

# 2017/18 Integrated Plan & Budget

Initiatives & Budget for Year 1 of  
Council's 4 year City Plan 2017-2021





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**Werribee River**

## Foreword - Integrated Plan & Budget 2017/18

The Wyndham City Plan 2017-21 details how Council plans to secure Wyndham's prosperity, sustainability and liveability. 2017/18 is the first year of four years of the current City Plan. This Integrated Plan and Budget details what actions are to be taken in 2017/18 and how they will be funded.

The Victorian Government's newly adopted Fair Go Rates System introduced in 2016/17, limits the maximum amount councils may increase rates in a year without seeking additional approvals. For 2017/18, the rate cap has been set at 2.0%.

### Community Engagement - What we have heard so far

In 2015 a team of Council staff and volunteers collected 2,040 stories from the Wyndham community to create the Wyndham 2040 Community Vision. The four overarching themes covering the priority areas in the 2040 Vision are people and community, places and spaces, earning and learning, and leadership and participation. These themes are now adopted as the overarching themes of the City Plan, aligning Council's strategic planning with the community's vision. This Integrated Plan and Budget is the first year of the four year City Plan.

Council delivers ongoing engagement structures and opportunities, including District Advisory and Portfolio Committees, Listening Posts, community events and targeted engagements each year. We also conduct a Community Satisfaction Survey, designed to listen to the diverse voices of Wyndham, and measure community attitudes to, and satisfaction with Council's services and facilities, governance and leadership, customer service, and planning. The survey identifies issues of community importance, tracks the perception of key social issues and inform the activities and planning of Council. Community members have been able to provide feedback specific to the Integrated Plan & Budget by forwarding a completed submissions form to Council. The submissions period relating to the 2017/18 financial year closed on 31 May 2017.

### Integrating the Health, Wellbeing and Safety Plan into the City Plan

In recognition of the influence Local Governments can have on community health at different life-stages, through supporting the development of healthy places, environments, education and services, Victorian legislation requires each Council to develop a Municipal Public Health and Wellbeing Plan. Wyndham City is integrating our Health, Wellbeing and Safety Plan into the City Plan for 2017-21. Health, wellbeing and safety goals now overarch Council's strategies across the four themes of the new City Plan, and the 2017-18 Integrated Plan and Budget. These goals articulate how our work under each theme aims to positively impact the community. The amalgamation of these two plans systemically embeds community wellbeing priorities across the whole-of-Council, for greater visibility and sustainability.

In the development of the health, wellbeing and safety goals, significant analysis of quantitative data and qualitative information, including key stakeholder engagement, has been undertaken to better understand both the 'lived experience' of Wyndham's diverse community, as well as population health trends. An outcome has been the development of 10 Place Snapshots and 11 Health and Wellbeing Profiles for Wyndham, available on Council's website. A set of 'liveability and wellbeing indicators' have also been introduced to monitor how the community is fairing physically, mentally, socially and economically across the social and environmental determinants of health.

## Outer Suburban Arterial Roads (OSAR) Package

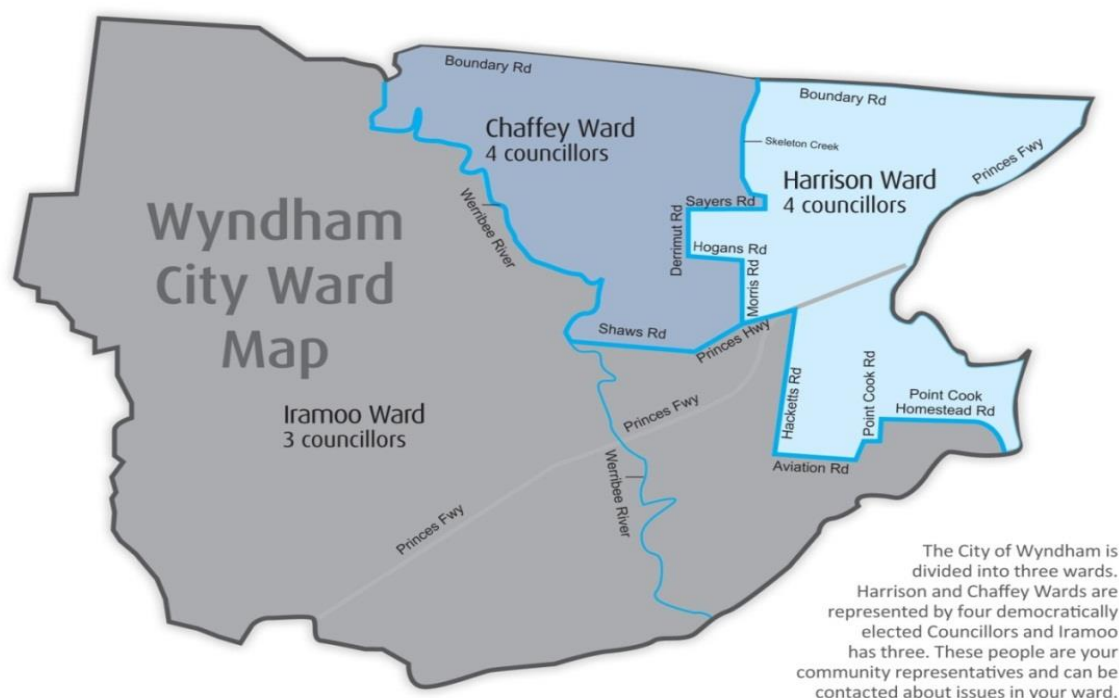
With the State Government announcement that \$1.2 billion will be invested in the upgrade of arterial and local roads in Wyndham and a further \$600 million will be provided for maintenance of roads across the western region, the development of Council's capital works road program has been challenging. Unknowns exist with respect to the impact this program has on the use of development contributions and the treatment of developer contributions will not be resolved until later in the year once VicRoads has signed a contract with the winning consortium.

Developer contributions or works in kind may still be applied to the nominated road sections as per each Developer Contribution Plan which then allows state government savings that could be applied to other roads not currently included in the OSAR package. Alternatively, those developer contributions could be transferred directly to other roads but this needs Ministerial approval. In both cases additional road works that may or may not currently be included in Council's capital works program could be completed earlier than anticipated. The worse case scenario is that those contributions are returned to the developer which then creates a deficit in Council's budget and cash flow predictions. This is a situation that both VicRoads and Council officers have agreed is an untenable outcome.

Progress of this Integrated Plan & Budget is reported regularly to Council together with measures that are both performance and output/outcome based. At the end of the financial year Council's Annual Report and Financial Statements will include an audit of the performance statement to share with the community how we performed against what we set out to do as articulated in this document.



## Wyndham City Profile



The City of Wyndham is located on the western edge of Melbourne, between the metropolitan area and Geelong. Wyndham covers an area of 542km and features 27.4 km of coastline bordering Port Phillip to the east. As a meeting place for people of the Kulin nations, Wyndham City has a rich and diverse Aboriginal cultural heritage.

The City of Wyndham has an estimated population of 222,656 for 2016. As the largest growing municipality Victoria wide (5.7% and 12,106 persons)<sup>1</sup>, Wyndham is characterised by its strategically placed location with excellent logistic connections to air and sea ports. The City also offers intensive agriculture at Werribee South, major retail precincts and the Werribee Park tourism precinct - one of the largest and most frequently visited tourism destinations in metropolitan Melbourne.

Sustained population growth places significant pressure on Wyndham's liveability. Important elements of liveability include strong communities, good planning and urban design, community infrastructure, accessible and efficient transport and a healthy environment. Council is vigilant in striving to match its actions to meet the changing needs of the community and to maintain that liveability.

Wyndham is experiencing growth across all age groups. Children and young people form the largest population group in Wyndham with 50,638 people under the age of 15 years<sup>2</sup>. In 2016 4,518 babies<sup>3</sup> were born to Wyndham parents, which is around 86 babies born every week. Although currently over-65 year olds form a relatively modest part of the Wyndham population, it is forecast to be the fastest growing age group in Wyndham between 2016 and 2036<sup>4</sup>.

<sup>1</sup> Australian Bureau of Statistics 2016, Estimated Resident Population.

<sup>2</sup> Australian Bureau of Statistics 2016, Population by Age and Sex of Australia 2015, Cat.3235.0

<sup>3</sup> Maternal and Child Health Service Wyndham City Council 2016, Birth Notifications Received

<sup>4</sup> ID Consulting 2016, Wyndham Population and Household Forecasts 2016



## Meet your Councillors 2016/2020

### CHAFFEY WARD



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Elected by the community, the Council is the decision making body that sets the strategic direction and policy of the municipality. It delivers the:

1. Four Year City Plan which sets out what Council will achieve during its four year term to further the community vision; and
2. Integrated Plan and Budget, which describes Council's Strategic Objectives and activities for the 12 month period and explains through the Budget and Strategic Resource Plan how the activities can be resourced.

## Council's Role

Depending on the matter at hand, Council performs one or more of the following roles; and involves the community, key partners and other levels of government to realise shared aspirations.

Council's role	Council will	Example
Leader	Lead by example	Demonstrate local leadership in water and energy efficiencies
Service Provider	Deliver services to meet community needs	Home and Community Care services to the aged and those with a disability
Partner	Contribute staff time or funds	Work with Government and other organisations to deliver major capital works projects
Facilitator/Broker	Promote City, area, service gap to market to fill need; and bring together those who have a stake in an issue	Meet with mental health service providers to establish a youth counselling service
Advocate	Proactively make representation to State and Federal Governments on key issues for Wyndham	Advocate for more public transport services (buses, trains)
Regulator	Take direct legal responsibility	Conduct inspections of local food premises and issue licences

The administration of Council, headed by the Chief Executive Officer appointed by the Council, delivers the vision of the elected Council. It does this by:

- providing advice to the Council in a timely manner
- resourcing the administration to deliver the results sought by the Council
- complying with statutory responsibilities required under legislation
- delivering services to the community required under legislation or by the Council; and
- implementing the decisions made by the Council.

## Mayor's Introduction - Integrated Plan & Budget 2017/18

Since 1966, I have been immensely proud and fortunate to call Wyndham home. Wyndham is a vastly diverse city with a rich culture and history. Our community shares a vision of a vibrant future where all residents feel connected and engaged and our visitors welcomed.

As Mayor, I am equally proud to lead the city's Council and work together with my fellow Councillors, staff and volunteers to achieve the goals, deliver the initiatives and build the projects that are important to our community.

Wyndham is continuously growing in population and as a Council we need to respond to this growth and our community's diverse needs in the most effective and sustainable manner.

Council delivers a broad range of essential services and provides facilities and infrastructure for people who live, work and visit the City of Wyndham. The work Council does is vital to ensure our rapidly growing city continues to be a great place to live and work for our residents and continues to attract new business and investment.

Finding the balance between providing for community needs and wants, with what we can afford is an ongoing challenge. With the introduction of rate capping, Council has also made structural and process improvements to enhance service delivery and reduce costs where we can. We have looked at how our resources are allocated and strive to deliver our services as efficiently and effectively as possible.

No budget process is easy. However, I am confident that we have developed a financially responsible plan for the year ahead in line with Council's City Plan 2017-2021. The Wyndham City Plan sets out the priorities which will guide the work to be provided by Council over the next four years.

This Budget focuses on the priorities for the next 12 months as outlined in the first year of the Wyndham City Plan. This will enable Council to continue delivering a vast range of services and community programs, and improve assets and infrastructure to meet the emerging needs and aspirations of the Wyndham community.

I look forward to an exciting year ahead for our Wyndham community. I would like to take this opportunity to thank my fellow Councillors, Wyndham City CEO and all staff for their commitment and hard work in delivering this Budget that will assist in ensuring our city continues to be a "Place for People".



**Cr Henry Barlow**  
**Mayor**

## Executive Summary - Integrated Plan & Budget 2017/18

It is with great pleasure that I present to you Wyndham City's Integrated Plan and Budget 2017/18. This Budget is aligned to our commitments in the City Plan 2017-2021 that sets out Council's strategic plan and priorities to achieve our vision for Wyndham to remain as a healthy, liveable city that:

- Is future focussed and plans for sustainable development
- Embraces diversity and is welcoming and inclusive
- Consists of connected, vibrant neighbourhoods that provide for the cultural, social, economic, and recreational needs of the community
- Encourages a healthy and active lifestyle
- Supports the diverse educational needs of the community; and
- Empowers the community to lead.

Council recognises that we are in a period of accelerated growth and change. This Budget also aims to maintain and improve services and infrastructure as well as deliver projects and initiatives that meet the emerging needs of the Wyndham community - and all this within the rate cap mandated by the State Government. In line with the order by the Minister for Local Government under the Fair Go Rates System, the average rate will rise by 2%.

Some of the key features in this budget include:

- Operating revenue of \$324.41 million (excluding developer contributions, non-monetary assets, and non-recurrent capital grants)
- Operating expenditure of \$238.86 million (excluding depreciation & amortisation)
- Total capital works program of \$154.47 million (including \$21.36 million of works carried forward from 2016/17)
- \$14.79 million allocated to the provision of kindergarten services
- \$8.06 million on maternal and child health and immunisation services
- \$7.68 million to run Wyndham's libraries
- \$6.38 million on parkland maintenance
- \$4.36 million in home care support to enable older people to live independently
- \$4.10 million to provide youth programs and services
- \$1.75 million for the reactivation of playground parks
- \$1.72 million on city transport projects to improve accessibility; and
- \$1.37 million in grants, contributions and subsidies to be distributed to community groups and organisations to support them in the provision of programs to the wider community.

## Capital Works Highlights

The 2017/18 Capital Works program provides a focus on provision of community facilities, asset replacement, improving transport links, quality open space, continued Municipal tip operations, strategic land acquisitions, improving Council's operations to drive efficiencies and addressing limitations that exist in current operations and facilities.

The budget includes a new capital works budget of \$133.11 million and \$21.36 million of works carried from 2016/17. New works include:

- \$13.38 million for local road resurfacing, reconstruction and repair works;
- \$6.56 million to build the Wyndham Integrated Family and Children Centre and Aboriginal Community Centre;
- \$6.34 million to implement the upgrade to a number of community centres to provide a higher quality and range of customer services;
- \$4 million on redevelopment of Wyndham Park to transform it into a premier recreation space and location for events;
- \$3.81 million to construct a pavilion and car park in the Williams Landing estate; and
- \$3.10 million to build the Western Animal Facility to provide a better service to registered animal owners and have less reliance on The Lost Dogs Home.

The sources of funds for these and other capital projects for 2017/18 is provided in Section 6 of this document.

Given our city's continuous growth and the parameters of the rate capping fiscal environment, it is an ongoing challenge to strike the right balance between providing what our community needs and what we can afford as a Council. It is important that we deliver essential services and maintain and provide infrastructure projects that is valued by our community.

## Long Term Challenges

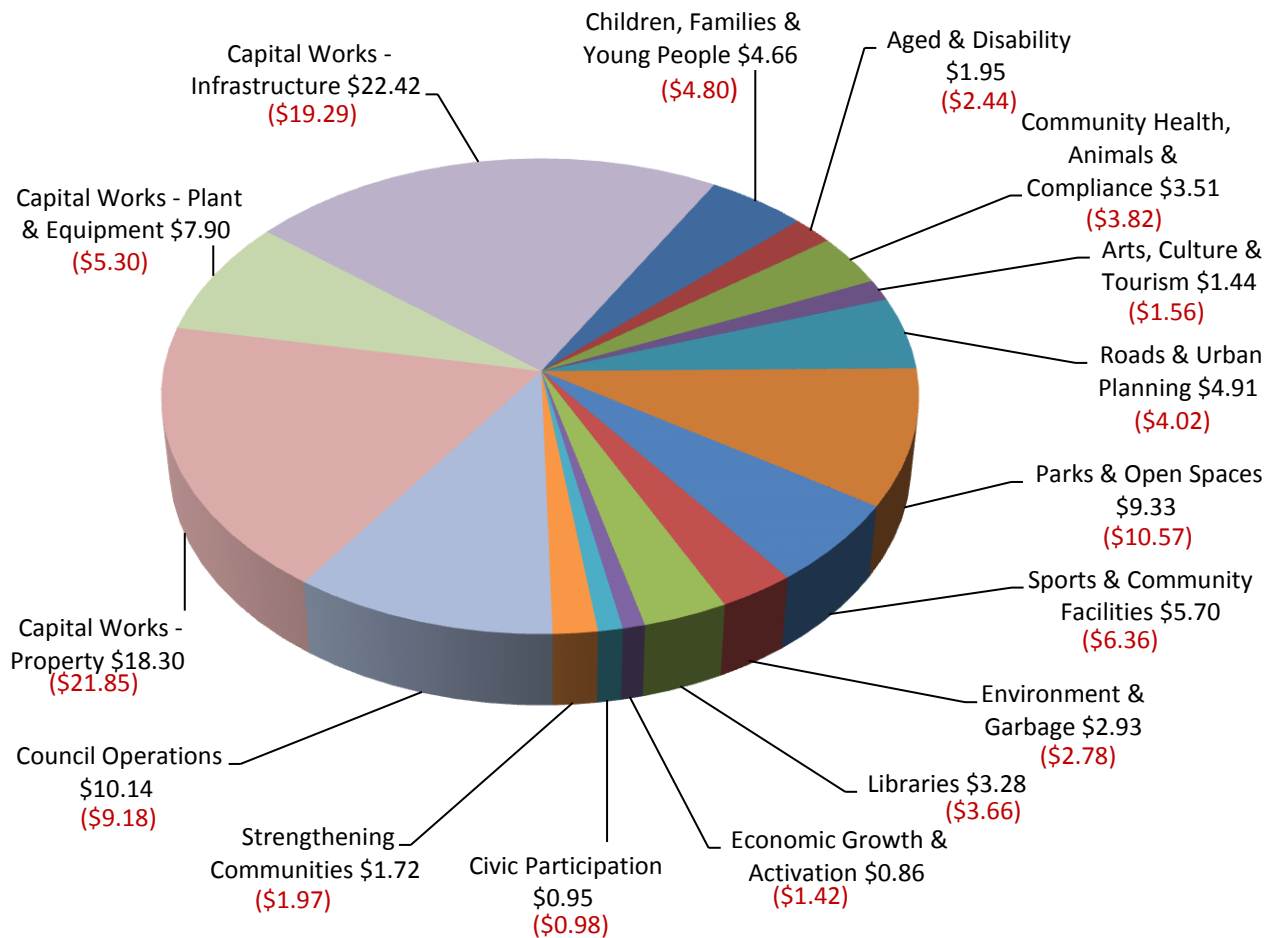
Council aims to achieve the aspirations of Wyndham 2040 to continue developing Wyndham into a city that is healthy, well-connected, and a place for all people.

In this Integrated Plan and Budget, Council is continuing to take action to address the City's long term challenges and opportunities, including advocacy on transport congestion, accommodating a growing population, maintaining assets, and helping to build the local economy.

Section 8 of this document describes how Council will fund all of this activity, including information about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and the strategic objectives of the Council.

The following two graphics summarises how Council has budgeted to spend the rates revenue it collects, and a split of the new capital works program expenditure for 2017/18 into their different categories.

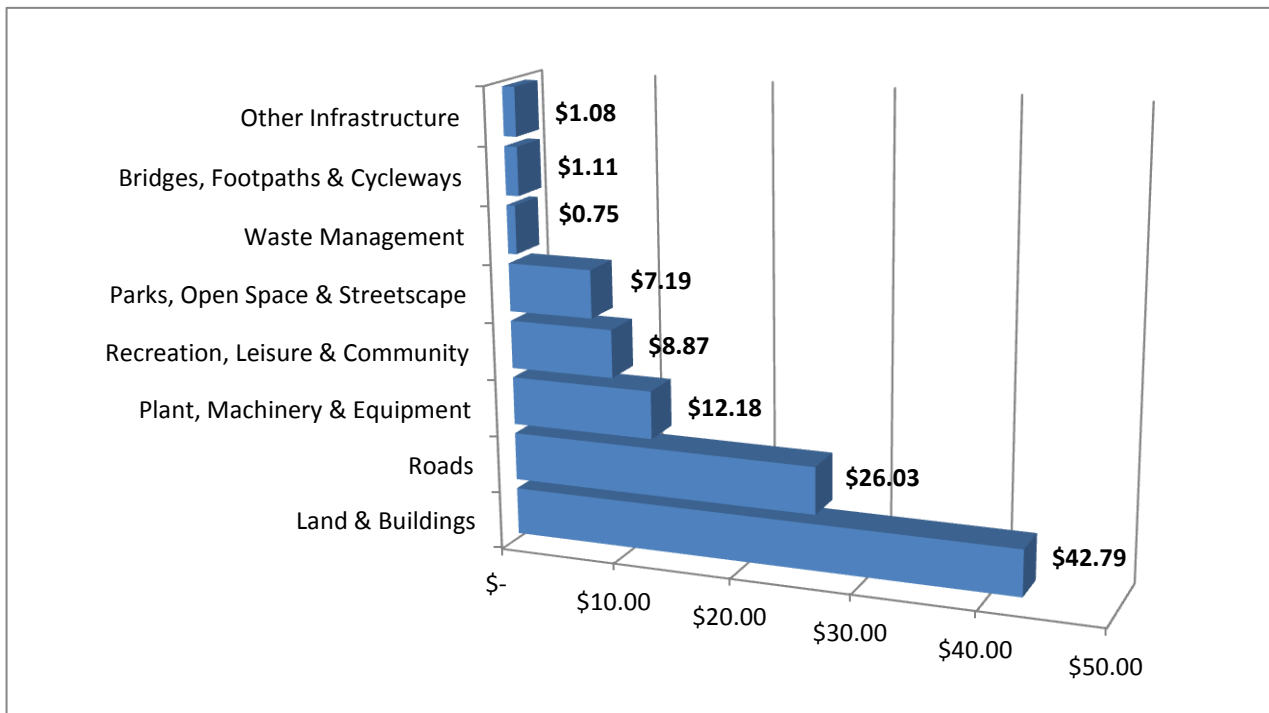
Council Expenditure 2017/18 - Allocation for every \$100 that Council spends (2016/17)



In June 2017, Council was advised by the Victorian Grants Commission that a portion of Wyndham's 2017/18 grant allocation would be paid in late 2016/17, rather than in the 2017/18 financial year itself. To produce the above chart, it has been necessary to normalise the difference in timing in the receipt of this grants revenue so that the result between the two years can be effectively compared.



## 2017/18 New Capital Works Program - Allocation for every \$100 of capital expenditure



This is the first budget of this new Council and I would like to take this opportunity to thank all the Councillors and staff for their ongoing commitment and hard work in delivering a budget that will ensure Wyndham continues to be a place that our residents and businesses are proud to call home.



**Kelly Grigsby**  
**Chief Executive Officer**





**Sanctuary Lakes, Point Cook**

## Budget Reports

The following reports include all statutory disclosures of information and are supported by the analysis contained in sections 8 to 16 of this report.

This section includes the following reports and statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report.

- 1 Links to City Plan
- 2 Services and service indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Grants and borrowings
- 6 Detailed list of capital works
- 7 Rates and charges

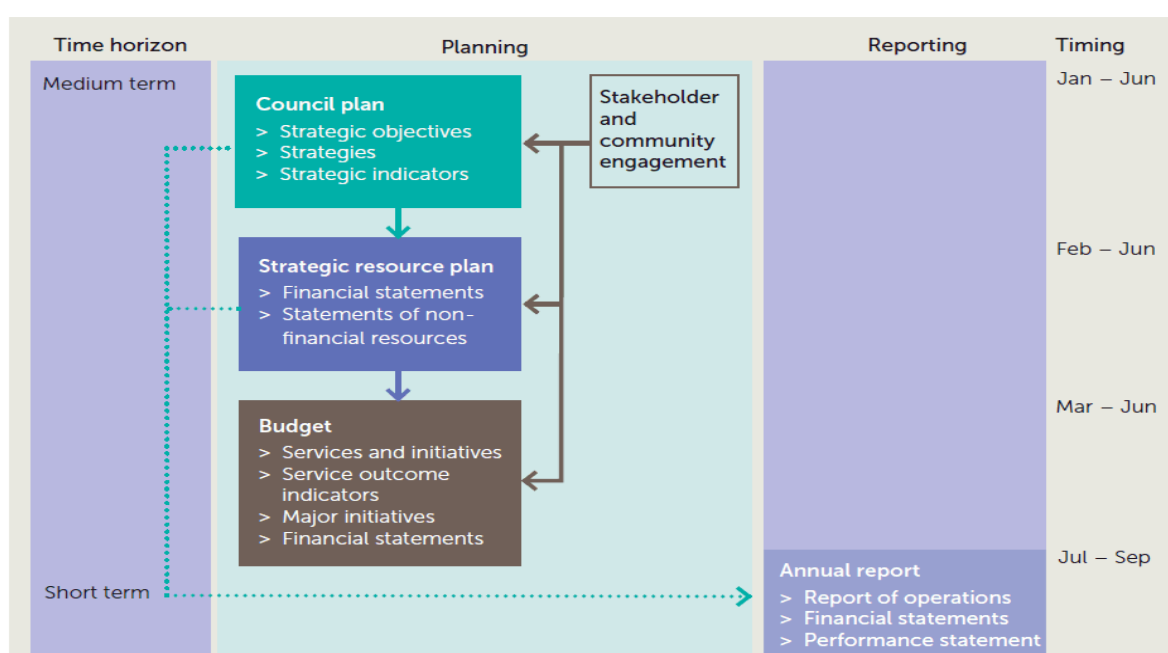
# 1. Budget Overview

## 1.1 Links to the City Plan

The budget provides the funding for the operations of Council which are articulated in this integrated Plan and Budget. The Annual Plan is year one of the four year City Plan which is in turn informed by Council's Vision, and its long term Community Plan ("Wyndham 2040").

The Strategic Resource Plan is part of and prepared in conjunction with the City Plan, and is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve Council's strategic objectives. The Annual Budget is framed within the Strategic Resource Plan taking into account the services and initiatives described herein.

The diagram below depicts the accountability framework that applies to Local Government in Victoria.



Source: Department of Environment, Land, Water and Planning

Council's long term plan Wyndham 2040, has been developed through extensive consultation with the Wyndham Community. This will inform future iterations of the Annual Plan and the next four year City Plan which follows a general election of Council.

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

## 1.2 Our purpose

### **Our vision “Diverse people, one community, our future”**

In this one brief sentence, the vision aspires for Wyndham to be one community of people from many different cultures, working together for the good of the community now and into the future. In working towards achieving this vision of an inclusive City, Council foresees an approach in which:

- a diversity of backgrounds, cultures and ideas are respected
- the City partners with its community to meet community aspirations; and
- the community is consulted on how community objectives are set, prioritised and achieved.

### **Our mission**

**We strive to serve the best interests of the Wyndham community by providing quality services; managing growth; and supporting residents to lead healthy, safe, vibrant and productive lives, while protecting our local environment.**

Council plays an important role in shaping and strengthening the quality of life for current and future generations of people living, working and visiting in Wyndham.

The City's mission statement recognises Wyndham City Council's role in planning for the future whilst also efficiently managing for today.

Our Mission will be faced with challenges as the City's population grows. Our ability to balance the 'triple bottom line' of people, place (natural and built) and prosperity will be governed by our roles and responsibilities under legislation. Council is committed to working in close collaboration with the community, drawing on a wide cross-section of contributors, including 'hard to reach' groups through a variety of forums and partnerships to better engage, develop, represent, and communicate with our community. Council will fulfil its statutory and legal obligations to the community and manage the municipality in a financially sustainable manner to meet the current needs of our community and those of future generations.

### **Our values**

We are committed to implementing core values in our corporate and community planning. Our values are important to us because they place special emphasis on 'future focused decision making', and engaging with all sectors of our community. Our values demand that we act with integrity and advocate strenuously on behalf of our community.

- **Community Focus** - Working for and with the community in the best interests of Wyndham.
- **Integrity** - The consistent commitment to apply moral and ethical behaviour, encompassing honesty, openness and respect.
- **Respect** - Being conscious and aware of others values, beliefs and opinions, appreciating that they could be different from our own and treating them accordingly.
- **Commitment** - To consistently adhere to our core values through our commitment to achieving our vision and mission.
- **Leadership** - Creating an environment that empowers individuals, the organisation and the community to achieve our vision and mission.
- **Teamwork** - The ability of a group of individuals to work collaboratively and collegially to achieve agreed outcomes by the team.

