



Higher cap – Application cover sheet (2017-18)

Council name

West Wimmera Shire Council

Contact person and phone number

Ashley Roberts, Manager Finance

03 5585 9900

Base Average Rate (\$): (e.g. \$1,800)

\$1,388.71

Proposed increase for 2017-18: (e.g. 5%, \$4,000,000)

Proposed increase in Average Rate (%) 3.5%

Proposed increase in prescribed rate revenue (\$) \$227,673

Proposed increase for following year(s): (e.g. 5%, 2%, \$4,000,000)

2018-19	Proposed increase in Average Rate (%)	3.5%
	Proposed increase in prescribed rate revenue (\$)	\$236,631
	<i>Note: Assumed rate of forecast CPI (%)</i>	2.5%
2019-20	Proposed increase in Average Rate (%)	3.5%
	Proposed increase in prescribed rate revenue (\$)	\$244,913
	<i>Note: Assumed rate of forecast CPI (%)</i>	2.5%
2020-21	Proposed increase in Average Rate (%)	3.5%
	Proposed increase in prescribed rate revenue (\$)	\$253,485
	<i>Note: Assumed rate of forecast CPI (%)</i>	2.5%

Please attach:

- evidence of council sign-off/approval of application
- 2015–16 Annual Report + 2016–17 Budget + Draft 2017–18 Budget
- Council Plan / Strategic Resource Plan
- any other information supporting the application

Summary of the key reason(s) for the application: (Please limit response to two pages)

Council is facing significant issue in renewing its existing asset base, whilst facing ongoing operating deficits.

Council's renewal requirements (based upon depreciation) are projected to increase by approximately \$1.1million per year over the 4 years to 2020/21. A 3.5% rate increase will see rate income increase by just under \$1.0million over this same period, providing the majority of the funding to ensure renewal requirements are met. Council proposes that ongoing continuous improvement will provide for savings over the four year period to make up the 0.1million gap.

Council has historically been an extremely low rating municipality, with Council's rates effort for 2015/16 seeing 0.41% of municipality wide valuation raised as rates. This compares to the State-wide average of 0.47% (knowyourcouncil.vic.gov.au).

Council has historically raised approximately 33% of its total revenue in rates. Due to the demographic nature of the West Wimmera municipality (9,108 km² with a population of just 3,933) there are precious little other own-sourced revenue streams available to Council. This leads to a very high level of dependence upon grant funding for Council to maintain its operations and capital renewal programs. As a result of this dependence upon grants, Council has been significantly disadvantaged by the freezing of the Financial Assistance Grants (approximately \$620,000 of income lost over the duration of the freeze) and the cessation of 'as of right' funding programs such as the Country Roads and Bridges program which guaranteed \$1.0m per annum for infrastructure funding. Council has had no alternative income streams to recoup this lost income. Council faces another prospective problem if the current 'enhanced' Roads to Recovery funding stream is not renewed for future years.

Due to its rural nature Council oversee a significant network of infrastructure assets, including 828km of sealed roads, 1,980km of unsealed roads, 12 major bridges and over 3,400 culverts. Providing suitable access via infrastructure is critical for our community and economy. The municipality exhibits a largely agriculture based economy including cropping and livestock farming and supporting industries.

Providing suitable access to and from these farms and associated supporting infrastructure (i.e grain silos, saleyards, etc) is critical to the ongoing economic growth of the businesses within the shire.

However, given Council's small rate base (approx. \$6.5 million in 2015-16), coupled with the reduction in external funding over recent years has placed significant restrictions on Council's capacity to maintain and renew these essential infrastructure assets.

At Current funding levels Council's asset renewal ratio would drop to just 56% within ten years. In the short term Council's asset renewal requirements (as measured by depreciation) will increase by \$1.1 million over the next 4 years. A 3.5% rate increase over the four years will give Council approximately \$1.0 million additional funding, which when combined with efficiency gains will enable Council to meet this requirement.

Asset Renewal Requirements					
	2016-17	2017-18	2018-19	2019-20	2020-21
	\$'000	\$'000	\$'000	\$'000	\$'000
Projected Depreciation	6750	7270	7443	7560	7936
Increase		520	173	217	276
Projected total rate increase					
@3.5%		229	237	245	254
Shortfall		291	-64	-28	22

Council's roads will continue to decline in condition with the current renewal spending, with an estimated 8.3% of our road network being in poor condition by 2025. This has the potential to significantly affect freight across the municipality, hindering growth.

