



Yarriambiack Shire Council Budget 2009/2010

This Budget Report has been prepared with reference to The Institute of Chartered Accountants
best practice guide for reporting local government budgets in Victoria

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Mayor's Introduction



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

We will increase the general rate and garbage service by 5 percent in the 2009/10 financial year. Kerbside recycling has increased by 8.84% to cover the increasing costs of disposal of recyclable waste. Council has also introduced a \$30 municipal charge for each assessment. This level of rates and charges allows us to maintain existing service levels, fund a number of new initiatives, continue to allocate additional funds to renew the Council's infrastructure and assist the community in dealing with the effects of the continuing drought.

The proposed budget includes a number of new initiatives:

- Construction and seal of Browns Road, Hopetoun into Browns Gypsum Pit (\$396,000)
- Seal of two sections of R Learmonth Road, Minyip (\$131,250)
- New footpaths (\$99,430)
- Upgrade at Warracknabeal Leisure Complex
- Hopetoun Swimming Pool change rooms redevelopment (\$150,000)
- Introduction of the new "We Can 2" Youth program

The total Capital Works program will be \$5.14 million, of which \$75,000 relates to projects carried over from the 2008/09 year. Of the \$5.14 million in capital funding required, \$3.33 million will come from Council operations, \$1.58 million from external grants and asset sales, and the balance of \$232,000 from cash and investments.

Highlights of the Capital Works program include:

- Roads (\$3.41 million) – Including reconstructions, roads to recovery projects, resheeting, and footpaths
- Buildings (\$676,000) – Including swimming pool, and recreation reserves upgrades
- Plant and equipment (\$975,000) – Including information technology, and scheduled replacement of Council's fleet.

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

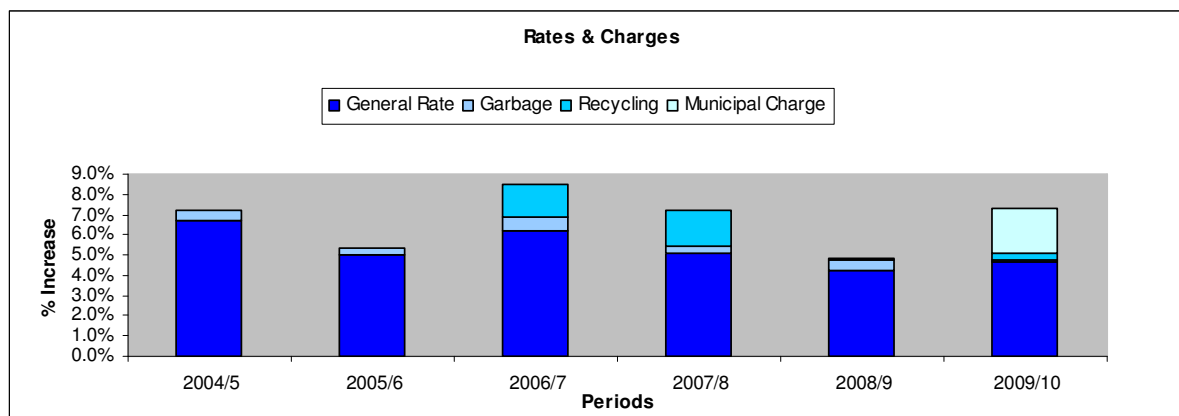
Residents and other interested members of the community are welcome to view and make comments and submissions on the budget.

Cr Helen Ballentine
Mayor

Chief Executive Officer's Summary

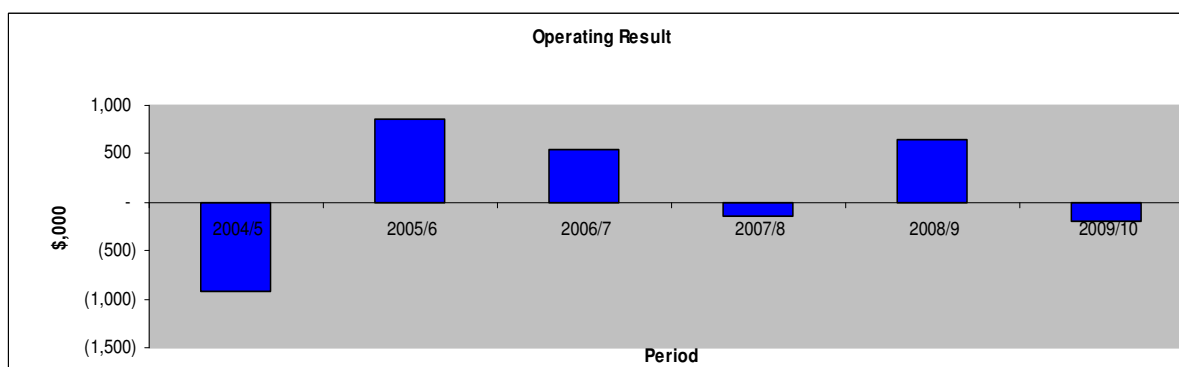
Council has prepared a Budget for the 2009/10 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, service levels, cash and investments, capital works, financial position, financial sustainability and key strategic activities of the Council.