### 1.3 Other Wyndham City Plans and Strategies

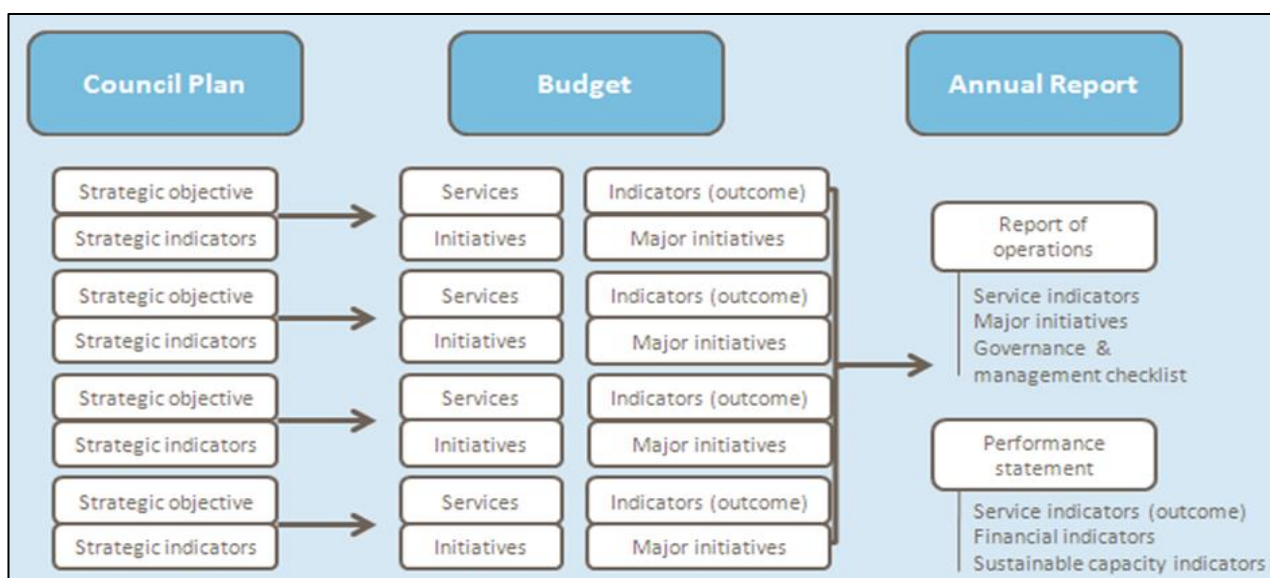
The following key strategic planning documents, which Council has developed in consultation with the community over preceding years, have also informed the preparation of this year's Annual Plan and Budget:

- Wyndham 2040: Community Vision
- Wyndham 2040: District Plans - East, West, Central and Rural
- Community Health, Wellbeing and Safety (integrated into the City Plan from July 2017)
- Wyndham's Municipal Strategic Statement
- Residential Growth Management Strategy 2016
- Wyndham Integrated Transport Strategy
- Wyndham Open Space Strategy 2045
- Environment and Sustainability Strategy 2016-2040
- Long Term Financial Plan
- Long Term Capital Works Program.

## 2. Contributing to the Community's Vision: Services, Initiatives and Service Performance Indicators

The Initiatives in this Integrated Plan and Budget, together with the prescribed Local Government Performance Reporting Framework Indicators listed after the four themes, will form part of Council's Annual Report to the community which details how it has performed in relation to the commitments in this document. In addition, Council receives two reports per year on progress against all the initiatives in this Integrated Plan and Budget at Ordinary Council meetings which are open to the public.

The relationship between these accountability requirements in the City 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 also included in this section.

The Local Government Act requires Council to identify and monitor 'Strategic Indicators' against the City Plan. Wyndham City has developed a comprehensive Indicators Framework to inform our planning and improve our services, amenity and infrastructure for the community.

The Indicators Framework includes key findings from our Community Satisfaction Survey, the Local Government Reporting Framework, and our Liveability and Wellbeing Indicators. The Strategic Indicators of the City Plan have been selected from this broader framework and are the indicators most relevant to the City Plan priorities and strategies. The Strategic Indicators tell us about how the community is fairing and where we should focus our resourcing, as well as the impact and satisfaction with our work for the people and places of Wyndham. These Strategic Indicators are listed under each theme of this Integrated Plan and Budget.

**Note: Where there are +1/-1 variances in the following pages, this will be due to rounding of source data.**

## 2.1 Contributing to the Community's Vision

When reviewing the budget for 2017/18 in the context of its long term Vision, Mission and Values, Council felt this meant the organisation working in partnership with councillors to ensure it is an organisation that inspires confidence, is community focussed, innovative, responsive to the diverse needs of our community and that Wyndham is a place that our residents and businesses are proud to call home.

Council delivers services and initiatives under four main themes which are detailed in the following pages:

### Theme **1** People and Community

#### Our Vision for People & Community

Wyndham will be a welcoming, family-friendly city that acknowledges the Aboriginal heritage of the area, encourages connection within the community, promotes health and wellbeing, and actively celebrates diversity, culture and art. We will be a Council that listens to and learns from the diversity, knowledge and opinions of all residents and, as we embrace growth, we will also remember the country beginnings of our towns and shire.

#### STRATEGIC OBJECTIVE

Council will work with the community to ensure Wyndham is an inclusive, safe and welcoming city, which celebrates our diverse heritage and cultures and helps residents to stay healthy, active, and connected.

#### HEALTH, WELLBEING & SAFETY GOAL

People in Wyndham are healthy and well across the life stages, safe and socially connected regardless of where they live or their social, economic or cultural background.

#### STRATEGIC INDICATORS

1. Community satisfaction with arts and cultural services
2. Physical health: percentage of adult population that is obese; percentage of adults that engage in sufficient amount of physical activity each week; average serves per day of vegetables
3. Proportion of fully-immunised children
4. Recorded incidents of family violence per 100,000 population
5. Mental health: lifetime prevalence of depression and anxiety (percentage adult population)
6. Health risks: lifetime risk of alcohol-related harm; proportion of adults who are current smokers
7. Perception of personal safety: Residents' perception of safety in public areas of Wyndham during the day



The services, initiatives and major initiatives for each business area are described below.

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
<b>Children &amp; Families</b>	Activities within this area are responsible for providing services for children 0 - 12 years and their families. Programs and business areas include maternal and child health services, immunisation, Hoppers Crossing Children's Centre, Kindergarten planning and Central Enrolment for kindergartens, Preschool Field Officers, Children's Services planning and family support. The service area is also responsible for facilitating the Best Start program and delivery of Wyndham City's Municipal Early Years Plan.	24,188 <u>(19,201)</u> <b>4,987</b>
<b>Young People</b>	In identifying and responding to the needs of the youth of the community, Wyndham City provides a range of services, events and programs for young people. These services are provided from Council's Youth Resource Centre in Hoppers Crossing and from a variety of community facilities across Wyndham. Council works in partnership with young people, service providers and schools to ensure that the planning and development of new youth programs meets the needs of Wyndham's growing youth population. The service area is also responsible for delivery of Wyndham City's Youth Plan.	4,121 <u>(380)</u> <b>3,742</b>
<b>Aged &amp; Disability</b>	Wyndham City provides home and community care services to older and frail people, people with a disability of all ages and the family members who care for them, to improve their quality of life. Services include assistance with daily life routines, personal care, respite, meals and home maintenance as well as social and physical activities. This area also provides community transport to support the above programs. The service area is responsible for services being provided consistent with Wyndham's Aged and Disability Service Access policy and developing a Healthy Ageing Strategy.	10,767 <u>(7,123)</u> <b>3,644</b>
<b>Pets &amp; Animal Management</b>	Promote responsible pet management within Wyndham and protecting the community and the environment from feral and nuisance animals.	2,680 <u>(1,699)</u> <b>981</b>
<b>Arts &amp; Culture</b>	Provision of opportunities for enjoyment of the arts locally. Supporting the development of emerging artists, industry development, activate public spaces and provide opportunities for community participation in the arts.	2,727 <u>(637)</u> <b>2,091</b>
<b>Community Health Wellbeing &amp; Safety</b>	Ensuring the community is safe through emergency planning and preparedness. Providing advice, support and programs to strengthen community health and wellbeing for all members of the Wyndham Community.	6,063 <u>(696)</u> <b>5,367</b>

Note: Where there are +1/-1 variances in the following pages, this will be due to rounding of source data.

## Major Initiatives

- 1) Council will continue to partner with other levels of government and specialist service providers to plan for the integrated Wyndham Justice Precinct.
- 2) Council will undertake a reform program to plan and integrate child, youth and family services with specialist service providers to enable children and young people to achieve positive developmental outcomes.
- 3) Upgrade Wyndham Vale, Tarneit and Point Cook community centres to deliver local, responsive and accessible services closer to where residents live through a neighbourhood hubs model.
- 4) Council will complete the Chirnside Park hub precinct development – construction is already underway but will be completed by Nov/Dec 2017. Overall cost approximately \$11.75 million (this includes grants).
- 5) Construction of the Wyndham Integrated Family and Children Centre and Aboriginal Community Centre: \$6.56 million in 2017/18 and \$4.14 million in 2018/19 to construct (over 2 years).

## Initiatives

- 6) By developing a Customer Experience Strategy, Council will ensure that principles of 'customer first' and the experience our residents have when engaging with Council is positive.

## Our Vision for Places and Spaces

Our transport system will be efficient, responsive and easy to navigate, with greater connectivity to Melbourne, while infrastructure, built spaces, and the diversity of housing options contribute to the quality of life of residents at all ages. We will carefully balance the preservation, protection, and respect for the natural environment with the need to ensure that parks and open spaces invite citizens to positively interact with the outdoors and each other.

## STRATEGIC OBJECTIVE

Council will work with our partners to build a city that is easy to move around, offers a diverse range of housing, protects our natural environment, and promotes active and passive recreation. We will strive to improve neighbourhood ambience, civic services and our standing as an attractive, relaxing, responsive and infrastructure-progressive coastal municipality.

## HEALTH, WELLBEING &amp; SAFETY GOAL

People in Wyndham enjoy healthy and attractive environments that promote happy and active lives.

## STRATEGIC INDICATORS

8. Community satisfaction with sealed local roads
9. Housing diversity: dwelling structure and density (%)
10. Kerbside collection waste diverted from landfill
11. Council greenhouse gas emissions
12. Percentage of Local Government Area with tree canopy
13. Open space access: hectares of public open space per 1,000 population; community satisfaction with sports ovals and other recreational spaces, parks and gardens
14. Commute time: proportion of Wyndham residents who take 90 minutes or more to travel to and from work
15. Public transport: percentage of workers using public transport to commute on census day; percentage of residents who believe public transport is an issue for Council to address in the next 12 months

The services, initiatives and major initiatives for each business area are described below.

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
<b>Roads &amp; Transport</b>	Providing the community with multiple forms of transport access to public and private amenity. Ensuring roads, road reserves, bicycle paths and footpaths are safe, functional and fit for purpose for current and future community use.	12,218 (6,186) <b>6,032</b>
<b>Parks &amp; Open Spaces</b>	Provision of quality public spaces and amenities to maximise the health and wellbeing of the community.	18,678 (1,227) <b>17,451</b>
<b>Community Centres, Facilities &amp; Venues</b>	Promote and develop the use of community facilities to provide opportunities for people to connect with neighbours, gain information, connect to services, participate and contribute to their local community. Delivery of amenity with equitable access and provision.	10,697 (1,471) <b>9,226</b>
<b>Recreation &amp; Sports Facilities</b>	Plan and deliver recreation facilities to maximise the health and wellbeing of the community. Promote and develop the use of	13,491 (12,050)

	recreation facilities to improve community wellbeing and active participation.	1,441
<b>Community Amenity and Compliance</b>	Protecting and improving public amenity and community safety.	6,191 (5,973) <b>218</b>
<b>Environmental Protection, Sustainability &amp; Flood Protection</b>	Protection and enhancement of Wyndham's natural environment. Increasing sustainable practices and improving environmental outcomes (reduced impact). Protecting the municipality from flooding, ensuring water quality and environmental sustainability.	5,263 (528) <b>4,735</b>
<b>Garbage, Waste &amp; Recycling</b>	Ensure public amenity and safety through the removal of waste, litter and recycling.	26,846 (26,096) <b>750</b>
<b>Growth/Urban Planning &amp; Management</b>	Sustainable land use and development protecting the amenity and aesthetic of Wyndham whilst ensuring that amenity demand needs are met.	9,165 (6,017) <b>3,148</b>

### Major Initiatives

- 7) Council will activate and revitalise the Werribee City Centre by investing in Wyndham Park development at a total project cost of \$11.4 million over two years (which includes \$3.2 million in Growing Suburbs Fund grant money from the Victorian State Government), Wayfinding signage \$0.17 million, design of the proposed Riverbank Promenade \$0.50 million and Werribee City Centre streetscape and public spaces upgrade design works \$0.30 million.
- 8) Continue to seek Federal and State Government funding of transport projects and develop an alternative broad based financing and funding framework to include such things as value capture principles and the 'City Deals' framework.
- 9) RDF cell 5A construction – construction will commence in 2017/18 and be completed the following financial year. Overall cost over 2 years will be approximately \$15 million.
- 10) Construction of Armstrong Road, Greens to Black Forest Rd – contract already awarded but construction will be complete in the 2017/18 financial year. \$9 million in 2017/18 budget.
- 11) Tarneit Rd duplication between Hogans Road and Good News School: contract already awarded with \$5.5 million expenditure in 2017/18 to complete construction.

### Initiatives

- 12) Council will develop a policy framework that considers land use, economic, financial, urban design, car parking, community facility and utility servicing requirements for Activity Centres that will deliver Places for People consistent with the Wyndham 2040 Vision and as a critical element of the Long Term Planning Framework for Wyndham.
- 13) Preparation of a transport and land use model for Wyndham to assist with the preparation of the Long Term Planning Framework for Wyndham.
- 14) Contribute to regional transport advocacy and planning to ensure that the strategic transport objectives of Wyndham City are being considered.
- 15) Create and deliver a Capital Landscape Renewal program focusing on local parks.
- 16) Finalise an Open Space asset management strategy for the planning, design/creation and maintenance of Wyndham's parklands.
- 17) \$0.70 million in 2017/18 to complete construction of an active youth space in Baden Powell Drive park, \$0.14 million to complete the upgrade of Price Reserve playground, and \$1.75 million to upgrade a number of other playgrounds & parks in the municipality.
- 18) Construction of ovals and landscaping at Williams Landing Boulevard reserve. Contract has been awarded and the project is expected to be completed in late 2017 with a total cost of \$6.10 million.

# Theme 3

## Earning and Learning

### Our Vision for Earning and Learning

Wyndham City will be a city of opportunity, recognised for its diverse, high-quality centres of learning, its libraries and knowledge hubs, and its varied and plentiful employment. We will attract businesses of all sizes and promote a wide mix of shops and retail, events and attractions – all designed to build community pride and engagement.

#### STRATEGIC OBJECTIVE

Council will work innovatively with our partners and community to ensure Wyndham is a place of opportunity for learning, working, investing and succeeding, which builds a vibrant and sustainable city where all residents have access to opportunities. We will seek innovative ways to build an attractive business and investment environment – both locally and internationally.

#### HEALTH, WELLBEING & SAFETY GOAL

People in Wyndham enjoy financial security, have access to a diverse range of learning, education and work opportunities and have safe and healthy work and learning environments.

#### STRATEGIC INDICATORS

16. Adult learning: number of adults participating in learning and skills programs offered at Wyndham libraries
17. Satisfaction with local library services
18. Job growth: percentage change number of local jobs
19. Gross Regional Product: Gross Regional Product and percentage contribution to Victorian Gross Domestic Product
20. Youth disengagement: percentage of 15-25 year olds not engaged at all in work or study
21. Higher Education: percentage of the adult population attending University or TAFE (18+ years)

The services, initiatives and major initiatives for each business area are described below.

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
<b>Libraries</b>	There are five library sites within the City of Wyndham. All the libraries have modern facilities with reference as well as non-reference books available and are equipped with up-to-date computer equipment and internet access available for research. These services are available for use by members of the public. Weekly programmes to improve literacy and numeracy, such as story time and rhyme time are provided at each branch.	7,676 (1,545) <b>6,130</b>
<b>Economic Growth &amp; Industry Facilitation</b>	Council supports the development and growth of local businesses, business start-ups and entrepreneurs in growing Wyndham's economy. Attracting and facilitating employment generating investment is a key service that aims to stimulate the economy and deliver local job opportunities for the resident workforce.	673 (90) <b>583</b>

<b>Tourism &amp; Major Events</b>	Promoting Wyndham City as a place to live, a place to do business and as a tourist destination. This activity serves to promote the City through the development and attraction of local tourism initiatives and events. Key services include the delivery of the Visitor Economy Strategy to guide the City's future directions in this area and the operation of an accredited Visitor Information Centre.	1,536 (935) <b>602</b>
<b>Town Centre Activation</b>	Wyndham City activates independent town centres by providing centre management services, delivering stimulus initiatives such as the Werribee Catalyst Site developments, organising and facilitating a broad range of events and activities to deliver measurable economic and social benefits, as well as market and promote the centres to attract customers, new businesses and new development investment. Public spaces such as streetscapes are enhanced, overseeing the operation and maintenance of public spaces so that they are clean, safe, accessible and welcoming, and fostering relationships and works with business, community and government partners to implement the Wyndham 2040 vision in activity centres.	1,083 (60) <b>1,023</b>

### Major Initiatives

19) Develop and grow an annual innovation and entrepreneurship festival / business summit that presents national and global trends and showcases innovative Wyndham City companies, individuals and business entrepreneurs.

20) Undertake a detailed study to identify local industry and employment capacity and gaps that will inform potential investors of opportunities in targeted sectors.

### Initiatives

21) Development and maintenance of a commercially focused stand-alone website that promotes Wyndham as a business and investment destination and reaches out to local business and local, national and international investors.

### Our Vision for Leadership & Participation

Wyndham will be home to passionate residents who are encouraged to share their ideas, skills, knowledge and passion to build a thriving city. We will offer a variety of ways for community members to support others through volunteering, social interaction, and engagement.

#### STRATEGIC OBJECTIVE

Council will continually build and shape a community of passionate, engaged and inspired residents and organisations who are proud to call Wyndham City their home. We will streamline our internal systems, our collaboration, and communication across all levels of government, while establishing the foundations for a long-term financial sustainability and strengthening our values, partnerships, and community engagement.

#### HEALTH, WELLBEING & SAFETY GOAL

Wyndham City works with local residents, organisations, partners, and other tiers of government to deliver sustainable and financially responsible improvements to health, wellbeing, and safety for the community.

#### STRATEGIC INDICATORS

22. Community satisfaction with Council's performance in community consultation and engagement
23. Community satisfaction with Council's representation, lobbying and advocacy on behalf of the community with other levels of government and private organisations on key issues
24. Community satisfaction with performance of Council across all areas of responsibility
25. Community satisfaction with Council's performance in maintaining the trust and confidence of the local community
26. Community participation: proportion of adults who belong to an organised community group (sports, religious, school, professional, other)
27. Social support: percentage of adults experiencing high or very high levels of social isolation
28. Volunteers: percentage of population (15 years +) that volunteered in the last 12 months



The services, initiatives and major initiatives for each business area are described below.

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
<b>Civic Participation</b>	Community consultation, planning and community development activities promote local engagement and activation in the distinct neighbourhoods and districts of Wyndham. This aims to ensure that Council services and engagement are well targeted to local need; providing people with opportunities to shape what happens in their local area.	1,931 (149) <b>1,783</b>
<b>Strengthening Communities</b>	Wyndham promotes local engagement and activation through community events and neighbourhood programs. Building community strength and individual wellbeing by celebrating diverse identities, removing barriers to access services and ensuring inclusion in community life. Strengthening the capability of the community to increase the quality and number of community-led activities.	3,412 (186) <b>3,225</b>

### Major Initiatives

22) Council will keep abreast of changes to technology by undertaking enterprise resource planning to ensure our systems are as streamlined and integrated as possible.

23) Council will respond to a rate capped environment and continue to deliver value to our community by ensuring sound long term financial planning with the development and implementation of the Long Term Financial Plan, which will include moving to a service costing model, greater engagement with VAGO and the Essential Services Commission.

### Initiatives

24) Council will ensure that our community is provided with good infrastructure facilities by ensuring our Development Contributions Plan (DCP) reporting system aligns to Council's DCP monitoring processes and databases.

25) Implement priority services for economic and residential development permit applications.

26) Streamline development assessment process by the creation of Online lodgement, paperless office, and performance reporting using digital technology.

## Service Performance Outcome Indicators<sup>5</sup>

Service	Indicator	Performance Measure	Computation
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
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
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Maternal & 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
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.

<sup>5</sup> The mandatory indicators in this section form part of Council's Performance Statement in the next Annual Report.

Statutory Planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Waste Collection	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

## 2.2 Performance statement

The service performance indicators detailed above will be reported in the Performance Statement which is prepared at the end of the year as required by section 132 of the Act and included in the 2017/18 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in section 4) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

## 2.3 Reconciliation with budgeted operating result

	Expenditure \$'000	Revenue \$'000	Net Cost (Revenue) \$'000
People and Community	50,547	29,736	20,811
Places and Spaces	102,549	59,548	43,001
Earning and Learning	10,969	2,630	8,339
Leadership and Participation	5,343	335	5,008
<b>Total services &amp; initiatives</b>	<b>169,408</b>	<b>92,249</b>	<b>77,159</b>
Council Operations			25,714
Asset write off / written down value			5,100
Depreciation & Amortisation			74,752
<b>Total non-attributable expenses</b>			<b>105,567</b>
<b>Deficit before funding sources</b>			<b>182,726</b>
Rates & Charges (excluding waste management service charge)			164,192
Contributions			44,695
Contributions - non monetary			116,130
Capital grants			11,732
Proceeds on sale of assets			1,720
Net surplus before depreciation from business undertakings			24,687
<b>Total funding sources</b>			<b>363,155</b>
<b>Surplus for the year</b>			<b>180,429 *</b>

\* The 'Surplus for the year' is reconciled to the Income Statement in Section 3.

### Note:-

The Expenditure and Revenue totals include internal service charges and cost recoveries between departments. The Net Cost total reflects the actual overall cost, after internal transactions have been negated.

### 3. Financial Statements

This section presents information in regard to the consolidated Financial Statements for Wyndham City Council, including its 100% owned subsidiary Western Leisure Services Pty Ltd. The budget information for the years 2018/19 to 2020/21 has been extracted from the Strategic Resource Plan.

The following financial statements are included in accordance with the Local Government Act 1989 and the Local Government Model Financial Report.

- 3.1 Comprehensive Income Statement
- 3.2 Balance Sheet
- 3.3 Statement of Changes in Equity
- 3.4 Statement of Cash Flows
- 3.5 Statement of Capital Works
- 3.6 Statement of Human Resources

**(Note: +1/-1 variances in these statements will be due to rounding of source data).**

### 3.1 Comprehensive Income Statement For the 4 years ending 30 June 2021

	Forecast	Budget	Strategic Resource Plan		
	2016/17	2017/18	Projections		
	\$'000	\$'000	2018/19	2019/20	2020/21
			\$'000	\$'000	\$'000
<b>Income</b>					
Rates and charges	173,344	184,921	194,832	207,390	220,375
Statutory fees and fines	15,065	14,823	15,660	16,747	17,883
User fees	79,601	83,596	89,181	94,629	100,392
Grants - operating	43,978	32,009	41,438	44,315	47,320
Grants - capital	10,546	11,732	4,606	3,357	3,946
Contributions - monetary	52,892	44,967	91,422	64,959	50,976
Contributions - non-monetary assets	120,000	116,130	107,590	102,130	98,444
Other income	5,350	5,865	7,013	6,841	7,466
<b>Total income</b>	<b>500,776</b>	<b>494,043</b>	<b>551,743</b>	<b>540,368</b>	<b>546,801</b>
<b>Expenses</b>					
Employee costs	118,216	128,688	137,574	147,065	156,988
Materials and services	100,179	100,629	104,661	110,373	116,580
Bad and doubtful debts	853	102	102	102	102
Depreciation and amortisation	75,466	74,752	82,874	89,006	93,362
Borrowing costs	2,913	2,913	3,413	3,396	3,404
Other expenses	3,040	3,150	3,208	3,288	3,371
Net loss on disposal of property, infrastructure, plant and equipment	3,785	3,380	3,498	3,968	4,447
<b>Total expenses</b>	<b>304,452</b>	<b>313,614</b>	<b>335,331</b>	<b>357,198</b>	<b>378,254</b>
<b>Surplus (deficit) for the year</b>	<b>196,324</b>	<b>180,429</b>	<b>216,412</b>	<b>183,170</b>	<b>168,547</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)	3,394	17,248	206,798	24,982	0
<b>Total Comprehensive Result</b>	<b>199,719</b>	<b>197,676</b>	<b>423,209</b>	<b>208,152</b>	<b>168,547</b>

	Forecast	Budget	SRP Projections		
	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Adjusted Underlying Surplus</b>					
<b>Surplus (deficit) for the year</b>	<b>196,324</b>	<b>180,429</b>	<b>216,412</b>	<b>183,170</b>	<b>168,547</b>
Grants - capital non-recurrent	-5,499	-8,806	-1,656	-356	-350
Contributions - non monetary assets	-120,000	-116,130	-107,590	-102,130	-98,444
Capital Contributions - other sources	-52,633	-44,695	-91,155	-64,685	-50,695
<b>Adjusted underlying surplus (deficit)</b>	<b>18,192</b>	<b>10,798</b>	<b>16,010</b>	<b>15,999</b>	<b>19,059</b>

The total income numbers are significantly impacted by non-recurrent capital grants and monetary and non-monetary contributions.

- Income from capital grants and monetary contributions can only be used to fund capital projects and not operating activities.
- The non-monetary contributions represent the value of roads, land and other subdivision assets that are gifted to Council by Developers. From an accounting perspective these contributions are recognised as revenue and an increase in assets. In reality, these assets place an ongoing obligation on council as they are required to be maintained into the future.

The adjusted underlying result as shown above, therefore is a more relevant representation of council's operating position.