Council proposes that all additional rate income generated by the 3.5% rate increase will be channelled in to capital spending to arrest the decline in Council's asset conditions.

Council has considered the use of borrowings in place of an increase in rate revenue. However Council has come to the conclusion that borrowings are not an appropriate source of funding for Council. In doing this Council considered the following:

- Borrowings should be used to fund projects which give rise to a net decline in long term expenditure or a net increase in long term revenue – Council does not see significant revenue growth occurring from renewing our infrastructure due to the demographic nature of our municipality;
- Borrowings should be made only for the provision of new assets – as the majority of Council’s concern is around renewing existing assets this precludes the use of borrowings as a source of income; and
- Borrowings incur a cash outflow cost of repayment which reduces funds available for service delivery.

Council has also considered the sourcing of grants to fund asset renewal. Whilst this is a legitimate source of funding and one which Council will actively pursue where appropriate, Council must also consider that many grant programs require a co-contribution from Council, which may again place pressure on Council to continue to fund other services or programs.

Council has elected after due consideration of all factors that a request to vary the rate cap applicable to Council is the most appropriate way of ensuring sufficient funding. As a result Council requests it be allowed to levy a rate increase of up to 3.5% for each of the next four years, 2017/18, 2018/19, 2019/20 and 2020/21.

Council has elected to request 3.5% over four years as it is considered that this is an acceptable impost on our community (West Wimmera shows a relative socio-economic disadvantage index score of 5.0, slightly worse than the state-wide average of 5.47). Council considers this to be more palatable than to require one significant rate increase considerably in excess of 3.5%.

Council understands that this four year increase is one piece in the sustainability puzzle, and that it must continue to search for efficiency gains and asset management improvements (asset condition assessments are included in the 2017/18 budget as a starting point). The 3.5% four year rate cap will not on its own solve all of Council’s problems, but will halt a further decline and provide a solid base upon which Council can build with efficiency and asset management gains.

Continues...



WEST WIMMERA SHIRE COUNCIL

West Wimmera Shire Council Information

Key Contact: Mr Ashley Roberts, Acting General Manager Corporate & Community Services,
ph. 03 5585 9900 ashleyroberts@westwimmera.vic.gov.au

Base Average Rate:	\$1,388.71
Proposed increase in average rate:	3.5%
Proposed increase in rate revenue:	Total \$227,673 (\$130,664 from 2.0% cap + \$97,009 from additional 1.5%) in year one.

Summary of Key Reasons

West Wimmera Shire Council occupies a large land area of 9,108 km² with a small population of 3,933 Council maintains over 2,700km of roads and provides services over a wide area. West Wimmera is characterised by having two major townships, Edenhope (population approx. 976) and Kaniva (population approx. 1061), with a number of smaller centres, including Apsley, Goroke and Harrow. Council maintains Customer Service Centres in both Edenhope and Kaniva, as well as kindergartens in Edenhope, Goroke and Kaniva. Maternal Child Health services also operate in Edenhope, Goroke and Kaniva and council maintains two public libraries (service provided by Wimmera Regional Library Corporation) in Edenhope and Kaniva. Swimming pools are also provided (contractor-run) at Edenhope, Goroke and Kaniva during the summer months.

As a result of the large area Council covers, costs are often high (due to transport, etc). Due to Council's low population and rate base Council is finding it extremely difficult to cover the costs of providing these services to our community, as such Council is incurring ongoing operating deficits which are forecast to grow over the ten years covered by the LTFP

Likewise Council is struggling to fund asset renewal requirements with renewals projected to fall as low as 56% of depreciation over the next 10 years.

The freeze on indexation of the Financial Assistance Grants (FAGs) from the federal government has significantly impacted Council, reducing Council's income by approximately \$620,000 over the three year freeze period.

Additionally the cessation of other funding streams such as the Country Roads and Bridges scheme and Local Government Infrastructure Program have had detrimental effects on Council's infrastructure renewal and provision.

Council has developed a major projects plan in conjunction with its Long Term Financial Plan which provides for a number of community assets to be renewed and upgraded over the next decade. This will be undertaken in partnership with government and our community and we can confidently say these will greatly improve the quality of life for our communities.

