

YARRIAMBIACK SHIRE COUNCIL

Budget 2008/09

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MAYOR'S INTRODUCTION



It gives me great pleasure to present this Budget to the community of Yarriambiack Shire Council.

The general rate increase has been maintained at 5 percent in the 2008/09 financial year. This rate increase has been reduced from the projected 7.5 percent initially set in the rating strategy adopted by Council in June 2005. This level allows us to maintain existing service levels and assists the community in dealing with the effects of the continuing drought.

The proposed budget includes a number of new initiatives:

- Hopetoun Swimming Pool Change rooms redevelopment \$150,000. (Council Contribution \$50,000)
- Ongoing replacement of playground equipment (\$20,000 per year)
- Commencement of widening of the Rainbow Yaapeet Road (\$140,000). (Stage 1 of a \$1 million project.)

The total Capital Works program will be \$4.65 million, of which \$341,000 relates to projects carried over from the 2007/08 year. Of the \$4.65 million in Capital funding required, \$2.65 million will come from Council operations, \$1.40 million from external grants and asset sales, and the balance of \$0.60 million from reserves and cash and investments.

Highlights of the Capital Works program include:

- Construction and sealing of 2.19km of the Banyena Pimpinio Road (\$240,000)
- Completion of rehabilitation of the Murtoa Swimming Pool (Total project cost of \$260,000)
- Pavement renewal of the Beyal Road (\$183,000)
- Gravel resheeting of rural roads (\$819,000)
- Resealing of sealed roads (\$690,000)
- Hopetoun Senior Citizens – Rehabilitation of toilet facilities (\$10,000)

This budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible.

Residents and other interested members of the community are welcome to view and make comments and submissions on the budget.

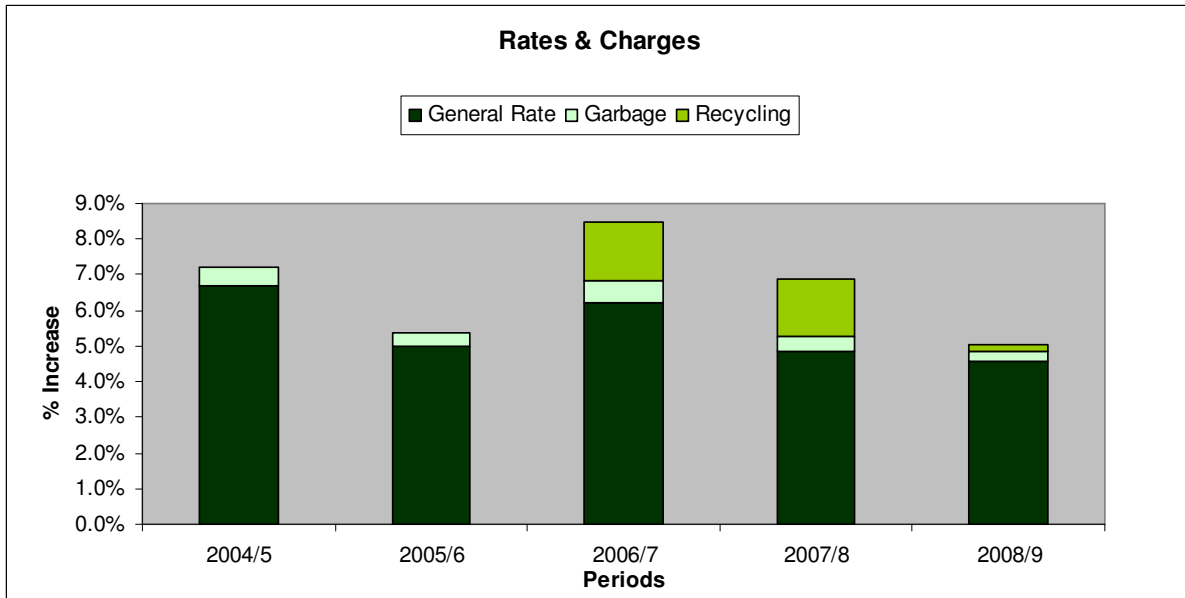
Cr Andrew McLean
Mayor



CHIEF EXECUTIVE OFFICER'S SUMMARY

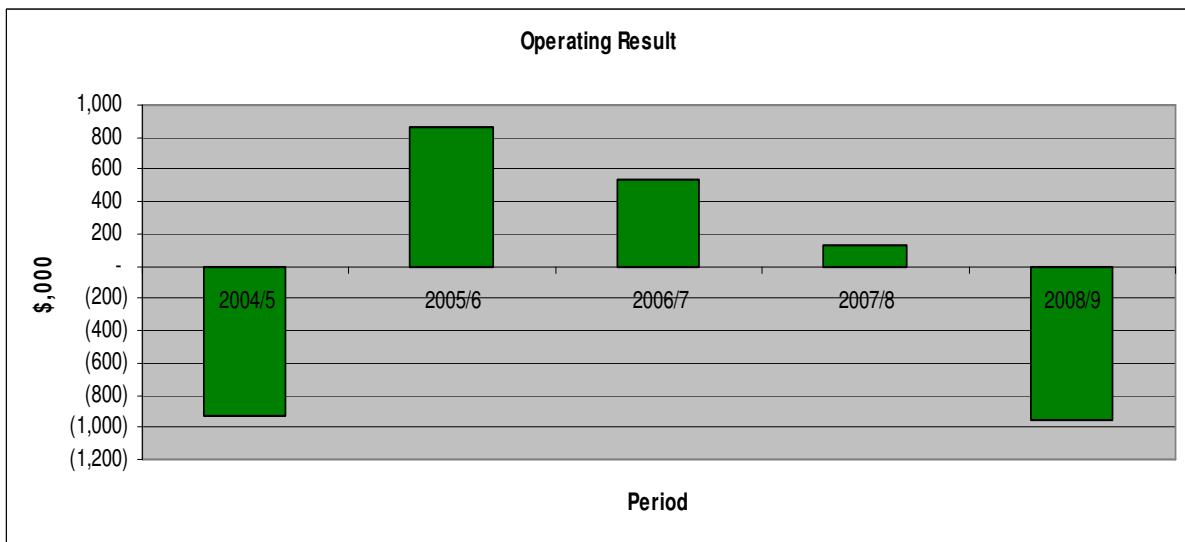
Council has prepared a Budget for the 2008/09 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, service levels, cash and investments, capital works, financial position, financial sustainability and key strategic activities of the Council.

1. Rates



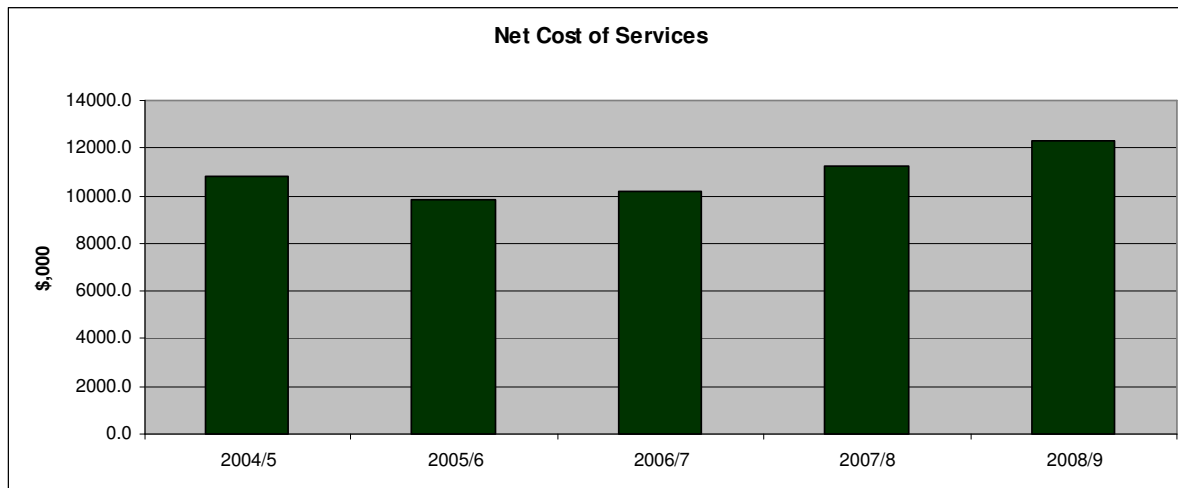
It is proposed that general rates, garbage and recycling rates increase by 5% for the 2008/09 year, raising total rates of \$7.10 million, including supplementary rates. The extra \$330,000 raised by the rate increase will go toward maintaining service levels and meeting the cost of a number of external influences affecting the operating budget. This rate increase is in line with Council's rating strategy. (The rate increase for the 2007/08 year was 6.5%).

2. Operating result



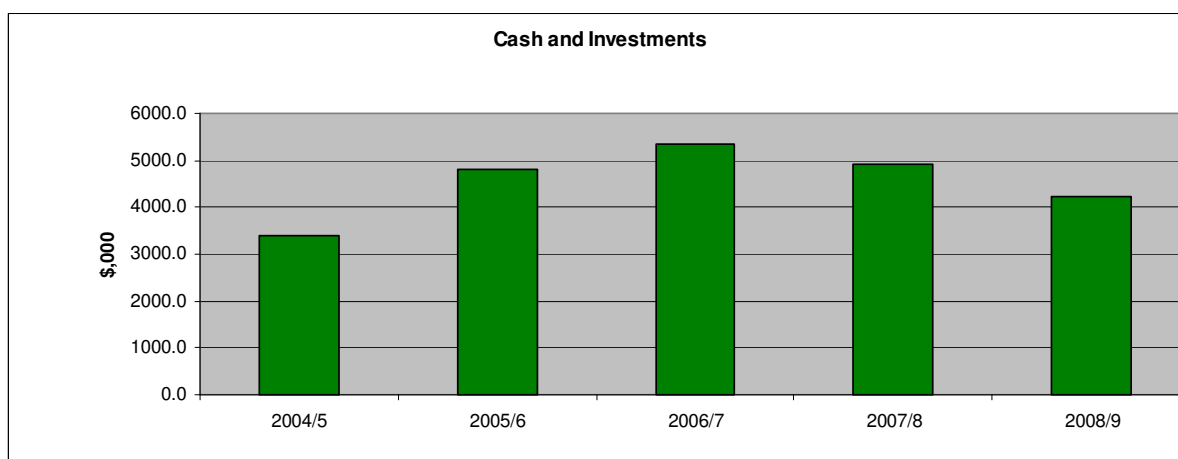
The expected operating result for the 2008/09 year is a deficit of \$956,000, following a projected \$138,000 surplus in 2007/08 and \$539,000 surplus in 2006/07. The operating surplus during the last three years has been a surplus due to extraordinary capital grants for major projects such as the Warracknabeal Children's Centre, Murtoa and Warracknabeal Swimming Pool and a supplementary payment for Roads to Recovery.