### 3.2 Balance Sheet

For the 4 years ending 30 June 2021

	Forecast	Budget	Strategic Resource Plan		
	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	20,621	20,839	18,192	19,121	20,315
Other financial assets	200,342	202,454	176,741	185,770	197,370
Trade and other receivables	33,845	35,683	38,076	40,283	42,854
Inventories	199	198	206	218	230
Other assets	2,256	2,249	2,339	2,466	2,605
Non-current assets classified as held for sale	10,782	10,782	10,782	10,782	10,782
<b>Total current assets</b>	<b>268,045</b>	<b>272,207</b>	<b>246,336</b>	<b>258,641</b>	<b>274,156</b>
<b>Non-current assets</b>					
Trade and other receivables	1,835	1,910	2,033	2,160	2,294
Property, infrastructure, plant & equipment	3,268,600	3,482,684	3,925,794	4,132,040	4,278,534
Intangible assets	6,404	305	9,709	3,176	13,949
<b>Total non-current assets</b>	<b>3,276,839</b>	<b>3,484,900</b>	<b>3,937,537</b>	<b>4,137,376</b>	<b>4,294,777</b>
<b>Total assets</b>	<b>3,544,884</b>	<b>3,757,107</b>	<b>4,183,873</b>	<b>4,396,017</b>	<b>4,568,933</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	21,269	21,230	22,066	23,250	24,535
Trust funds and deposits	11,727	11,706	12,167	12,819	13,528
Provisions	17,548	19,092	20,402	21,801	23,264
<b>Total current liabilities</b>	<b>50,544</b>	<b>52,027</b>	<b>54,635</b>	<b>57,870</b>	<b>61,326</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	55,000	70,000	70,000	70,000	70,000
Provisions	5,124	5,578	5,963	6,374	6,804
Carbon tax	2,850	0	0	0	0
Landfill rehabilitation	23,464	23,921	24,486	24,830	25,312
<b>Total non-current liabilities</b>	<b>86,438</b>	<b>99,498</b>	<b>100,449</b>	<b>101,205</b>	<b>102,117</b>
<b>Total liabilities</b>	<b>136,982</b>	<b>151,526</b>	<b>155,084</b>	<b>159,075</b>	<b>163,443</b>
<b>Net assets</b>	<b>3,407,903</b>	<b>3,605,580</b>	<b>4,028,789</b>	<b>4,236,941</b>	<b>4,405,489</b>
<b>Equity</b>					
Accumulated surplus	1,813,260	1,961,745	2,173,614	2,351,849	2,515,043
Reserves	1,594,643	1,643,835	1,855,175	1,885,092	1,890,445
<b>Total equity</b>	<b>3,407,903</b>	<b>3,605,580</b>	<b>4,028,789</b>	<b>4,236,941</b>	<b>4,405,489</b>



### 3.3 Statement of Changes in Equity For the 4 years ending 30 June 2021

	<b>Total \$'000</b>	<b>Accumm Surplus \$'000</b>	<b>Reval'n Reserve \$'000</b>	<b>Other Reserves \$'000</b>
<b>2018</b>				
Balance at beginning of the financial year	3,407,903	1,813,260	1,459,576	135,066
Surplus/(deficit) for the year	180,429	180,429	-	-
Net asset revaluation increment (decrement)	17,248	-	17,248	-
Transfer to other reserves	-	(48,463)	-	48,463
Transfer from other reserves	-	16,520	-	(16,520)
<b>Balance at end of the financial year</b>	<b>3,605,580</b>	<b>1,961,745</b>	<b>1,476,825</b>	<b>167,010</b>
<b>2019</b>				
Balance at beginning of the financial year	3,605,580	1,961,745	1,476,825	167,010
Surplus/(deficit) for the year	216,412	216,412	-	-
Net asset revaluation increment (decrement)	206,798	-	206,798	-
Transfer to other reserves	-	(95,698)	-	95,698
Transfer from other reserves	-	91,155	-	(91,155)
<b>Balance at end of the financial year</b>	<b>4,028,789</b>	<b>2,173,614</b>	<b>1,683,622</b>	<b>171,553</b>
<b>2020</b>				
Balance at beginning of the financial year	4,028,789	2,173,614	1,683,622	171,553
Surplus/(deficit) for the year	183,170	183,170	-	-
Net asset revaluation increment (decrement)	24,982	-	24,982	-
Transfer to other reserves	-	(69,620)	-	69,620
Transfer from other reserves	-	64,685	-	(64,685)
<b>Balance at end of the financial year</b>	<b>4,236,941</b>	<b>2,351,849</b>	<b>1,708,604</b>	<b>176,488</b>
<b>2021</b>				
Balance at beginning of the financial year	4,236,941	2,351,849	1,708,604	176,488
Surplus/(deficit) for the year	168,547	168,547	-	-
Net asset revaluation increment (decrement)	-	-	-	-
Transfer to other reserves	-	(56,048)	-	56,048
Transfer from reserve	-	50,695	-	(50,695)
<b>Balance at end of the financial year</b>	<b>4,405,489</b>	<b>2,515,043</b>	<b>1,708,604</b>	<b>181,841</b>

### 3.4 Statement of Cash Flows

For the 4 years ending 30 June 2021

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Strategic Resource Plan Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Rates and charges	172,396	183,939	193,990	206,324	219,273
Statutory fees & fines	16,237	16,104	17,359	18,259	19,321
User fees	85,791	90,822	98,856	103,169	108,466
Grants - operating	46,836	34,090	44,131	47,195	50,396
Grants - capital	11,232	12,494	4,906	3,576	4,203
Contributions - monetary	52,892	44,967	91,422	64,959	50,976
Interest received	4,934	5,697	6,639	6,897	7,262
Trust funds & deposits taken	44,113	44,995	46,008	47,158	48,337
Net GST refund/payment	7,086	13,737	17,125	13,478	12,822
Employee costs	-116,953	-126,690	-135,879	-145,254	-155,095
Materials & services	-131,699	-132,601	-145,247	-140,671	-151,610
Trust funds & deposits repaid	-44,486	-45,017	-45,547	-46,505	-47,628
<b>Net cash provided by/(used in) operating activities</b>	148,378	142,538	193,763	178,583	166,721
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	-96,124	-154,472	-220,674	-166,806	-151,729
Proceeds from sale of property, infrastructure, plant and equipment	1,316	1,720	1,602	1,232	853
Payment for investments	-47,403	-2,112	25,713	-9,029	-11,600
<b>Net cash provided by/(used in) investing activities</b>	-142,211	-154,864	-193,359	-174,603	-162,476
<b>Cash flows from financing activities</b>					
Finance costs	-2,456	-2,456	-3,051	-3,051	-3,051
Proceeds from borrowings	0	15,000	0	0	0
<b>Net cash provided by/(used in) financing activities</b>	-2,456	12,544	-3,051	-3,051	-3,051
Net increase/(decrease) in cash & cash equivalents	3,711	217	-2,647	929	1,194
Cash & cash equivalents at the beginning of financial year	16,910	20,621	20,839	18,192	19,121
<b>Cash &amp; cash equivalents at the end of the financial year</b>	20,621	20,839	18,192	19,121	20,315

### 3.5 Statement of Capital Works For the 4 years ending 30 June 2021

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Strategic Resource Plan Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
<b>Capital works areas</b>					
<b>Property</b>					
Land	22,361	3,539	22,887	10,786	14,088
Land improvements	2,761	9,539	5,356	5,570	5,793
Buildings	14,988	42,764	11,690	19,150	13,245
Building improvements	4,721	11,531	5,869	0	0
<b>Total property</b>	<b>44,830</b>	<b>67,373</b>	<b>45,802</b>	<b>35,506</b>	<b>33,126</b>
<b>Plant &amp; equipment</b>					
Heritage plant & equipment	88	413	260	270	281
Plant, machinery and equipment	5,537	7,977	6,782	5,643	5,499
Fixtures, fittings and furniture	786	2,356	2,148	178	748
Computers and telecommunications	1,852	5,324	6,240	0	0
Library books	895	966	1,034	2,048	2,128
<b>Total plant and equipment</b>	<b>9,157</b>	<b>17,036</b>	<b>16,463</b>	<b>8,139</b>	<b>8,657</b>
<b>Infrastructure</b>					
Roads	23,917	35,232	123,424	79,466	47,604
Bridges	4,188	450	780	541	0
Footpaths and cycleways	1,227	1,020	1,061	1,103	1,147
Drainage	767	164	372	220	198
Recreational, leisure and community facilities	3,148	16,749	12,520	14,248	21,059
Waste management	626	1,350	1,272	899	1,429
Parks, open space and streetscapes	4,074	13,721	16,797	18,355	30,206
Off street car parks	473	250	0	0	0
Other infrastructure	3,716	1,127	2,080	8,112	7,874
<b>Total infrastructure</b>	<b>42,136</b>	<b>70,063</b>	<b>158,306</b>	<b>122,944</b>	<b>109,518</b>
<b>Total capital works expenditure</b>	<b>96,124</b>	<b>154,472</b>	<b>220,571</b>	<b>166,590</b>	<b>151,301</b>
<b>Represented by:</b>					
New asset expenditure	48,328	79,743	158,588	130,102	94,801
Asset renewal expenditure	21,560	25,473	23,596	24,309	33,062
Asset expansion expenditure	3,425	7,080	1,799	2,704	8,216
Asset upgrade expenditure	22,811	42,175	36,587	9,475	15,223
<b>Total capital works expenditure</b>	<b>96,124</b>	<b>154,472</b>	<b>220,571</b>	<b>166,590</b>	<b>151,301</b>

Total capital works of \$154.47 million in 2017/18 includes \$21.36 million in carried forward projects from 2016/17 to be completed in 2017/18.

### 3.6 Statement of Human Resources For the 4 years ending 30 June 2021

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Strategic Resource Plan Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	121,081	<b>131,489</b>	140,468	150,031	160,028
Employee costs - capital	-2,865	<b>-2,801</b>	-2,894	-2,966	-3,040
<b>Total staff expenditure</b>	<b>118,216</b>	<b>128,688</b>	<b>137,574</b>	<b>147,065</b>	<b>156,988</b>
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	1,241.96	<b>1,316.55</b>	1,344.55	1,371.55	1,397.55
<b>Total staff numbers</b>	<b>1,241.96</b>	<b>1,316.55</b>	<b>1,344.55</b>	<b>1,371.55</b>	<b>1,397.55</b>

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

Directorate/Business unit	Budget 2017/18 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
CEO's Office	<b>7,332</b>	6,828	504
City Economy, Innovation & Liveability	<b>7,306</b>	6,865	441
City Life	<b>48,448</b>	18,790	29,658
City Operations	<b>38,288</b>	35,378	2,910
City Transformation	<b>14,808</b>	14,445	363
Western Leisure Services (WLS) - 100% subsidiary	<b>3,437</b>	3,010	427
Total permanent staff expenditure	<b>119,619</b>	85,318	34,302
Casuals and other expenditure	<b>11,870</b>		
Capitalise labour costs	<b>- 2,801</b>		
<b>Total Wyndham City &amp; WLS expenditure</b>	<b>128,688</b>		

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

Directorate/Business unit	Budget FTE	Comprises	
		Permanent Full time	Permanent Part time
CEO's Office	<b>54.58</b>	50.00	4.58
City Economy, Innovation & Liveability	<b>61.01</b>	57.15	3.86
City Life	<b>484.34</b>	178.75	305.59
City Operations	<b>383.99</b>	351.90	32.09
City Transformation	<b>128.55</b>	125.05	3.50
Western Leisure Services - 100% subsidiary	<b>39.26</b>	34.00	5.26
Total permanent staff	<b>1,151.73</b>	796.85	354.88
Casuals and other	<b>139.97</b>		
Capitalised labour costs	<b>24.85</b>		
<b>Total Wyndham City &amp; WLS FTE</b>	<b>1,316.55</b>		

See also section 10.3.1 for more details on employee costs.

(Note: +1/-1 variances in these statements will be due to rounding of source data).

## 4. 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 2015/16	Forecast 2016/17	Budget 2017/18	Strategic Resource Plan Projections			Trend +/o/-
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-1.15%	5.71%	3.36%	4.60%	4.33%	4.85%	+
Liquidity									
Working Capital	Current assets / current liabilities	2	378.22%	530.32%	523.20%	450.88%	446.93%	447.04%	-
Unrestricted cash	Unrestricted cash / current liabilities	3	86.48%	110.12%	85.68%	20.52%	26.93%	36.39%	-
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	34.16%	31.73%	37.85%	35.93%	33.75%	31.76%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans & borrowings / rate revenue		1.16%	1.42%	1.33%	1.57%	1.47%	1.38%	o
Indebtedness	Non-current liabilities / own source revenue		34.49%	32.06%	34.81%	33.13%	31.47%	29.89%	+
Asset renewal	Asset renewal expenditure / depreciation	5	22.61%	30.84%	37.10%	30.82%	29.48%	38.09%	o
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	6	56.91%	54.36%	57.60%	56.01%	56.17%	56.09%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.40%	0.41%	0.42%	0.40%	0.41%	0.40%	o
Efficiency									
Expenditure level	Total expenditure / no. of property assessments		\$3,417.53	\$3,364.22	\$3,316.67	\$3,410.13	\$3,496.32	\$3,566.97	-
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,582.38	\$1,621.42	\$1,643.32	\$1,679.67	\$1,721.43	\$1,762.65	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		9.4%	10.0%	9.0%	9.0%	9.0%	9.0%	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 year end surplus and total revenue is adjusted to remove non-recurrent capital grants, capital cash and non-cash contributions, which will then result in an indicator that better demonstrates Council's underlying operating position. Consistent financial performance is expected over the period.

**2 Working Capital** – The proportion of current liabilities represented by current assets. Working capital is forecast to remain stable in the 2017/18 year even after the spending of cash reserves to complete that year's capital program. The trend in later years is to remain steady at an acceptable level.

**3 Unrestricted Cash** – Although aggregate cash holdings are increasing, this is primarily due to increases in developer contributions received. The developer contribution funds are required to be held for specific projects and are therefore considered 'restricted' funds. This leaves a lower proportion of our cash holdings that are unrestricted.

**4 Debt compared to rates** - Trend reflects Council's intention to borrow further funds of \$15 million in 2017/18. This borrowing will be put towards progression of the capital works program.

**5 Asset renewal** - This percentage indicates the amount of spend by Council on renewal of assets against the depreciation charge (depreciation is an indication of the decline in the value of its existing capital assets). A percentage less than 100 suggests that assets are not being renewed at the same rate that they deteriorate. Wyndham is in a high growth phase and this requires capital funding to be prioritised towards new assets. The level of funding allocated to Asset renewal is reviewed as part of the planning and budgeting process and prioritised based on asset condition assessments. There will be peaks and troughs in the level of renewal works over time, and funds can be moved from new to renewal works if it became necessary.

**6 Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates a steady reliance on rate revenue compared to all other revenue sources during this 4 year period.

## 5. Other Budget Information

This section presents other budget related information required by the Regulations.

This section includes the following statements and reports:

- 5.1.1 Grants operating
- 5.1.2 Grants capital
- 5.1.3 Statement of borrowings



### 5.1.1 Grants - Operating (\$11.97 million decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants has decreased by 27.2% or \$11.97 million compared to 2016/17. This is mostly due to the anticipated early receipt of a portion of Council's 2017/18 VGC grant allocation in 2016/17, which is a timing difference only. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below:

Operating Grants	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Recurrent - Commonwealth Government</b>			
Aged Care	4,263	4,362	99
Family Support	48	48	0
Victorian Grants Commission	19,766	7,579	-12,187
<b>Recurrent - State Government</b>			
Aged Care	1,868	1,924	56
Community Health & Wellbeing	392	414	22
Family Support	294	298	4
Kindergarten	11,679	12,011	332
Libraries	1,268	1,292	24
Maternal & Child Health	3,166	3,457	291
Preschool Field Officers	204	195	-9
School Crossing Supervisors	297	303	6
Youth Services	220	102	-117
<b>Total Recurrent Operating Grants</b>	<b>43,465</b>	<b>31,985</b>	<b>-11,480</b>
<b>Non-recurrent - State Government</b>			
Aged Care	3	3	0
Business Development	15	15	0
Community Health & Wellbeing	226	0	-226
Environment	216	6	-210
Kindergarten	10	0	-10
Youth Services	40	0	-40
Recreation	3	0	-3
<b>Total Non-Recurrent Operating Grants</b>	<b>513</b>	<b>24</b>	<b>-489</b>
<b>Total operating grants</b>	<b>43,978</b>	<b>32,009</b>	<b>-11,968</b>

Increase in specific operating grant funding reflect expected increased demand for these services.

### 5.1.2 Grants - Capital (\$1.19 million increase)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall, the level of capital grants has increased by 11.2% or \$1.19 million compared to 2016/17. In its budgetary practices, Council adopts a conservative approach to the budgeting of one-off capital grants. Only those grants that are confirmed and certain are included in the budget. Council's policy recognises that any project that warrants inclusion in the Capital budget be justified on its own merits, rather than being contingent on the receipt of capital grants. Section 12. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2017/18 year.

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

Capital Grants	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Recurrent - Commonwealth Government</b>			
Victorian Grants Commission	2,958	1,115	-1,842
Roads to Recovery	2,090	1,810	-279
<b>Total Recurrent Capital Grants</b>	<b>5,048</b>	<b>2,926</b>	<b>-2,122</b>
<b>Non-recurrent - Commonwealth Government</b>			
Building	1,300	1,950	650
<b>Non-recurrent - State Government</b>			
Building	2,865	1,600	-1,265
Roads	0	2,000	2,000
Other Structures	1,334	3,256	1,922
<b>Total Non-Recurrent Capital Grants</b>	<b>5,499</b>	<b>8,806</b>	<b>3,307</b>
<b>Total Capital Grants</b>	<b>10,546</b>	<b>11,732</b>	<b>1,185</b>

### 5.1.3 Statement of Borrowings

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

	2016/17 \$'000	2017/18 \$'000
Total amount borrowed as at 30 June of the prior year	55,000	<b>55,000</b>
Total amount to be borrowed	0	<b>15,000</b>
Total amount projected to be redeemed	0	<b>0</b>
Total borrowings as at 30 June	55,000	<b>70,000</b>

## 6. Detailed List of Capital Works

This section presents a listing of the capital works projects that will be undertaken for the 2017/18 year.

The capital works projects are grouped by class and include the following:

- New works for 2017/18
- Works carried forward from the 2016/17 year.

In August 2015 Council adopted an Environmentally Sustainable Design (ESD) Framework for all new buildings, renovations and building maintenance. In accordance with the Council resolution, all new building projects will comply with the ESD Framework from the 2016/17 financial year onwards. Capital works project budgets account for these requirements where required.

Council intends to undertake quarterly reviews of the capital works program as part of its ongoing focus to improve project governance. This may involve deferring projects that have not progressed as per the plan and/or bringing forward projects identified in future years of the Strategic Resource Plan into the 2017/18 program of works. Council may also consider those projects reliant on external funding sources should the funding become available through the course of the 2017/18 financial year. The capital works program expenditure and funding requirements will be managed through the forecast process and reported to Council on a quarterly basis.

Capital works program Plan  
For the year ending 30 June 2018

6.1 New works

Capital Works Area	Project Cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council cash \$'000	Borrowings \$'000
<b>PROPERTY</b>									
<b>Land</b>									
Strategic Land Acquisition - Open Space	1,389	1,389	0	0	0	0	0	1,389	0
Land - Hobbs Rd - For Active Open Space	750	750	0	0	0	0	0	750	0
RDF Land	1,000	1,000	0	0	0	0	0	1,000	0
<b>Total Land</b>	<b>3,139</b>	<b>3,139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,139</b>	<b>0</b>
<b>Land Improvements</b>									
RDF New Cells - Design & Construction of Cell 5A	8,000	8,000	0	0	0	0	0	8,000	0
RDF Landscape Project	150	0	0	150	0	0	0	150	0
<b>Total Land Improvements</b>	<b>8,150</b>	<b>8,000</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,150</b>	<b>0</b>
<b>Buildings</b>									
Western Animal Facility	3,100	3,100	0	0	0	0	1,000	2,100	0
Wyndham Integrated Family and Children Centre and Aboriginal Community Centre	6,560	6,560	0	0	0	1,600	3,000	1,960	0
The Grange Community Centre Expansion	170	0	0	0	170	0	170	0	0
Cultural Centre Upgrade	185	0	185	0	0	0	0	185	0
Williams Landing Estate - Pavilion & Car Park	3,810	3,810	0	0	0	0	0	3,810	0
Cultural Centre External Storage Room #2	30	0	30	0	0	0	0	30	0
Cultural Centre Orchestra Pit Lift	295	0	0	295	0	0	0	295	0
Sport and Recreation Pilot Initiative	100	100	0	0	0	0	0	100	0
Wyndham Park Community Centre and Shed Upgrade	92	0	0	92	0	0	0	92	0
Werribee Catalyst Site Payment	17,900	17,900	0	0	0	0	0	2,900	15,000
Chirnside Park Hub Precinct Development	5,217	0	0	5,217	0	1,950	0	3,267	0
<b>Total Buildings</b>	<b>37,459</b>	<b>31,470</b>	<b>215</b>	<b>5,604</b>	<b>170</b>	<b>3,550</b>	<b>4,170</b>	<b>14,739</b>	<b>15,000</b>
<b>Building Improvements</b>									
Enhanced Neighbourhood Hubs Upgrade	6,340	0	0	6,340	0	0	0	6,340	0

Capital Works Area	Project Cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council cash \$'000	Borrowings \$'000
Changing Spaces Project	1,500	0	1,500	0	0	0	0	1,500	0
Central Park Retrofit	370	0	0	370	0	0	0	370	0
<b>Total Building Improvements</b>	<b>8,210</b>	0	1,500	6,710	0	0	0	8,210	0
<b>TOTAL PROPERTY</b>	<b>56,958</b>	<b>42,609</b>	<b>1,715</b>	<b>12,464</b>	<b>170</b>	<b>3,550</b>	<b>4,170</b>	<b>34,238</b>	<b>15,000</b>
<b>PLANT AND EQUIPMENT</b>									
<b>Heritage Plant and Equipment</b>									
Public Art Funding	250	250	0	0	0	25	0	225	0
<b>Total Heritage Plant and Equipment</b>	<b>250</b>	250	0	0	0	25	0	225	0
<b>Plant, Machinery and Equipment</b>									
Motor Vehicle and Plant Replacement Program	3,415	0	3,415	0	0	0	970	2,445	0
Acquisition of Additional Fleet	568	568	0	0	0	0	0	568	0
Werribee Outdoor Olympic Pool - Pool Plant Upgrade	11	0	0	11	0	0	0	11	0
New Excavator	450	0	450	0	0	0	0	450	0
New Moxy Dump Truck	350	0	350	0	0	0	0	350	0
New Swamp Dozer	400	0	400	0	0	0	0	400	0
RDF - Bulldozer	1,200	0	1,200	0	0	0	200	1,000	0
RDF Compactor Replacement	1,250	0	1,250	0	0	0	200	1,050	0
<b>Total Plant, Machinery and Equipment</b>	<b>7,644</b>	568	7,065	11	0	0	1,370	6,274	0
<b>Fixtures, Fittings and Furniture</b>									
Community Centres & Facilities Furniture & Equipment Upgrade	165	0	165	0	0	0	0	165	0
Coin and Note Machine Replacement	16	0	16	0	0	0	0	16	0
Digital Signage Replacement	26	0	26	0	0	0	0	26	0
Encore Kitchen Equipment Replacement	178	0	178	0	0	0	0	178	0
Changing Spaces - Technology Pillar	1,970	0	0	1,970	0	0	0	1,970	0
<b>Total Fixtures, Fittings and Furniture</b>	<b>2,356</b>	0	386	1,970	0	0	0	2,356	0
<b>Computers and Telecommunications</b>									
IT Transformation Program - Enterprise Platform	5,000	5,000	0	0	0	0	0	5,000	0
<b>Total Computers and Telecommunications</b>	<b>5,000</b>	5,000	0	0	0	0	0	5,000	0

Capital Works Area	Project Cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council cash \$'000	Borrowings \$'000
<b>Library Books</b>									
Library Resource Collection	966	0	966	0	0	31	0	935	0
<b>Total Library Books</b>	<b>966</b>	<b>0</b>	<b>966</b>	<b>0</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>935</b>	<b>0</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>16,216</b>	<b>5,818</b>	<b>8,417</b>	<b>1,981</b>	<b>0</b>	<b>56</b>	<b>1,370</b>	<b>14,790</b>	<b>0</b>
<b>INFRASTRUCTURE</b>									
<b>Roads</b>									
Road Reconstructions (Various)	10,333	0	10,333	0	0	2,926	0	7,408	0
Armstrong Rd - MRR ( Greens - Black Forest)	9,000	9,000	0	0	0	0	5,706	3,294	0
Road Safety Improvements	150	0	0	150	0	0	0	150	0
Tarniet Rd (Sayers Rd to Leakes Rd)	150	0	0	150	0	0	150	0	0
Old Geelong Rd Service Rd - Design	100	0	0	100	0	0	0	100	0
Boundary Road Upgrade	50	0	0	50	0	0	0	50	0
Dohertys Rd Culvert	50	50	0	0	0	0	0	50	0
Forsyth Rd Duplication - Sayers to Old Geelong Rd	1,500	0	0	1,500	0	0	0	1,500	0
Pedestrian Operated Signals - Dunnings Rd/Main St	250	250	0	0	0	0	0	250	0
Princes Hwy Service Rd Jellicoe to Civic Centre	20	0	0	20	0	0	0	20	0
Russel Street Special Charge Scheme	50	0	0	50	0	0	0	50	0
Shanahans Road Culvert Crossing	150	150	0	0	0	0	0	150	0
Signalisation Greens Road Haines Drive	30	30	0	0	0	0	0	30	0
Widen Little River Roads	100	0	0	100	0	0	0	100	0
Leakes Rd Upgrade - Derrimut Rd to Davis Rd	500	0	0	0	500	0	0	500	0
Hoppers Lane Service Relocation - Road and Pavement Upgrade	3,000	0	0	3,000	0	0	0	3,000	0
Ison Road - Princes Highway to Melbourne-Geelong Rail Line	200	200	0	0	0	0	0	200	0
Road Surface Renewal Program	3,050	0	3,050	0	0	0	0	3,050	0
Road Reconstruction Forward Design Program	450	0	450	0	0	0	0	450	0
Hogans Rd (Tarneit - Davis Creek)	20	0	0	0	20	0	20	0	0
Tarneit Road Duplication (Hogans Rd to Good News School)	5,500	0	0	0	5,500	2,000	3,500	0	0
<b>Total Roads</b>	<b>34,653</b>	<b>9,680</b>	<b>13,833</b>	<b>5,120</b>	<b>6,020</b>	<b>4,926</b>	<b>9,376</b>	<b>20,352</b>	<b>0</b>

Capital Works Area	Project Cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council cash \$'000	Borrowings \$'000
<b>Bridges</b>									
Kirksbridge Road (Bridge) Rehabilitaiton and Painting	200	0	200	0	0	0	0	200	0
Rothwell Road Bridge Crossing, Little River	50	50	0	0	0	0	0	50	0
Pedestrian / Bicycle Bridge Over Princes Freeway	200	200	0	0	0	0	0	200	0
<b>Total Bridges</b>	<b>450</b>	250	200	0	0	0	0	450	0
<b>Footpaths and Cycleways</b>									
Bicycle Plan - Implementation	300	300	0	0	0	0	0	300	0
Shared Path in Reserves	500	0	0	500	0	0	0	500	0
Footpath Construction Program	220	220	0	0	0	0	0	220	0
<b>Total Footpaths and Cycleways</b>	<b>1,020</b>	520	0	500	0	0	0	1,020	0
<b>Drainage</b>									
Werribee River Drainage Outlet Works (Cottrell St)	110	110	0	0	0	0	0	110	0
<b>Total Drainage</b>	<b>110</b>	110	0	0	0	0	0	110	0
<b>Recreational, Leisure and Community</b>									
Mossfiel Reserve Masterplan Implementation	3,950	0	0	3,950	0	0	0	3,950	0
Williams Landing Blvd Reserve - Ovals & Landscape	1,800	1,800	0	0	0	0	474	1,326	0
Saltwater Active Youth Space	424	424	0	0	0	0	0	424	0
Wyndham Youth Resource Centre Outdoor Area Redevelopment	260	260	0	0	0	0	0	260	0
Point Cook Skate Park Expansion Project	300	0	0	0	300	0	0	300	0
Point Cook West Reserve Master Plan	100	100	0	0	0	0	0	100	0
Grange Soccer	171	0	0	171	0	0	0	171	0
New Hard to Locate Sports Strategy Implementation	50	0	0	50	0	0	0	50	0
Presidents Park Baseball Diamond 1	3	0	3	0	0	0	0	3	0
Sports Facility Capital Development Guide Retrofitting	1,100	0	0	1,100	0	0	0	1,100	0
Turf Wicket Replacement	120	0	120	0	0	0	0	120	0
Oaktree Avenue Park Redevelopment	60	0	0	60	0	0	0	60	0
Various Infrastructure Upgrades	225	0	0	225	0	0	0	225	0
Greening The Pipeline	250	0	0	250	0	0	0	250	0
Galvin Park Master Plan Implementation	3,000	0	0	3,000	0	0	0	3,000	0
<b>Total Rec, Leisure and Community Facilities</b>	<b>11,813</b>	2,584	123	8,806	300	0	474	11,339	0