Council has regularly been one of the lowest rating of all Councils, with rates as a % of property values within the shire being less than 0.41%. A 2.0% rate increase will raise \$130,664 in additional



WEST WIMMERA SHIRE COUNCIL

rates. The hope is that initiating rate increase of 3.5% for 4 years will provide Council with a sound revenue base to eliminate the operating deficit, reduce the asset renewal gap, and reduce the need for future rate rises above the cap amount.

Council does not believe it is feasible to raise additional funds from borrowings or other sources. It is considered likely that debt servicing and repayment costs will exacerbate Council's current position where it is experiencing operating deficits and struggling to fund its renewal requirements by reducing already tight cash flows. Due to Council's very small population base it is unlikely that user fees would raise significant income.

As a result of all these factors Council finds itself in a position where it cannot continue to fund service provision and asset renewal at current levels without an injection of cash. Without further support from other tiers of government Council believes it has no other viable alternative than to raise rates at a level above the 2.0% cap. If this is not achievable Council will be forced to cut services.

Council covers an area of approximately 9,200 square kilometres and has a population of 3,933 (2016 ABS estimate). Council controls the following physical assets:

Asset Category	Quantity
Sealed Roads	828 km
Unsealed Roads	1,980 km
Kerb and Channel	52.6 km
Footpaths	34,884 sq m
Bridges	12
Foot Bridges	5
Major Box Culverts	9
Major Pipe Culverts	9
Minor Culverts	3,469
Storm Water Pipes	13.7 km
Storm Water Pits	348
Buildings	168



STATEMENT ADDRESSING THE SIX MATTERS

Matter 1- Proposed Higher Cap

West Wimmera Shire is proposing to levy a rate increase of 3.5% p.a. for the next 4 years.

This will see Council raise additional rates of \$228,667 in total in year one – being \$136,667 from the announced 2.0% rate increase cap, plus an additional \$98,000 raised via the additional 1.5%

Over the 4 years this will raise a total of \$963,820 in rate revenue.

Table 1 shows the proposed rate increases per annum over the four year period:

Table 1

Proposed Rates Raised with 3.5% p.a. increase					
	2016/17	2017/18	2018/19	2019/20	2020/21
Rate Revenue	6,533,213	6,761,875	6,998,541	7,243,490	7,497,012
additional to previous year	n/a	228,662	236,666	244,949	253,522

Matter 2 – Reasons why Council is seeking a rate cap variation

Council is facing significant issue in renewing its existing asset base, whilst facing ongoing operating deficits.

Council's renewal requirements (based upon depreciation) are projected to increase by approximately \$1.1million per year over the 4 years to 2020/21 (as seen in Table 2). A 3.5% rate increase will see rate income increase by just under \$1.0million over this same period, providing the majority of the funding to ensure renewal requirements are met. Council proposes that ongoing continuous improvement will provide for savings over the four year period to make up the 0.1million gap.

Asset Renewal Requirements					
	2016-17	2017-18	2018-19	2019-20	2020-21
	\$'000	\$'000	\$'000	\$'000	\$'000
Projected Depreciation	6750	7270	7443	7660	7936
Increase		520	173	217	276
Projected total rate increase @3.5%		229	237	245	254
Shortfall		291	-64	-28	22