3. Services



The net cost of services delivered to the community for the 2008/09 year is expected to be \$12.32 million which is an increase of \$1.06 million over the 2007/08 year. A key influencing factor in the development of the 2008/09 budget has been the recently released results of the community satisfaction survey conducted by Council. The survey results show that while there is a relatively high level of satisfaction with most services provided by Council, there are some areas of concern where there is a clear message that ratepayers want improved service levels. For the 2008/09 year, service levels have been maintained and a number of minor new activities and initiatives proposed. The projected net cost for the 2007/08 year is \$11.26 million.

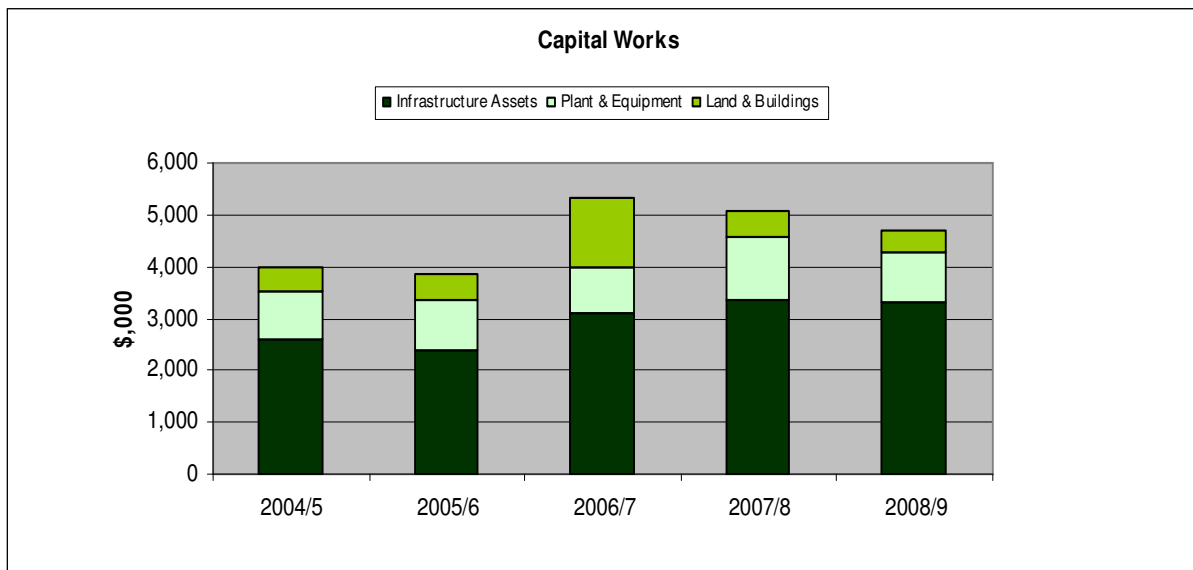
4. Cash and investments



Cash and investments are expected to decrease by \$687,000 during the year to \$4.23 million as at 30 June 2009. This is due mainly to the carried forward expenditure relation to State and Federal grants received during the July 2005 to June 2008 period. The reduction in cash and investments is in line with Council's strategic resource plan. Cash and investments are forecast to be \$4.92 million as at 30 June 2008.

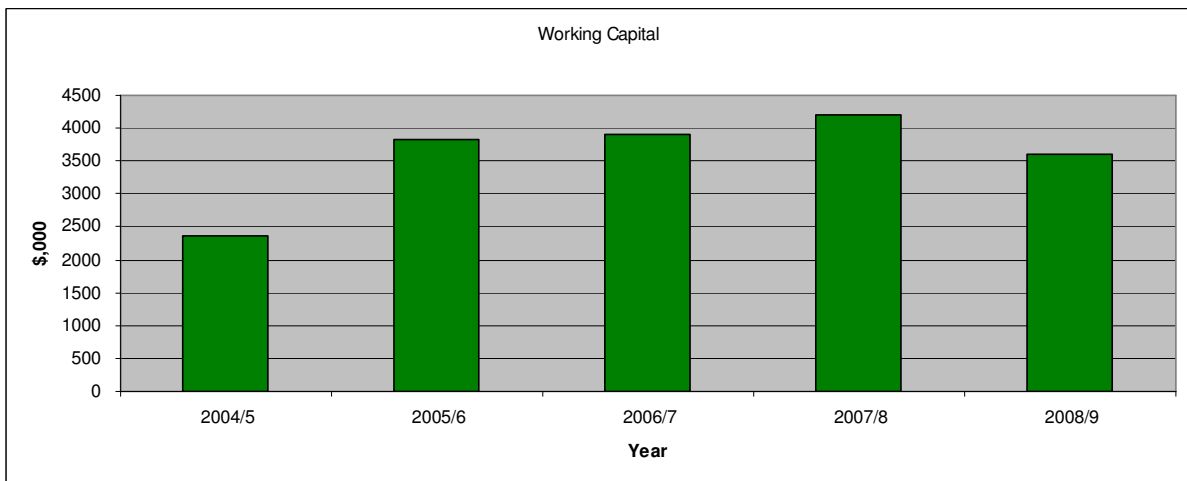


5. Capital works



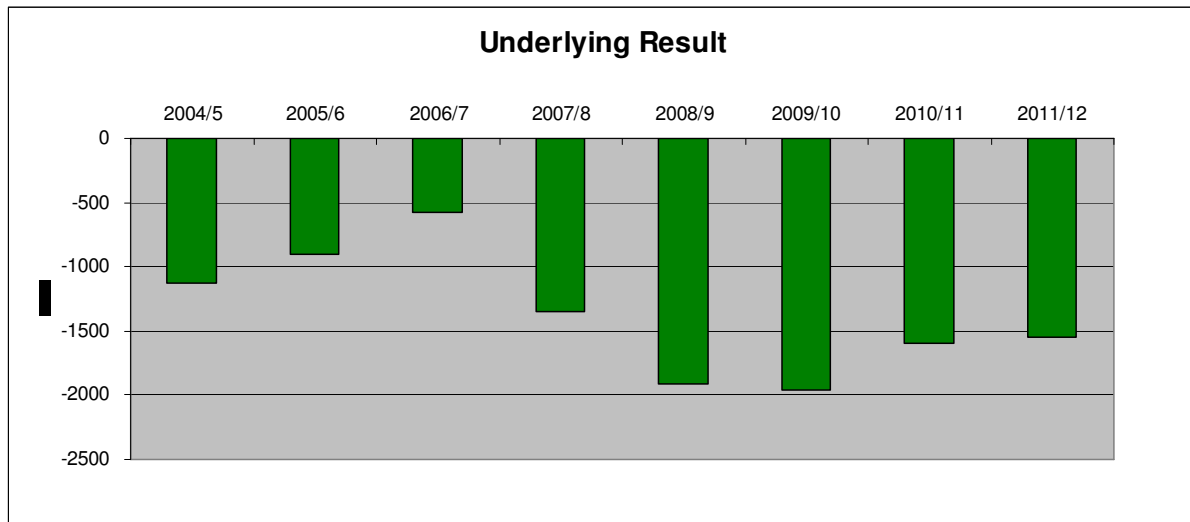
The capital works program for the 2008/09 year is expected to be \$4.65 million of which \$341,000 relates to projects which will be carried forward from the 2007/08 year. The carried forward component is fully funded from the 2007/08 budget. Of the \$4.65 million of capital funding required, \$2.65 million will come from Council operations, \$1.40 million from external grants and contributions and the balance (including the carried forward component) of \$0.6 million from cash, investments and working capital. This year's program includes a number of major projects including Wimmera Mallee Pipeline, Hopetoun Swimming Pool and construction and sealing of the Banyena Pimpinio Road (Capital works is forecast to be \$4.82 million for the 2007/08 year).

6. Financial position



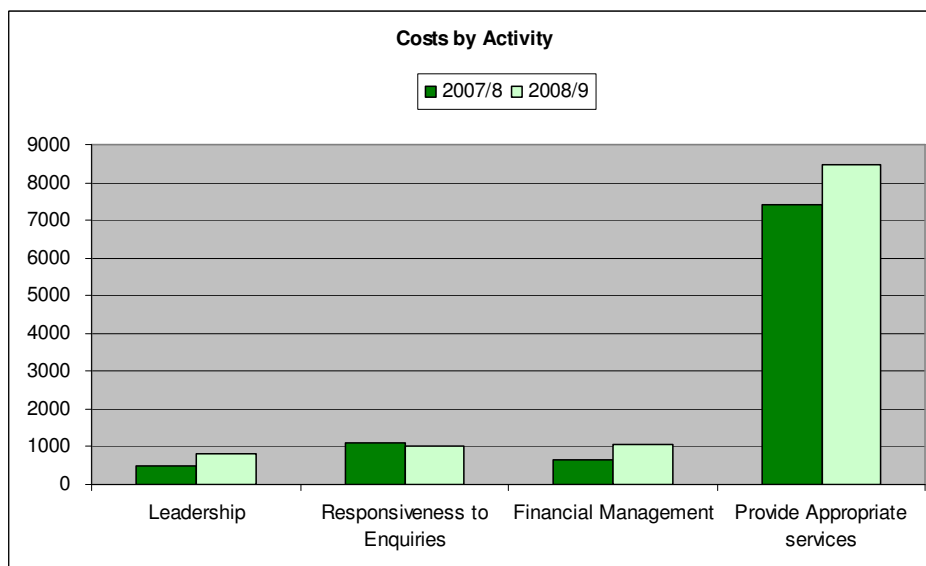
Net assets (net worth) to increase by \$1.44 million to \$107.36 million although net current assets (working capital) will reduce by \$0.6 million to \$3.60 million as at 30 June 2009. This is mainly due to the use of cash reserves to fund the capital works program. (Total equity is forecast to be \$106.3 million as at 30 June 2008).

7. Financial sustainability



A Strategic Resource Plan for the years 2008/09 to 2011/12 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, whilst still achieving the Council's strategic objectives as specified in the Council Plan. The requirement to limit the rate rise in 2007/08 and 2008/09 to 5% due to the drought has deferred the future decreases in reliance on capital grants in 2008/09.

8. Strategic objectives



The Annual Budget includes a range of activities and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan.

This budget has been developed through a rigorous process of consultation and review and management endorses it as financially responsible. More detailed budget information is available throughout this document.

Ray Campling
Chief Executive Officer



BUDGET PROCESSES

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the Act and Regulations.