Capital Works Area	Project Cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council cash \$'000	Borrowings \$'000
<b>Waste Management</b>									
RDF Litter Net Fence & Litter Cages	500	500	0	0	0	0	0	500	0
Leachate Management Infrastructure	500	500	0	0	0	0	0	500	0
<b>Total Waste Management</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>
<b>Parks, Open Space and Streetscapes</b>									
Baden Powell Drive Park - Active Youth Space	700	700	0	0	0	0	0	700	0
Presidents Park - Minor Landscape Works	615	615	0	0	0	0	0	615	0
Tarneit North 4 PSP Construction of Sporting Surfaces	100	100	0	0	0	0	0	100	0
Truganina 4 PSP construction of sporting surfaces	100	100	0	0	0	0	0	100	0
Presidents Park Pump Track	25	0	0	25	0	0	0	25	0
Quantin Binnah Community Centre Drainage and Playground	264	0	0	264	0	0	0	264	0
Streetscape and Public Places Upgrade	300	0	0	300	0	0	0	300	0
Active LED Project Implementation	1,112	1,112	0	0	0	0	0	1,112	0
Wyndham Park	4,000	0	0	4,000	0	3,200	0	800	0
Sports Facility Strategy - Implementation	600	600	0	0	0	0	0	600	0
Playground / Park Upgrade	1,750	0	0	1,750	0	0	0	1,750	0
<b>Total Parks, Open Space and Streetscapes</b>	<b>9,566</b>	<b>3,227</b>	<b>0</b>	<b>6,339</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>6,366</b>	<b>0</b>
<b>Off Street Car Parks</b>									
West-End Car Park Development	250	0	0	250	0	0	0	250	0
<b>Total Off Street Car Parks</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>
<b>Other Infrastructure</b>									
Wayfinding Signage	170	170	0	0	0	0	0	170	0
Riverbank Promenade	500	500	0	0	0	0	0	500	0
CCTV Replacement	55	0	55	0	0	0	0	55	0
Healthier Waterways GPT's	350	0	0	350	0	0	0	350	0
<b>Total Other Infrastructure</b>	<b>1,075</b>	<b>670</b>	<b>55</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,075</b>	<b>0</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>59,937</b>	<b>18,041</b>	<b>14,211</b>	<b>21,365</b>	<b>6,320</b>	<b>8,126</b>	<b>9,849</b>	<b>41,962</b>	<b>0</b>
<b>TOTAL NEW CAPITAL WORKS 2017/18</b>	<b>133,111</b>	<b>66,468</b>	<b>24,343</b>	<b>35,810</b>	<b>6,490</b>	<b>11,732</b>	<b>15,389</b>	<b>90,990</b>	<b>15,000</b>

## 6.2 Works carried forward from the 2016/17 year

Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council Cash \$'000	Borrow's \$'000
<b>PROPERTY</b>									
<b>Land</b>									
Land - For Ison Rd	400	400	0	0	0	0	0	400	0
<b>Total Land</b>	<b>400</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>0</b>
<b>Land Improvements</b>									
RDF New Cells - Design & Construction of Cell 5A	900	900	0	0	0	0	0	900	0
RDF Reconstruction of Existing Leachate Pond	489	0	489	0	0	0	0	489	0
<b>Total Land Improvements</b>	<b>1,389</b>	<b>900</b>	<b>489</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,389</b>	<b>0</b>
<b>Buildings</b>									
Mainview Blvd Reserve - Pavilion & Car Park	1,187	1,187	0	0	0	0	0	1,187	0
Western Animal Facility	1,930	1,930	0	0	0	0	0	1,930	0
The Grange Community Centre Expansion	160	0	0	0	160	0	0	160	0
Williams Landing estate - Pavilion & Car	100	100	0	0	0	0	0	100	0
Galvin Park Tennis Pavilion & Car Park	30	0	0	30	0	0	0	30	0
Mossfiel Reserve Sports Pavilion & Car Park	565	0	0	565	0	0	0	565	0
Chirnside Park Hub Precinct Development	1,333	0	0	1,333	0	0	0	1,333	0
<b>Total Buildings</b>	<b>5,304</b>	<b>3,217</b>	<b>0</b>	<b>1,928</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>5,304</b>	<b>0</b>
<b>Building Improvements</b>									
Large Scale Solar	889	0	0	889	0	0	0	889	0
Enhanced Neighbourhood Hubs Upgrade	1,212	0	0	1,212	0	0	0	1,212	0
Wyndham Aboriginal Community Centre	300	300	0	0	0	0	0	300	0
Werribee Outdoor Pool Change Rooms	150	0	150	0	0	0	0	150	0
Pavilion upgrades at Soldiers Reserve and Galvin Park	500	0	0	500	0	0	0	500	0
Central Park Retrofit	270	0	0	270	0	0	0	270	0
<b>Total Building Improvements</b>	<b>3,321</b>	<b>300</b>	<b>150</b>	<b>2,871</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,321</b>	<b>0</b>
<b>TOTAL PROPERTY</b>	<b>10,415</b>	<b>4,817</b>	<b>639</b>	<b>4,799</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>10,415</b>	<b>0</b>

Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council Cash \$'000	Borrow's \$'000
<b>PLANT AND EQUIPMENT</b>									
<b>Heritage Plant and Equipment</b>									
Public Art Funding	163	163	0	0	0	0	0	163	0
<b>Total Heritage Plant and Equipment</b>	163	163	0	0	0	0	0	163	0
<b>Plant, Machinery and Equipment</b>									
Motor Vehicle and Plant Replacement Program	333	0	333	0	0	0	0	333	0
<b>Total Plant, Machinery and Equipment</b>	333	0	333	0	0	0	0	333	0
<b>Computers and Telecommunications</b>									
Asset Management System Procurement	324	324	0	0	0	0	0	324	0
<b>Total Computers and Telecommunications</b>	324	324	0	0	0	0	0	324	0
<b>TOTAL PLANT AND EQUIPMENT</b>	820	487	333	0	0	0	0	820	0
<b>INFRASTRUCTURE</b>									
<b>Roads</b>									
Recon - Merrett Alec Pentlowe Derrimut	158	0	158	0	0	0	0	158	0
Tarneit Road Duplication (Hogans Rd to Good News School)	420	0	0	0	420	0	0	420	0
<b>Total Roads</b>	578	0	158	0	420	0	0	578	0
<b>Drainage</b>									
Werribee River Drainage Outlet Works (Cottrell St)	54	54	0	0	0	0	0	54	0
<b>Total Drainage</b>	54	54	0	0	0	0	0	54	0
<b>Recreational, Leisure and Community</b>									
Mainview Boulevard Reserve	500	500	0	0	0	0	0	500	0
Williams Landing Blvd Reserve - Ovals & Landscape	4277	4,277	0	0	0	0	0	4,277	0
Point Cook Skate Park Expansion Project	10	0	0	0	10	0	0	10	0
Kelly Park Public Safety Infrastructure	150	0	0	150	0	0	0	150	0
<b>Total Rec, Leisure and Community Facilities</b>	4937	4,777	0	150	10	0	0	4,937	0

Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council Cash \$'000	Borrow's \$'000
<b>Waste Management</b>									
RDF Water Mains Upgrade	350	0	0	350	0	0	0	350	0
<b>Total Waste Management</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>0</b>
<b>Parks, Open Space and Streetscapes</b>									
Baden Powell Drive Park - Active Youth Space	2,531	2,531	0	0	0	0	0	2,531	0
James Cook Drive Park	160	160	0	0	0	0	0	160	0
Landscape Drive Park	179	179	0	0	0	0	0	179	0
Price Reserve Playground Upgrade	319	0	0	319	0	0	0	319	0
Sports Facility Strategy - Implementation	270	270	0	0	0	0	0	270	0
Playground / Park Upgrade	695	0	0	695	0	0	0	695	0
<b>Total Parks, Open Space and Streetscapes</b>	<b>4,155</b>	<b>3,140</b>	<b>0</b>	<b>1,015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,155</b>	<b>0</b>
<b>Other Infrastructure</b>									
Werribee City Centre Activation	52	0	0	52	0	0	0	52	0
<b>Total Other Infrastructure</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>0</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>10,126</b>	<b>7,971</b>	<b>158</b>	<b>1,567</b>	<b>430</b>	<b>0</b>	<b>0</b>	<b>10,126</b>	<b>0</b>
<b>TOTAL C/FWD CAPITAL WORKS 2016/17</b>	<b>21,361</b>	<b>13,275</b>	<b>1,131</b>	<b>6,365</b>	<b>590</b>	<b>0</b>	<b>0</b>	<b>21,361</b>	<b>0</b>

### 6.3 Summary

Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Sale Proc/ Reserves \$'000	Council Cash \$'000	Borrow's \$'000
PROPERTY	67,373	47,425	2,354	17,263	330	3,550	4,170	44,653	15,000
PLANT AND EQUIPMENT	17,036	6,305	8,750	1,981	0	56	1,370	15,610	0
INFRASTRUCTURE	70,063	26,012	14,370	22,931	6,750	8,126	9,849	52,088	0
<b>TOTAL CAPITAL WORKS (NEW + C/FWD)</b>	<b>154,472</b>	<b>79,743</b>	<b>25,473</b>	<b>42,175</b>	<b>7,080</b>	<b>11,732</b>	<b>15,389</b>	<b>112,351</b>	<b>15,000</b>

## 7. Rates & Charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for an average of 47.3% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government has introduced the *Fair Go Rates System (FGRS)* which sets out the maximum amount councils may increase rates in a year. For 2017/18 the FGRS cap has been set at 2.0%. 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 Wyndham community.

The 2017/18 operating position anticipates a significant impact of wages growth and reductions in government funding. It will therefore be necessary to achieve future revenue growth while containing costs in order to achieve a sustainable financial position. Additionally, Wyndham faces continued pressure in funding community infrastructure and regional facilities.

In order to maintain service levels at a high level and a strong capital expenditure program, the average general rate and municipal charge is budgeted to increase by 2.0% in line with the rates cap that has been set.

In summary, total general rates and municipal charges for 2017/18 will raise \$160.37 million, supplementary rates and charges \$3.68 million, \$20.06 million in waste management charges, \$0.19 million in revenue in lieu of rates, and \$1.21 million in interest revenue from late rate payments, offset by a rebate of \$0.59 million to the Sanctuary Lakes residents. This rebate is for services provided by the owners corporation which would normally have been provided by Council.

Note that the waste management charge in 2016/17 included a once off carbon tax rebate of \$17. Excluding this rebate, the 2016/17 waste management charge would have been \$260. The 2017/18 waste management charge also being \$260 therefore remains unchanged from the prior year.

## 7.1 Rates & charges

7.1.1 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	2016/17 cents/\$CIV	2017/18 cents/\$CIV	Change
Recreational	0.1617	0.1649	2.0%
Government	0.1617	0.1649	2.0%
Developed Land	0.3234	0.3298	2.0%
Commercial Developed Land	0.4850	0.4947	2.0%
Industrial Developed Land	0.5174	0.5277	2.0%
Residential Development Land	0.5497	0.5607	2.0%
Vacant Residential Land	0.5174	0.5277	2.0%
Vacant Commercial Land	0.5497	0.5607	2.0%
Vacant Industrial Land	0.5820	0.5937	2.0%
Farm Land	0.2587	0.2639	2.0%
Rural Lifestyle	0.2910	0.2968	2.0%
Vacant Rural Land	0.3234	0.3298	2.0%

7.1.2 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	2016/17 \$	2017/18 \$	Change
Recreational	38,027	38,870	2.2%
Government	4,826	4,181	-13.4%
Developed Land	98,396,252	105,142,641	6.9%
Commercial Developed Land	11,409,285	11,811,303	3.5%
Industrial Developed Land	17,074,814	18,668,691	9.3%
Residential Development Land	3,484,426	4,306,280	23.6%
Vacant Residential Land	7,984,937	9,192,226	15.1%
Vacant Commercial Land	281,946	348,950	23.8%
Vacant Industrial Land	1,904,615	1,981,562	4.0%
Farm Land	1,899,741	1,880,735	-1.0%
Rural Lifestyle	1,775,704	1,731,167	-2.5%
Vacant Rural Land	99,368	66,378	-33.2%
<b>Total amount to be raised by general rates</b>	<b>144,353,941</b>	<b>155,172,983</b>	<b>7.5%</b>

Note that the increase in rates revenue budgeted to be collected in 2017/18 is higher than 2% because it also includes rates raised on new properties which had first come into rating at some point in 2016/17. These properties are then fully rated in 2017/18.

7.1.3 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	2016/17 Number	2017/18 Number	Change
Recreational	6	6	0.0%
Government	7	5	-28.6%
Developed Land	72,609	76,499	5.4%
Commercial Developed Land	2,130	2,049	-3.8%
Industrial Developed Land	2,161	2,461	13.9%
Residential Development Land	54	69	27.8%
Vacant Residential Land	5,556	7,064	27.1%
Vacant Commercial Land	41	47	14.6%
Vacant Industrial Land	275	281	2.2%
Farm Land	393	397	1.0%
Rural Lifestyle	473	466	-1.5%
Vacant Rural Land	29	28	-3.4%
<b>Total number of assessments</b>	<b>83,734</b>	<b>89,372</b>	<b>6.7%</b>

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

7.1.5 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	2016/17 \$	2017/18 \$	Change
Recreational	23,520,000	23,570,000	0.2%
Government	2,985,000	2,535,000	-15.1%
Developed Land	30,429,465,800	31,878,098,800	4.8%
Commercial Developed Land	2,352,247,000	2,387,372,003	1.5%
Industrial Developed Land	3,300,287,600	3,537,589,300	7.2%
Residential Development Land	633,867,000	768,010,000	21.2%
Vacant Residential Land	1,543,360,200	1,741,864,000	12.9%
Vacant Commercial Land	51,290,000	62,234,000	21.3%
Vacant Industrial Land	327,228,001	333,771,001	2.0%
Farm Land	734,379,000	712,773,000	-2.9%
Rural Lifestyle	610,160,000	583,190,000	-4.4%
Vacant Rural Land	30,730,000	20,125,000	-34.5%
<b>Total</b>	<b>40,039,519,601</b>	<b>42,051,132,104</b>	<b>5.0%</b>

As 2017/18 is not a revaluation year, the change from 2016/17 primarily reflects the increase in number of properties as well as movement of properties between the land categories.



7.1.6 The municipal charge under Section 159 of the Act compared with the previous financial year

Type of Charge	Per Rateable Property \$ 2016/17	Per Rateable Property \$ 2017/18	Change
Municipal	57.04	58.18	2.0%

7.1.7 The estimated total amount to be raised by municipal charges compared with the previous financial year. Note the % increase is reflective of both a change in the charge rate and the number of properties to which it is applied.

Type of Charge	2016/17 \$	2017/18 \$	Change
Municipal	4,776,187	5,199,663	8.9%

7.1.8 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 \$ 2016/17	Per Rateable Property \$ 2017/18	Change
Waste Management Charge *	243.00	260.00	7.0%

\* The increase in EPA levy in 2017/18 from \$62.03 to \$63.27 per tonne has contributed to the cost of the Waste Management Charge.

Note that the waste management charge in 2016/17 included a once off carbon tax rebate of \$17. Excluding this rebate, the 2016/17 waste management charge would have been \$260. The 2017/18 waste management charge therefore remains unchanged from prior year.

7.1.9 The estimated total amount to be raised by the Waste Management Charge compared with the previous financial year. Note the % increase is reflective of both a change in the charge rate and the number of properties to which it is applied. (In 2016/17, the WMC included a once-off refund of \$17 per property where applicable, for the carbon tax which was paid in previous years)

Type of Charge	2016/17 \$	2017/18 \$	Change
Waste Management Charge	17,879,499	20,056,490	12.2%

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

Type of Charge	2016/17 \$	2017/18 \$	Change
James Street special rate *	39,449	39,449	0.0%

\* denotes special charge and rate schemes which will be levied in 2017/18 but for which the revenue recognition has occurred in previous financial years.

7.1.11 The estimated total amount to be raised by rates and charges:

	2016/17	2017/18	
	\$	\$	Change
Rates and charges	167,009,628	180,429,136	8.0%
Supplementary rates and charges	2,272,121	3,681,115	62.0%
Payments in lieu of rates	168,162	188,836	12.3%
<b>Total</b>	<b>169,449,911</b>	<b>184,299,088</b>	<b>8.8%</b>

**Summary of Rates & Charges:-**

	2017/18 \$
Total Rates & Charges (inc. supplementary Rates & Charges, and in lieu payments)	184,299,088
Interest revenue from late rate payments	1,208,093
Less Sanctuary Lakes Rebate	(585,727)
<b>Total Net Rates &amp; Charges</b>	<b><u>184,921,454</u></b>

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

- the making of supplementary valuations,
- the variation of returned levels of value (e.g. valuation appeals/objections),
- 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.

## 7.2 Rate Rebates

### 7.2.1 Sanctuary Lakes public works and service

The Owners Corporation that has been established for the Sanctuary Lakes Estate undertake a range of public works and services on behalf of residents of that development.

The nature of the works undertaken alleviate the need for Council to provide some of its standard services to this community. Council has therefore agreed to pay an annual rate rebate equalling the amount that Council would have normally spent in providing public works and services.

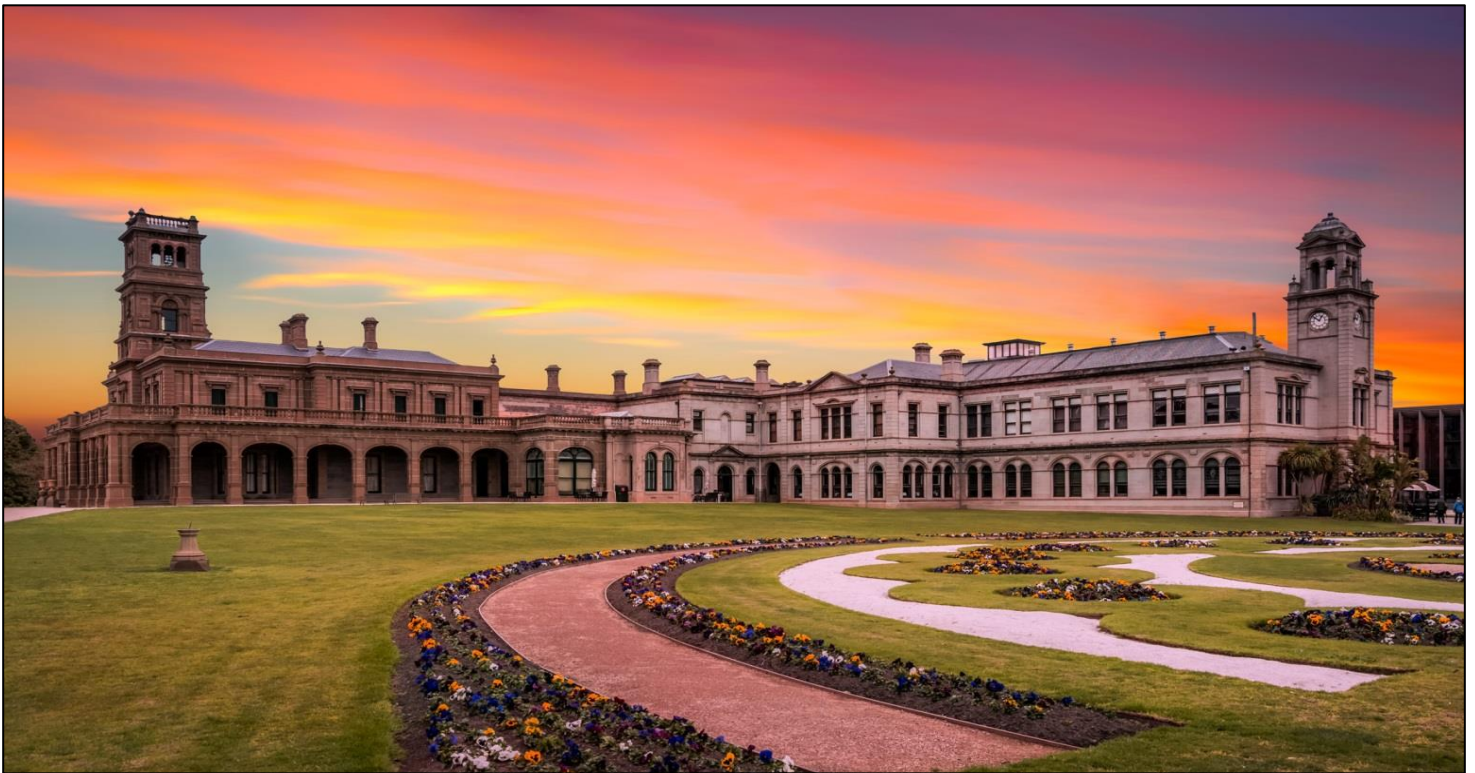
The amount of the rate rebate for 2017/18 is \$201.35 per rateable property within Sanctuary Lakes.

The rebate provided is consistent with the costs that Council would otherwise incur and is cost neutral from the viewpoint of Council and other ratepayers.

## 7.3 Mayoral and Councillor Allowances

In accordance with the requirements of Section 74 of the Local Government Act 1989, the Mayoral and Councillor allowances be determined at the following levels until the next general election:

- the Mayoral allowance be set at \$94,641 per annum
- the Councillor allowance be set at \$29,630 per annum
- plus an amount equivalent to the superannuation guarantee contribution of 9.5%.



**Werribee Mansion**

## Budget Analysis

The following reports provide detailed analysis to support and explain the budget reports in the previous section.

This section includes the following analysis and information.

- 8 Summary of financial position
- 9 Budget influences
- 10 Analysis of operating budget
- 11 Analysis of budgeted cash position
- 12 Analysis of capital budget
- 13 Analysis of budgeted financial position
- 14 Strategic resource plan
- 15 Rating information
- 16 Summary of other strategies

## 8. Summary of Financial Position

### Long term challenges

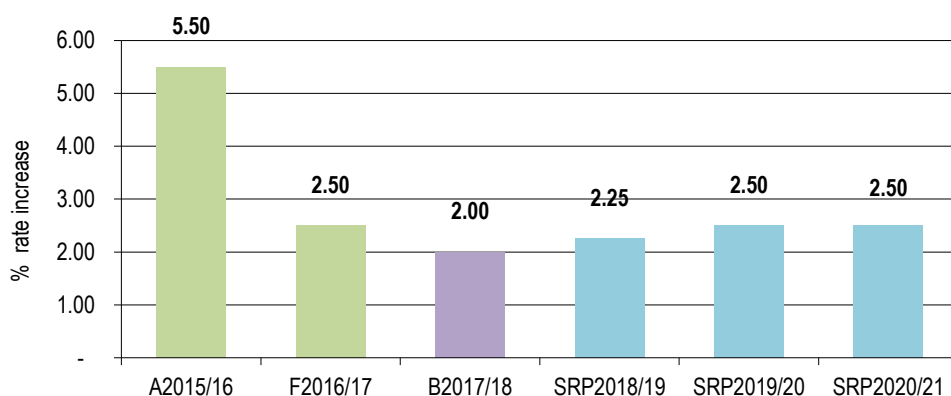
In this budget, Council is continuing to take action to address the City's long term challenges and opportunities, including advocacy on transport congestion, accommodating a growing population, maintaining assets, taking advantage of advancements in technology and growing and supporting the local economy. The budget caters for the dramatic growth through new facilities and growth in core services.

In order to fund all this activity we present below, information about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

**(Note: Where there are +1/-1 variances in this document, this will be due to rounding of source data).**

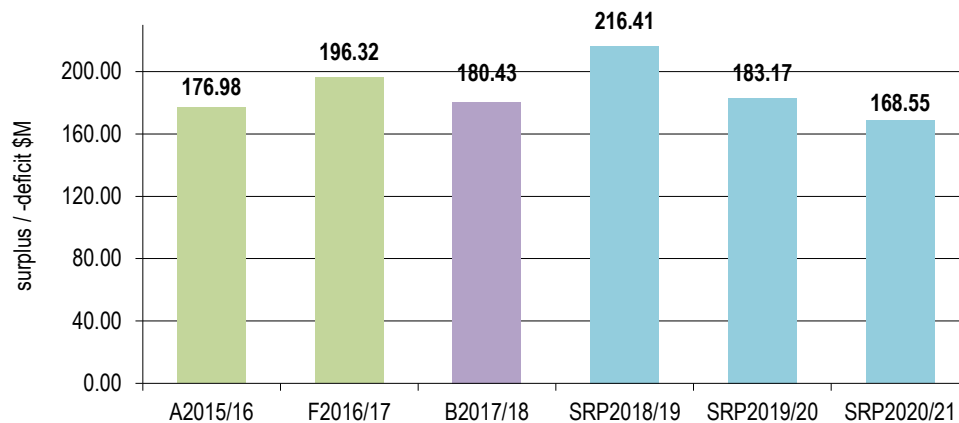
A = Actual    F = Forecast    B = Budget    SRP = Strategic Resource Plan estimates

### 8.1 Total Rates and Charges



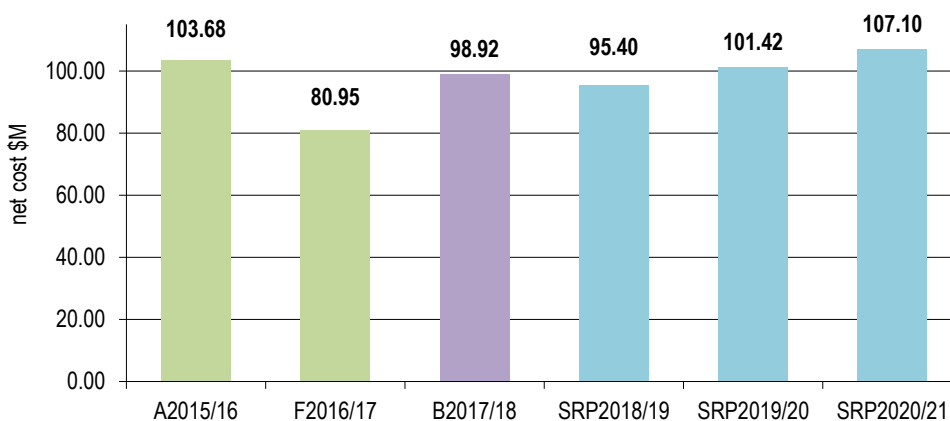
General rates will increase by 2.0% for the 2017/18 year in line with the rates cap set by the Minister for Local Government. With a 2.0% increase total rates raised will be \$184.92 million. This includes \$3.68 million generated from supplementary rates and charges, \$5.20 million in municipal charge, \$20.06 million in Waste Management Charges, \$0.19 million in payments in lieu of rates, and \$1.21 million in interest revenue from late rate payments, offset by \$0.59 million in rebates for the Sanctuary Lakes estate. (The rate increase for the 2016/17 year was 2.50%).

## 8.2 Operating result



The expected operating result for the 2017/18 year is a surplus of \$180.43 million, which is a decrease of \$15.89 million from the 2016/17 forecast. This decrease is mostly as a result of lower developer cash contributions and operating grants budgeted in 2017/18. A portion of the 2017/18 VGC funding will be disbursed in late 2016/17, resulting in a timing difference for these receipts between the two financial years. The adjusted underlying result, which excludes items such as non-recurrent capital grants, capital cash contributions, and non-cash contributions, is a surplus of \$10.80 million, a decrease of \$7.39 million below the 2016/17 forecast underlying result. (The forecast underlying operating result for the 2016/17 year is a surplus of \$18.19 million).

## 8.3 Services

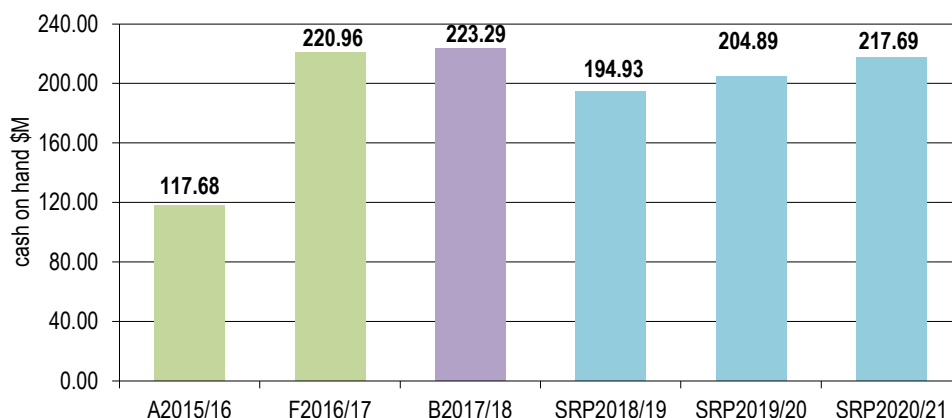


The net cost of services delivered to the community for the 2017/18 year is expected to be \$98.92 million which is an increase of \$17.97 million compared to 2016/17. Council has received notification in June 2017 that a large portion of 2017/18's VGC grant allocation will be paid in the latter part of the 2016/17 financial year. This difference in timing caused by the early payment of grant funding has mostly created the difference in net cost between the 2 financial years. Wherever possible, Council endeavours to work effectively and efficiently within the resources available.

For the 2017/18 year, service levels have been maintained and where necessary expanded to meet now and ongoing community needs. Furthermore, a number of initiatives have been planned. (The forecast net cost of services for the 2016/17 year is \$80.95 million).

