent staff resignations and terminations / average no. of permanent staff for the financial year		14.59%	12.44%	12.48%	12.48%	12.48%	12.48%	o

### Key to Forecast Trend:

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

## **Notes to indicators**

### **1. Adjusted underlying result**

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. The 2019-20 year shows a surplus with Council's financial performance expected to drop over the period due to the Victorian State Government's introduction of The Fair Go Rates System. Victorian Councils rates have been capped at the average Victorian CPI of 2.50% for the 2019-20 year.

### **2. Working capital**

The proportion of current liabilities represented by current assets. Working capital is forecast to decrease in 2019-20 year due to completion of Council's 2019-20 Capital Works Program. 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.

### **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.