The preparation of the budget begins with Officers preparing the annual budget in accordance with the Act and submitting the 'proposed' budget to Council for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 14 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices. 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. 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 and a copy submitted to the Minister by 31 August each year. The key dates for the budget process are summarised below:

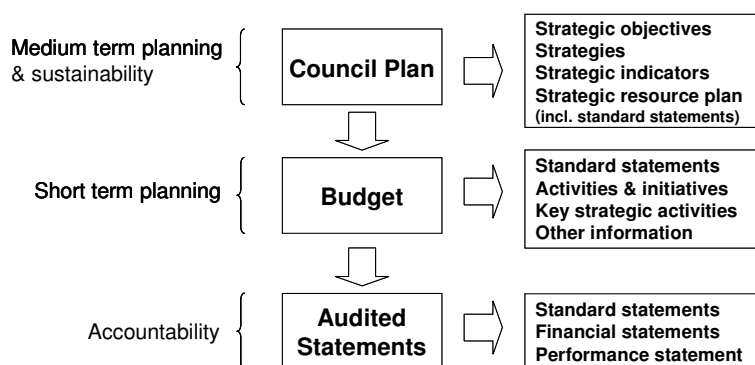
Budget process	Timing
1. Proposed budget submitted to Council for approval	June
2. Public notice advising intention to adopt budget	June
3. Budget available for public inspection and comment	June
4. Submissions period closes	July
5. Submissions considered by Council/Committee	July
6. Budget and submissions presented to Council for adoption	August
7. Copy of adopted budget submitted to the Minister	August

1. LINKAGE TO THE COUNCIL PLAN

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning framework. This framework guides the Council in identifying community needs and aspirations over the long term (Vision 2020), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Audited Statements).

1.1 Strategic planning framework

The Strategic Resource Plan, included in the Council Plan summarises the financial and non-financial impacts of the objectives and strategies and determines the sustainability of these objectives and strategies. The Annual Budget is then framed within the Strategic Resource Plan, taking into account the activities and initiatives included in the Annual Budget which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the strategic planning framework of Council.



The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year by February to ensure that there is sufficient time for officers to develop their Activities and Initiatives and Key Strategic Activities in draft form prior to the commencement of the Annual Budget process in March. It also allows time for targets to be established during the Strategic Resource Planning process to guide the preparation of the Annual Budget.

1.2 Our purpose

OUR VISION

In consultation with our communities Yarriambiack Shire Council will provide strong leadership and excellent services.

OUR MISSION

To make Yarriambiack Shire Council an outstanding municipality with one of the highest levels of community satisfaction for small rural shires.

OUR VALUES

Yarriambiack Shire Council has a clear strength in the bond and affinity between its Councillors, the community and staff. Staff support, community leadership and governance role of Councillors all work together to achieve the commitments of the Council Plan. Having all Yarriambiack Shire Council staff practise the following organisational values enhance the quality of this partnership:

We will:

CUSTOMER SERVICE

- Treat our customers with courtesy and respect;
- Constantly strive to improve our services;
- Forge closer relationships with customers;
- Investigate matters thoroughly and objectively, and
- Keep our customers informed, in plain language, about the process and outcome.
- Make decisions lawfully, fairly, impartially, and in the public interest;
- We are honest, trustworthy and reliable in our dealings;
- We are careful, conscientious and diligent, and
- Use public resources economically and efficiently.

CONTINUOUS IMPROVEMENT

- Drive continuous and sustainable improvement in service provision, operational efficiency and stakeholder relations to create a leading organisation.

1.3 Strategic objectives

The Council delivers activities and initiatives under 34 major service categories. Each contributes to the achievement of one of the six Strategic Objectives as set out in the Council Plan for the years 2006-10.

The following table lists the six Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Overall Performance	Work to improve the quality of life for the local community. We will ensure that social and cultural services are tailored to meet specific local needs and will work to stimulate the municipalities' economic activity.
2. Leadership and Advocacy	Maintain an understanding of issues of local importance and provide leadership in tackling them. Where appropriate, advocate on behalf of our community and ensure that our community is represented in debates which affect us.
3. Community Engagement	Communicate clearly with the community and consult in a meaningful and appropriate way. We will increasingly encourage residents and other stakeholders to participate in Council decision making.
4. Responsiveness to Enquiries and Requests	Be responsive to enquiries from the community and be accountable to the community for the follow up of requests
5. Financial Management	Take seriously its responsibility as the custodian of community resources. We commit to achieving maximum benefit for the community from all our resources while taking care of our natural environment.
6. Provide Appropriate Services	Deliver high quality value for money services in areas that are important to the community and will involve the community in determining and evaluating their performance on an ongoing basis.

2. ACTIVITIES, INITIATIVES AND KEY STRATEGIC ACTIVITIES

This section provides a description of the activities and initiatives to be funded in the Budget for the 2008/09 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. It also includes a number of key strategic activities and performance targets and measures in relation to these.

2.1 Strategic Objective 1: Overall Performance

To achieve our objective of Overall Performance, we will continue to improve the communities' awareness of the activities and services provided by Council. The activities and initiatives for each service category and key strategic activities is described below.

ACTIVITIES

Service Category	Description	Net Cost (Revenue) \$'000
Councillors, Chief Executive and Executive Team	This area includes the Mayor, Councillors, Chief Executive Officer Director and Departmental Managers and associated support which cannot be easily attributed to the direct service provision areas.	Included Below

INITIATIVES

- Implement media strategy.
- Council to promote a positive image of Council and its activities.
- Departments to identify continuous improvement and innovation.
- Develop Environmental policy for Council to apply to all operations.
- Encourage multi use of facilities.

KEY STRATEGIC ACTIVITIES

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
Representing and assisting local communities in the pursuing of their goals	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥ 65 %

2.2 Strategic Objective 2: Leadership and Advocacy

To achieve our objective of Leadership and Advocacy, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.



ACTIVITIES

Service Category	Description	Net Cost (Revenue) \$'000
Councillors, Chief Executive and Executive Team	This area includes the Mayor, Councillors, Chief Executive Officer and associated support which cannot be easily attributed to the direct service provision areas.	476
Councillor Expenses	The costs collected for this service relate the direct costs of running the Councillors corporate responsibilities of Council. This includes the costs associated with meetings, consultants, legal, elections and internal audit activities of Council	121
General Council Expenses	The costs collected for this service relate to the general costs of running the Council. This includes the costs associated with public liability insurance, publications and subscriptions to Municipal Association of Victoria (MAV) and like bodies.	217

INITIATIVES

- Advocate strongly on issues of concern to the community and promote these activities.
- Pursue funding for construction and upgrade of community infrastructure including recreational facilities.
- Advocate for improved health services for the Shire.
- Advocate for increased funding for rural kindergartens
- Pursue membership of the Victorian Sustainability Accord

KEY STRATEGIC ACTIVITIES

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
Providing leadership and Advocacy on key Shire issues	Community satisfaction rating for advocacy and representation on key local issues	Local Government Victoria Annual Community Satisfaction Survey	≥ 67 %

2.3 Strategic Objective 3: Community Engagement

To achieve our objective of Community Engagement, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

ACTIVITIES

Service Category	Description	Net Cost (Revenue) \$'000
Councillors, Chief Executive and Support	This area includes the Mayor, Councillors, Chief Executive Officer and associated support which cannot be easily attributed to the direct service provision areas.	Included above

INITIATIVES

- Develop community focus groups and individuals to review and comment on Council issues.

KEY STRATEGIC ACTIVITIES

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
Engaging the communities of specific issues	Community satisfaction rating Council's engagement in decision making on key local issues.	Local Government Victoria Annual Community Satisfaction Survey	≥ 63

2.4 Strategic Objective 4: Responsiveness to Enquiries and Requests

To achieve our objective of Responsiveness to Enquiries and Requests we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

ACTIVITIES

Service Category	Description	Net Cost (Revenue) \$'000
Information Services	This service provides, supports and maintains reliable and cost effective communications and computing systems, facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way	305
Customer Service and Administration Staff and Municipal Offices	This service provides corporate support services to Council. It presents and services meeting rooms and function venues for Council use. It also provides a customer interface for an increasing number of service units and a wide range of transactions. The service is delivered through three customer service centres, a free call number and an emergency after hour's service.	731

INITIATIVES

- Provide an appropriate customer service system.
- Alternative payment options will be extended to other payments such as animal registrations during the budget period.

KEY STRATEGIC ACTIVITIES

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
Being responsive and accountable to the community	Community satisfaction rating for Council's interaction and responsiveness in dealing with the public	Local Government Victorian Annual Community Satisfaction Survey	≥ 73

2.5 Strategic Objective 5: Financial Management

To achieve our objective of Financial Management, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.



ACTIVITIES

Service Category	Description	Net Cost (Revenue) \$'000
Director, Contracts, Design and Asset Management	This area includes the Director and Council Officers and associated costs of supporting these positions	626
Accounting & Finance	This service predominantly provides financial based services to both internal and external customers including the management of Council's finances, payment of salaries and wages to Council employees, procurement and contracting of services, raising and collection of rates and charges and valuation of properties throughout the municipality.	437
Financing Costs	This service includes payment to external audit, interest received or paid on investments and loans.	(14)

INITIATIVES

- Development and implementation of the Certificates online program
- Investigate and install upgrade to computerized Accounting system
- Development of Risk Management strategies
- Development of Asset Management Plans
- Development of Risk Register

KEY STRATEGIC ACTIVITIES

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
Developing and implement financial plans for the long term viability of the Shire	Compliance with STEP program implementation timetable	Asset Management Committee Minutes	Yes
	Ratio of capital expenditure to total depreciation	Council Annual Report	≥ 100%
	Ratio actual to budget for Capital Works	Council Annual Report	≥ 100%

2.6 Strategic Objective 6: Provide Appropriate Services

To achieve our objective of providing appropriate service, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The activities and initiatives for each service category and key strategic activities is described below.

ACTIVITIES

Service Category	Description	Net Cost (Revenue) \$'000
Law, Order and Public Safety	This service provides support services including fire prevention, animal control, local laws and emergency services	125
Health Education & Housing	This service provides family oriented support services including kindergartens, maternal & child health, counselling & support, immunization, holiday programs and health & safety	173
Welfare	This service provides a range of services for the family, aged and disabled including home delivered meals, personal care, community transport, dementia care, home maintenance and senior citizen clubs.	404
Community & Economic Development	The service provides a range of services that facilitates an environment that is conducive to sustainable and growing local residential and business sectors. The services include town planning, economic development and building control.	353
Tourism & Area Promotion	This service provides a range of services that facilitates the tourist industry, and the cleaning and maintenance of tourist centre, caravan parts and public toilets.	232
Public Halls	This service provides for the contributions and insurance for public halls.	86
Library Services	This service provides the contribution to a regional library corporation for the provision of mobile and static services throughout the Shire.	162
Other Heritage & Culture	This service provides a range of services that facilitates the maintenance and development of museums, other heritage buildings and cultures for the enjoyment of future generations. Contribution to the regional Arts Officer	118
Passive Recreation	This service provides for the maintenance of public parks and gardens.	137
Active Recreation	This service provides for the contributions and maintenance of indoor and outdoor sporting complexes, clubs, amenities and recreation officer.	513
Swimming Areas & Beaches	This service provides for the contributions and maintenance of swimming pools as well as the contributions to the weir pools	105
Saleyard	This service is responsible for the management and maintenance of the Warracknabeal Municipal Saleyard.	41
Road, Streets & Footpaths	This service provides ongoing construction and maintenance for Vicroads as well as the maintenance of the Council's roads, drains and footpaths.	4,789
Street Cleaning, Lighting & Beautification	This service provides for the cleaning, lighting and beautification of Council's streets.	706
Other Transport Services	This service provides for the works crew administration and plant operations as well as any private works.	123
Waste Management and Environment Services	This service is responsible for garbage, transfer stations, septic tank, kerbside recycling and landcare operations of Council	395

INITIATIVES

- Increase budget allocations for rural grading in successive budgets
- Progressive conversion of tips to transfer stations
- Complete the upgrade to the swimming pools
- Development of the Industrial Estates
- Construction of Fire Services infrastructure for the Wimmera Mallee Pipeline

KEY STRATEGIC ACTIVITIES

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
Providing appropriate services to meet community needs	Community satisfaction rating for overall performance in key areas and responsibilities.	Local Government Victoria Annual Community Satisfaction Survey	≥ 62
	Client satisfaction rating for education, care and health services.	Council Client Surveys	

2.7 Performance statement

The Key Strategic Activities (KSA) detailed in the preceding pages, are summarised again in Appendix D. The KSA's, their performance measures, targets and results are audited at the end of the year and are included in the Performance Statement as required by section 132 of the Act. The Annual Report for 2008/09 will include the audited Performance Statement which is presented to the Minister for Local Government and the local community.