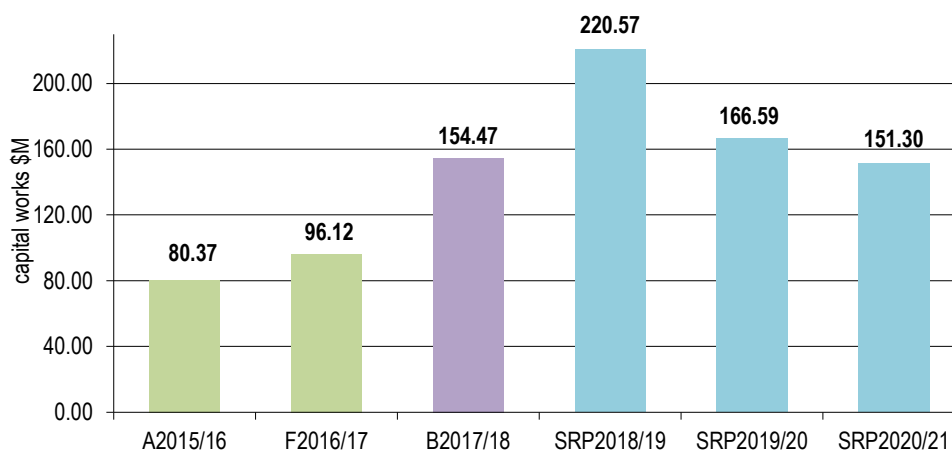


## 8.4 Cash and investments



Cash and investments are expected to increase by \$2.33 million during the year to \$223.29 million as at 30 June 2018. The favourable cash position is in part due to a higher receipt of rates revenue. Although the 2017/18 capital works program is anticipated to be significant (\$133.11 million), \$15 million in new borrowings is expected to be drawn to fund some of that capital works. It is important to note that developer contributions are tied to specific developments and capital projects and are therefore restricted in how they can be used. (Cash and investments are forecast to be \$220.96 million as at 30 June 2017).

## 8.5 Capital works

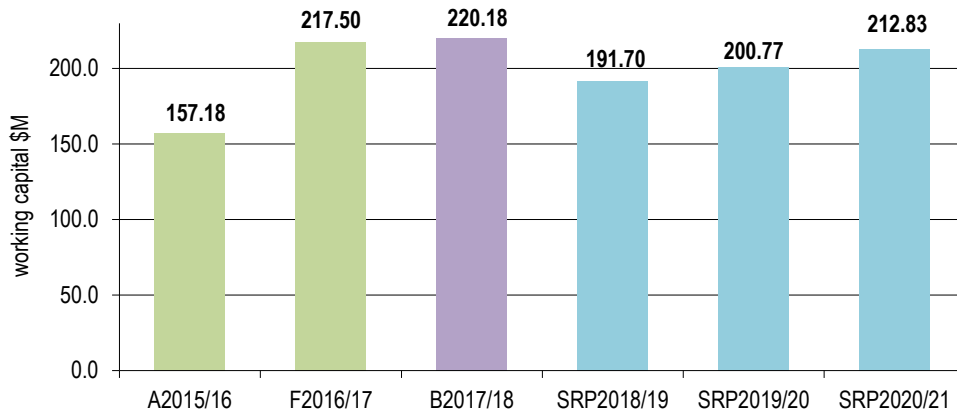


The total capital works program for the 2017/18 year is expected to be \$154.47 million. This includes \$21.36 million in carried forward works from 2016/17 which relate to projects that were commenced in 2016/17, to be completed in 2017/18. The carried forward component is fully funded from Council operations from the 2016/17 budget. The carry forward of works often relate to projects which are either incomplete or partly commenced and can be due to planning issues, weather delays, and extended consultations among other things. The new 2017/18 capital works program of \$133.11 million will be funded as follows:

- \$90.99 million from Council operations
- \$13.67 million in cash reserves from developer contributions
- \$11.73 million from capital grants
- \$1.72 million from the proceeds of sale of assets; and
- \$15.00 million in borrowings.

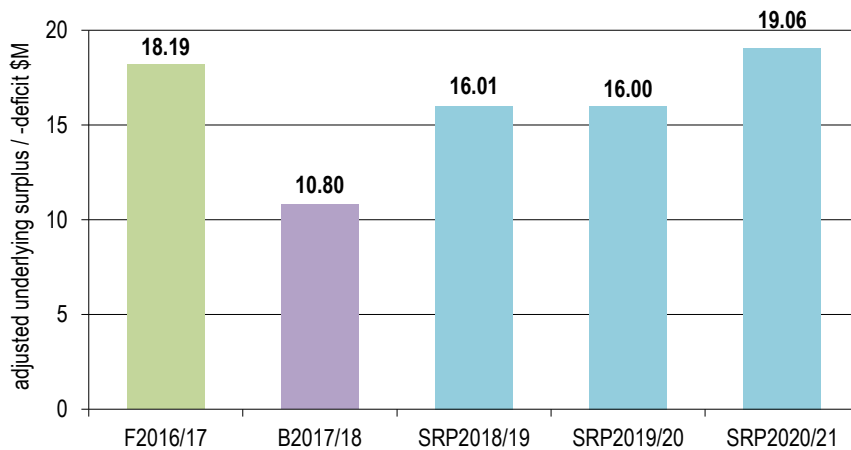
The capital expenditure program has been set and prioritised based on a rigorous process of consultation, strategy development and policy setting that has enabled Council to assess needs and develop sound business cases for each project. (Capital works is forecast to be \$96.12 million for the 2016/17 year).

## 8.6 Financial position



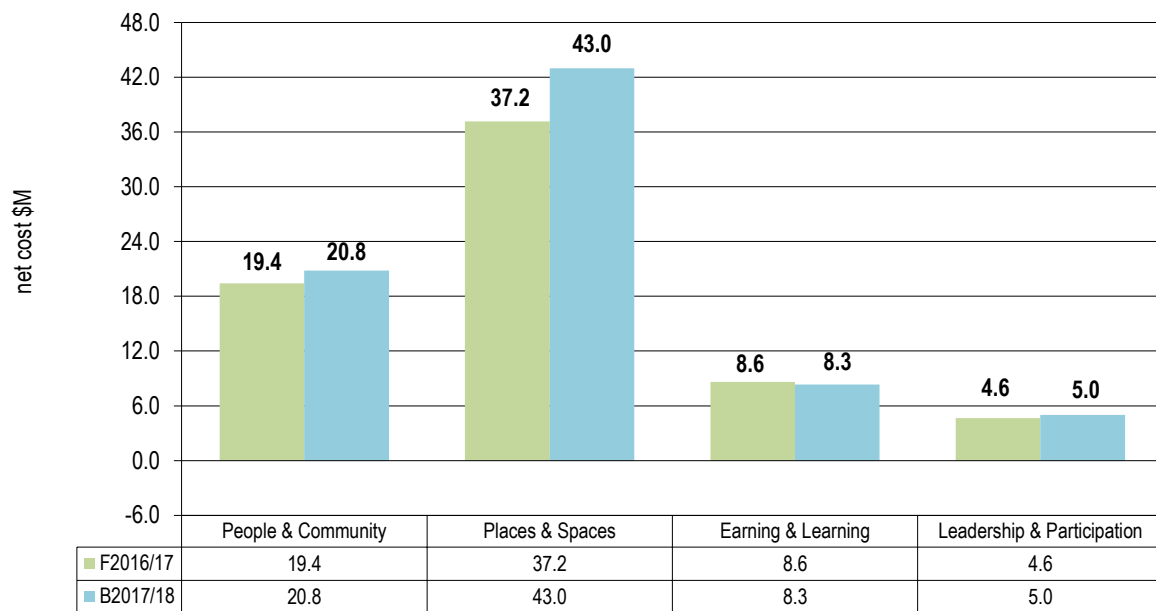
The financial position is expected to improve with net assets (net worth) to increase by \$197.68 million to \$3,605.58 million. Net current assets (working capital) will increase by \$2.68 million to \$220.18 million as at 30 June 2018. This is based on the assumption that all of 2017/18 capital works program, including the carry forward portion, will be completed by 30 June 2018. (Total equity is forecast to be \$3,407.90 million as at 30 June 2017).

## 8.7 Financial sustainability



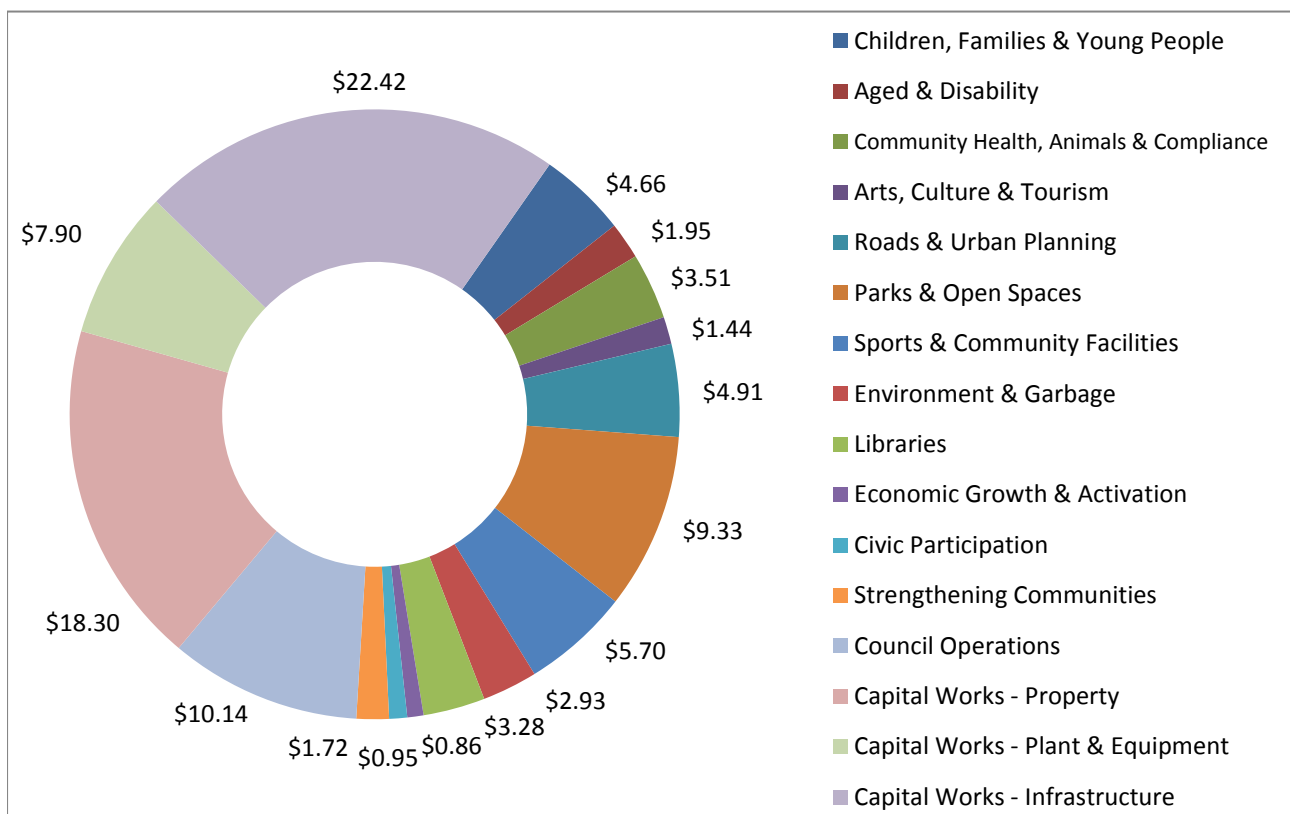
A high level Strategic Resource Plan for the years 2017/18 to 2020/21 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the City Plan. The adjusted underlying result, which is a measure of financial sustainability, projects that Council's operating result will be in surplus over the next 4 financial years, based on a 2.0% increase in rates in 2017/18 and between 2.25 - 2.50% rates increase in the 3 following years. The underlying operating result demonstrates that Council is not reliant on one off grants and contributions to support and sustain its recurrent operations, which is important in an environment where cost shifting is prevalent. (See section 10.1.1 for more details on the adjusted underlying result).

## 8.8 Strategic objectives



The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the City Plan. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the City Plan for the 2017/18 year.

## 8.9 Council expenditure allocations



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

## 9. Budget Influences

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

### 9.1 Budget implications

As a result of the City's demographic profile (refer to page 4 - 'Wyndham City Profile' section), there are a number of budget implications in the short and long term as follows:

- Cultural and linguistic diversity means that Council needs to use a variety of media in languages other than English for mass communication with citizens, and use interpreting services for interpersonal communication with citizens. Council also draws on the abilities of its multilingual staff.
- Population growth and dwelling growth has resulted in a high demand for the provision of social and physical infrastructure within Wyndham. In addition to this, Council's geographic diversity and size presents a range of transport and land use planning issues that are central to the budget.
- Wyndham has a relatively young population compared to the Melbourne average and high rates of birth. This presents a varied range of issues that have a number of budget implications. Some of these issues range from the need to provide adequate services to keep up with growth (provision of kindergarten, maternal and child health and various other social support programs). Other considerations stem from the demand for a wide array of suitable infrastructure (new community centres, provision of passive / active recreation facilities etc) to meet the needs of the population.
- The budget implications arise in Council having to cope with replacement of infrastructure in the more developed areas, such as roads and footpaths which are at the end of their useful lives.

### 9.2 External influences

In preparing the 2017/18 budget, a number of external influences have been taken into consideration, because they are likely to impact significantly on the services delivered by Council in the budget period. These include:

- Consumer Price Index (CPI) increases on goods and services of 1.4% through the year to September quarter 2016 (ABS release 25 October 2016). State-wide CPI is forecast to be 2.0% for the 2017/18 year (Victorian Budget Papers 2016/17).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2016 was 3.4% (ABS release 18 August 2016). The wages price index in Victoria is projected to be 2.5% per annum in 2017/18 increasing to 3.0% and 3.5% in the subsequent two years (Victorian Budget Papers 2016/17).
- Wyndham has one of the largest capital programs of any local government authority in Victoria. Increases in the cost of capital materials such as steel, concrete, crushed rock etc is impacted by the construction cost index which is commonly referenced in the industry and the sector. This index has been averaging well above CPI and is forecast to be 3.5% for the 2017/18 year.
- Anticipated increases of 2.0% (or \$1.24 per tonne) in the levy payable to the State Government State Government upon disposal of waste into landfill, resulting in additional waste tipping costs of \$0.61 million. Based on a 2.0% increase to the EPA levy in 2017/18, it would have increased from \$9/tonne in 2008/09 to \$63.27/tonne in 2017/18 - a 703% increase in 9 years.
- Cost Shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Examples of services that are subject to Cost Shifting include school crossing supervision, Library services and home and community care for aged residents. In all these services the level of payment received by Council from the State Government does not reflect the real cost of providing the service to the community.

- In December 2016 the Minister for Local Government announced that Victorian council rate rises would be capped to 2.0% for 2017/18. Two years into the rates cap regime, Council continues to review the level of rate payer subsidy allocated to those services undertaken by Local Government on behalf of State and Federal Government. At this lowered level of rates increase, Wyndham will find itself under increasing financial pressure to keep up with the infrastructure demands which has become progressively apparent as we continue to experience high levels of growth in the municipality.
- 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 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large portion 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*.

### 9.3 Internal influences

There are also internal influences which have had a significant impact on the preparation of the 2017/18 Budget. These matters have arisen from events occurring in the 2016/17 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2017/18 year:-

- Level of uncompleted capital works. Currently, \$21.36 million in works is forecast to be carried forward from the 2016/17 financial year
- Heightened risk management environment; and
- Greater compliance and requirements for performance reporting.

### 9.4 Budget principles

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Existing fees and charges to be increased by around 2.0% and taking into account market reference levels
- Grants to be based on confirmed funding levels
- Optimise revenue opportunities where appropriate
- Service levels to be maintained at 2016/17 levels with the aim to use less resources with an emphasis on innovation and efficiency
- Salaries and wages to be increased in line with Council's Enterprise Bargaining Agreement
- Contract labour and consultancy to be minimised where appropriate
- Construction and material costs to increase in line with the Engineering Construction Index
- New initiatives or employee proposals to be justified through a business case
- Real savings in expenditure and increases in revenue identified in 2016/17 to be preserved
- Operating revenues and expenses arising from completed 2016/17 capital projects to be included.

### 9.5 Long term financial strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for the years 2017/18 to 2020/21 (section 14.), Rating Information (section 15.) and Other Long Term Strategies (section 16.) including borrowings, infrastructure and service delivery.

## 10. Analysis of Operating Budget

This section analyses the operating budget including expected income and expenses of the Council for the 2017/18 year.

(Note: +1/-1 variances will be due to rounding of source data).

### 10.1 Budgeted income statement

	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Total income	10.2	500,776	494,043	-6,733
Total expenses	10.3	-304,452	-313,614	-9,163
<b>Surplus (deficit) for the year</b>		<b>196,324</b>	<b>180,429</b>	-15,895
Grants - capital non-recurrent	5.1.2	-5,499	-8,806	-3,307
Contributions - non monetary	10.2.5	-120,000	-116,130	3,870
Capital Contributions - other sources	10.2.4	-52,633	-44,695	7,938
<b>Adjusted underlying surplus (deficit)</b>	10.1.1	<b>18,192</b>	<b>10,798</b>	-7,394

#### 10.1.1 Adjusted underlying surplus (\$7.39 million decrease)

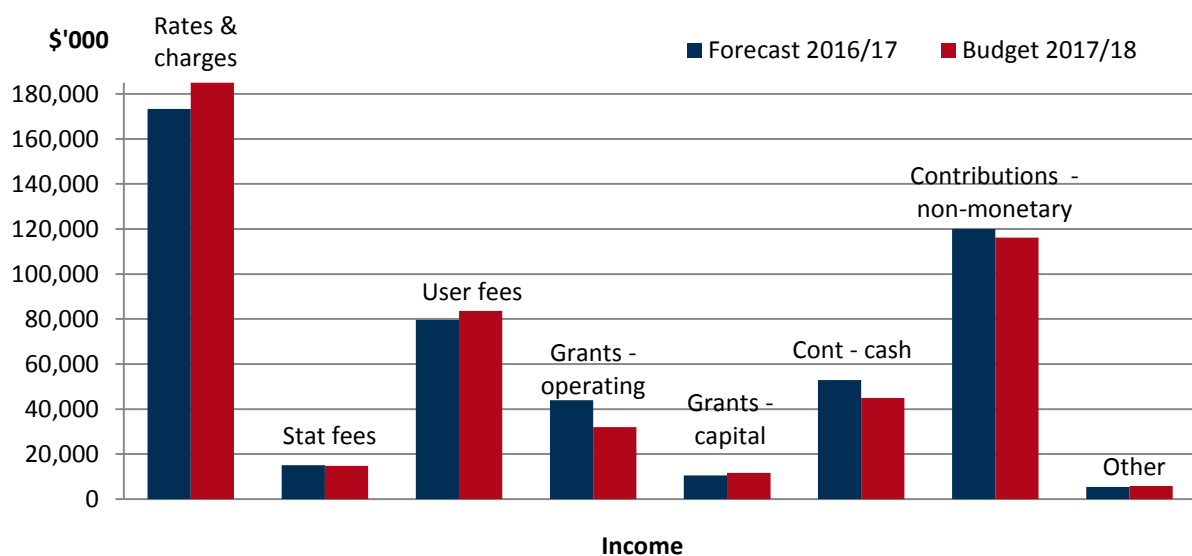
The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result.

The adjusted underlying result for the 2017/18 year is a surplus of \$10.80 million which is a decrease of \$7.39 million from the 2016/17 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources.

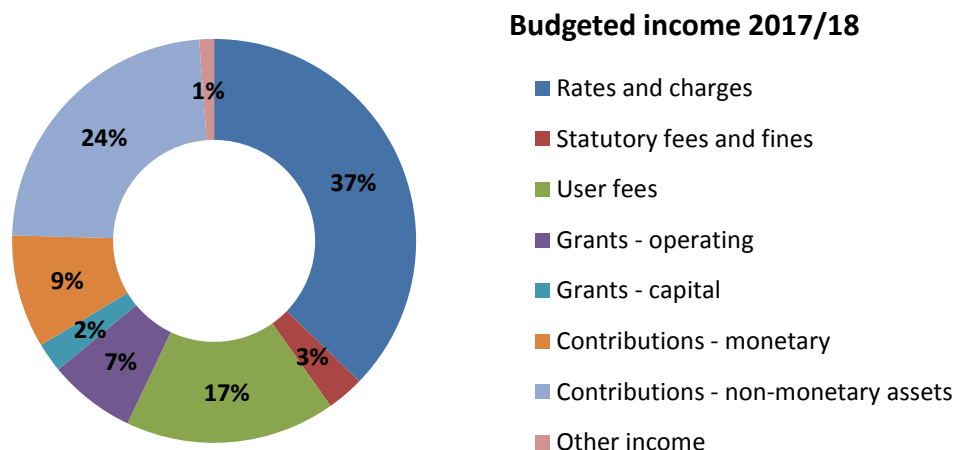
Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year. The adjusted underlying surplus between these 2 years have been impacted by the early payment of a portion of 2017/18 VGC recurrent grant funding in 2016/17, but this is merely a timing difference.

### 10.2 Income

Income Types	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Rates and charges	10.2.1	173,344	184,921	11,577
Statutory fees and fines	10.2.2	15,065	14,823	-242
User fees	10.2.3	79,601	83,596	3,995
Grants - operating	5.1.1	43,978	32,009	-11,968
Grants - capital	5.1.2	10,546	11,732	1,185
Contributions - monetary	10.2.4	52,892	44,967	-7,925
Contributions - non-monetary	10.2.5	120,000	116,130	-3,870
Other income	10.2.6	5,350	5,865	514
<b>Total operating revenue</b>		<b>500,776</b>	<b>494,043</b>	<b>-6,733</b>



Source: Section 3



#### 10.2.1 Rates and charges (\$11.58 million increase)

General rates and the municipal charge will increase by 2.0% for 2017/18, in line with the set rates cap. Overall, rates and charges increase will generate additional income of \$11.58 million over the 2016/17 year. Supplementary rates and charges are budgeted to add \$3.68 million to the revenue base in 2017/18, whilst the Waste Management Charge and municipal charge will generate \$20.06 million and \$5.20 million respectively. Payments in lieu of rates from a number of Wyndham retirement villages will also contribute \$0.19 million to revenue, and interest revenue raised on late rate payments will add \$1.21 million. Section 15 "Rating Information" includes a more detailed discussion of the rating context and the rationale for determining Rates. Information on rates and charges specifically required by the Regulations is included in Section 7 and Appendix D.

#### 10.2.2 Statutory fees and fines (\$0.24 million decrease)

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.

Statutory fees and fines are forecast to decrease marginally by 1.6% or \$0.24 million compared to 2016/17. In 2016/17 revenue from subdivisional certification and supervision fees were significantly elevated due to the continuing growth and development in Wyndham. The budgeted estimate for 2017/18 is a little more modest.



A detailed listing of statutory fees is available on Council's web site and can also be inspected at Council's customer service centres.

#### **10.2.3 User fees (\$4.00 million increase)**

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include tipping at the Refuse Disposal Facility, use of leisure, entertainment and other community facilities and the provision of human services such as kindergarten, child care and home help services. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases are assessed against CPI and market reference levels.

User charges are projected to increase by 5.0% or \$4.00 million over 2016/17.

In 2017/18 the Refuse Disposal Facility (RDF) is expected to generate a further \$3.34 million in fees, with town planning services contributing an additional \$0.71 million. A portion of the RDF fees relate to the State Government EPA levy which is budgeted to increase by CPI of 2.0% from 2016/17.

A detailed listing of fees and charges is available on Council's web site and can also be inspected at Council's customer service centres.

#### **10.2.4 Contributions - monetary (\$7.93 million decrease)**

Contributions predominantly relate to monies paid by developers in regard to road infrastructure, drainage, community facilities and recreation. These monies are paid in accordance with planning permits issued for property and subdivision development.

Contributions are projected to decrease by \$7.93 million or 15.0% compared to 2016/17. Nonetheless, this revenue stream is expected to remain high in 2017/18 as the municipality continues to grow and new estates take shape. From a budgetary perspective, all proceeds from developer contributions are transferred to Council's cash reserves to fund infrastructure development in future years. However, these funds are considered 'restricted funds' in that they are required to be expended against specific projects in the precinct structure plan.

#### **10.2.5 Contributions - Non-monetary assets (\$3.87 million decrease)**

Contributions - Non-monetary relate to the transfer of subdivision assets such as roads, footpaths and reserves from developers to Council. Upon transfer of these assets, Council assumes ownership and becomes responsible for their maintenance and eventual reconstruction. The transfer of these assets to Council does not represent a cash inflow to Council.

Contributions are projected to decrease by \$3.87 million or 3.2% compared to 2016/17. With significant growth fronts opening up in the West and North of Wyndham (Tarneit, Truganina and Wyndham Vale), this has and will continue to trigger substantial development. Consequently, the level of donated assets for 2017/18 is still expected to remain high.

#### **10.2.6 Other income (\$0.51 million increase)**

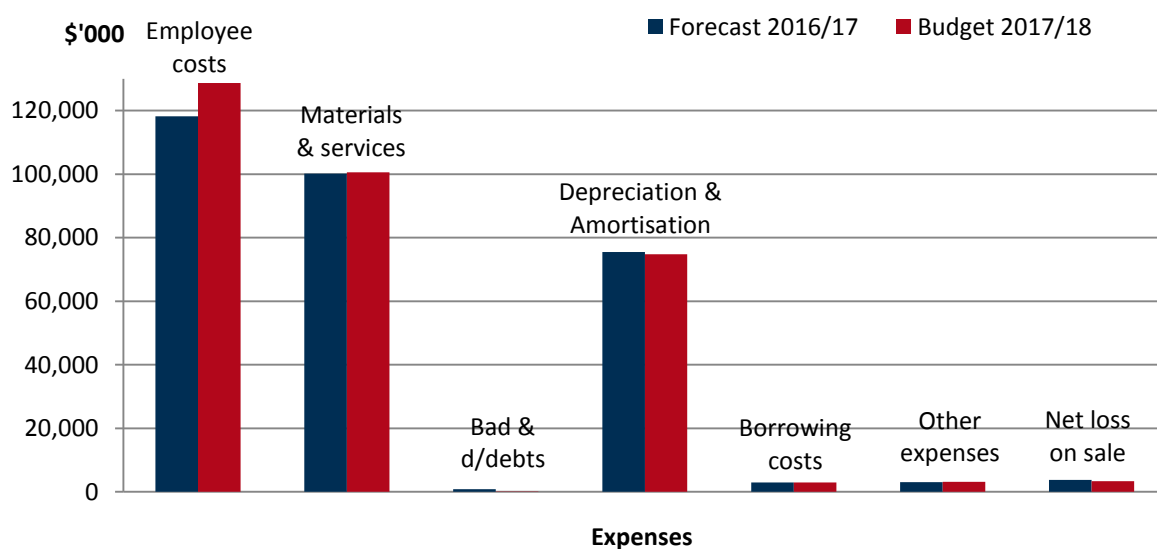
Other revenue relates mainly to interest revenue on Council's cash investments.

Other revenue is forecast to increase by 9.6% or \$0.51 million compared to 2016/17. The majority of this increase is based on expected interest revenue returns on Council's investments where interest rates are expected to hold for the short to medium term.

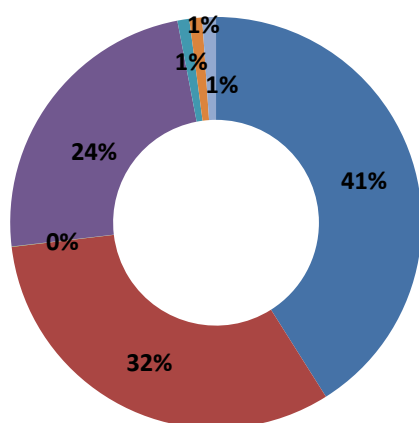


### 10.3 Expenses

Expense Types	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Employee costs	10.3.1	118,216	128,688	10,472
Materials and services	10.3.2	100,179	100,629	449
Bad and doubtful debts		853	102	-751
Depreciation and amortisation	10.3.3	75,466	74,752	-714
Borrowing costs	10.3.4	2,913	2,913	0
Other expenses	10.3.5	3,040	3,150	110
Net loss on disposal of property, infrastructure, plant and equipment	10.3.6	3,785	3,380	-404
<b>Total operating expenditure</b>		<b>304,452</b>	<b>313,614</b>	<b>9,163</b>



Source: Section 3



#### Budgeted expenses 2017/18

- Employee costs
- Materials and services
- Bad and doubtful debts
- Depreciation and amortisation
- Borrowing costs
- Other expenses
- Net loss on disposal of property, infrastructure, plant and equipment

### 10.3.1 Employee costs (\$10.47 million increase)

Employee costs include all labour related expenditure such as wages, salaries and on-costs such as allowances, leave entitlements, workcover premium, employer superannuation, temporary agency staff and casuals.