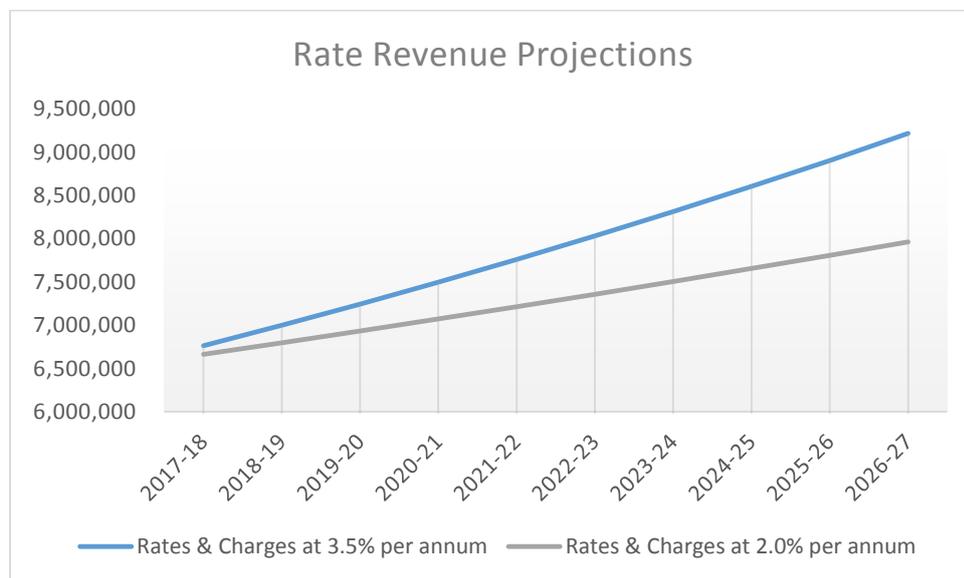
WEST WIMMERA SHIRE COUNCIL

In terms of road assets alone, without additional spending Council's road asset conditions will become progressively worse, with an estimated 79.8% being rated in only average or worse condition by 2025, compared to just 21.6% being rated this currently

Year	Percentage of network in each condition level			
	Poor	Average	Good	Excellent
2015		21.6	68.6	9.8
2016		19.7	67.8	12.5
2017		37.0	58.7	4.3
2018		47.7	47.0	5.3
2019	0.3	55.8	40.1	3.8
2020	0.3	61.9	33.5	4.3
2021	0.7	67.3	28.1	3.9
2022	1.8	72.6	21.3	4.3
2023	3.8	77.2	15.0	4.0
2024	4.8	76.2	15.9	3.1
2025	8.3	71.5	16.8	3.4

Source: Draft Asset Strategy

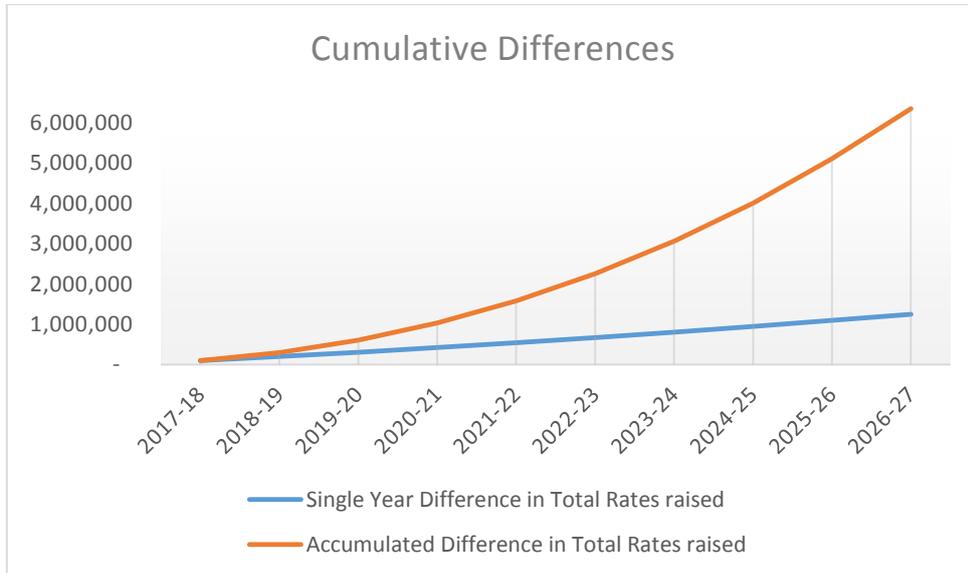
If a 3.5% rate increase was factored into Council's ten year projections Council's total rate income for year ten alone would be an additional \$1.25million greater than it would have been had a 2.0% rate increase been applied over that period.