1. Rates



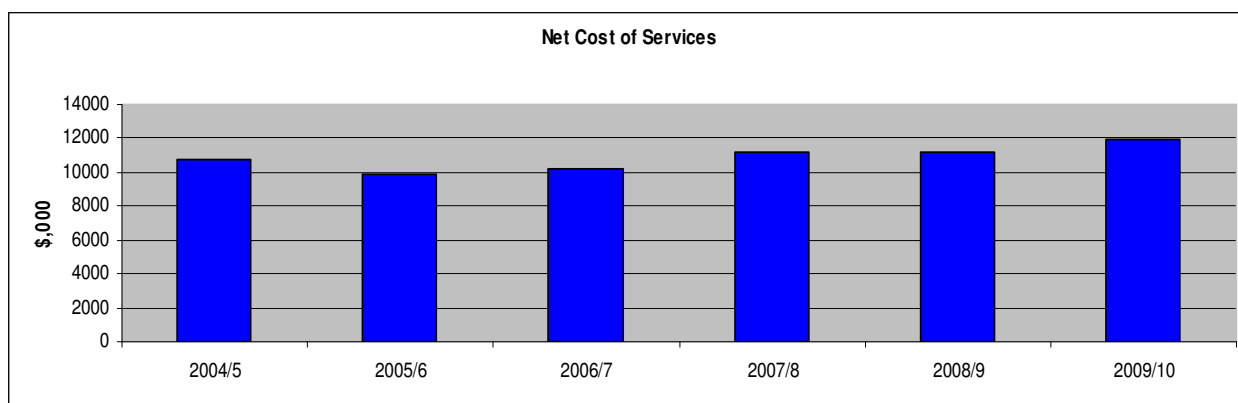
It is proposed that general rates increase by 5% for the 2009/10 year, raising total rates of \$6.82 million, including supplementary rates. The extra \$325,000 raised by the rate increase will go toward maintaining service levels and meeting the cost of a number of external influences affecting the operating budget. The extra rates will also go toward capital works to address the asset renewal needs of the Council. This rate increase is in line with Council's rating strategy. (The rate increase for the 2008/09 year was 5%).

2. Operating result



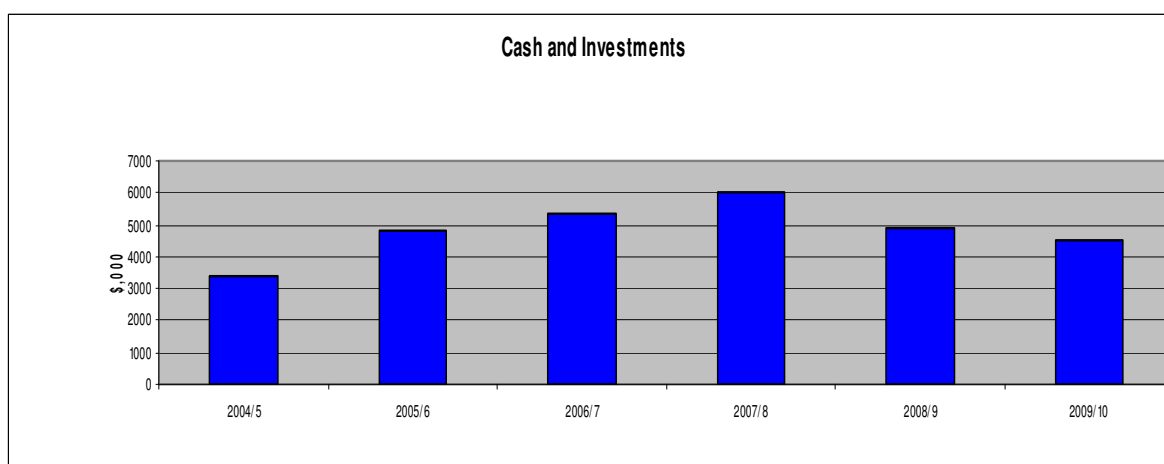
The expected operating result for the 2009/10 year is a deficit of \$204,000, following a projected \$650,000 surplus in 2008/09. The operating surplus in 2008/09 is mainly due to unexpended grants, in particular the federal funded Community Infrastructure grant of \$444,000. The underlying result, which excludes items such as capital grants and contributions is a deficit of \$1.08 million, which is a decrease of \$99,000 over 2008/09.