2.8 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
1 Overall Performance			
2 Leadership and Advocacy	814	814	0
3 Community Engagement	0	0	0
4 Responsiveness to Enquiries	1,036	1,163	127
5 Financial Management	1,049	1,234	185
6 Provide Appropriate Services			
Community Services	837	2,514	1,677
Future Development	585	720	135
Community Facilities	1,162	1,496	334
Transport	6,502	8,158	1,656
Waste Management	395	1,161	766
Total activities and initiatives	12,380	17,260	4,880
Other non-attributable	(1)		
Deficit before funding sources	12,379		
Rates and charges	6,465		
Grants Commission	3,938		
Capital grants	1,020		
Total funding sources	11,423		
Net surplus (deficit)	(956)		

3. BUDGET INFLUENCES

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

3.1 Snapshot of Yarriambiack Shire Council

Yarriambiack Shire Council is located in north-west Victoria. The Shire, covering an area of 7,158 square kilometres, comprises the former Shires of Karkaroc, Warracknabeal, Dunmunkle and part of the Shire of Wimmera. Yarriambiack Shire was then adopted as the official name of the shire.

POPULATION

In June 2007, the preliminary estimated resident population of the Shire was 7,658 people. In the 10 years from 1997 to 2007, the population dropped by about 1,069. The population is still in decline. (Source: Australian Bureau of Statistics, Estimated Resident Population).

AGEING POPULATION

The population is ageing and the Shire has a greater proportion of older people compared to the Melbourne average. The age profile is similar to rural shire averages. (Source: Australian Bureau of Statistics, Census of Population and Housing).

BIRTHS

Despite an ageing population, approximately 86 babies have been born each year since 1995. In the 2006/07 financial year 75 babies were born in the municipality. (Source: Maternal and Child Health database).

BUDGET IMPLICATIONS

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

- The large area of Yarriambiack Shire increases transport costs when compared to City Councils. Services can not be centralised as most citizens are unable to reach Council facilities without extensive travel
- Over 15% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community.
- Over 54% of the Shires net activities cost and over 78% of capital works relate to road infrastructure

3.2 External influences

In preparing the 2008/09 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 3.0% per annum (ABS release 15 January 2008). State-wide CPI is projected to be 2.5% for the 2008/09 year (Victorian Budget Papers 2008/09)
- Australian Average Weekly Earnings (AWE) growth in the 12 months to August 2007 was 4.5% (ABS release 15 November 2007). Wages growth in Victoria is projected to be 3.5% per annum over the next four years (Victorian Budget Papers 2008/09).
- The 'Road Maintenance and Construction' Index prepared by the Bureau of Transport and Regional Services and the 'ABS Non-Residential Building' Index have been running at 5.0% and 4.0% respectively (MAV Local Government Cost Index Report, May 2007)
- Increase of 4% or \$165,878 in Victorian Grants Commission funding.
- Receipt of significant capital works for the completion of Roads to Recovery projects
- The requirement for the supply of fire services for the Wimmera Pipeline.
- Additional fuel costs as a result of a significant increase in world oil prices and the subsequent impact on local fuel suppliers.



- Prevailing economic conditions which are expected to remain difficult during the budget period impacting investment interest rates.
- Ongoing drought which has affected incomes of the commercial and rural sector.

3.3 Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2008/09 Budget. These matters have arisen from events occurring in the 2007/08 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2008/09 year. These matters and their financial impact are set out below:

- wage increases due to renegotiation of the Enterprise Bargaining Agreement
- increase in the staff numbers due to external funding.

3.4 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 in line with CPI or market levels
- Grants to be based on confirmed funding levels
- New revenue sources to be identified where possible
- Service levels to be maintained at 2007/08 levels with the aim to use less resources with an emphasis on innovation and efficiency
- Contract labor to be minimized
- New initiatives or new employee proposals which are not cost neutral to be justified through a business case
- Real savings in expenditure and increases in revenue identified in 2007/08 to be preserved
- Operating revenues and expenses arising from completed 2007/08 capital projects to be included.

3.5 Legislative requirements

Under the Local Government Act 1989 (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 Local Government (Finance and Reporting) Regulations 2004 (the Regulations) which support the Act.

The 2008/09 budget, which is included in this report, is for the year 1 July 2008 to 30 June 2009 and is prepared in accordance with the Act and Regulations. The budget includes standard statements being a budgeted Income Statement, Balance Sheet, Cash Flows and Capital Works. These statements have been prepared for the year ended 30 June 2009 in accordance with Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations. It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

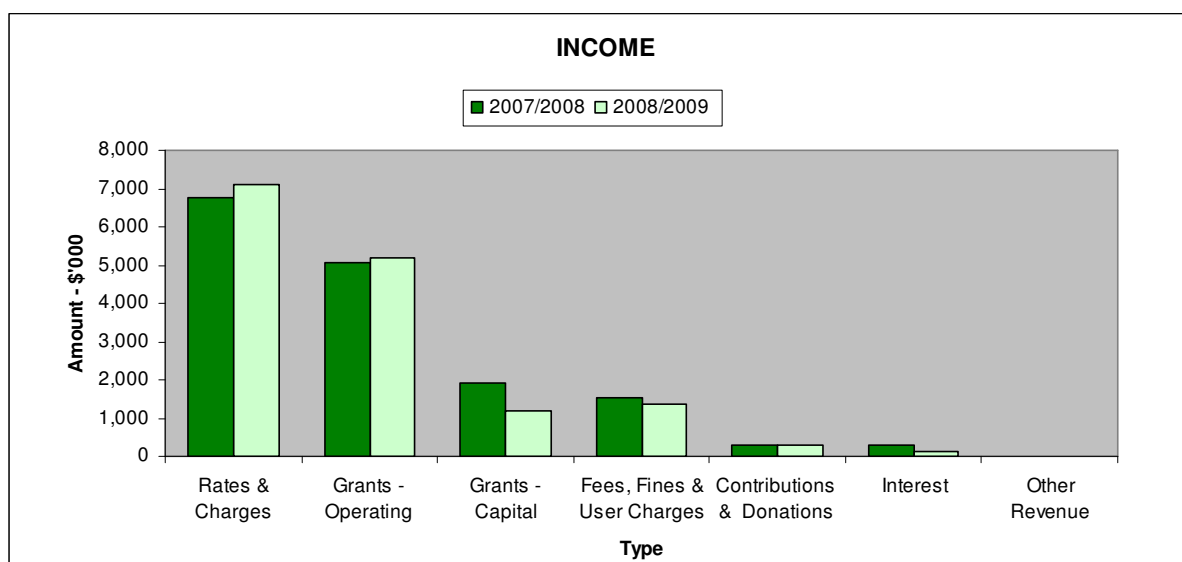
The budget includes consideration of a number of long term strategies to assist Council in considering the Budget in a proper financial management context. These include a Strategic Resource Plan for the years 2008/09 to 2011/12 (section 8.), Rating Strategy (section 9.) and Other Long Term Strategies (section 10.) including borrowings, infrastructure and service delivery.

4. ANALYSIS OF OPERATING BUDGET

This section analyses the expected revenues and expenses of the Council for the 2008/09 year.

4.1 Operating revenue

Revenue Types	Ref	Forecast Actual 2007/08 \$'000	Budget 2008/09 \$'000	Variance \$'000
Rates and charges	4.1.1	6,773	7,103	330
Grants - Operating	4.1.2	5,056	5,208	152
Grants - Capital	4.1.3	1,908	1,192	(716)
User Charges, Fees and Fines	4.1.4	1,514	1,360	(154)
Contributions & Donations	4.1.5	300	283	(17)
Interest	4.1.6	285	134	(151)
Other revenue		2	2	0
Total operating revenue		15,838	15,282	(556)



Source: Appendix A

4.1.1 Rates and charges (\$330,000 increase)

It is proposed that general rate, the garbage charge and the kerbside recycling charge income be increased by 5% to \$7.103 million in 2008/09. After allowing for revaluations and the rate increases the effect on the gross receipts from the differing classes of rates for 2008/09 will be an increase by 11.40% for residential rates, an increase of 0.80% for commercial rates and 3.10% increase in farm rates Section 9. "Rating Strategy" includes a more detailed analysis of the rates and charges to be levied for 2008/09.

4.1.2 Grants - Operating (\$152,000 increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers and contributions from other parties towards their costs. Overall, the level of operating grants has increased by 3.0% or \$152,000 compared to 2007/08. Significant movements in grant funding are summarised below:

Grant Funding Types	Forecast	Budget	Variance
	Actual 2007/08 \$'000	2008/09 \$'000	\$'000
Victorian Grants Commission	3,772	3,938	166
Kindergartens	198	183	(15)
Regional Development	17	-	(17)
Aged Care	446	449	3
Council Property Valuations	0	60	60

4.1.3 Grants - Capital (\$716,000 decrease)

Capital grants include all monies received from State and Federal sources for the purposes of funding the community and capital works program. Overall the level of capital grants has decreased by 37.5% or \$716,000 compared to 2007/08. Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the capital grants and contributions expected to be received during the 2008/09 year.

4.1.4 User Charges, Fees and Fines (\$154,000 decrease)

User charges relate mainly to the recovery of service delivery costs through the charging of fees and fines to users of Council's services. These include Vicroads, health, planning, building, animal control fees and fines, the use of leisure, entertainment and other community facilities and the provision of human services such as kindergartens 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 in line with market levels.

User charges are projected to decrease by 10.2% or \$154,000 in 2008/09. The main area contributing to the decrease is a decline in funding from Vicroads.