Employee costs are forecast to increase by 8.86% or \$10.47 million compared to 2016/17. This increase relates mostly to the following key factors:

- Council's Enterprise Bargaining Agreement (EBA) and increases due to banding increments are estimated to cost \$7.90 million
- Due to Wyndham's steady rate of growth, the number of staff has increased to meet service demand. The cost of new staff is budgeted to be \$0.69 million for the 2017/18 financial year. Generally, only 75% of the cost of new staff is included in the first year. This takes into account the time taken to engage new staff.
- Other employee related costs including employer's superannuation contribution, workcover premium, leave entitlements and training and development estimated to increase by \$1.71 million.

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

Directorate/Business unit	Budget 2017/18 \$'000 Perm & PT A	Budget 2017/18 \$'000 Other B	Budget 2017/18 \$'000 Capitalised C	Budget 2017/18 \$'000 A+B+C
CEO's Office	7,332	167	0	7,499
City Economy, Innovation & Liveability	7,306	424	-90	7,640
City Life	48,448	3,859	-148	52,159
City Operations	38,288	2,586	-1,910	38,964
City Transformation	14,808	847	-654	15,001
<b>Total WCC excluding WLS</b>	<b>116,182</b>	<b>7,883</b>	<b>-2,801</b>	<b>121,264</b>
Western Leisure Services	3,437	3,987	0	7,424
<b>Total WCC &amp; WLS</b>	<b>119,619</b>	<b>11,870</b>	<b>-2,801</b>	<b>128,688</b>

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

Directorate/Business unit	Budget 2017/18 FTE Perm & PT A	Budget 2017/18 FTE Capitalised B	Budget 2017/18 FTE Casual C	Budget 2017/18 FTE Total A+B+C
CEO's Office	54.58	0.00	0.92	55.50
City Economy, Innovation & Liveability	61.01	0.85	3.71	65.57
City Life	484.34	1.42	39.78	525.54
City Operations	383.99	17.63	10.33	411.95
City Transformation	128.55	4.95	8.17	141.67
<b>Total WCC excluding WLS</b>	<b>1,112.47</b>	<b>24.85</b>	<b>62.91</b>	<b>1,200.23</b>
Western Leisure Services	39.26	0.00	77.06	116.32
<b>Total WCC &amp; WLS</b>	<b>1,151.73</b>	<b>24.85</b>	<b>139.97</b>	<b>1,316.55</b>

Other employee benefits costs include overtime, casual and temporary agency staff, training expenditure, FBT etc

The most significant increases in employee costs by service unit are summarised below. In the Town Planning & Growth Area Planning units, it is expected that there will be progressive demand for these services as growth and subdivision activities continue. Additional staff is anticipated to be required to provide a priority service, with the extra costs being offset by the expected increase in fee revenue.

Directorate/Business unit	Service Unit	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
CEO's Office	Strategy & Stakeholder Engagement	783	937	154
City Economy, Innovation & Liveability	Strategic Planning	1,010	1,423	413
City Life	Maternal & Child Health	4,874	5,581	707
	Kindergarten Services	10,549	11,047	498
	Service Planning, Partnering & Reform	234	531	297
	Community Infrastructure Planning	58	314	256
City Operations	Town & Growth Area Planning	0	1,440	1,440
	Contracts & Construction	555	917	362
	Engineering Design	188	388	200
City Transformation	Community First	1,553	1,759	206

### 10.3.2 Materials and services (\$0.45 million increase)

Materials and services include the purchase of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase marginally by 0.45% or \$0.45 million compared to 2016/17.

In a rates capping and cost shifting environment, Council is required to work more smartly and productively to achieve consistent results and services, with less resources. To this end, Council is continuously looking at innovative ways to inject efficiencies into its processes with the aim to strike a balance between in-house and outsourced expertise to deliver best value in our service offerings.

### 10.3.3 Depreciation and amortisation (\$0.71 million decrease)

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. Some of this increase will be due to the full year effect of depreciation on the 2016/17 capital works program. Refer to section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2017/18 year.

### 10.3.4 Borrowing costs

Borrowing costs relate to interest charged by financial institutions on funds borrowed. Currently Council has \$55 million in long term borrowings which will equate to \$2.46 million in interest repayments during 2017/18. An additional \$15 million in loans is expected to be drawn in late 2017/18 to contribute towards that year's capital works program. This extra loan is not expected to have a significant impact on borrowing costs within the 2017/18 financial year as the borrowings are anticipated to occur at the end of the financial year.

This category also includes an annual amount for the unwinding of the net present value discount in respect to the future rehabilitation of the RDF site.

#### **10.3.5 Other expenses (\$0.11 million increase)**

Other expenses relate to a range of unclassified items such as Councillor allowances, Auditor's remuneration, rental lease payments and grants and contributions to community groups. In 2017/18 Council has allowed for \$0.10 million to implement the Community Service Organisation Strategic Statement. The aim of this project is to strengthen the community service sector in Wyndham.

#### **10.3.6 Net loss on sale of assets (\$0.40 million decrease)**

The net loss of \$3.38 million on disposal of property, infrastructure, plant and equipment relates to the written down value of assets 'disposed', assets written off, and from the proceeds of sale relating to Council's planned cyclical replacement of part of the plant and fleet holding. There may be additional impacts from the OSAR (Outer Suburban Arterial Roads) program that will need to be assessed as we work through the implementation plans with the State Government.

## 11. Analysis of Budgeted Cash Position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2017/18 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

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

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

## 11.1 Budgeted cash flow statement

	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>	11.1.1			
<i>Receipts</i>				
Rates and charges		172,396	183,939	11,543
Statutory fees and fines		16,237	16,104	-132
User fees		85,791	90,822	5,032
Grants - operating		46,836	34,090	-12,746
Grants - capital		11,232	12,494	1,262
Contributions - monetary		52,892	44,967	-7,925
Interest received		4,934	5,697	763
Trust funds and deposits taken		44,113	44,995	882
Net GST refund/payment		7,086	13,737	6,651
		441,516	446,846	5,330
<i>Payments</i>				
Employee costs		-116,953	-126,690	-9,737
Materials & services		-131,699	-132,601	-902
Trust funds & deposits repaid		-44,486	-45,017	-531
		-293,137	-304,308	-11,171
<b>Net cash provided by operating activities</b>		<b>148,378</b>	<b>142,538</b>	<b>-5,841</b>
<b>Cash flows from investing activities</b>	11.1.2			
Proceeds from sales of property, infrastructure, plant and equipment		1,316	1,720	404
Payments for investments		-47,403	-2,112	45,291
Payments for property, infrastructure, plant and equipment		-96,124	-154,472	-58,348
<b>Net cash used in investing activities</b>		<b>-142,211</b>	<b>-154,864</b>	<b>-12,653</b>
<b>Cash flows from financing activities</b>	11.1.3			
Finance costs		-2,456	-2,456	0
Proceeds from borrowings		0	15,000	15,000
<b>Net cash used in financing activities</b>		<b>-2,456</b>	<b>12,544</b>	<b>15,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,711</b>	<b>217</b>	<b>-3,494</b>
Cash and cash equivalents at the start of the year		16,910	20,621	3,711
<b>Cash and cash equivalents at end of the year</b>	11.1.4	<b>20,621</b>	<b>20,839</b>	<b>217</b>

Source: Section 3

(Note: +1/-1 variances will be due to rounding of source data).

### 11.1.1 Operating activities (\$5.84 million decrease)

The 2017/18 budgeted cash receipts are estimated to be \$5.33 million higher than the 2016/17 forecast due mainly to higher cash inflows from rates (\$11.54 million), offset by decreases in cash inflows from developer contributions (\$7.93 million) and operating grants (\$12.75 million).

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

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Surplus (deficit) for the year</b>	<b>196,324</b>	<b>180,429</b>	-15,895
Depreciation	75,466	74,752	-714
Loss (gain) on sale of assets	3,785	3,380	-404
Subdivisional contributions	-120,000	-116,130	3,870
Net movement in current assets and liabilities	-7,196	106	7,303
<b>Cash flows available from operating activities</b>	<b>148,378</b>	<b>142,538</b>	-5,841

#### 11.1.2 Investing activities (\$12.65 million increase)

The increase in payments for investing activities mostly represents the planned increase in capital works expenditure in 2017/18 when compared to 2016/17. (Section 6 of this budget report lists 2017/18 capital works projects).

#### 11.1.3 Financing activities (\$15.00 million increase)

The budget assumes that \$15 million in borrowings will be required in 2017/18 to complete that year's capital works program, anticipated to be drawn at the end of the financial year.

#### 11.1.4 Cash and cash equivalents at end of the year (\$0.22 million increase)

Overall, total short term cash investments are forecast to increase marginally by \$0.22 million to \$20.84 million as at 30 June 2018, reflecting Council's strategy of using excess cash and investments to enhance existing and create new infrastructure. Council's cash holding as at 30 June 2018 is based on the assumption that the 2017/18 Capital Works program (in addition to the 2016/17 carry forward) will be completed by the 30 June 2018.

### 11.2 Restricted and unrestricted cash and investments

Cash and Cash Equivalents and Other Financial Assets held by Council are restricted in part, and not fully available for Council's operations. Council's budgeted balance sheet statement in Section 3 indicates that it estimates as at 30 June 2018 Council will have cash and investments of \$223.29 million, which has been restricted as shown in the following table.

	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Cash and cash equivalents		20,621	20,839	217
Other financial assets		200,342	202,454	2,112
<b>Total cash and investments</b>		<b>220,963</b>	<b>223,293</b>	2,330
<b>Restricted cash and investments</b>				
- Statutory reserves	11.2.1	-132,216	-167,010	-34,794
- Cash held to fund carry forward capital works	11.2.2	-21,361	0	21,361
- Trust funds and deposits	11.2.3	-11,727	-11,706	22
<b>Unrestricted cash and investments</b>				
- Discretionary reserve - Carbon tax reserve	11.2.4	-2,850	0	2,850
<b>Unrestricted cash adjusted for discretionary reserves</b>	<b>11.2.5</b>	<b>52,809</b>	<b>44,577</b>	-8,232

### 11.2.1 Statutory reserves (\$167.01 million)

These funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for Council, the funds are not available for other purposes.

The table below shows total developer contributions (DC) and the major inflows and outflows projected for 2017/18.

	EOY Forecast 2016/17 \$'000	DC Income 2017/18 \$'000	DC Expense 2017/18 \$'000	Balance 2017/18 \$'000
<b>Total Developer Contributions held</b>	<b>132,216</b>	<b>48,463</b>	<b>13,669</b>	<b>167,010</b>

Developer Contribution Plans have been Gazetted by the State Government and they set out the obligations of Developers and the Developing Agency (Council) for new development areas. Under these plans, Developers are required to make payments, known as developer contributions, to Council towards the delivery of specific infrastructure. Council is required to keep developer contributions in a reserve until it is spent on the specific infrastructure works detailed in the plans.

The table above shows that \$132.22 million is forecast to be in the developer contribution reserve at the end of 2016/17. The 2017/18 budget assumes that \$48.46 million will be received during 2017/18 and \$13.67 million will be spent out of the reserve on projects identified in Developer Contribution Plans. The income includes cash contributions from Developers and interest revenue that is budgeted to be earned on funds in the reserve.

### 11.2.2 Cash held to fund carry forward capital works (\$0.00 million)

There is no amount shown as cash held to carry forward works at 30 June 2018, as it is expected that the capital works budget in the 2017/18 financial year will be fully expended. An amount of \$21.36 million is forecast to be held at 30 June 2017 to fund capital works budgeted but not completed in the 2016/17 financial year. Section 12.2 contains further details on capital works funding.

### 11.2.3 Trust funds and deposits (\$11.71 million)

Trust funds and deposits are held on trust and are required to be returned to the payer on satisfaction of certain conditions. If forfeited, these bonds are mandated to be specifically expended.

### 11.2.4 Discretionary reserves (\$0.00 million)

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

As the carbon tax was repealed in July 2014, Council had made the decision to refund a portion of the carbon tax collected in previous years to its property owners within the municipality. This occurred by way of a once-off \$17 rebate in the 2016/17 waste management charge. The remainder of the carbon tax fund is anticipated to be fully expended in 2017/18 on a large scale solar project to install solar systems on a number of Council offices with a view to becoming more energy efficient.

### 11.2.5 Unrestricted cash and investments (\$44.58 million)

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



## 12. Analysis of Capital Budget

This section analyses the planned capital expenditure budget for the 2017/18 year and the sources of funding for the capital budget. Further detail on the capital works program can be found in Section 6.

It should be noted that the Forecast 2016/17 carry forward amounts are based on the April 2017 financial results.

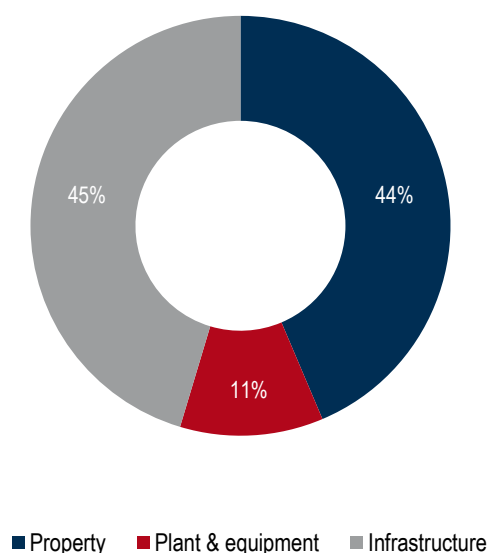
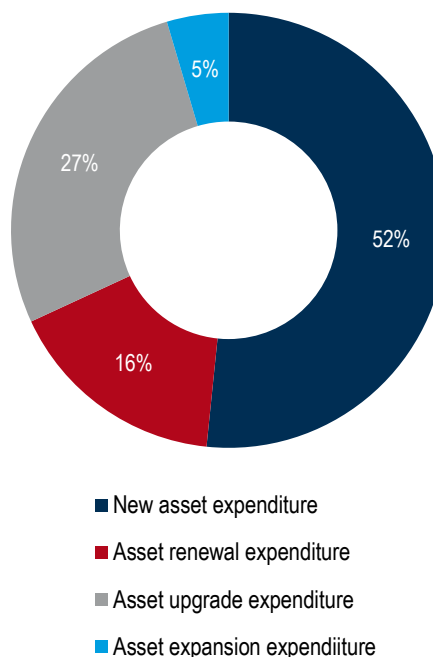
**(Note: +1/-1 variances in the following sections will be due to rounding of source data).**

## 12.1 Capital works expenditure

Capital Works Areas	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Works carried forward</b>	12.1.1			
<b>Property</b>				
Land			400	400
Land improvements			1,389	1,389
Buildings			5,304	5,304
Building improvements			3,321	3,321
<b>Total property</b>			<b>10,415</b>	<b>10,415</b>
<b>Plant &amp; equipment</b>				
Heritage plant & equipment			163	163
Plant, machinery and equipment			333	333
Computers and telecommunications			324	324
<b>Total plant and equipment</b>			<b>820</b>	<b>820</b>
<b>Infrastructure</b>				
Roads			578	578
Drainage			54	54
Recreational, leisure and community facilities			4,937	4,937
Waste management			350	350
Parks, open space and streetscapes			4,155	4,155
Other infrastructure			52	52
<b>Total infrastructure</b>			<b>10,126</b>	<b>10,126</b>
<b>Total works carried forward</b>			<b>21,361</b>	<b>21,361</b>
<b>New works</b>				
<b>Property</b>	12.1.2			
Land		22,361	3,139	-19,222
Land improvements		2,761	8,150	5,389
Buildings		14,988	37,459	22,472
Building improvements		4,721	8,210	3,489
<b>Total property</b>		<b>44,830</b>	<b>56,958</b>	<b>12,128</b>
<b>Plant &amp; equipment</b>	12.1.3			
Heritage plant & equipment		88	250	163
Plant, machinery and equipment		5,537	7,644	2,107
Fixtures, fittings and furniture		786	2,356	1,570
Computers and telecommunications		1,852	5,000	3,148
Library books		895	966	71
<b>Total plant and equipment</b>		<b>9,157</b>	<b>16,216</b>	<b>7,058</b>
<b>Infrastructure</b>	12.1.4			
Roads		23,917	34,653	10,737
Bridges		4,188	450	-3,738
Footpaths and cycleways		1,227	1,020	-207
Drainage		767	110	-657
Recreational, leisure and community facilities		3,148	11,813	8,664
Waste management		626	1,000	374
Parks, open space and streetscapes		4,074	9,566	5,493
Off street car parks		473	250	-223
Other infrastructure		3,716	1,075	-2,641
<b>Total infrastructure</b>		<b>42,137</b>	<b>59,937</b>	<b>17,800</b>
<b>Total new works</b>		<b>96,124</b>	<b>133,111</b>	<b>36,987</b>
<b>Total capital works expenditure</b>		<b>96,124</b>	<b>154,472</b>	<b>58,348</b>

**Represented by:**

New asset expenditure	12.1.5	48,328	79,743	31,415
Asset renewal expenditure	12.1.5	21,560	25,473	3,914
Asset upgrade expenditure	12.1.5	22,811	42,175	19,364
Asset expansion expenditure	12.1.5	3,425	7,080	3,655
<b>Total capital works expenditure</b>		<b>96,124</b>	<b>154,472</b>	<b>58,348</b>

**Budgeted capital works 2017/18****Budgeted capital works 2017/18**

Source: Section 3. A more detailed listing of the capital works program is included in Section 6.

**12.1.1 Carried forward works (\$21.36 million)**

At the end of each financial year, there are projects that are still in progress and will be completed in the following financial year. The carry forward of works often relate to projects which are either incomplete or partly commenced and can be due to planning issues, weather delays, and extended consultations among other things. The funding for these projects is proposed to be carried forward to complete the works. For the 2016/17 year, it is forecast that \$21.36 million of capital works will be carried forward.

It should be noted that the Forecast 2016/17 carry forward total is currently based on the April 2017 financial results.

**12.1.2 Property (\$56.96 million)**

This property class comprises land and building purchases and improvements including community facilities, municipal offices, sports facilities, and pavilions.

For the 2017/18 year, \$56.96 million will be expended on land, building and building improvement projects. The more significant projects include funding to activate the Werribee City Centre (\$17.90 million), upgrades to a number of community centre facilities (\$6.34 million), and construction of a pavilion and car park in Williams Landing (\$3.81 million).

### **12.1.3 Plant and equipment (\$16.22 million)**

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

For the 2017/18 year, \$16.22 million will be expended on plant, equipment and other projects. The more significant projects include the IT transformation program (\$5.00 million), ongoing cyclical replacement of the plant and vehicle fleet (\$3.42 million), and replacement of a compactor at the RDF (\$1.25 million).

### **12.1.4 Infrastructure (\$59.94 million)**

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

For the 2017/18 year, \$34.65 million will be expended on road projects. The more significant projects include construction of Armstrong Road (\$9 million), works to duplicate Forsyth Road (\$1.50 million), Tarneit Road (\$5.50 million), and the road surface renewal program (\$3.05 million).

\$11.81 million will be expended on recreational, leisure and community facilities. This includes \$3.95 million for the Mossfiel Reserve Masterplan implementation, and ovals and landscaping works at Williams Landing Boulevard reserve (\$1.80 million).

Additionally, \$9.57 million is budgeted for parks, open space and streetscape works. This includes expenditure on playground park upgrades (\$1.75 million), and redevelopment of Wyndham Park (\$4 million).

### **12.1.5 Asset renewal (\$25.47 million), new assets (\$79.74 million), upgrade (\$42.18 million), and expansion (\$7.08 million)**

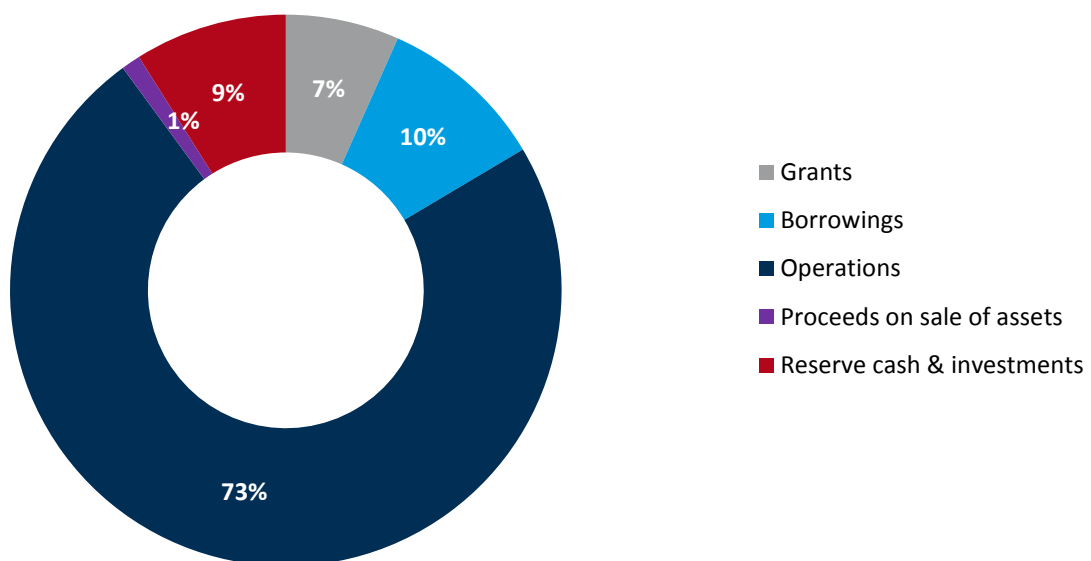
A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have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

Examples of a few major projects planned for 2017/18 which constitute expenditure on new assets include construction of the Western Animal Facility (\$3.10 million), building of the Wyndham Integrated Family and Children Centre and Aboriginal Community Centre (6.56 million), and creation of an active youth space at Baden Powell Drive park (\$0.70 million). The remaining capital expenditure represent renewals and expansion/upgrades of existing assets.

## 12.2 Funding sources

Sources of funding	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Works carried forward</b>				
<b>Current year funding</b>				
Grants			0	0
Contributions			0	0
Borrowings			0	0
Council Cash				
- Operations			21,361	21,361
- Proceeds on sale of assets			0	0
- Reserve cash and investments			0	0
- unrestricted cash and investments			0	0
<b>Total works carried forward</b>	12.2.1		<b>21,361</b>	21,361
<b>New works</b>				
<b>Current year funding</b>				
Grants	12.2.2	9,326	11,732	2,406
Contributions		2,577	0	-2,577
Borrowings	12.2.3	0	15,000	15,000
Council Cash				
- Operations	12.2.4	73,049	90,990	17,941
- Proceeds on sale of assets	12.2.5	1,119	1,720	601
- Reserve cash & investments	12.2.6	10,053	13,669	3,616
- Unrestricted cash & investments		0	0	0
<b>Total new works</b>		<b>96,124</b>	<b>133,111</b>	36,987
<b>Total funding sources</b>		<b>96,124</b>	<b>154,472</b>	58,348

Budgeted total funding sources 2017/18



Source: Section 6

#### **12.2.1 Carried forward works (\$21.36 million)**

At the end of each financial year, there are projects that are still in progress and will be completed in the following financial year. For the 2016/17 year, it is forecast that \$21.36 million of capital works will be carried forward. These carried forward works are funded from accumulated Council operating surpluses.

#### **12.2.2 Grants - Capital (\$11.73 million)**

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. In 2017/18, a number of grants have been budgeted to be received; \$1.12 million from the Victoria Grants Commission and \$1.81 million in Roads to Recovery funding, both to be expended on various road reconstruction projects. Other grants include \$2 million for Tarneit Road duplication and \$3.20 million from the State Government for the Wyndham Park redevelopment.

#### **12.2.3 Borrowings (\$15.00 million)**

Council plans to borrow \$15 million to complete the 2017/18 capital works program. Council anticipates that there will be requirements for further borrowings over the three years of the Strategic Resource Plan. However, this is dependent on the outcome of the OSAR review.

#### **12.2.4 Council cash - operations (\$90.99 million)**

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$90.99 million will be generated from operations to fund the 2017/18 capital works program. Refer to section 11. 'Budgeted Cash Position' for more information on funds from operations.

#### **12.2.5 Proceeds on sale of assets (\$1.72 million)**

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy, totalling \$1.72 million.

#### **12.2.6 Reserve cash & investments (\$13.67 million)**

Council has significant cash reserves, which it is currently using to fund its annual capital works program. The reserves include monies set aside in its infrastructure reserves which contribute toward the cost of the construction of roads, community facilities and open space projects. For 2017/18 \$13.67 million in reserves will be used to fund part of the new capital works program including \$3 million for construction of the Wyndham Integrated Family and Children Centre and Aboriginal Community Centre, \$3.50 million for Tarneit Road duplication and \$5.71 million for Armstrong Road construction.

## 13. Analysis of Budgeted Financial Position

This section analyses the movements in assets, liabilities and equity between 2016/17 and 2017/18. It also considers a number of key performance indicators.

### 13.1 Budgeted balance sheet

	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Current assets</b>	13.1.1			
Cash and cash equivalents		20,621	20,839	217
Other financial assets		200,342	202,454	2,112
Trade and other receivables		33,845	35,683	1,838
Inventories		199	198	-1
Other assets		2,256	2,249	-7
Non-current assets classified as held for Sale		10,782	10,782	0
<b>Total current assets</b>		<b>268,045</b>	<b>272,207</b>	4,161
<b>Non-current assets</b>	13.1.1			
Trade and other receivables		1,835	1,910	75
Property, infrastructure, plant & equipment		3,268,600	3,482,684	214,084
Intangible assets		6,404	305	-6,099
<b>Total non-current assets</b>		<b>3,276,839</b>	<b>3,484,900</b>	208,061
<b>Total assets</b>		<b>3,544,884</b>	<b>3,757,107</b>	212,221
<b>Current liabilities</b>	13.1.2			
Trade and other payables		21,269	21,230	39
Trust funds and deposits		11,727	11,706	22
Provisions		17,548	19,092	-1,544
<b>Total current liabilities</b>		<b>50,544</b>	<b>52,027</b>	-1,483
<b>Non-current liabilities</b>	13.1.2			
Interest-bearing loans and borrowings		55,000	70,000	-15,000
Provisions		5,124	5,578	-454
Carbon tax		2,850	0	2,850
Landfill Rehabilitation		23,464	23,921	-457
<b>Total non-current liabilities</b>		<b>86,438</b>	<b>99,498</b>	-13,061
<b>Total liabilities</b>		<b>136,982</b>	<b>151,526</b>	-14,544
<b>Net assets</b>		<b>3,407,903</b>	<b>3,605,580</b>	197,677
<b>Equity</b>	13.1.4			
Accumulated surplus		1,813,260	1,961,745	148,485
Asset revaluation reserve		1,459,576	1,476,825	17,248
Other reserves		135,066	167,010	31,944
<b>Total equity</b>		<b>3,407,903</b>	<b>3,605,580</b>	197,677

Source: Section 3

(Note: +1/-1 variances will be due to rounding of source data).

#### **13.1.1 Current Assets (\$4.16 million increase) and Non-Current Assets (\$208.06 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 less than 90 days. Other financial assets include term deposits with an original maturity of greater than three months. These balances are projected to increase by \$2.33 million during the year.

Trade and other receivables are monies owed to Council by ratepayers and others. Long term debtors are not expected to change significantly in the budget whereas short term debtors are estimated to increase by \$1.84 million on the basis that the level of rates revenue and other operating revenue are expected to be higher in 2017/18.

Other assets include items such as prepayments for expenses that Council has paid in advance of service delivery. Prepayments are not expected to change significantly in the budget.