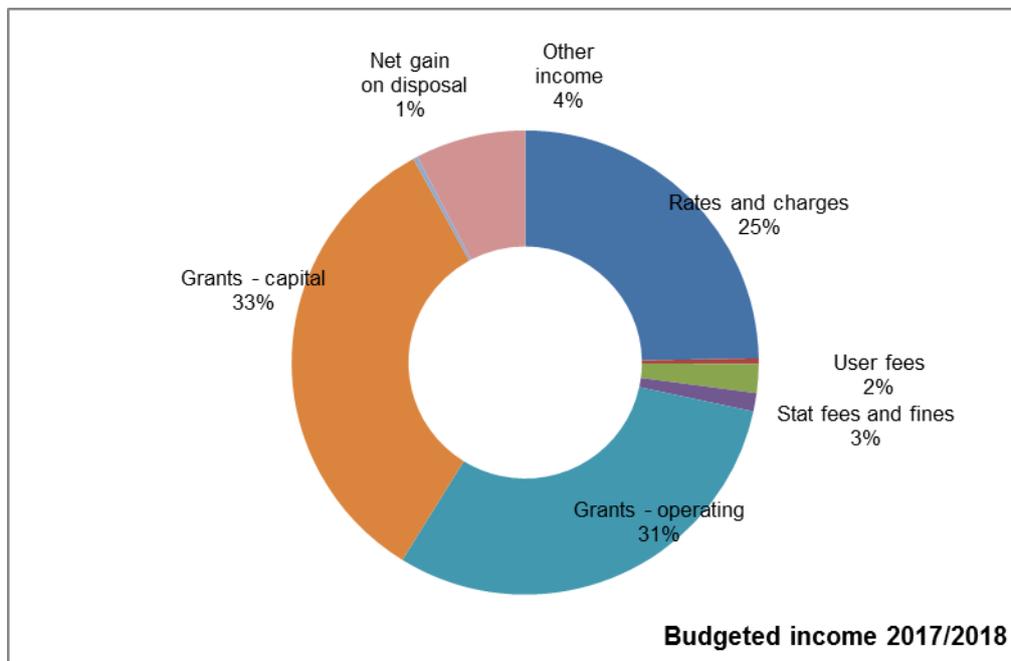
The cumulative effect of this is significant, with Council having raised \$6.36million additional income over the period. Even for the four year period, Council will be cumulatively \$1.04 million dollars better off than if a 2.0% rate escalation was applied. Obviously this significantly improves Council's longer term viability.



WEST WIMMERA SHIRE COUNCIL



Council has extremely few other sources of income other than rates or grants. User fees and charges make up less than 5% of Council's income and with a very low population base Council believes it is not feasible to raise significant additional income from user fees and charges.





WEST WIMMERA SHIRE COUNCIL

Council had been developing a Long Term Financial Plan prior to the implementation of rate capping. This Long Term Financial Plan called for annual rate increases of 3.5% per annum for ten years to ensure services are maintained at their current levels, and to continue to provide for asset renewals.

Whilst this number was lower than previous rate increases it was settled upon as the best trade-off between affordability for our community and sustainability for Council.

Previous rate increases can be seen from the following table:

WWSC Past Rate Increases						
2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
7.0%	9.9%	7.0%	5.5%	5.5%	5.5%	2.5%

Council currently has one of the lowest rate levels in the state. This low base gives very little room to grow revenue from rates at the current rate cap level. Council's rates provide 39.45% of underlying revenue, compared to 57.71% for similar Councils.

Council's % of valuation raised by rates (rates effort) is considerably lower than other municipalities. Council levies approximately 0.41% of its total valuation base as rates, as opposed to the state-wide average of 0.47% and an average of 0.55% for like Councils.

This highlights Council's dependency upon external funding and illustrates how Council has been significantly affected by the reduction of grants mentioned earlier. Council understands that the 3.5% rise over 4 years gives Council an improved base to apply future rate increases to, be they at the published rate cap or another level.

As can be seen from the income split chart shown above, grants provide for approximately 64% of Council's income. As such Council has been impacted severely by the freeze on Financial Assistance grants and the cessation of the Country Roads and Bridges Program, both in terms of available renewal funds and operating result.

Council continues to project operating deficits over the four year period covered by the cap, and into the future based on Council's ten year financial projections (both based on an average 2.0% rate increase). Further complicating both this and available renewal funding is the potential for the Roads To Recovery Program to revert to a significantly lower amount than the current enhanced program from the end of the current program in 2018/19 (potentially \$1.0million less funding) and the potential for Council to lose the current VicRoads maintenance contract it has – of course this will also lead to a reduction in operating expenditure. Council has been extremely conservative in its financial projections and has presented a 'worst case' scenario where all of the aforementioned funding is lost to Council.