4.1.5 Contributions and Donations (\$17,000 decrease)

Contributions and donations relate to monies paid by various interested parties for services provided by Council services and community capital works projects.

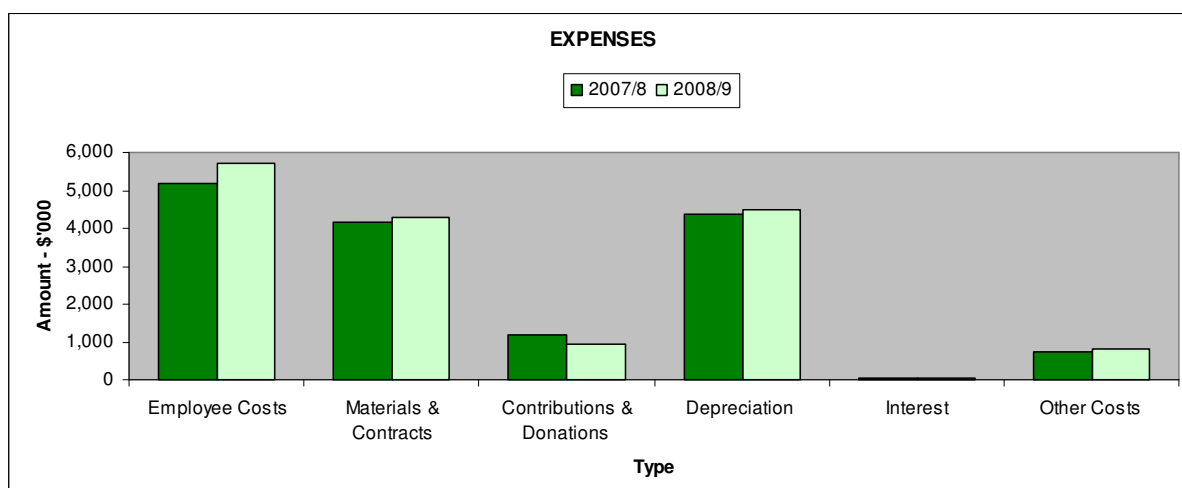
Contributions and donations are projected to decrease by \$17,000 or 5.7% in 2008/09 due mainly to the completion of a number of major capital works projects initiated by State and Federal Grants.

4.1.6 Interest (\$151,000 decrease)

Includes interest revenue on investments and rate arrears. Interest on unpaid rates is forecast to remain static and the reducing working capital will result in less interest earned on investments.

4.2 Operating expenditure

Expenditure Types	Ref	Forecast	Budget	Variance
		Actual 2007/08 \$'000	2008/09 \$'000	\$'000
Employee costs	4.2.1	5,186	5,703	517
Materials and services	4.2.2	4,156	4,298	142
Contributions and donations	4.2.3	1,185	924	(261)
Depreciation and amortisation	4.2.4	4,376	4,503	127
Finance costs	4.2.5	37	34	(3)
Other expenses	4.2.6	730	805	75
Total operating expenditure		15,670	16,267	597



Source: Appendix A

4.2.1 Employee Costs (\$517,000 increase)

Employee costs include costs in relation to the employment of labor related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc. It also includes the employer costs such as workcare premiums, training, conferences and occupational, health and safety expenses. A proportion of employee costs are used for capital works

Employee costs are forecast to increase by 10% or \$517,000 compared to 2007/08 year end forecast. This increase relates to the following key factors:

- Employment of staff who have are externally funded or currently been contracted
- Low staff numbers at the end of 2007/08 year which lowers the year end forecast
- Renegotiation of Council's Enterprise Bargaining Agreement (EBA)

In summary, average staff numbers (based on monthly averages) during the budget period are as follows:

Type of employment	2007/08 EFT's	2008/09 EFT's
Permanent	68	72
Casual	21	21
Total	89	93

4.2.2 Materials and services (\$142,000 increase)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase by 3.4% or \$142,000 compared to 2007/08.

4.2.3 Contributions and donations (\$261,000 decrease)

Contributions and donations is projected to decrease by 22.0% or \$261,000 compared to 2007/08 due mainly to reduced council contributions towards community projects generated by sport and recreation grants. Contributions towards community operations have been increased in line with Council policy.

4.2.4 Depreciation and amortisation (\$127,000 increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of \$127,000 for 2008/09 is due mainly to the completion of the 2007/08 capital

works program and the full year effect of depreciation on the 2006/07 capital works program. Refer to section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2008/09 year.

4.2.5 Finance costs (\$3,000 decrease)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction in borrowing costs results from the planned reduction in borrowings due to repayment of principal in accordance with loan agreements.

4.2.6 Other expenses (\$75,000 increase)

Other expenses relate to a range of unclassified items including advertising, insurances, motor vehicle registrations and other miscellaneous expenditure items. Other expenses are forecast to increase by 10.3% for the 2008/09 budget

4.3 Underlying result

	Forecast Actual 2007/08 \$'000	Budget 2008/09 \$'000	Variance \$'000
Surplus (deficit) for the year	138	(956)	(1094)
Granted assets	678	278	(400)
	816	(678)	(1494)
Less			
Net gain on disposal of property, infrastructure, plant and equipment	(30)	29	(59)
Grants – Capital	2,191	1,206	(985)
Underlying surplus (deficit)	(1,345)	(1,913)	(568)

The underlying result is the net surplus or deficit for the year adjusted for capital contributions, gains or losses on disposal of non-operating assets sold and other once-off adjustments. It is a measure of financial sustainability as it is not impacted by non-recurring or once-off items of revenues and expenses which can often mask the operating result. The underlying result for the 2008/09 year is a deficit of 1.91 million.

5. ANALYSIS OF BUDGETED CASH POSITION

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2008/09 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.

5.1 Budgeted cash flow statement

	Ref	Forecast Actual 2007/08 \$'000	Budget 2008/09 \$'000	Variance \$'000
Cash flows from operating activities	5.1.1			
<i>Receipts</i>				
Receipts from Ratepayers		6,692	7,142	450
Receipts from Clients & Customers		2,432	2,539	107
Government Grants & Contributions		7,174	6,555	(619)
Interest		292	135	(157)
Sub Total		16,590	16,371	(219)
<i>Payments</i>				
Employee costs		5,138	5,651	(513)
Other		6,677	7,068	(391)
Interest		38	34	4
Sub Total		11,853	12,753	(900)
Net cash provided by operating activities		4,737	3,618	(1,119)
Cash flows from investing activities	5.1.2			
Proceeds from sales of property, plant and equipment		229	331	102
Repayment of loans and advances		75	117	42
Payments for property, plant and equipment		(4,648)	(4,507)	141
Net cash used in investing activities		(4,344)	(4,059)	285
Cash flows from financing activities	5.1.3			
Proceeds from borrowings				
Repayment of borrowings		(247)	(185)	62
Net cash used in financing activities		(247)	(185)	62
Net decrease in cash and cash equivalents		146	(626)	(772)
Cash and cash equivalents at the beginning of the period		5,343	5,489	146
Cash and cash equivalents at end of the year	5.1.4	5,489	4,863	(626)
Represented by:-				
Restricted cash and investments				
- Discretionary reserves		15	15	-
- Long Service Leave		777	800	23
- Working Capital		4,697	4,048	(649)
Total cash and investments		5,489	4,863	(626)

Source: Appendix A

5.1.1 Operating activities (\$1.12 million decrease)

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. The decrease in cash inflows from operating activities is due mainly to a reduction in contributions for community projects

5.1.2 Investing activities (\$285,000 increase)

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. The increase in payments for investing activities represents increase in capital works expenditure disclosed in section 10 of this budget report.

5.1.3 Financing activities (\$62,000 decrease)

Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year. For 2008/09 the total of principal repayments is \$185,000.

5.1.4 Cash and cash equivalents at end of the year (\$626,000 decrease)

Overall, total cash and investments is forecast to decrease by \$626,000 to \$4.814 million as at 30 June 2009, reflecting Council's strategy of using excess cash and investments to enhance existing and create new infrastructure. This is consistent with Council's Strategic Resource Plan (see Section 8), which forecasts a reduction in the capital works program from 2008/09 onwards to balance future cash budgets.

5.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June, 2009 it will have cash and investments of \$4.814 million, which has been restricted as follows:

5.2.1 Discretionary reserves (\$15,000)

These funds are available for whatever purpose Council decides is their best use. In this case 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. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

5.2.3 Long service leave (\$777,000)

These funds are separately identified as restricted to ensure there are sufficient funds to meet Council's obligations as set out in the Local Government (Long Service Leave) Regulations 2002.

5.2.4 Unrestricted cash and investments (\$4.05 million)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements and unexpected short term needs. 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. A high level of working capital is required as 85% of Council's rate revenue is not received until February each year.

6. ANALYSIS OF CAPITAL BUDGET

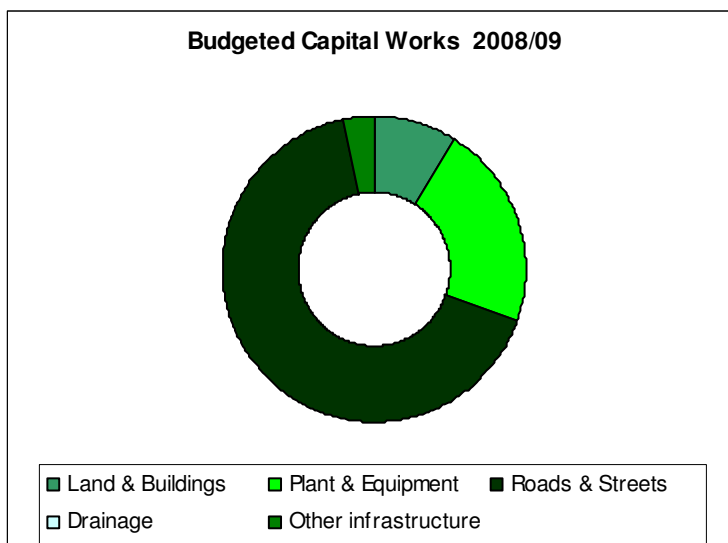
This section analyses the planned capital expenditure budget for the 2008/09 year and the sources of funding for the capital budget.

6.1 Capital works

Capital Works Areas	Ref	Forecast Actual 2007/08 \$'000	Budget 2008/09 \$'000	Variance \$'000
Works carried forward from 2007/08	6.1.1	612	341	(271)
New works for 2008/09				
Land & Buildings	6.1.2	311	342	31
Plant & Equipment	6.1.3	757	744	(13)
Roads & Streets	6.1.4	2,995	3,064	69
Drainage	6.1.5	8	10	2
Other infrastructure	6.1.6	133	150	17
Total new works		4,816	4,651	(165)
Total capital works				
New works represented by:				
Asset renewal	6.1.7	3,661	3,705	44
New assets	6.1.7	1,155	946	(209)
Total capital works		4,816	4,651	(165)

Source: Appendix A

A more detailed listing of the capital works program is included in Appendix C.