Intangible assets mostly relate to the tipping space created as a result of new cell constructions completed at the Refuse Disposal Facility. Intangible assets reduce over time as the tipping space is consumed by the disposal of waste. New cells are also constructed over time.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc, which has been built up by Council over many years. The increase in this balance is attributable to the net result of the capital works program (\$154.47 million of assets), depreciation of assets (-\$74.75 million), written down value of assets sold and disposed (-\$5.10 million), granted assets (\$116.13 million), and asset revaluations (\$17.25 million).

#### **13.1.2 Current Liabilities (\$1.48 million increase) and Non Current Liabilities (\$13.06 million increase)**

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2016/17 levels.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are expected to increase due to growth in staffing numbers in 2016/17 and 2017/18, in addition to the Enterprise Bargaining Agreement (EBA), which has the effect of inflating the value of outstanding entitlements.

Interest bearing loans and borrowings are borrowings of Council. After \$15 million is drawn down in 2017/18, Council forecasts to have \$70 million in total debt. The borrowing will be used to fund part of the capital works program.

It is anticipated that there will be requirements for further borrowings over the three years of the Strategic Resource Plan. However, this is dependent on the outcomes of the OSAR review.

#### **13.1.3 Working Capital (\$220.18 million)**

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



Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward capital works from the previous financial year.

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Current assets</b>	268,045	272,207	4,162
<b>Current liabilities</b>	50,544	52,027	-1,483
<b>Working capital</b>	217,501	220,179	2,678
Restricted cash and investments			
- Statutory reserves	-132,216	-167,010	-34,794
- Trust funds and deposits	-11,727	-11,706	22
- Cash held to fund carry forward capital works	-21,361	0	21,361
<b>Unrestricted working capital</b>	<b>52,197</b>	<b>41,464</b>	<b>-10,733</b>

### 13.1.4 Equity (\$197.68 million increase)

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

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

During the year, an amount of \$49.19 million (net) is budgeted to be transferred from accumulated surpluses to reserves. These transfers represent a movement between equity balances only and do not impact on the total balance of equity.

### 13.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ending 30 June 2018, it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- The following ratios are preserved as part of the Closing balance of receivables:
  - Ratio of receivables to rate revenue - 8.5%
  - Ratio of receivables to user charges and fines - 26.6%
  - Ratio of receivables to user charges - for the Refuse Disposal Facility - 26.6%
- Closing Trade creditors are based on an annual ratio of 20.3% of accrual based payment to suppliers.
- The following ratios are preserved as part of the closing balance of employee provisions:
  - Ratio of Annual Leave to Employee Costs - 6.4%
  - Ratio of LSL to Employee Costs - current - 8.4%
  - Ratio of LSL to Employee Costs - non-current - 4.3%
- There will be no repayment of loan principal
- \$15 million of new loan borrowings in 2017/18
- Total capital works expenditure in 2017/18 of \$154.47 million, including 2016/17 carry forward of \$21.36 million
- The 2017/18 Capital program (including the 2016/17 carry forward projects) will be completed by the 30th June 2018.



**Farm in Werribee South**

## Long Term Strategies

This section includes the following analysis and information.

- 14 Strategic resource plan
- 15 Rating information
- 16 Other long term strategies

## 14. Strategic Resource Plan

This section includes details of the Strategic Resource Plan (SRP) to provide information on the long term financial projections of the Council.

### 14.1 Plan development

The Act requires a Strategic Resource Plan to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the City Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared a SRP for the four years 2017/18 to 2020/21 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the City Plan and expresses them in financial terms for the next four years.

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

- Increase service levels in line with population growth and community expectations
- Achieve an annual operating result which provides for long term business viability
- Maintain debt levels within prudential guidelines
- Maintain a capital expenditure program in line with the 10 year financial plan
- Maintain a strong cash position to ensure long term financial sustainability
- Provide rate and fee increases that are both manageable, sustainable and comparable to other similar councils; and
- Continue to pursue grant funding for strategic capital funds from the State and Federal Government.

In preparing the SRP, Council has also been mindful of the need to comply with the following Principles of Sound Financial Management as contained in the Local Government Act 1989:

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

The SRP is updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve the key financial objectives.

## 14.2 Financial resources

The following table summarise the key financial results for the next four years as set out in the SRP for the years 2017/18 to 2020/21. Section 3 includes a more detailed analysis of the financial resources to be used over the four year period.

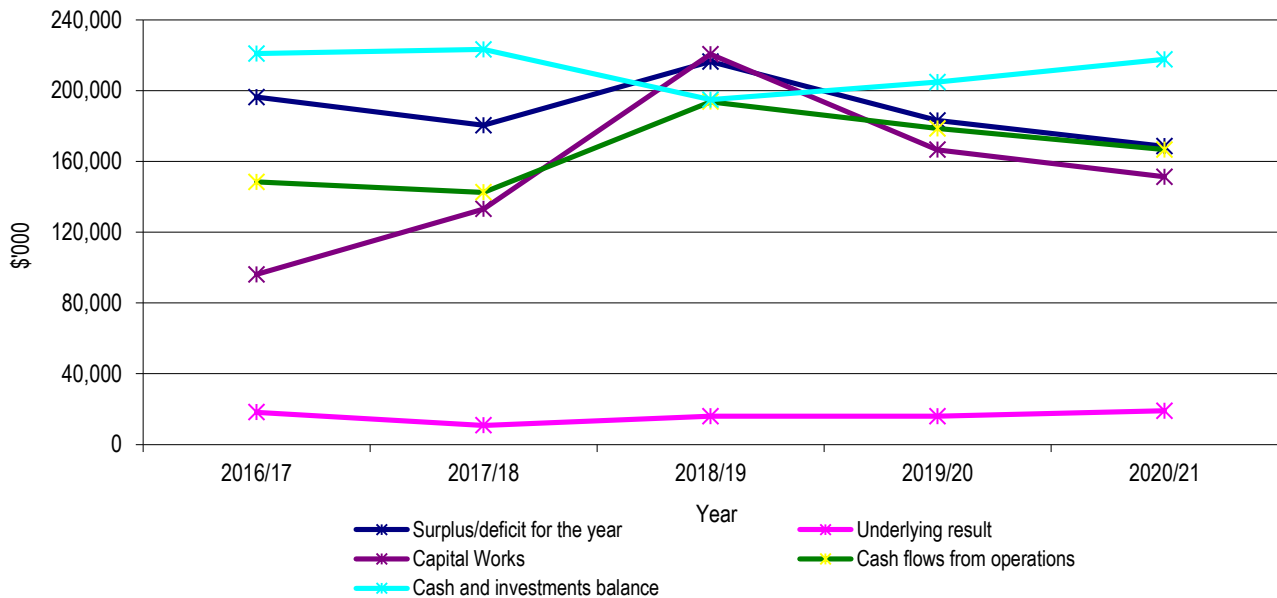
	Forecast	Budget	Strategic Resource Plan Projections			Trend
	2016/17	2017/18	2018/19	2019/20	2020/21	+ / o / -
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/deficit for the year	196,324	180,429	216,412	183,170	168,547	-
Adjusted Underlying result	18,192	10,798	16,010	15,999	19,059	+
Cash and investments balance	220,963	223,293	194,933	204,891	217,685	-
Cash flows from operations	148,378	142,538	193,763	178,583	166,721	+
Capital works expenditure*	96,124	133,111	220,571	166,590	151,301	+

(\*Note: The capital works budget of \$133.11 million for 2017/18 excludes \$21.36 million of capital expenditure that will be carried forward from 2016/17 and completed in 2017/18.)

Trend:

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

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



The key outcomes of the Plan are as follows:

- Financial sustainability (section 11)** - Cash and investments is forecast to remain high over the 4 year period, between \$194.93 million and \$223.29 million, which indicates a balanced budget on a cash basis in each year.
- Rating levels (section 15)** – Rate increases are forecast to be 2.0% in 2017/18 in line with the rates cap that was announced by the Minister for Local Government in December 2016. In the outer years, the rates increase is estimated to be 2.25% in 2018/19 and 2.50% in 2019/20 and 2020/21.
- Service delivery strategy (section 16)** – Service levels are expected to increase considerably over the 4 year period. Despite this, Council will generate significant operating surpluses throughout this term. The large operating surpluses are the result of donated subdivision assets which are non cash but result in an obligation to maintain these assets. Notwithstanding this, the adjusted underlying result which excludes non-recurrent capital grants, capital contributions and donated subdivision assets demonstrates Council's underlying financial sustainability.
- Borrowing strategy (section 16)** – Borrowings are budgeted to total \$70 million by the end of 2017/18 (\$40 million from 2013/14, \$15 million in 2015/16, and \$15 million in 2017/18). Council anticipates that there will be requirements for further borrowings over the three years of the Strategic Resource Plan. However, this is dependent on the outcomes of the OSAR review.
- Infrastructure strategy (section 16)** - Capital expenditure over the four year period will total \$671.57 million (excluding 2016/17 carry forward), at an average of \$167.89 million per annum.

## 15. Rating Information

### 15.1 Rationale for Determining Rates for 2017/18

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

- Property values, which form the central basis of rating under the Local Government Act 1989
- A 'User pays' component to reflect usage of certain services provided by Council; and
- A fixed Municipal Charge per property to cover some of the administrative costs of the Council.

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used. This distinction is based on the concept that each property category should pay a fair and equitable contribution to rates.

Council currently uses the Capital Improved Value (CIV) basis for property valuations on the grounds that it provides the most equitable distribution of rates across the municipality. As recommended by the Rating Strategy Advisory Group, there will be no change to the use of Capital Improved Value (CIV).

These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act.

The table below shows the rating differentials that are proposed to be applied for 2017/18, which remain unchanged from 2016/17.

Land Classification	Differential
Developed land (Residential)	1.0000
Commercial developed land	1.5000
Industrial developed land	1.6000
Vacant residential land	1.6000
Vacant commercial land	1.7000
Vacant industrial land	1.8000
Residential development land	1.7000
Farm land	0.8000
Rural lifestyle land	0.9000
Rural vacant land	1.0000

### 15.2 Rating Strategy Advisory Group

An independent Rating Strategy Advisory Group (RSAG) was convened in March 2016 to assist in reviewing and developing Council's Rating Strategy for consideration and adoption by Council. A copy of our current strategy is provided as an attachment to this report.

The RSAG had representatives from the following key groups:

- One Independent Chair (Non-voting)
- One representative from Commercial land owners
- One representative from Industrial land owners
- One representative from Urban Growth Zone land owners
- Three representatives from Residential home owners
- One representative from Retirement Village home owners
- One representative from Farming land owners

The Group brought a variety of skills and views as well as representation of the various categories of ratepayers.

The scope of the review was as follows:

- Review and make recommendations regarding the equitable sharing of the rates burden between various categories of ratepayers
- Review and recommend any changes to the structure of other current charges and their relationship to general rates (i.e. garbage charge, municipal charge)
- Identify any other special rates, charges or rebates that should be considered.

The following recommendations have been made by the RSAG and have been incorporated into the Proposed Integrated Plan & Budget for 2017/18 and Council's Draft Rating Strategy 2017/18:

- Rating categories and the differentials be retained as per the current rating strategy subject to the Council closely reviewing the impact of the 2016 general revaluation on the rates burden and the impact on equity and fairness.
- A Retirement Village differential not be introduced, but the report to Council should include a recommendation that Council consider the issues identified in the paper (Submission to the Local Government Act 1989) in reviewing its policies impacting elderly residential services. Council may also wish to consider any issues on which it would be appropriate to advocate on behalf of this group to both State and Federal levels of Government.
- The wording and definitions in the Rating policy be modified and made less ambiguous with respect to any trigger points particularly in regard to UGZ properties.
- Property owners significantly impacted by the 2016 general revaluation should be contacted as early as possible to allow time for discussion with Council about payment options.
- Municipal charge be retained and no change is needed to the current methodology for determining the charge.
- Garbage charges should remain as a separate charge and reflect the full recovery of related Council costs.
- The Sanctuary Lakes rebate should continue.
- The outstanding rates on UGZ properties should now be followed up with a view to collection. It was further recommended that:
  - o Property owners be contacted individually
  - o One-on-one meetings be arranged if requested
  - o Financial sensitivities be carefully managed
  - o Existing standard hardship policies are applied as appropriate

### 15.3 Waste Management Charge

The proposed budget has set the 2017/18 Waste Management Charge at \$260 per service. This is the same rate that was charged for waste services in the prior year (excluding the once-off carbon tax rebate that was applied for that year).

The Waste Management Charge is set to predominantly recover the cost of collecting roadside waste including the estimated cost of providing two tip tokens to each rateable property, two annual household hard waste collections (maximum), street sweeping of residential roads, litter and dumped rubbish collection and a waste reduction education program.

For the second and subsequent garbage bins, the Garbage Charge for 2017/18 will be \$250.00 and this includes an additional recycling bin if desired.

It should be noted that about \$41 or 16% of the Waste Management Charge is for EPA levy costs that Council collects and forwards onto the State Government.



## 16. Summary of Other Strategies

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

### 16.1 Borrowings

In developing the Strategic Resource Plan (see Section 14), borrowings were identified as an important funding source for the capital works program. Prior to 2013/14, Council had been in a phase of active debt reduction owing to its good financial position. This has resulted in a reduction in debt servicing costs and further increased Council's financial capacity and flexibility. Importantly, Council adopts the philosophy that loan borrowings are only a means of accelerating the receipt of future cash flows, namely future rates. For this reason, it understands that an over reliance on loan borrowings can have an adverse impact on future budgets.

The use of loan borrowings allows Council to accelerate capital works and reduce the rate burden on today's ratepayers. This also means that future ratepayers will contribute to the repayments of the loan, including interest, through their rates.

Council's policy position is to use loan borrowing for new assets that provide intergenerational equity, where the asset life and benefit to the community is greater than one generation, including the acquisition of land.

By the end of the 2017/18 financial year, Council will have \$70 million in borrowings. It is anticipated that there will be requirements for further borrowings over the three years of the Strategic Resource Plan. However, this is dependent on the outcomes of the OSAR review.

The exact level of borrowings will ultimately depend on the capital works program prepared for each year, and the level of income achieved for that time.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2016/17	0	0	2,456	55,000
2017/18	15,000	0	2,456	70,000
2018/19	0	0	3,051	70,000
2019/20	0	0	3,051	70,000
2020/21	0	0	3,051	70,000

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

	2016/17 \$'000	2017/18 \$'000
Total amount borrowed as at 30 June of the prior year	55,000	<b>55,000</b>
Total amount to be borrowed	0	<b>15,000</b>
Total amount projected to be redeemed	0	<b>0</b>
Total amount proposed to be borrowed as at 30 June	<b>55,000</b>	<b>70,000</b>

## 16.2 Infrastructure

Council is currently in the process of enhancing its Infrastructure Strategy. The Asset Management Information System (AMIS) has continued to be implemented during 2017/18 and asset classes are being progressively added into the system. AMIS will be integrated with Council's core information technology systems and will assist Council in predicting infrastructure consumption, renewal needs and balancing the need to provide new infrastructure for a growing population. In the current financial year, Council has also developed a draft 10 year Capital Works Plan. This plan sets out the capital expenditure requirements of the Council for the next 10 years by class of asset and is a key input to the overall long term financial plan. It is anticipated that with the implementation of the AMIS, it will enhance and complement the 10 year capital works plan through a better understanding of Wyndham's asset base. The draft 10 year Capital Works Plan has been developed through a rigorous process of consultation and evaluation. The key aspects of the process are as follows:

- Long term capital planning process which integrates with the City Plan, Strategic Resource Plan and Annual Budget processes
- Identification of all known capital projects, prioritised on the basis of evaluation criteria
- Prioritisation of capital projects within classes on the basis of evaluation criteria
- Methodology for allocating annual funding to classes of capital projects
- Business Case template for officers to document capital project submissions.

A key objective of the Infrastructure Strategy is to maintain or renew Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.

At present, Council is in a good financial position to fund asset renewal requirements. Council's current level of spending on asset renewal indicates that the majority of Council's assets have not reached the end of their useful lives. Additionally, the need to balance spending on asset renewal has been affected by the challenge of population growth and demand for new infrastructure. Notwithstanding this, it is clear that asset renewal will become an increasing focus in future budgets. Again, the implementation of the asset management system will assist Council in addressing these infrastructure challenges.

The following table summarises Council's forward outlook on capital expenditure including funding sources for the next four years.

Year	Total Capital Program	Grants	Contributions & Proc of Sale	Council Cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000
2016/17	96,124	9,326	13,749	73,049	0
2017/18	154,472	11,732	15,389	112,351	15,000
2018/19	220,571	4,606	92,757	123,207	0
2019/20	166,590	3,357	65,918	97,315	0
2020/21	151,301	3,946	51,548	95,806	0

(Note: The 2017/18 capital works program of \$154.47 million includes \$21.36 million of capital expenditure that will be carried forward from 2016/17 and completed in 2017/18.)

In addition to using cash generated from its annual operations, borrowings and external contributions such as government grants, Council has significant cash or investment reserves that are also used to fund a variety of capital projects. These reserves are either 'statutory' or 'discretionary' cash reserves. Statutory reserves relate to cash and investments held by Council that must be expended on a specific purpose as directed by legislation or a funding body, and include contributions for road infrastructure, community open space and community facilities. Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may have been earmarked for a specific purpose.

### 16.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 14.) which directly impact the future service delivery strategy are to improve existing service levels whilst increasing operating surpluses on an annual basis, to fund the provision of social and physical infrastructure in a growing municipality. The Rating Information (see Section 15.) also refers to rate increases in 2017/18 of 2.0%. With these key objectives as a basis, a number of internal and external influences have been identified through discussions with management which will have a significant impact on the scope and level of services to be provided over the next four years.

The general influences affecting all operating revenue and expenditure include the following:

	2017/18	2018/19	2019/20	2020/21
	%	%	%	%
Consumer Price Index	2.00	2.25	2.50	2.50
Average Weekly Earnings	3.30	3.30	2.50	2.50
Engineering				
Construction Index	3.50	3.50	3.50	3.50
Rate increases	2.00	2.25	2.50	2.50
Property growth	4.97	4.71	4.44	4.30
Government funding	3.53	3.47	3.47	3.39
Statutory fees	3.53	3.47	3.47	3.39
Investment return	2.85	2.72	2.88	3.03

As well as the general influences, there are also a number of specific influences which relate directly to service areas or activities. The most significant changes in these areas are summarised below.

#### Population Growth

Wyndham is still one of the fastest growing municipalities in Australia, with the population forecast to increase between 4.1% and 5.1% annually over the next five years. This has resulted in increased service inputs (materials and employee costs) to service growth in demand.

#### Asset Growth

As Wyndham's asset base continues to grow at a rapid rate, Council needs to allocate a greater proportion of its overall budget funding to maintain these assets. As the asset base increases through the building of roads, community centres and public open space, staff levels will also increase to allow these facilities to be properly serviced and maintained.

Future budgets will see a significant increase in the overall cost of services to ratepayers. These are related to the factors mentioned above in addition to the effect of inflation, Enterprise Bargaining Agreements (EBA) and future interest rates. Federal and State Government cost shifting can also have an impact on Council's future service budgets. Cost shifting is a practice that Federal and State Governments have employed by various means in the past, but is generally where other tiers of government impose additional legislative or service obligations on local government without an adequate financial allowance (i.e. government grants) for these additional burdens. The result is the imposition of higher costs on Council budgets.

Council has also strongly advocated in the past that State and Federal grant monies have not kept up with Wyndham's continuing population growth. This has a significant impact on future budgets as service costs in Wyndham are increasing due to inflationary factors and demand factors. If funding levels do not reflect Wyndham's population growth, the end result is a higher net cost to Council and the need for higher rate increases. Council continues to advocate strongly for additional grant funding.



**Wyndham Harbour**

## Appendices

The contents of the appendices are summarised below:

Appendix	Nature of information	Page
A	Wyndham City Plans & Strategies	101
B	Budget processes	102
C	Characteristics of Rating Differentials	103
D	Glossary of terms	117

## Appendix A

### Wyndham City Plans & Strategies

#### Wyndham's strategic direction

- Wyndham 2040: Community Vision
- Municipal Strategic Statement
- Community Health, Wellbeing and Safety (integrated into the City Plan from July 2017)
- Wyndham 2040: District Plans – East, West, Central and Rural
- Residential Growth Management Strategy 2016

#### People and Community

- Multicultural Policy and Action Plan 2014-2018
- Statement of Commitment to Aboriginal Reconciliation
- Disability Access and Inclusion Strategy 2013-2017
- Aged and Disability Service Access Policy
- Domestic Animal Management Plan
- Wyndham City's Municipal Emergency Management Plan 2015-2018
- Wyndham Municipal Fire Management Plan
- Wyndham Municipal Early Years Plan 2013-2017
- Wyndham Youth Plan 2013-2017

#### Leadership and Participation

- Growing Wyndham's Community Strength Policy and Framework
- Community Engagement Framework and Model 2013-2017
- Creative Communities and Cultural Places Strategy
- Wyndham's Leisure Strategy 2013-2017
- The Wyndham Cricket and Australian Rules Football Strategy
- Wyndham Aquatic Strategy 2015
- Wyndham Skate, BMX & Bike Strategy
- Wyndham Hard to Locate Sports Strategy 2016

#### Earning and Learning

- Economic Growth Strategy 2017-2029
- Visitor Economy Strategy
- Library Service Strategic Plan 2005-2020
- Wyndham Learning Community Strategy 2014-2017
- Wyndham Activity Centres Strategy 2016
- Footpath Trading Policy & Guidelines

#### Places & Spaces

- Wyndham Integrated Transport Strategy
- Wyndham Open Space Strategy 2045
- Housing and Neighbourhood Character Strategy 2015
- Wyndham Social Infrastructure Framework 2040
- Environment and Sustainability Strategy 2016-2040
- Environmentally Sustainable Design Framework
- Wyndham City Biodiversity Policy 2014
- Wyndham Weed Management Framework
- Site Environmental Management Plan Guidelines
- Landscape Context Guidelines
- Water Action Plan 2015-2020
- Climate Change Adaption Strategy 2016-2020
- Waste & Litter Strategy 2016-2040
- Community Amenity Local Law 2015
- Beautification of Nature Strips Policy
- Wyndham City Stormwater Management Plan 2015
- Wyndham Tree Policy 2015
- Integrated Water Catchment Management Strategy 2017
- Avalon Corridor Strategy
- Wyndham Harbour Development Plan and Design Guidelines
- Urban Design Framework Plan : A Vision For The Princes Highway / Geelong Road Corridor

## Appendix B

### Budget Process

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

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

The 2017/18 budget, which is included in this report, is for the year 1 July 2017 to 30 June 2018 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2018 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards and the Local Government Model Accounts. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

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

With the introduction of the State Governments Rate Capping legislation in 2015 Councils are now unable to determine the level of rate increase and instead can use up to a maximum rate increase determined by the Minister for Local Government which is announced in December for application in the following financial year.

If a Council wishes to seek a rate increase above the maximum allowable it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful by 31 May. In many cases this will require Councils to undertake 'public notice' on two separate proposed budgets simultaneously, i.e. the Ministers maximum rate increase and the Council's required rate increase.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget process	Timing
1. Officers update Council's long term financial projections	Nov-16
2. Minister of Local Government announces maximum rate increase	Dec-16
3. Officers prepare operating and capital budgets	Feb-17
4. Council considers draft budgets at briefings	Mar/Apr- 17
5. Proposed budget submitted to Council for approval to advertise	2-May-17
6. Budget scenarios available for public inspection and comment	2-May-17
7. Public notice advising intention to adopt budget	3-May-17
8. Public submission process undertaken	May-17
9. Submissions period closes (28 days)	30-May-17
10. Submissions considered by Council	13-Jun-17
11. Budget and submissions presented to Council for adoption	27-Jun-17
12. Copy of adopted budget submitted to the Minister	Jul-17



## Appendix C

### Characteristics of Rating Differentials

#### Developed Land (2017/2018)

**Definition:**

Developed land is identified as any rateable land which is not:

- Commercial Developed Land
- Industrial Developed Land
- Residential Development Land
- Farm Land
- Vacant Residential Land
- Vacant Commercial Land
- Vacant Industrial Land
- Vacant Rural Land

**Objective:**

The objective of this rate is to ensure owners of land having the characteristics of Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

**Characteristics:**

Developed Land is Residential Land on which a building is erected and the site is approved for occupation by the issue of an occupancy certificate from Council and the site is available or used for residential purposes.

The building types included within Developed Residential Land are:

- Detached houses;
- Attached houses;
- Strata title flats; and
- Strata title apartments

Land which does not have the characteristics of Commercial Developed Land, Industrial Developed Land, Residential Development Land, Commercial Vacant Land, Industrial Vacant Land, Rural Lifestyle Land, Rural Vacant Land or Farm Land will also be identified as Residential Land for differential rating purposes.

**Impact:**

The Act requires there to be a residential rate for the purposes of establishing differential rates.

**Quantum:**

Quantum is set as 1.0 in accordance with legislation.

**Rating Principles:**

Equity/Fairness Yes – Takes into account capacity to pay and user benefit

Simplicity Yes – Transparent and simple to understand

Efficiency Yes – Practical and efficient to administer

Sustainability Yes – Provides reliable revenues

Incentive No – Does not provide any incentives

Legislative Compliance Yes– Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.



**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

**Types of Buildings:**

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2017/18 financial year.

### Commercial Developed Land (2017/2018)

**Definition:**

Commercial Land is identified as land on which a building designed or adapted for occupation is erected which is used for commercial purposes.

**Objective:**

The objective of the rate is to encourage commerce and ensure that the owners of the land having the characteristics of Commercial Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Commercial Developed Land differential is higher than the Developed Land Differential for a number of reasons including;

- Council's financial commitment to economic development initiatives;
- Commerce attracts non-residents and consequently additional demands on public infrastructure;
- Council rates and charges may be claimed as a tax deduction; and
- Commercial precincts demands on the environment are higher than residential areas.

**Characteristics:**

Commercial Developed Land is land on which a building is erected or the site is adapted for occupation and the site is used for commercial purposes including:

- Retail shops;
- Offices;
- Services businesses, car parks, garden centres, car yards, boat yards, entertainment centres (theme parks), hotel and motels; and
- Land which has improvements and/or buildings used for commercial purposes.

**Impact:**

The current rating differential is 1.5, or 50% higher than the residential developed rate differential. Thus a commercial developed property currently pays 50% more in rates than a residential developed property assuming both have the same valuation.

**Quantum:**

A 0.1 differential between commercial and industrial developed land is deemed appropriate given the 'scale' of industrial activity is generally much higher than commercial. It is recognised that these two rate groups underpin the financial and employment aspirations of Wyndham – if they are not strong and successful, it will be much harder for Wyndham to thrive.

**Rating Principles:**

Equity/Fairness Arguable – residential rentals are being subsidised by commercial differential, though commercial often has higher capacity to pay and has taxation benefits

Simplicity Yes – transparent and simple to understand

Efficiency No – based on equity, the differential is not practical and cost effective

Sustainability Yes – when compared to other Councils with differentials

Incentive No – one reason is the tax deduction which applies mainly to commercial

Legislative Compliance Yes – Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

**Types of Buildings:**

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2017/18 financial year.

**Industrial Developed Land (2017/2018)****Definition:**

Industrial Land is identified as land on which a building designed or adapted for occupation is erected which is used for industrial purposes.

**Objective:**

The objective of the rate is to encourage industry and ensure that the owners of the land having the characteristics of Industrial Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Industrial Developed Land differential is higher than the Developed Land Differential for a number of reasons, including;

- Council's financial commitment to economic development initiatives;
- Council rates and charges may be claimed as a tax deduction;
- Industry attracts non-residents and consequently additional demands on public infrastructure; and
- Industrial demands on the environment are higher than other businesses

**Characteristics:**

Industrial Land is land on which a building is erected or the site is adapted for occupation and is used for industrial purposes including:

- Manufacturing industries
- Quarrying

and the land is located in an industrial zone or other area in the Municipality.

**Impact:**

This rating differential currently is 1.6, thus 60% higher than the residential developed rate differential. Thus an industrial developed property currently pays 60% more in rates than a residential developed property assuming they have the same valuation.

**Quantum:**

A 0.1 differential between commercial and industrial is appropriate based on scale and capacity to pay. These two rate groups underpin the financial and employment aspirations of Wyndham – if they are not strong and successful, it will be much harder for Wyndham to thrive. At the moment, there is evidence that both commercial and industrial sectors are finding it harder financially.