Whilst the 3.5% rate increase will provide sufficient funding to eliminate Council's operating deficit for the next two years, it will not be sufficient to do so for future years if the Roads to Recovery funding is not maintained. Council recognises this as a concern but considers that a significant rate rise to cover this in the short term is beyond the capacity of our community, but rather a long term



plan of continuous cost control and modest rate rises will be required to counteract this effect. Council proposes that the 3.5% rate rise for the next 4 years provides a base upon which to pursue this strategy. Council notes that the 2016-17 and 2017-18 financial years have been abnormally affected by the floods of September 2016 and the resultant recovery program. Non-recurrent grants in these years have resulted in Council projecting operating surpluses for both years, and meeting renewal requirements for these years. However these are non-recurrent with operating deficits forecast for the subsequent years, and renewal projections also falling back below requirements.

Council currently has one of the lowest rate levels in the state. This low base gives very little room to grow revenue from rates at the current rate cap level. This highlights Council's dependency upon external funding and illustrates how Council has been significantly affected by the reduction of grants mentioned earlier. Council understands that the 3.5% rise over 4 years gives Council an improved base to apply future rate increases to, be they at the published rate cap or another level.

Matter 3 – Engagement

Council regularly engages in community forums to inform the community of its activities and to receive feedback and suggestions.

At least once per quarter Council undertakes a 'Community Forum and Dinner' where Councillors and senior staff engage with community members over a shared meal and community meeting following an Ordinary Council Meeting. These meal forums are usually held around 6.00pm and are often held in the more rural locations in the shire to encourage attendance from all sectors of the community. Council often achieves strong attendances at these events.

Council has also initiated a program where managers will attend the meetings of relevant community groups (such as the Harrow Progress association for example) to better understand the views of these groups and the communities they represent and to encourage them to become involved in the production of community plans.

Council has performed solidly in the State-wide community satisfaction survey:

Community satisfaction with council decisions

West Wimmera 56	All Councils 56	Similar Councils 53
-----------------	-----------------	---------------------

Community satisfaction with community consultation and engagement

West Wimmera 55	All Councils 55	Similar Councils 53
-----------------	-----------------	---------------------

Specifically relating to the issue of applying for a variation to the rate cap, Council engaged in two public information sessions, held in Edenhope and Kaniva on 8 and 9 May respectively. Council also took comment and discussion on its Facebook page.

The public sessions took the form of a presentation outlining Council's reasoning behind the variation application (as attached). Senior officers and Councillors then took questions from the



WEST WIMMERA SHIRE COUNCIL

public and held a general conversation concerning the Council's strategic direction and financial capacity.

Community feedback was taken up to the time of adoption of the budget.

Council elected to hold the primary consultation sessions as public meetings primarily due to the demographic of the community being older, and also noting the lack of strong online communication infrastructure within the municipality, particularly outside of the urban areas. Edenhope and Kaniva were chosen as they represent the two highest population centres within the municipality.

The feedback Council received was mixed, with most feedback directly relating to the proposed variation. Significant feedback was received that older members of the community on relatively small fixed income found increasing rates to be a significant burden on them – pleasingly however, feedback was also received that the community is very happy with the commitment Council has made to the provision of aged care services.

There was some feedback that whilst generally happy with the nature of the consultation sessions, the community was unhappy with the timing and notice period of the consultation sessions, being in the middle of sowing (a very busy time for rural ratepayers) and that many ratepayers needed more than the weeks' notice given to arrange time to attend. Council took this feedback on board and will alter timing and give significantly more notice for future consultation sessions.

Council publishes a quarterly newsletter *the West Wimmera Wire* which is available to all members of our community via post or download/email. The newsletter highlights the actions of Council and promotes various activities Council is engaged in.

Council also regularly conducts surveys both online and via post to ascertain the needs of our communities. Recent surveys include issues surrounding the Early Years Plan and the Aged Care Plan.



WEST WIMMERA SHIRE COUNCIL

Matter 4 – Value for money

Information shown on the knowyourcouncil.gov.vic.au indicates how the ratepayers of West Wimmera Shire are receiving value for their rates (2015-16 figures provided):

Financial Performance

Average residential rates per assessment

West Wimmera \$619.00	All Councils \$1,335.18	Similar Councils \$1,524.69
-----------------------	-------------------------	-----------------------------

Rates Effort

West Wimmera 0.41%	All Councils 0.47%	Similar Councils 0.60%
--------------------	--------------------	------------------------

Adjusted Underlying Result

West Wimmera -5.22%	All Councils -1.22%	Similar Councils -8.06%
---------------------	---------------------	-------------------------

