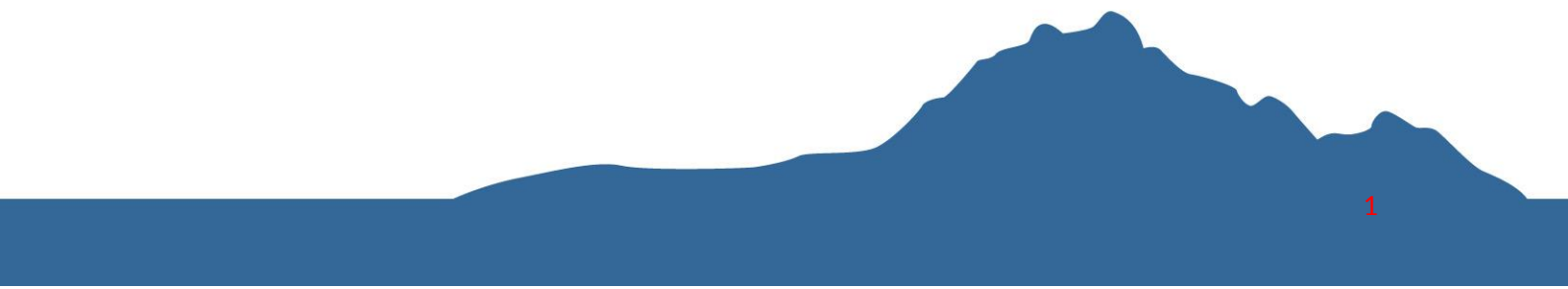




# 2017- 18 Budget Summary



# 1. Executive Summary

Under Section 82 of the *Local Government Act 1993* ("the Act"), Council is required to prepare Budget Estimates of the Council's revenue and expenditure for each financial year.

The Budget Estimates are to contain details of the following:-

- the estimated Revenue of the Council;
- the estimated Expenditure of the Council;
- the estimated Borrowings by the Council;
- the estimated Capital Works of the Council; and
- any other details required by the Minister.

In accordance with the Act the Budget Estimates must be adopted by **31 August** each year, but cannot be adopted more than one (1) month before the start of the financial year to which they relate.

A high level long-term financial plan covering the period up to 10 years has been developed to assist Council in adopting Budget Estimates within the longer term prudent financial framework.

The key objective of the financial plan is financial sustainability in the medium to long term, while still achieving Council's strategic objectives as specified in the 2015 four year Strategic Plan.

The 2017-2018 Budget Estimates presented in this report have been developed through a rigorous process of consultation and review with Councillors and Council Officers. It is Council's opinion that the Budget Estimates are financially responsible, contribute to achievement of the operational objectives and support the strategies included in the Strategic Plan 2015. It is also forward looking in that it fits within a longer term framework which seeks to achieve financial sustainability in the medium to long term.

A key influencing factor in the development of the 2017-18 Budget Estimates in line with the rebuild of the Council long term financial plan has highlighted the significant challenges Council faces in relation to asset renewals and financial sustainability and the need to invest in vital asset renewal in particular and infrastructure development projects and programs. The delivery of these projects will have a short term impact on the operating position of Council but with strong cash reserves prudent investment into asset renewal and development is required to secure the ongoing sustainability of these assets

The 2017-2018 Budget Estimates forecast an operating deficit of \$1,556,624 after generating rate and charges revenue of \$1,595,573 and Operating Grants contributions of \$1,368,694.

Council's financial position continues to be challenged by a static rate base that constrains the ability to generate own source revenue and low interest rate returns. The ongoing growth in the regulatory compliance costs will have further negative impacts on the financial sustainability of Council in the year ahead.

It is necessary for Council to obtain future revenue growth whilst containing costs in order to achieve a breakeven operating position in the long term. The development of the investment strategy and strategic plan are actions designed to stimulate increases in long term revenue

opportunities while also balancing service standards to an affordable level within the existing financial constraints that are evident.

The total Capital Works Program will be \$1,565,305 and any carried forward projects are fully funded within the 2017-18 Budget Estimates. Of the \$1,565,305 of capital funding, \$50,000 will come from external grants and contributions and the balance from working capital.

The Capital Works Program has been set and prioritised based on a process of consultation that has enabled Council to assess needs and develop sound project management business cases for each individual project.

## 2. Budget Estimates Overview

This section describes how the Budget Estimates are linked to the achievements of the Annual Plan within an overall planning framework. This framework guides the Council in identifying community needs and aspirations over the long term, medium term (Strategic Plan) and short term (Annual Plan) and then holding itself accountable (Audited Financial Statements).

### 2.1 Strategic Planning Framework

The Budget Estimates have been developed within an overall planning framework, which guides the Council in identifying and meeting community needs and aspirations over the long term, converting these into medium term and short term objectives, strategies, initiatives, activities and resource requirements and then holding itself accountable by the audit of the Financial Statements.

The 2015 Strategic Plan summarises the key objectives, strategies and actions that Council plans to pursue over the next four (4) year period. The operational objectives form part of this Annual Plan and is framed within the context of the draft Strategic Plan. These objectives outline the operating environment, key initiatives/actions and resource requirements for each of Council's program areas. The operational objectives then form the basis for the Annual Budget Estimates.

The diagram below depicts the Strategic Planning Framework of Council:-



### 2.2 Strategic Plan Outcomes

The Annual Plan includes the activities and initiatives to be funded that will contribute to achieving the strategic objectives specified in the 2015 Strategic Plan. It identifies both the physical and financial resources required to undertake these activities and initiatives. The Budget Estimates convert these resource requirements into financial terms to allow Council to make fully informed decisions when allocating scarce resources.

