The multiplier effect of manufacturing supporting 3 jobs in the community for every one directly employed is a strong argument for Wyndham to encourage industry – as a key employment base for a rapidly increasing residential population.

**Rating Principles:**

Equity/Fairness Variable – The data does not exist to make a firm assessment.

Simplicity Yes – The rating principle is simple, especially when measured against other tax forms such as personal income tax. For business, processing annual rates would be considered simple when compared to many other aspects of business administration

Efficiency Yes – An understanding of Council's administration process identifies how efficient this currently is.

Sustainability Yes – The rating process and provision of income to Council is sustainable within the current economic climate. Any shift in the makeup of industrial presence within Wyndham could lead to a need to reassess.

Incentive Yes – Neighbouring Councils vary with their rates in comparison to Wyndham. On balance of this benchmarking, Wyndham would be assessed as competitive.

Legislative Compliance Yes – Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

**Types of Buildings:**

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2017/18 financial year.

**Residential Development Land (2017/2018)****Definition:**

Residential Development Land is identified as land located within an urban growth zone where:

- a planning permit authorising the subdivision of the land has been issued; and
- no principle place of residence exists on the subdivided land.

**Objective:**

The objective of the rate is to encourage development for residential purposes and ensure that the owners of the land having the characteristics of residential development land make an equitable financial contribution to the cost of carrying out Council's functions.

The Residential Development Land differential is higher than the Developed Land Differential for a number of reasons, including;

- To assist in the management of sustainable growth across metropolitan Melbourne; and
- Encourage residential subdivisions at a sustainable level ensuring sufficient supply.

**Characteristics:**

Land located within an urban growth zone where:

- a planning permit authorising the subdivision of the land has been issued; and
- no principal place of residence exists on the subdivided land.

**Impact:**

This rating differential currently is 1.7 multiplier thus 70% higher than residential developed rate differential. Thus a Residential Development property currently pays 70% more in rates than a residential developed property assuming they both have the same valuation.

**Quantum:**

The 1.7 differential is deemed appropriate as owners of this land are generally large corporations who purchase this land to derive their profit from the long term capital gain, and control its release to maximise price / capital gain. This profit generation is not contributing to the Wyndham community.

**Rating Principles:**

Equity/Fairness Yes – The differential meets some of the disadvantages experienced by Council due to other authorities having funds tied up in providing infrastructure needed to progress development.

Simplicity Yes – The rating principle is simple in comparison with other forms of taxes and business administration.

Efficiency Yes - The process does not impact on the efficiency of the current practice

Sustainability Yes - Wyndham has a significant challenge in dealing with residential development land. It must balance the cost of development and providing services and infrastructure. Ratepayers cannot fund further development infrastructure with inadequate contribution from those driving the development.

Incentive Yes - the continuing activity of developers securing land in Wyndham would confirm that current practices are competitive.

Legislative Compliance Yes - Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

**Vacant Residential Land (2017/2018)****Definition:**

Vacant Residential Land is identified as land on which no building designed or adapted for occupation is erected and the land is located within a Residential or Township Zone.

**Objective:**

The objective of the rate is to encourage development for residential purposes and ensure that the owners of the land having the characteristics of Residential Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Residential Vacant Land differential is higher than the Developed Land Differential for a number of reasons, including;

- To assist in the management of sustainable growth across metropolitan Melbourne; and
- Promote housing development in residential zoned area.

**Characteristics:**

Residential Vacant Land is land on which no building designed or adapted for occupation is erected and the land is located within a residential or township zone.

**Impact:**

This rating differential currently is 1.6, i.e. 60% higher than the residential developed land differential. Thus a Residential Vacant property currently pays 60% more in rates than a residential developed property assuming equal valuations.

Such residential land is located within Residential or Township Zones. The residential vacant land differential is the lowest of vacant land differentials. This is consistent with developed land where the residential developed land differential is lower than commercial and industrial developed land differentials. The reason for the lower rate burden is that ratepayers generally purchase such land to build on. However, some ratepayers are investing in vacant land for use in the long term, or for investment as demand drives up process, and thus it can be argued that increasing the differential is appropriate.

**Quantum:**

The differential rate has been increased by 0.2 to 1.6 from the 2013/2014 financial year. For people and businesses who have purchased land with the intent to develop, a short term increase in rates is considered a small factor when compared to the costs they will incur during development, and the higher rate value (not differential) which will apply post development.

For those investing in vacant land to hold for use in the long term, or for investment returns as demand drives prices up, the differential of 1.6 was considered appropriate

**Rating Principles:**

Equity/Fairness Yes – New releases need to be developed

Simplicity Yes – transparent and simple to understand

Efficiency Yes – accepted that vacant land has a higher differential

Sustainability Yes – differential is based on CIV hence amount is lower than developed land

Incentive Maybe – no evidence that differential rating promotes or achieves development but it certainly doesn't hinder it

Legislative Compliance Yes– Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

**Vacant Commercial Land (2017/2018)****Definition:**

Vacant Commercial Land is identified as land on which no building designed or adapted for occupation is erected and the land is located within a:

- Business 1, 4 or 5 Zone;
- Priority Development Zone with an approved precinct plan for commercial use;
- Special Use Zone with an approved development plan for commercial use; or
- Urban Growth Zone with an approved precinct structure plan for commercial use.

**Objective:**

The objective of the rate is to encourage development for commercial purposes and ensure that the owners of the land having the characteristics of Vacant Commercial Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Vacant Commercial Land differential is higher than the Developed Land Differential for a number of reasons, including;

- To assist in the management of sustainable growth across metropolitan Melbourne;
- Council's financial commitment to economic development initiatives; and
- Promote commercial development within the appropriate zone municipal areas

**Characteristics:**

Land on which no building designed or adapted for occupation is erected and the land is located within a:

- Business zone 1, 4 or 5;
- Priority development zone with an approved precinct plan for commercial use;
- Special use zone with an approved development plan for commercial use;
- Urban growth zone with an approved precinct structure plan, for commercial use.

**Impact:**

This rating differential is 1.7 multiplier, thus 70% higher than the residential developed rates differential. Thus a vacant commercial currently pays 70% more in rates than a residential developed property assuming they have the same valuation. Owners of such land purchase the land to contract and run a business or lease the property which may also result in the long term financial gain from the sale of the business or property.

**Quantum:**

The Rating Strategy Advisory Group recommended that the 2013/2014 differential be increased by 0.1 to 1.7. For people/ businesses who have purchased land with the intent to develop, a short term increase in rate is a small factor when compared to the costs they will incur with development, and the subsequent higher rate value (not differential) which will apply post development.

**Rating Principles:**

Equity/Fairness Yes – 1.37% of all commercial is rated as vacant land. Minimal application.

Simplicity Yes – transparent and simple to understand

Efficiency Yes – accepted that vacant land has higher differentials

Sustainability Yes – minimal effect due to amount of vacant commercial land

Incentive No – no evidence that differential is sufficient to promote or achieve development though it clearly does not inhibit it

Legislative Compliance Yes – Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

**Vacant Industrial Land (2017/2018)****Definition:**

Vacant Industrial Land is identified as land on which no building designed or adapted for occupation is erected and the land is located within a:

- Industrial Business 1, 2 or 3 Zone;
- Priority Development Zone with an approved precinct plan for industrial use;
- Special Use Zone with an approved development plan for Industrial use; or
- Urban Growth Zone with an approved precinct structure plan for industrial use.

**Objective:**

The objective of this rate is to encourage development for industrial purposes and ensure that the owners of the land make an equitable financial contribution to the cost of carrying out Council's functions.

Encouragement includes:

- Promoting land owners to develop their land, to bring about increased community benefits as covered in the 'Developed Industrial Land' discussion.
- Reducing the possibility that land holders not progressing in reasonable time to develop the land may impede the ability of other businesses to access suitable land for their own industrial use.

**Characteristics:**

Is land on which no building designated or adapted for occupation is erected and the land is located within a:

- Industrial business zone 1,2 or 3; or
- Priority development zone with an approved precinct plan for industrial use; or
- Special use zone with an approved development plan for industrial use; or
- Urban growth zone with an approved precinct structure plan for industrial use.

**Impact:**

This rating differential currently is 1.8, thus 80% higher than the residential developed rate differential. Thus an Industrial Vacant Land property currently pays 80% more in rates than a residential developed property assuming the same valuation.

**Quantum:**

This differential rate was increased by 0.1 to 1.8 from 2013/2014. For people / businesses who have purchased land with the intent to develop, a short term increase in rate is a small factor when compared to the costs they will incur during development, and the subsequent higher rate value (not differential) which will apply post development.

For those investing in vacant land to hold for use in the long term, or for investment returns as demand drives prices up, increasing the differential is appropriate

**Rating Principles:**

Equity/Fairness Variable – a wide range of equity exists within the individual circumstances of businesses

Simplicity Yes – transparent and simple to understand

Efficiency Yes – accepted that vacant land has a higher differential

Sustainability Yes – Vacant industrial land makes up 0.4% of assessments and 1.7% of total rate income.

Any major changes in this category will not have any real impact on Council revenue

Incentive Maybe – no evidence that differential rating promotes or achieves development but it certainly doesn't hinder it

Legislative Compliance Yes – Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme



## Farm Land (2017/2018)

### **Definition:**

Under the Valuation of Land Act 1960 farm land is rateable land that has the following characteristics:

- 1) is not less than 2 hectares in area; and
- 2) is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, horticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
- 3) is used by a business:
  - (i) that has a significant and substantial commercial purpose or character; and
  - (ii) that seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
  - (iii) that is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating

### **Objective:**

The objectives of this rate are to:

- Ensure that all ratepayers for agricultural land make a fair and equitable financial contribution to the costs of carrying out Council's functions.
- Provide economic support to encourage ongoing use of the designated zones for production of and value-adding to agricultural products produced on the designated land.
- Encourage further development of designated Agricultural land holdings with extensive privately funded horticultural and viticultural production techniques and equipment to improve the viability of the farming operation.
- Encourage persons in the community engaged in agricultural production to further develop the property and value-add to their products in the local community to create more employment opportunities in the industry.

### **Characteristics:**

Farm Land is land which is not less than 0.2 hectares and is deemed to be a farm under the Valuation of Land Act that:

- Is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, horticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
- Is used by a business that:
  - has a significant and substantial commercial purpose or character;
  - seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
  - is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

and is:

- Actively being used by the ratepayer for agricultural, horticulture or viticulture primary production and including related value-adding production facilities for vegetable growing, grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, fruit growing, crop growing or for any combination of these
- In a farm zone, green wedge or rural conservation area outside the Werribee South intensive agricultural area and greater than 10 hectares and used for the carrying on primary production as determined by the Australian Taxation Office
- In a farm zone, green wedge or rural conservation area in the Werribee South intensive agricultural area and greater than 0.6 hectares and used for the carrying on primary production as determined by the Australian Taxation Office

**Impact:**

Ministerial guidelines state that Council should consider the use of a farm rate. With a farm rate being introduced, its impact on the rates raised will be varied as the properties becoming farm land will be coming out of different existing categories

**Quantum:**

The differential rate for Farmland is 0.8. As the productive asset base for this sector of the community, a lower differential (than residential) which reflects the relatively high investment in land as a proportion of the business profitability is appropriate

**Rating Principles:**

Equity/Fairness Yes – Takes into account capacity to pay and user benefit

Simplicity Yes – Transparent and simple to understand

Efficiency Yes – Practical and efficient to administer

Sustainability Yes – Provides reliable revenues

Incentive Yes – Provides an incentive to carrying on a farming business

Legislative Compliance Yes– Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

**Rural Lifestyle Land (2017/2018)****Definition:**

Rural lifestyle land is identified as land with a residential dwelling on larger allotments in rural, semi-rural or bushland settings. Primary production uses and associated improvements are secondary to the value of the residential home site use and associates residential improvements.

**Objective:**

The objective of this rate is to ensure that all properties within the Wyndham rural areas (non-farming) where services and utilities are restricted make a fair and equitable contribution to the costs of carrying out Council's functions and recognise that ratepayers residing on Rural Lifestyle land do not receive the same level of Council services as residents in residential developed areas.

**Characteristics:**

Rural Lifestyle Land which is more than 0.4 hectares in area with an approved residence on the land which is not deemed to be farm land under the Valuation of Land Act and is located within:

- A Farm zone, green wedge, rural living or rural conservation area outside the Werribee South Intensive Agricultural Area; or
- A Farm zone, green wedge, rural living or rural conservation area in the Werribee South Intensive Agricultural Area; or
- An Urban Growth Zone.

Any vacant land which is more than 0.4 hectares and not deemed to be farm under the Valuation of Land Act and falls within the above locations is not eligible for the Rural Lifestyle Land differential and is rated as Rural Vacant Land.

**Impact:**

For properties deemed to be farms under the Valuation of Land Act definition, such properties will remain at a 0.8 differential under the Farm Rate category.

Where properties are classified as being vacant land (no residential, industrial or commercial characteristics) such properties will be rated in the vacant rural land category with a 1.0 differential.

Rural properties with approved residences 10 hectares or under in the Farm, Green Wedge, Rural Lifestyle, or Rural Conservation Zone or within the Werribee South Intensive Agricultural Land less than 0.4 hectares or more will be rated in the rural lifestyle land category with a 0.9 differential.

**Quantum:**

The differential rate for this category is set at 0.90. The lower differential than for Residential Developed Land reflects a difference in the level of service provided by Council to this group of ratepayers. The average value of rateable properties in this category is higher than that for residential, so when calculated through to rates income, this group will pay a higher 'per property' payment than residential, but receive less in term of service provision.

**Rating Principles:**

Equity/Fairness Yes – if the rate is reasonable considering the higher burden due to higher CIV

Simplicity Yes – transparent and simple to understand

Efficiency Yes- if rated according to proposal

Sustainability Yes – this was not applied when the rates were increased by 125% in 2012

Incentive Yes – if rated to proposal

Legislative Compliance Yes – Complies with legislation and Ministerial guidelines

**Use and Level of Differential Rate:**

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

**Geographic Location:**

Wherever located within the municipal district.

**Use of Land:**

Any use permitted under the Wyndham Planning Scheme

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

## Rural Vacant Land (2017/2018)

### **Definition:**

Rural Vacant land is identified as being vacant land which is 0.4 hectares or more and not deemed to be a farm under the Valuation of Land Act.

### **Objective:**

The objective of this rate is to ensure that all properties within the Wyndham rural areas (non-farming) where services and utilities are restricted make a fair and equitable contribution to the costs of carrying out Council's functions and recognise that ratepayers holding Rural Vacant Land do not receive the same level of Council services that are available to ratepayers in developed areas holding vacant land.

### **Characteristics:**

Rural Vacant Land is vacant land which is 0.4 hectares or more in area and is not deemed to be a farm under the Valuation of Land Act and is located within a:

- Farm zone, green wedge, rural lifestyle, or rural conservation area outside the Werribee South intensive agricultural area; or
- Farm zone, green wedge, rural lifestyle, or rural conservation area in the Werribee South intensive agricultural area; or
- Urban Growth Zone.

### **Impact:**

Where properties are classified as being vacant land (no residential, industrial or commercial characteristics) such properties will be rated in the vacant rural land category with a differential of 1.0 differential.

For vacant rural properties that are not deemed to be farm that are 10 hectares or more in the farm, green wedge, rural lifestyle, or rural conservation zone or within the Werribee South Intensive Agricultural area and greater than 0.6 hectares; this will result in a 25% increase in rate burden compared to their previous classification of a 0.8 differential .

For vacant rural properties that are not deemed to be farm that are less than 10 hectares in the farm, green wedge, rural lifestyle or rural conservation zone, there will be no change in their rate burden.

### **Quantum:**

The Rural Vacant Land differential is set at 1.0. As such vacant land cannot be developed like residential, commercial and industrial land, a differential in line with the residential rate is more appropriate than in comparison to other vacant land differentials.

### **Rating Principles:**

Equity/Fairness Yes – Takes into account capacity to pay and user benefit

Simplicity Yes – Transparent and simple to understand

Efficiency Yes – Practical and efficient to administer

Sustainability Yes – Provides reliable revenues

Incentive No – Does not provide any incentives to develop

Legislative Compliance Yes– Complies with legislation and Ministerial guidelines

***Use and Level of Differential Rate:***

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

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

***Geographic Location:***

Wherever located within the municipal district.

***Use of Land:***

Any use permitted under the Wyndham Planning Scheme

## Appendix D

### Glossary of Terms

Term	Definition
Act	Local Government Act 1989
Accounting Standards	Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and have the force of law for Corporations law entities under s 296 of the <i>Corporations Act 2001</i> . They must also be applied to all other general purpose financial reports of reporting entities in the public and private sectors.
Adjusted underlying revenue	The adjusted underlying revenue means total income other than non-recurrent grants used to fund capital expenditure, non-monetary asset contributions, and contributions to fund capital expenditure from sources other than grants and non-monetary contributions. Local Government (Planning and Reporting) Regulations 2014 - Schedule 3
Adjusted underlying surplus (or deficit)	The adjusted underlying surplus (or deficit) means adjusted underlying revenue less total expenditure. It is a measure of financial sustainability of the Council which can be masked in the net surplus (or deficit) by capital-related items. Local Government (Planning and Reporting) Regulations 2014 - Schedule 3
Annual budget	Plan under Section 127 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required.
Annual report	The annual report prepared by Council under sections 131, 132 and 133 of the Act. The annual report to the community contains a report of operations and audited financial and performance statements.
Annual reporting requirements	Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements.
Asset expansion expenditure	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries Local Government (Planning and Reporting) Regulations 2014 – Regulation 5
Asset renewal expenditure	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability. Local Government (Planning and Reporting) Regulations 2014 – Regulation 5
Asset upgrade expenditure	Expenditure that: (a) enhances an existing asset to provide a higher level of service; or (b) increases the life of the asset beyond its original life. Local Government (Planning and Reporting) Regulations 2014 – Regulation 5
Borrowing strategy	A borrowing strategy is the process by which the Council's current external funding requirements can be identified, existing funding arrangements managed and future requirements monitored.

Balance sheet	<p>The balance sheet shows the expected net current asset, net non-current asset and net asset positions in the forthcoming year compared to the forecast actual in the current year.</p> <p>The balance sheet should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements and the Local Government Model Financial Report.</p>
Comprehensive income statement	<p>The comprehensive income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year. The income statement should be prepared in accordance with the requirements of AASB101 Presentation of Financial Statements and the Local Government Model Financial Report.</p>
Financial statements	<p>Section(s) 126(2)(a), 127(2)(a) and / or 131(1)(b) of the Act require the following documents to include financial statements:</p> <ul style="list-style-type: none"> <li>- Strategic resource plan</li> <li>- Budget</li> <li>- Annual report</li> </ul> <p>The financial statements to be included in the Budget include:</p> <ul style="list-style-type: none"> <li>- Comprehensive income statement</li> <li>- Balance sheet</li> <li>- Statement of changes in equity</li> <li>- Statement of cash flows</li> <li>- Statement of capital works</li> </ul> <p>The financial statements must be in the form set out in the Local Government Model Financial Report.</p>
Statement of capital works	<p>The statement of capital works shows the expected internal and external funding for capital works expenditure and the total proposed capital works expenditure for the forthcoming year with a comparison with forecast actual for the current year. The statement of capital works should be prepared in accordance with Regulation 9.</p> <p>Local Government (Planning and Reporting) Regulations 2014 – Regulation 9</p>
Statement of cash flows	<p>The statement of cash flows shows the expected net cash inflows and outflows in the forthcoming year in the form of reconciliation between opening and closing balances of total cash and investments for the year. Comparison is made to the current year's expected inflows and outflows. The cash flow statement should be prepared in accordance with the requirements of AASB 107 Statement of Cash Flows and the Local Government Model Financial Report.</p>
Statement of changes in equity	<p>The statement of changes in equity shows the expected movement in Accumulated Surplus and reserves for the year. The statement of changes in equity should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements and the Local Government Model Financial Report.</p>
Budget preparation requirement	<p>Under the Act, a Council is required to prepare and adopt an annual budget by 30 June each year.</p> <p>The Local Government Amendment (Performance Reporting and Accountability) Bill 2013 amends the date the budget must be adopted to 30 June each year – refer section 11(1) of the Bill. This amends section 130 (3) of the Act</p>

Capital expenditure	Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre-determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.
Capital works program	A detailed list of capital works expenditure that will be undertaken during the 2017/18 financial year. Regulation 10 requires that the budget contains a detailed list of capital works expenditure and sets out how that information is to be disclosed by reference to asset categories, asset expenditure type and funding sources.
Carry forward capital works	Carry forward capital works are those that are incomplete in the current budget year and will be completed in the following budget year.
City Plan (Council Plan)	Means a Council Plan prepared by the Council under Section 125 of the Local Government Act 1989. This document sets out the strategic objectives of the Council and strategies for achieving the objectives as part of the overall strategic planning framework required by the Act.
Community Plan/Vision	A "community owned" document or process which identifies the long term needs and aspirations of the Council, and the medium and short term goals and objectives which are framed within the long term plan.
Department of Environment, Land, Water and Planning (DELWP)	Local Government Victoria is part of the Department of Environment, Land, Water and Planning (DELWP). It was previously part of the former: <ul style="list-style-type: none"> <li>• Department of Transport, Planning and Local Infrastructure (DTPLI).</li> <li>• Department of Planning and Community Development (DPCD).</li> <li>• Department of Victorian Communities (DVC)</li> </ul>
Discretionary reserves	Discretionary reserves are funds earmarked by Council for various purposes. Councils can by resolution change the purpose of these reserves.
External influences in the preparation of a budget	Matters arising from third party actions over which Council has little or no control e.g. change in legislation.
Financial sustainability	A key outcome of the strategic resource plan. Longer term planning is essential in ensuring that a Council remains financially sustainable in the long term.
Financial activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.
Four way budgeting methodology ( <i>Strategic resource plan</i> )	The linking of the income statement, balance sheet, cash flow statement and capital works statement to produce forecast financial statements based on assumptions about future movements in key revenues, expenses, assets and liabilities.
Infrastructure	Non-current property, plant and equipment excluding land



Infrastructure strategy	An infrastructure strategy is the process by which current infrastructure and ongoing maintenance requirements can be identified, budgeted capital works implemented and future developments monitored. The key objective of an infrastructure strategy is to maintain or preserve Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.
Internal influences in the preparation of a budget	Matters arising from Council actions over which there is some element of control (e.g. approval of unbudgeted capital expenditure).
Investing activities	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Key assumptions	When preparing a balance sheet of financial position, key assumptions upon which the statement has been based should be disclosed in the budget to assist the reader when comparing movements in assets, liabilities and equity between budget years.
Legislative framework	The Act, Regulations and other laws and statutes which set a Council's governance, planning and reporting requirements.
Local Government Model Financial Report	Local Government Model Financial Report published by the Department from time to time including on the Department's Internet website.
Local Government (Planning and Reporting) Regulations 2014	Regulations, made under Section 243 of the Act prescribe: (a) The content and preparation of the financial statements of a Council (b) The performance indicators and measures to be included in a budget, revised budget and annual report of a Council (c) The information to be included in a Council Plan, Strategic Resource Plan, budget, revised budget and annual report (d) Other matters required to be prescribed under Parts 6 and 7 of the Act.
New asset expenditure	Expenditure that creates a new asset that provides a service that does not currently exist. Local Government (Planning and Reporting) Regulations 2014 – Regulation 5
Non-financial resources	Means the resources other than financial resources required to deliver the services and initiatives in the budget. SRP Better Practice Guide - Glossary
Non-recurrent grant	Means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan. SRP Better Practice Guide - Glossary
Operating activities	Operating activities means those activities that relate to the provision of goods and services.
Operating expenditure	Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period.
Operating performance ( <i>Impact of current year on 2017/18 budget</i> )	This statement shows the expected operating result as compared to the budget result in the current year separating operating and capital components of revenue and expenditure.

Operating revenue	Operating revenue is defined as inflows or other enhancements or savings in outflows of future economic benefits in the form of increases in assets or reductions in liabilities and that result in an increase in equity during the reporting period.
Own-source revenue	Means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants). Local Government (Planning and Reporting) Regulations 2014 – Regulation 5
Performance statement	Means a statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report SRP Better Practice Guide - Glossary
Rate structure ( <i>Rating information</i> )	Site value (SV), capital improved value (CIV) or net annual value (NAV) are the main bases upon which rates will be levied. These should be detailed in the budget statement.
Rating strategy	A rating strategy is the process by which the Council's rate structure is established and how the total income generated through rates and charges is allocated across properties in the municipality. Decisions regarding the quantum of rate levels and increases from year to year are made as part of Council's long term financial planning processes and with consideration of Council's other sources of income and the planned expenditure on services and works to be undertaken for its community.
Recurrent grant	A grant other than a non-recurrent grant.
Regulations	Local Government (Planning and Reporting) Regulations 2014.
Restricted cash	Cash and cash equivalents, within the meaning of the AAS, that are not available for use other than a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
Revised budget	The revised budget prepared by a Council under Section 128 of the Act. Section 128 of the Act permits a Council to prepare a revised budget if circumstances arise which cause a material change in the budget and which affects the financial operations and position of the Council.
Road Management Act	The purpose of this Act which operates from 1 July 2004 is to reform the law relating to road management in Victoria and to make relating amendments to certain Acts, including the local Government Act 1989.
Services, initiatives and Major initiatives	<p>Section 127 of the Act requires a budget to contain a description of the services and initiatives to be funded by the budget, along with a statement as to how they will contribute to the achievement of the Council's strategic objectives as specified in the Council Plan.</p> <p>The budget must also include major initiatives, being initiatives identified by the Council as priorities to be undertaken during the financial year.</p> <p>The services delivered by Council means assistance, support, advice and other actions undertaken by a Council for the benefit of the local community.</p> <p>Initiatives means actions that are once-off in nature and/or lead to improvements in service.</p> <p>Major initiatives means significant initiatives that will directly contribute to the achievement of the City Plan during the current year and have a major focus in the budget.</p>

Statement of capital works	Means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type prepared in accordance with the model statement of capital works in the Local Government Model Financial Report. Refer also Commentary Financial Statements Appendix A. SRP Better Practice Guide - Glossary
Statement of human resources	Means a statement which shows all Council staff expenditure and the number of full time equivalent Council staff. SRP Better Practice Guide - Glossary
Strategic Resource Plan	Means the Strategic Resource Plan prepared by a Council under Section 126 of the Act. Refer also to Section 14 of this Annual Plan & Budget document.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.
Strategic resource plan (SRP)	<p>Section 125(2)(d) of the Act requires that a Council must prepare and approve a Council Plan that must include a strategic resource plan containing the matters specified in Section 126.</p> <p>Section 126 of the Act states that:</p> <ul style="list-style-type: none"> <li>• the strategic resource plan is a plan of the resources required to achieve the council plan strategic objectives</li> <li>• the strategic resource plan must include the financial statements describing the financial resources in respect of at least the next four financial years</li> <li>• the strategic resource plan must include statements describing the non-financial resources including human resources in respect of at least the next four financial years</li> <li>• the strategic resource plan must take into account services and initiatives contained in any plan adopted by council and if the council proposes to adopt a plan to provide services or take initiatives, the resources required must be consistent with the strategic resource plan</li> <li>• council must review their strategic resource plan during the preparation of the council plan</li> <li>• council must adopt the strategic resource plan not later than 30 June each year and a copy must be available for public inspection at the council office and internet website.</li> </ul> <p>In preparing the strategic resource plan, councils should comply with the principles of sound financial management (Section 136) as prescribed in the Act being to:</p> <ul style="list-style-type: none"> <li>• prudently manage financial risks relating to debt, assets and liabilities</li> <li>• provide reasonable stability in the level of rate burden</li> <li>• consider the financial effects of council decisions on future generations</li> <li>• provide full, accurate and timely disclosure of financial information.</li> </ul> <p>In addition to Section 126 of the Act, parts 2 and 3 of the Regulations also prescribe further details in relation to the preparation of a strategic resource plan.</p>
Unrestricted cash	Unrestricted cash represents all cash and cash equivalents other than restricted cash
Valuations of Land Act 1960	The Valuations of Land Act 1960 requires a Council to revalue all rateable properties every two years. Valuations of Land Act 1960 – Section 11