Asset Renewal as a % of depreciation

West Wimmera 85.12%	All Councils 75.71%	Similar Councils 72.91%
---------------------	---------------------	-------------------------

Non-Current Liabilities as a % of own sourced revenue

West Wimmera 3.86%	All Councils 24.65%	Similar Councils 20.44%
--------------------	---------------------	-------------------------

Infrastructure

Cost of sealed local road reconstruction per square metre

West Wimmera \$36.01	All Councils \$81.53	Similar Councils \$41.88
----------------------	----------------------	--------------------------

Cost of local road sealing per square metre

West Wimmera \$5.05	All Councils \$13.25	Similar Councils \$4.83
---------------------	----------------------	-------------------------

Sealed local roads maintained adequately

West Wimmera 100%	All Councils 96.64%	Similar Councils 97.09%
-------------------	---------------------	-------------------------

Sealed local road requests per 100km of sealed roads

West Wimmera 3.02	All Councils 36.56	Similar Councils 24.77
-------------------	--------------------	------------------------

Planning

Time taken to decide planning applications

West Wimmera 34 days	All Councils 69 days	Similar Councils 46 days
----------------------	----------------------	--------------------------

Planning applications decided within 60 days

West Wimmera 77.14%	All Councils 69.79%	Similar Councils 78.69%
---------------------	---------------------	-------------------------



WEST WIMMERA SHIRE COUNCIL

Kerbside Collection

Cost of kerbside garbage bin collection service per bin

West Wimmera \$99.96	All Councils \$100.59	Similar Councils \$104.72
----------------------	-----------------------	---------------------------

Kerbside bin collection requests per 1,000 households

West Wimmera 20.71	All Councils 96.8	Similar Councils 57.85
--------------------	-------------------	------------------------

Governance

Cost of governance per Councillor

West Wimmera \$34,807.00	All Councils \$48,651.86	Similar Councils \$37,091.67
--------------------------	--------------------------	------------------------------

Council has recently introduced a new project management methodology which provides for critical analysis of all projects and includes defined trigger points for assessing project value and affordability. It is anticipated that this methodology will greatly improve project scoping and control, improving efficiency and value for money to the West Wimmera community.

Council is currently negotiating with Rural City of Horsham to share a Human Resources function. This significantly reduces risk levels to Council arising from not filling this position at a fraction of the cost of filling the position internally. It is estimated that this service could save Council up to \$50,000 per annum.

Council has entered into a shared service arrangement with Hindmarsh Shire to provide an Environmental Health service. This arrangement is beneficial to each municipality in providing an acceptable level of service whilst sharing the resourcing and costing.

Council has initiated the use of a Major Projects Plan which provides for long term identification and prioritisation of major projects, and identifies the resources required to deliver these projects.

One example of this is the recent decision of Council to replace its incandescent street lighting with LED lights at an outlay of \$65,000, which has produced an immediate saving of \$18,000 per annum in electricity costs to Council. The long term savings from this modest outlay are significant.

Council also continues to pursue cost reductions where possible. For the 2017-18 budget Council has identified \$89,000 savings from miscellaneous small expenditure items, including minor equipment purchases, travel costs, catering and minor subscriptions. Council is committed to continuing this process and will seek to identify savings where possible.

Council also continues to undertake contract maintenance works for VicRoads on state roads within the municipality's boundaries. This provides certainty of employment and local content in major regional works and provides Council with much needed income.



Matter 5 – Trade-offs and alternative funding options

Council has committed to a continuous improvement program with the aim of long term cost savings. To enable this, Council has reviewed and is in the midst of re-writing its Asset Strategy, Long Term Financial Plan, Procurement Policy and various asset management plans and strategies.

As a result of Council's proactive approach to minimising expenditure where possible whilst maintaining service levels, Council believes that there it has very little room to further cut expenditure without a reduction in services

Accordingly if further expenditure cuts were to be made, Council sees only three possibilities:

1. Reduce costs by reducing service levels
2. Reduce asset maintenance and renewal
3. Run down Council's cash reserves

Council considers that all of these three options are contrary to our community's wishes and are also contrary to the concepts of sound financial management.

Reducing services runs contrary to the purpose of Council which is to provide for the wellbeing of our community. Council has re-iterated its support for maintaining services in its Council Plan.

Council has specifically committed to providing aged care services to support our aging population.