3. Services



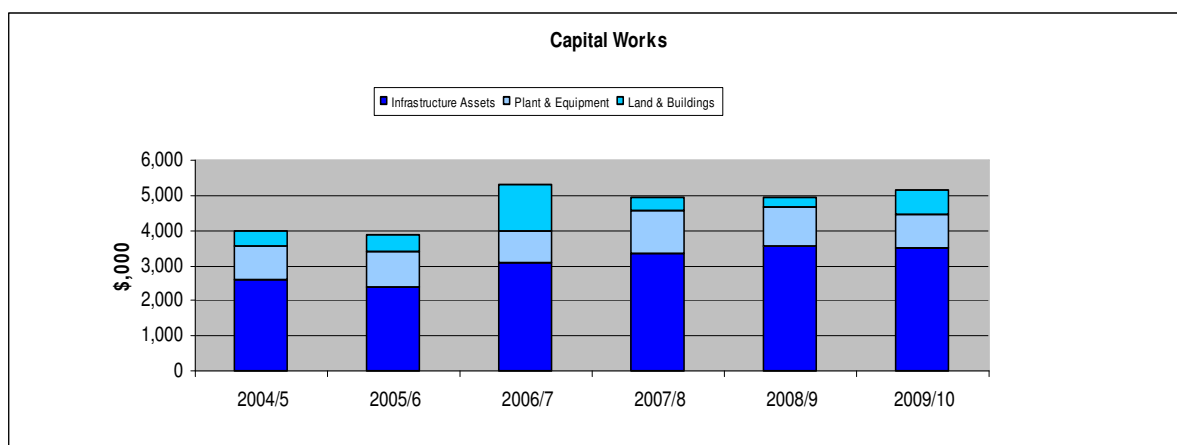
The net cost of services delivered to the community for the 2009/10 year is expected to be \$11.98 million which is an increase of \$835,000 over 2008/09. A key influencing factor in the development of the 2009/10 budget has been the recently released results of the community satisfaction survey conducted 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 2009/10 year, service levels have been maintained and a number of new activities and initiatives proposed. (The forecast net cost for the 2008/09 year is \$11.15 million).

4. Cash and investments



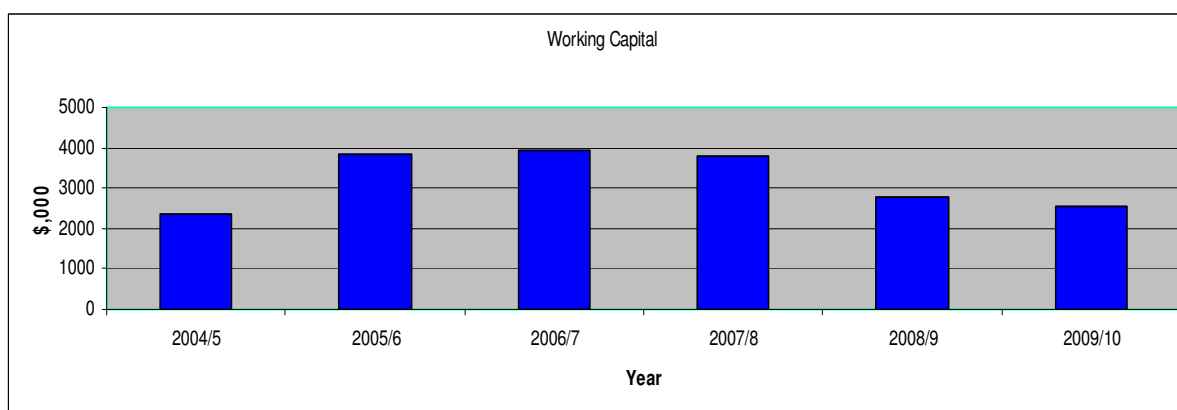
Cash and investments are expected to decrease by \$347,000 during the year, to \$4.53 million as at 30 June 2010. This is due mainly to the carried forward expenditure relating to State and Federal grants received during the 2008/09 period. The reduction in cash and investments is in line with Council's strategic resource plan. (Cash and investments are forecast to be \$4.88 million as at 30 June 2009).