6.1.1 Carried forward works (\$341,000)

At the end of each financial year there are projects which are either incomplete or not commenced due to planning issues, weather delays, extended consultation etc. For the 2007/08 year it is forecast that \$341,000 of capital works will be incomplete and be carried forward into the 2008/09 year. The more significant projects include the computer software and hardware upgrade (\$266,000) and the Warracknabeal Industrial Estate (\$75,000).

6.1.2 Land & Buildings (\$342,000)

Buildings include community facilities, municipal offices, sports facilities and pavilions.

For the 2008/09 year, \$342,000 will be expended on building projects. The more significant projects include the Woomelang Transfer Station (subject to funding) and the Hopetoun Swimming Pool Change rooms.

6.1.3 Plant & Equipment (\$744,000)

Plant & Equipment includes information technology, motor vehicles and plant.

For the 2008/09 year, \$744,000 will be expended on plant and equipment. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet.

6.1.4 Roads & Streets (\$3.06 million)

Roads includes local roads, footpaths, and bridges and culverts.

For the 2008/09 year, \$3.06 million will be expended on road projects. The more significant projects include local road reconstructions (\$1.03 million), road resheeting (\$819,000), shoulder resheeting (\$219,000), road resealing (\$690,000), footpaths (\$222,000) and kerb and channel replacement (\$73,000).

6.1.5 Drains (\$10,000)

Drains includes drains in road reserves. For the 2008/09 year, \$10,000 will be expended on drainage projects.

6.1.6 Other Infrastructure (\$150,000)

For the 2008/09 year, \$150,000 will be expended on a range of other infrastructure. The project is for the fire water tanks included in the Wimmera Mallee Pipeline project.

6.1.6 Asset renewal (\$3.71 million) and new assets (\$946,000)

A distinction is made between expenditure on new assets, expenditure on asset renewal. Expenditure on asset renewal is expenditure on an existing asset, which improves the service potential or the life of the asset. Expenditure on new assets does not have any element of expansion or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

The major projects included in the above categories, which constitute expenditure on new assets, include construction and sealing of 2.19km of the Banyena Pimpinio Road (\$240,000). The remaining capital expenditure represents renewals and expansion or upgrades of existing assets.

6.2 Funding sources

Sources of Funding	Ref	Forecast Actual 2007/08 \$'000	Budget 2008/09 \$'000	Variance \$'000
External				
Grants - Capital	6.2.1	1,804	1,068	(736)
Proceeds on sale of assets	6.2.2	229	331	102
		2,033	1,399	(634)
Internal				
Working capital	6.2.3	(288)	599	887
Operations	6.2.4	3,071	2,653	(418)
		2,783	3,252	469
Total funding sources		4,816	4,651	(165)

Source: Appendix A

6.2.1 Grants - Capital (\$1.07 million)

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Significant grants and contributions

are budgeted to be received for the Roads to Recovery projects (\$878,000), and Wimmera Mallee Pipeline project (\$190,000)

6.2.2 Proceeds from sale of assets (\$331,000)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$331,000.

6.2.3 Working Capital (\$0.60 million)

In addition to reserve investments, Council has uncommitted cash and investments which represent working capital and funds preserved from the previous year mainly as a result of grants and contributions being received in advance. It is forecast that \$0.60 million will be available from the 2007/08 year to fund the 2008/09 capital works program including \$490,000 received from the Federal Government in June 2006 as part of the Roads to Recovery program.

6.2.5 Operations (\$2.65 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$2.65 million will be generated from operations to fund the 2008/09 capital works program. Refer to section 5. 'Budgeted Cash Position' for more information on funds from operations.

7. ANALYSIS OF BUDGETED FINANCIAL POSITION

This section analyses the movements in assets, liabilities and equity between 2007/08 and 2008/09. It also considers a number of key performance indicators.

7.1 Budgeted balance sheet

	Ref	Forecast Actual 2008 \$'000	Budget 2009 \$'000	Variance \$'000
Current assets	7.1.1			
Cash and Investments		5,489	4,863	(626)
Receivables		744	771	27
Accrued income		87	86	(1)
Prepayments		270	274	4
Inventories		337	396	59
Other		10	10	0
Total current assets		6,937	6,400	(537)
Non-current assets	7.1.1			
Receivables		349	186	(163)
Investment – Regional Library		282	282	0
Fixed Assets		102,234	103,906	1,672
Total non-current assets		102,865	104,374	1,509
Total assets		109,802	110,774	972
Current liabilities	7.1.2			
Trade and other payables		817	841	24
Interest-bearing loans and borrowings		185	141	(44)
Provisions		1,734	1,816	82
Total current liabilities		2,736	2,798	62
Non-current liabilities	7.1.2			
Interest-bearing loans and borrowings		286	293	7
Provisions		463	322	(141)
Total non-current liabilities		749	615	(134)
Total liabilities		3,485	3,413	(72)
Net assets	7.1.3	106,317	107,361	1,044
Equity	7.1.4			
Accumulated surplus		63,749	62,793	(956)
Asset revaluation reserve		42,568	44,568	2,000
Total equity		106,317	107,361	1,044

Source: Appendix A

7.1.1 Current Assets (\$537,000 decrease) and Non-Current Assets (1.51 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 short term investments. These balances are projected to decrease by \$537,000 during the year mainly to fund the capital works program during the year.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget.

Other current assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months.

Long term debtors (non current) relating to loans to community organisations will reduce by \$163,000 in accordance with agreed repayment terms.

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 the Council over many years. The increase in this balance is attributable to the net result of the capital works program (\$4.65 million of assets), depreciation of non-current assets (\$4.64 million) and the disposal through sale of property, plant and equipment (\$302,000).

7.1.2 Current Liabilities (\$62,000 increase) and Non Current Liabilities (\$134,000 decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2007/08 levels.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are only expected to increase marginally.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay interest-bearing loan principal of \$83,625 over the year. The remaining \$57,324 which is internally funded will be repaid to for the new computer system.

7.1.3 Net Assets (\$1.044 million increase)

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of Council as at 30 June.

7.1.4 Equity (\$1.044 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
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time.

7.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ending 30 June 2009 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- A total of 96% of total rates and charges raised will be collected in the 2008/09 year (2007/08: 94% forecast actual)
- Trade creditors to be based on total capital and operating expenditure less written down value of assets sold, depreciation and employee costs. Payment cycle is 30 days
- Other debtors and creditors to remain consistent with 2007/08 levels
- Employee entitlements to be increased by the Enterprise Bargaining outcome.
- Repayment of external loan principal to be \$83,625,
- Total capital expenditure to be \$4.65 million

8. STRATEGIC RESOURCE PLAN AND KEY FINANCIAL INDICATORS

This section considers the long term financial projections of the Council. The Act requires a Strategic Resource Plan to be prepared covering both financial and non-financial resources, and including key financial indicators for at least the next four financial years to support the Council Plan.

8.1 Plan development

Council has prepared a Strategic Resource Plan (SRP) for the four years 2008/09 to 2011/12 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 Council 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, while still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the SRP, are:

- Maintain existing service levels
- Achieve a breakeven operating result in the long term
- Maintain a capital expenditure program of at least \$4 million per annum
- Achieve a balanced budget on a cash basis.

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

- Prudently manage financial risks relating to debt, assets and liabilities
- Provide reasonable stability in the level of 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.

8.2 Financial resources

The following table summaries the key financial results for the next four years as set out in the SRP for years 2008/09 to 2011/12. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast		Strategic Resource Plan			Trend +/-
	Actual	Budget	Projections			
	2007/08 \$'000	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	
Operating result	138	(956)	(853)	(736)	(637)	-
Underlying operating result	(1,345)	(1,913)	(1,961)	(1,601)	(1,544)	+
Cash and investments	5,489	4,863	4,435	4,173	3,963	-
Cash flow from operations	4,737	3,618	3,817	4,059	4,291	+
Capital works	4,816	4,651	4,626	4,688	4,818	-

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

The key outcomes of the SRP are as follows:

- **Financial sustainability (section 5)** - Cash and investments is forecast to decrease marginally over the four year period from \$5.44 million to \$3.90 million, which after taking into account the extra R2R payment for works over the 2006 to 2009 period, indicates a relatively balanced budget on a cash basis in each year

- **Rating strategy (section 9)** – Rate increases are forecast over the four years at an average of 7.3%, which is in line with comparable councils
- **Service delivery strategy (section 10)** – Service levels have been maintained throughout the four year period. Operating deficits occur throughout the period. Years 2008/09 and 2011/12 forecast a trend of reducing operating deficits to hopefully break even in the long term. However, excluding the effects of non-operating items such as capital contributions, the underlying result is the deficit reducing over the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off items can often mask the operating result
- **Borrowing strategy (section 10)** – Borrowings are forecast to reduce from \$197,000 to zero over the four year period. There are no new borrowings during the period unless external funding is obtained for a road infrastructure upgrade.
- **Infrastructure strategy (section 10)** - Capital expenditure over the four year period will total \$18.78 million at an average of \$4.70 million.

8.3 Key financial indicators

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

Indicator	Notes	Forecast	Strategic Resource Plan				Trend +/-
		Actual 2007/08	Budget 2008/09	Projections			
				2009/10	2010/11	2011/12	
Financial performance							
Underlying result/Underlying rev	1	(9.9%)	(13.6)	(13.5)	(10.5)	(9.7)	+
Operating expenses/Assessment		\$2,359	2,449	2,507	2,569	2,660	+
Rate revenue/Underlying revenue	2	49.6%	50.5	52.3	53.2	54.4	-
Rate revenue/Assessment		\$1,020	1,063	1,137	1,216	1,300	+
Debt servicing/Total revenue		1.8%	1.4	1.1	1.0	0.6	o
Grants/Total revenue		44.0%	41.9	41.0	39.5	38.5	-
Fees and charges/Total revenue		9.6%	8.9	8.8	8.7	8.5	o
Financial position							
Indebtedness/Rate revenue	3	9.6%	6.5	4.2	2.2	1.1	+
Underlying result/Total assets		(1.2%)	(1.7)	(1.8)	(1.4)	(1.3)	+
Net realisable assets/Assessment		\$16,529	16,573	16,740	17,075	17,584	+
Current assets/Current liabilities	4	253.5%	228.7	205.6	194.6	180.0	-
Total liabilities/Assessment		\$525	511	506	502	508	o
Capital expenditure							
Capital works		\$4,816	4,651	4,626	4,688	4,818	-
- Asset renewal		\$3,661	3,705	4,002	4,363	4,322	+
- New assets		\$1,155	946	624	325	496	-
Cash op act/Net capital outlays	5	109.9%	89.1	93.0	97.3	97.1	-
Capital works/Rate revenue		71.1%	65.5	60.9	57.7	55.4	-
Asset renewal/Total depreciation	6	80.6%	79.7	83.7	89.1	85.9	+

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 Underlying operating result - Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

2 Rate revenue/Underlying revenue - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

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

4 Current Assets/Current Liabilities – Working capital is forecast to decrease significantly in 2008/09 year due to a run down in cash reserves to fund the capital program. The trend in latter years is to remain steady at an acceptable level.