Reducing asset maintenance and renewal will negatively affect the service levels provided by those community assets and may indeed lead to increased risk to Council from the potential for the provision of unsafe assets, which may in fact have future negative financial implications for Council.

Reducing asset renewal also represents an element of intergenerational inequity, by deferring the impact of renewal to future generations.

Council must then look at increasing revenue. There appear to be five options available to Council in this regard:

1. Increase other income

Council has very little sources of income other than rates or grants.

Council has committed to searching for grant opportunities where appropriate, however, as previously highlighted, a high level of grant dependency leaves Council highly exposed to changes in direction by other tiers of government. As grant opportunities dry up Council may be significantly exposed to revenue shortfalls. Also it is noted that many grants require some form of corresponding contribution from Council, which in a tight revenue environment may mean spending on other programs or projects will need to be deferred. Council has through the use of its Major Projects Plan identified appropriate future grant opportunities and has begun initial discussions with funding bodies.

Other than grants the only other source of significant non-rates income to Council has been the maintenance contract Council undertakes for VicRoads. Council intends to aggressively re-tender for this contract when it expires in 2020-21.

Other than these, Council has very little other sources of income. In a low and declining population municipality with a highly rural population there are insignificant building or



WEST WIMMERA SHIRE COUNCIL

planning fees, with low user numbers providing for low user fees raised from the hire or use of Council's facilities.

2. Borrowings

Council has seriously considered borrowings as part of its funding strategy. However, Council is of the opinion that borrowing for renewal or operations are not delivering best value to the community. This is due to the fact that renewal or operations works are generally not revenue producing (or expense reducing) or community enhancing in nature. Also the cost of debt servicing and redemption further reduces funds available for renewal or operations.

3. Leasing

Council has in past years utilised finance lease arrangements for major plant items. The only outstanding lease item is expected to be paid out in the 2017/18 budget year at a cost of \$200,000. Council believes that the leasing cost of long lived plant items makes this option not as attractive as outright purchases and does not at this stage plan to enter into any further finance leases.

Council has for a number of years engaged in a small number of operating leases for minor office equipment (photocopiers/printers, etc). Council finds these to be financially beneficial and will continue with this option where appropriate.

4. Special Charge Schemes

Council has considered the use of Special Charge Schemes under the *Local Government Act 1989* where appropriate to provide community infrastructure. There are no projects which appear to be appropriate for Special Charge Schemes in the short term, but Council will not rule out the use of these schemes in future.

5. Run down Council Cash

Council could potentially fund some of its renewal works by running down its cash reserve. This however is clearly not a sustainable option as Council would be out of cash within ten years.

One potential long term cost saving Council has investigated is in the area of asset rationalisation and consolidation.

In particular, Council has initiated a review of its building assets and road networks to identify potential duplication with an aim to reduce the renewal requirements for those assets.

An immediate effect of this is shown in Council's plans for a new Community Hub in the Edenhope township which will replace the existing Edenhope Mechanics Hall, the Edenhope Library and the Edenhope Senior Citizens Centre with one multi-use facility. This will significantly reduce Council's renewal liability.



Matter 6 – Long Term Planning

Council has developed and is developing long term financial and asset plans which commit Council to maintaining services and asset renewal at current levels.

The 3.5% rate increase over the four year period is consistent in providing sufficient funding to maintain asset renewal expenditure near renewal requirements without being forced to reduce operating expenditure and services.

The variation also provides a reduction in Council's operating deficit, improving Council's financial sustainability.

Council believes that by applying a 3.5% rate increase over the next 4 years it is significantly reducing the risk of Council becoming financially unsustainable and also substantially reducing risks to Council from running down its assets, in terms of both asset service delivery and public liability risk arising from the use of poor condition assets.

Council also believes that in applying the higher rate increase also removes the abrogation of Council's renewal costs and requirements onto future generations, by facing the problem head on now.

CERTIFICATION STATEMENT

West Wimmera Shire Council

I certify that I have reviewed this completed Budget Baseline Information template, and understand that it will be used by the Essential Services Commission for the Fair Go Rates System.

I confirm that this data represents fairly the forecast financial transactions and position of our council for the period specified and that the forecasts are made on reasonable grounds.

I confirm that this is public data, and that I have no objection to the Essential Services Commission using and publishing this data for the purposes of the Fair Go Rates System.

Signed:



Mr David Leahy

23/05/2017