5 Cash Operating Activities/Net Capital outlays - Trend indicates Council expects to be able to service its capital works expenses from cash generated from operating activities, rather than relying on its existing cash reserves or further borrowings.

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

8.4 Non-financial resources

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources. The following table summaries the non-financial resources for the next four years.

Indicator	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	5,790	6,247	6,423	6,687	7,035
Employee numbers (EFTs)	89	93	92	91	91

9. RATING STRATEGY

This section considers the Council's rating strategy including strategy development and assumptions underlying the current year rate increase and rating structure.

9.1 Strategy development

In developing the Strategic Resource Plan (referred to in Section 8.), rates and charges were identified as an important source of revenue, accounting for 41.1% 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.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly given the change to bi-annual general revaluations, and recent significant increases in valuations.

The following table shows, in summary, a comparison of the last five years grants and rates

Year	% Income from Grants	% Income from Rates & Charges	Rates & Charges \$,000s	Rates & Charges % increase
2004/05 Actual	44.6%	37.3%	5,527	7.2%
2005/06 Actual	48.6%	38.5%	5,823	5.4%
2006/07 Actual	46.9%	40.3%	6,319	8.5%
2007/08 Estimated Actual	44.0%	42.8%	6,773	7.2%
2008/09 Budget	41.9%	46.5%	7,103	4.9%
Average	45.2%	41.1%	6309	6.6%

9.2 Current year rate increase

It is predicted that 2008/09 operating position will be significantly impacted by wages growth. It will therefore be necessary to achieve future revenue growth while containing costs in order to achieve an almost breakeven operating position anytime in the future. The contribution from operations toward capital investment of \$4.65 million for the 2008/09 period is also less than the desired level. Unless it can be increased, it will be difficult to maintain robust capital works programs in the future.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, general rates and charges will increase by 5% in 2008/09 raising a total of \$7.103 million, including supplementary rates. The following table sets out future proposed rate increases and total rates to be raised, based on the forecast financial position of Council as at 30 June 2008.

Year	% Income from Grants	% Income from Rates & Charges	Rates & Charges \$,000s	Rates & Charges % increase
2007/08 Estimated Actual	44.0%	42.8%	6,773	7.2%
2008/09 Budget	41.9%	46.5%	7,103	4.9%
2009/2010 Forecast	33.0%	48.1%	7,597	7.0%
2010/2011 Forecast	33.2%	49.7%	8,126	7.0%
2011/2012 Forecast	32.4%	51.0%	8,691	7.0%
Average	31.5%	48.8%		6.4%

9.3 Rating structure

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

- Property values, which reflect capacity to pay
- User pays component to reflect usage of services provided by Council.

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential or farm purposes. This distinction is based on the concept that farm properties do not generally receive the full services provided by the other categories and therefore should received a discount on the rate in the dollar.

Having reviewed the various valuation bases for determining the property value component of rates, Council made a decision to apply a Capital Improved Value (CIV) basis on the grounds that it can provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does periodically review its rating structure.

The existing rating structure comprises two differential rates (general and farm), and a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to grant a rating concession to any 'recreational lands' which meet the test of being 'rateable land' under the Act. The farm rate is set at 85% of the general rate and the rate concession for recreational land is set at 100% . Council also has a kerbside collection charge and a recycling charge as allowed under the Act.

The following table summarises the rates to be made for the 2008/09 year. A more detailed analysis of the rates to be raised is contained in Appendix B 'Statutory Disclosures'.

Rate type	2007/08	2008/09	% Increase
General rates	0.6132	0.5932	-3.26%
Farm rates	0.5212	0.5042	-3.26%
Garbage			
Residential – 80ltr GST Free	\$77.00	\$80.50	5.00%
Residential – 120ltr GST Free	\$108.00	\$113.40	5.00%
Residential – 240ltr GST Free	\$231.00	\$242.55	5.00%
Other – 80ltr GST inclusive	\$84.70	\$88.94	5.00%
Other – 120ltr GST inclusive	\$118.80	\$124.74	5.00%
Other – 240ltr GST inclusive	\$231.00	\$242.55	5.00%
Kerbside Recycling			
Residential – all GST Free	\$70.00	\$73.50	5.00%
Other – all GST inclusive	\$77.00	\$80.85	5.00%

9.4 General revaluation of properties

During the 2007/08 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2008 for the 2008/09 year. The outcome of the general revaluation has been a change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 8.54%. Of this increase, residential properties have increased by 17.48%, business properties by 4.12% and farm properties by 6.64%.

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2007/08 year, Council has chosen not to make any changes to the existing rate differential. Therefore, in aggregate total rates and charges will increase by 5% compared to 2007/08.

10. OTHER STRATEGIES

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

10.1 Borrowings

In developing the Strategic Resource Plan SRP (see Section 8), borrowings was identified as an important funding source for capital works programs. In the past, Council has borrowed to finance large infrastructure projects (Gypsum Route and Warracknabeal Early Children's Centre) and the payment of large unfunded superannuation liabilities.

In 2007/08 Council has purchased a new computer system which will be funded internally and repaid over a five year period. The total cost of this project is \$286,620 with yearly installments of \$57,324.

For the 2008/09 year, Council has decided not take out any new borrowings to fund the capital works program and therefore, after making external loan repayments of \$83,625, will reduce its total external borrowings to \$112,263 as at 30 June 2009. There is a possibility that future borrowings may be required if Council is successful in obtaining funding for a road infrastructure upgrade. The following table sets out future proposed external borrowings, based on the forecast financial position of Council as at 30 June 2008.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2007/08	-	165	19	197
2008/09		84	10	113
2009/10		89	5	24
2010/11		24		-
2011/12				

10.2 Infrastructure

Council has developed an infrastructure program which sets out the capital expenditure requirements of the Council for the next 10 years by class of asset, and project. The initial studies are incorporated in the long term financial plan.

A key objective of the Council 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.

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 to car parking, drainage and public resort and recreation. 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 be earmarked for a specific purpose. Appendix A includes a Statement of Reserves which is a summary of the investment reserves for the year ending 30 June 2009.

10.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 8.) which directly impact the future service delivery strategy are to maintain existing service levels and to achieve a breakeven operating result within five to six years. The Rating Strategy (see Section 9.) also refers to the general rate increases into the future. 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 service delivery outcomes measured in financial terms are shown in the following table.

Year	Net Surplus (Deficit) \$'000	Underlying Surplus (Deficit) \$'000
2007/08	138	(1,345)
2008/09	(956)	(1,913)
2009/10	(853)	(1,961)
2010/11	(736)	(1,601)
2011/12	(637)	(1,544)

Service levels have been maintained throughout the four year period with operating surplus forecast in years 2007/08 as a result of significant capital grant revenue being received to fund the annual capital works program. Years 2008/09 and 2011/12 forecast reducing operating deficits. In the longer term Council may eventually break even. Excluding the effects of non-operating items such as capital contributions, the underlying result is a reducing deficit over the four year period.

APPENDICES

The following appendices include voluntary and statutory disclosures of information which provide support for the analysis contained in sections 1 to 10 of this report.

This information has not been included in the main body of the budget report in the interests of clarity and conciseness. Council has decided that while the budget report needs to focus on the important elements of the budget and provide appropriate analysis, the detail upon which the annual budget is based should be provided in the interests of open and transparent local government.

The contents of the appendices are summarised below:

Appendix	Nature of information	Page
A	Budgeted standard statements	51
B	Statutory disclosures	58
C	Capital works program	63
D	Key strategic activities	68

APPENDIX A

BUDGETED STANDARD STATEMENTS

This appendix presents information in regard to the Budgeted Standard Statements. The budget information for the years 2008/09 to 2011/12 has been extracted from the Strategic Resource Plan.

The appendix includes the following budgeted information:

- Budgeted Standard Income Statement
- Budgeted Standard Balance Sheet
- Budgeted Standard Cash Flow Statement
- Budgeted Standard Capital Works Statement
- Budgeted Statement of Investment Reserves.

Budgeted Standard Income Statement

For the four years ending 30 June 2012

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities					
Rates charges	6,773	7,103	7,597	8,126	8,691
Grants - Operating	5,056	5,208	5,217	5,425	5,522
Grants - Capital	1,908	1,192	1,265	1,033	1,036
User Charges	1,514	1,360	1,389	1,419	1,449
Reimbursements, Contributions & Donations	17	269	174	180	187
Contributions to Capital	283	14	15	15	15
Interest	285	134	134	134	135
Other Revenue	2	2	2	2	2
Total revenues	15,838	15,282	15,793	16,334	17,037
Expenses from ordinary activities					
Employee Costs	5,186	5,703	5,893	6,156	6,432
Materials and Services	4,156	4,298	4,352	4,492	4,635
Contributions & Donations	1,185	924	926	801	827
Depreciation	4,376	4,503	4,629	4,745	4,876
Finance Costs	37	34	26	20	15
Other Costs	730	805	830	856	889
Total expenses	15,670	16,267	16,656	17,070	17,674
Net gain (loss) on disposal of property, infrastructure, plant and equipment	(30)	29	10	-	-
Surplus (deficit) for the year	138	(956)	(853)	(736)	(637)

Budgeted Standard Balance Sheet

For the four years ending 30 June 2012

	Forecast	Budget 2009 \$'000	Strategic Resource Plan		
	Actual		Projections		
	2008 \$'000		2010 \$'000	2011 \$'000	2012 \$'000
Current assets					
Cash and cash equivalents	5,489	4,863	4,435	4,173	3,963
Trade and other receivables	744	771	803	836	749
Accrued Income	87	86	86	86	86
Prepayments	270	274	278	282	286
Inventories	337	396	383	379	417
Assets Held for Resale	10	10	10	10	10
Total current assets	6,937	6,400	5,995	5,766	5,511
Non-current assets					
Trade and other receivables	349	186	59	(65)	51
Fixed Assets	102,234	103,906	105,556	108,143	111,688
Investment – Library	282	282	282	282	282
Total non-current assets	102,865	104,374	105,897	108,360	112,021
Total assets	109,802	110,774	111,892	114,126	117,532
Current liabilities					
Trade and other payables	817	841	866	891	917
Provisions	1,734	1,816	1,902	1,992	2,087
Interest-bearing loans and borrowings	185	141	148	80	57
Total current liabilities	2,736	2,798	2,916	2,963	3,061
Non-current liabilities					
Provisions	286	293	294	295	297
Interest-bearing loans and borrowings	463	322	174	96	39
Total non-current liabilities	749	615	468	391	336
Total liabilities	3,485	3,413	3,384	3,354	3,397
Net assets	106,317	107,361	108,508	110,772	114,135
Equity					
Accumulated surplus	63,749	62,793	61,940	61,219	60,582
Asset revaluation reserve	42,568	44,568	46,568	49,553	53,553
Total equity	106,317	107,361	108,508	110,772	114,135

Budgeted Standard Cash Flow Statement

For the four years ending 30 June 2012

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12
	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
Cash flows from operating activities					
<i>Receipts</i>					
General rates	6,692	7,142	7,593	8,119	8,685
Other operating receipts	2,432	2,539	2,486	2,535	2,596
	9,124	9,681	10,079	10,654	11,281
<i>Payments</i>					
Employee costs	5,138	5,651	5,838	6,098	6,370
Other operating payments	6,677	7,068	7,159	7,209	7,435
	11,815	12,719	12,997	13,307	13,805
<i>Sub Total</i>	(2,691)	(3,038)	(2,918)	(2,653)	(2,524)
Government Grants & Contributions	7,174	6,555	6,627	6,598	6,695
Interest Received	292	135	134	134	135
Borrowing costs	(38)	(34)	(26)	(20)	(15)
<i>Sub Total</i>	7,428	6,656	6,735	6,712	6,815
Net cash provided by operating activities	4,737	3,618	3,817	4,059	4,291
Cash flows from investing activities					
Proceeds from sales of property, plant and equipment	229	331	251	241	241
Repayment of Advances	75	117	120	120	
Payments for property, plant and equipment	(4648)	(4507)	(4475)	(4534)	(4662)
Net cash used in investing activities	(4,344)	(4059)	(4104)	(4173)	(4421)
Cash flows from financing activities					
Proceeds from new borrowings					
Loan Repayment	(247)	(185)	(141)	(148)	(80)
Net cash used in financing activities	(247)	(185)	(141)	(148)	(80)
Net decrease in cash and cash equivalents	146	(626)	(428)	(262)	(210)
Cash and cash equivalents at beg of year	5,343	5,489	4,863	4,435	4,173
Cash and cash equivalents at end of year	5,489	4,863	4,435	4,173	3,963

Budgeted Standard Capital Works Statement

For the four years ending 30 June 2012

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital works areas					
Land & Buildings	478	417	332	347	361
Plant & Equipment	932	1,010	965	981	998
Roads & Streets	3,265	3,064	3,169	3,200	3,449
Bores & Pipeline Tanks	133	150	150	0	0
Aerodromes	0	0	0	150	0
Drainage	8	10	10	10	10
Total capital works	4,816	4,651	4,626	4,688	4,818
Represented by:					
Asset renewal	3,661	3,705	4,002	4,363	4,322
New assets	1155	946	624	325	496
Total capital works	4,816	4,651	4,626	4,688	4,818

Reconciliation of net movement in property, plant and equipment

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12
	\$'000	\$'000	\$'000	\$'000	\$'000
Total capital works	4,816	4,651	4,626	4,688	4,818
Asset revaluation increment / (decrement)	2,000	2,000	2,000	3,000	4,000
Depreciation and amortisation	(4,544)	(4,647)	(4,780)	(4,899)	(5,032)
Written down value of assets sold	(258)	(302)	(241)	(241)	(241)
Land for sale and purchases	(30)	(30)	45	39	0
Net movement in property, plant and equipment	1,984	1,672	1,650	2,587	3,545

Budgeted Statement of Investment Reserves

For the four years ending 30 June 2012

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2008	2009	2010	2011	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Discretionary					
Aerodrome Maintenance	15	15	15		
Total reserves	15	15	15		

APPENDIX B STATUTORY DISCLOSURES

This appendix presents information which the Act and the Regulations require to be disclosed in the Council's annual budget.

The appendix includes the following budgeted information:

- Borrowings
- Rates and charges
- Differential rates.

Statutory disclosures

1. Borrowings

	2007/08	2008/09
	\$	\$
New borrowings (other than refinancing)	0	0
Debt redemption	165,000	85,000

2. Rates and charges

2.1 The proposed rate in the dollar for each type of rate to be levied

Type of Property	2007/08	2008/09
	cents/\$CIV	cents/\$CIV
General rate for rateable general properties	0.6132	0.5932
General rate for rateable farm properties	0.5212	0.5042

2.2 The estimated amount to be raised by each type of rate to be levied

Type of Property	2007/08	2008/09
	\$	\$
General	1,546,615	1,723,334
Farm	4,608,147	4,754,052

2.3 The estimated total amount to be raised by rates

	2007/08	2008/09
	\$	\$
Total rates to be raised	6,154,535	6,477,386

2.4 The proposed percentage change in the rate in the dollar for each type of rate to be levied, compared to that of the previous financial year

Type of Property	2007/08	2008/09
	Change	Change
	%	%
General	5.0	5.0
Farm	5.0	5.0

2.5 The number of assessments for each type of rate to be levied, compared to the previous year

Type of Property	2007/08	2008/09
Residential	3,735	3,757
Business	2,908	2,927
Total number of assessments	6,643	6,684

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

2.7 The estimated total value of land in respect of which each type of rate is to be levied, compared with the previous year

Type of Property	2007/08 \$	2008/09 \$
Residential	252,183,360	290,514,900
Farm	884,141,800	942,890,200
Total	1,136,325,160	1,233,405,100

2.8 The proposed unit amount to be levied for each type of charge under section 162 of the Act

Type of Charge	Per Rateable Property 2007/08 \$	Per Rateable Property 2008/09 \$
Garbage Charge		
Residential – 80 lt bin	77.00	80.85
Residential – 120 lt bin	108.00	113.40
Residential – 240 lt bin	231.00	242.55
Other – 80 lt bin (GST included)	84.70	88.95
Other – 120 lt bin (GST included)	118.80	124.75
Other – 240 lt bin (GST included)	231.00	242.55
Recycling Charge		
Residential	70.00	73.50
Other (GST included)	77.00	80.85

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

Type of Charge	2007/08 \$	2008/09 \$
Garbage Charge		
Residential – 80 lt bin	45,122	47,539
Residential – 120 lt bin	216,216	227,140
Residential – 240 lt bin	16,401	17,706
Other – 80 lt bin (GST excluded)	3,388	3,476
Other – 120 lt bin (GST excluded)	11,124	11,906
Other – 240 lt bin (GST excluded)	101,430	109,367
Total Garbage Charges	393,681	417,134
Recycling Charge		
Residential	186,830	196,686
Other (GST excluded)	9,520	11,686
Total Recycling Charges	196,350	208,372
Total	590,031	625,506

2.10 The estimated total amount to be raised by rates and charges

	2007/08 \$	2008/09 \$
Rates and charges	6,744,566	7,102,892
Supplementary rates & new dwelling discounts	(12,566)	(5,000)
Total	6,732,000	7,097,892

2.11 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)
- Changes in use of land such that rateable land becomes non-rateable land and vice versa
- Changes in use of land such that farm land becomes residential land and vice versa.
- The number of applications for the new dwelling rate discount.

3. Differential rates

3.1 Rates to be levied

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

- A farm rate of 0.5042% (0.005042 cents in the dollar of CIV) for all rateable residential properties
- A general rate of 0.5932% (0.005932 cents in the dollar of CIV) for all rateable business properties.

Each differential rate will be determined by multiplying the Capital Improved Value of rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

3.2 Farm land

“**farm land**” means any rateable land-

- (a) that is not less than 2 hectares in area; and
- (b) 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
- (c) that 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;

APPENDIX C

CAPITAL WORKS PROGRAM

This appendix presents a listing of the capital works projects that will be undertaken for the 2008/09 year.

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

- New works for 2008/09
- Works carried forward from the 2007/08 year.

Capital works program

For the year ending 30 June 2009

1. New works

Capital Works Area	Externally Funded \$'000	Internally Funded \$'000	Project Cost \$'000
Land & Buildings			
Caravan Parks		10	10
Parks & Reserves		29	29
Transfer Stations		100	100
Leisure Complex		25	25
Swimming Pools	100	60	160
Depots		25	25
Other		68	68
Total Land & Buildings	100	317	417
Asset renewal			407
New assets			10
Plant & Equipment			
Works vehicles and Plant	94	475	569
Staff vehicles	147	187	334
Computer software & Equipment		92	92
Other Office Equipment		15	15
Total Plant & Equipment	241	769	1,010
Asset renewal			923
New assets			87
Infrastructure			
Local Roads – Urban Construction	173		173
Local Roads – Rural Construction	858		858
Footpaths		222	222
Kerb & Channel		73	73
Bridges		10	10
Local Roads – Reseals	97	593	690
Local Roads – Shoulder Resheets		219	219
Local Roads – Resheets	146	673	819
Pipeline Water Tanks	135	15	150
Drains		10	10
Total Infrastructure	1,409	1,815	3,224
Asset renewal			2,375
New assets			849
TOTAL NEW CAPITAL WORKS 2008/09	1,750	2,901	4,651
Asset renewal			3,705
New assets			946

2. Works carried forward from the 2007/08 year

Capital Works Area	Externally	Internally	Project
	Funded	Funded	Cost
	\$'000	\$'000	\$'000
Land & Buildings			
Warracknabeal Industrial Estate	45	30	75
Total Land & Buildings	45	30	75
Asset renewal			75
New assets			75
Plant & Equipment			
Computer software & hardware upgrade		266	266
Total Plant & Equipment		266	266
Asset renewal			266
New assets			266
TOTAL CARRIED FWD WORKS 2007/08	45	296	341
Asset renewal			75
New assets			266

3. Summary

	Externally	Internally	Project
	Funded	Funded	Cost
	\$'000	\$'000	\$'000
Asset renewal			3780
New assets			1212
TOTAL CAPITAL WORKS	1,795	3,197	4,992

APPENDIX D KEY STRATEGIC ACTIVITIES

This appendix presents a number of key strategic activities to be undertaken during the 2008/09 year and performance targets and measures in relation to these

Key strategic activities

For the year ending 30 June 2009

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target
1 Overall Performance			
Representing and assisting local communities in the pursuing of their goals	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥ 67
2 Leadership and Advocacy			
Providing leadership and Advocacy on key Shire issues	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥ 68
3 Community Engagement			
Engaging the communities on specific issues	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥ 64
4 Responsiveness to Enquiries			
Being responsive and accountable to the community	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥ 76
5 Financial Management			
Developing and implementing financial plans for the long term viability of the Shire	Compliance with STEP program implementation timetable	Asset Management Committee Minutes	Yes
	Ratio of capital expenditure to total depreciation	Council Annual Report	100%
	Ratio of actual to budget for Capital Works	Council Annual Report	100%
6 Provide Appropriate Services			
Providing appropriate services to meet community needs	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥ 62
	Client satisfaction rating for education, care and health services	Council Client Surveys	≥ 80

END OF YARRIAMBIACK SHIRE COUNCIL BUDGET REPORT