5. Capital works



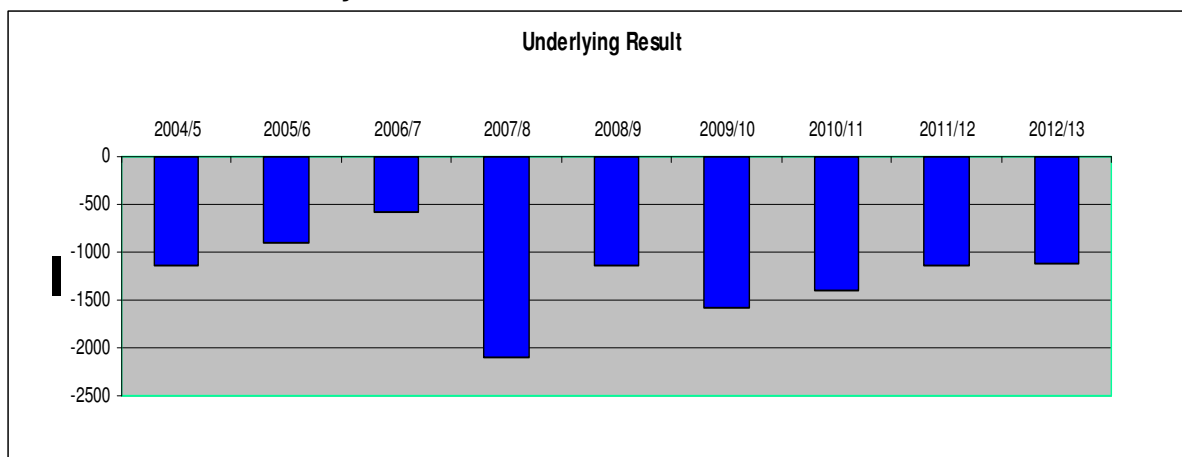
The capital works program for the 2009/10 year is expected to be \$5.14 million of which \$75,000 relates to projects which will be carried forward from the 2008/09 year. The carried forward component is fully funded from the 2008/09 budget. Of the \$5.14 million of capital funding required, \$3.33 million will come from Council operations, \$1.57 million from external grants and contributions and the balance (including the carried forward component) of \$232,000 from cash, investments and working capital. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program includes a number of major projects including the continuation of the Wimmera Mallee Pipeline, Hopetoun Swimming Pool, construction and sealing of Browns Road, Hopetoun and R. Learmonth Road, Minyip (Capital works is forecast to be \$4.95 million for the 2008/09 year).

6. Financial position



The financial position is expected to improve with net assets (net worth) to increase by \$596,000 to \$110.59 million although net current assets (working capital) will reduce by \$223,000 to \$2.53million as at 30 June 2010. This is mainly due to the use of cash reserves to fund the capital works program. (Total equity is forecast to be \$110.00 million as at 30 June 2009).

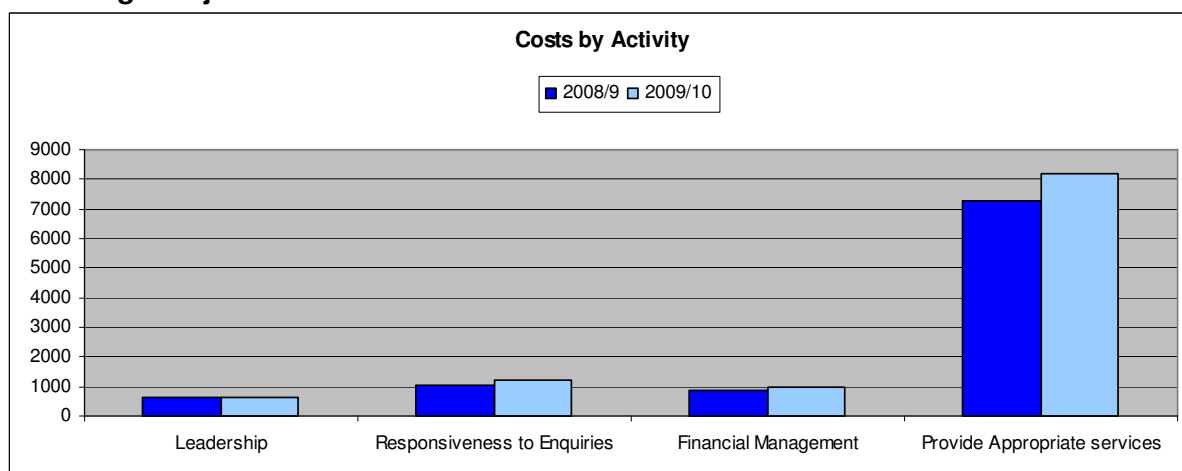
7. Financial sustainability



A Strategic Resource Plan for the years 2009/10 to 2012/13 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The necessity to again limit the rate rise in 2009/10 to 5% due to the ongoing drought has deferred the future decreases in reliance on capital grants in 2009/10.

While the Plan projects that Council's operating result will almost reach break-even by the 2012/13 year, the underlying result is a decreasing deficit over the four year period. This difference is due to substantial capital revenue being received during this period to fund a number of major capital works projects.

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. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2009/10 year.

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 operating and capital components of the annual budget during February and March. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during April. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in June for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

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:

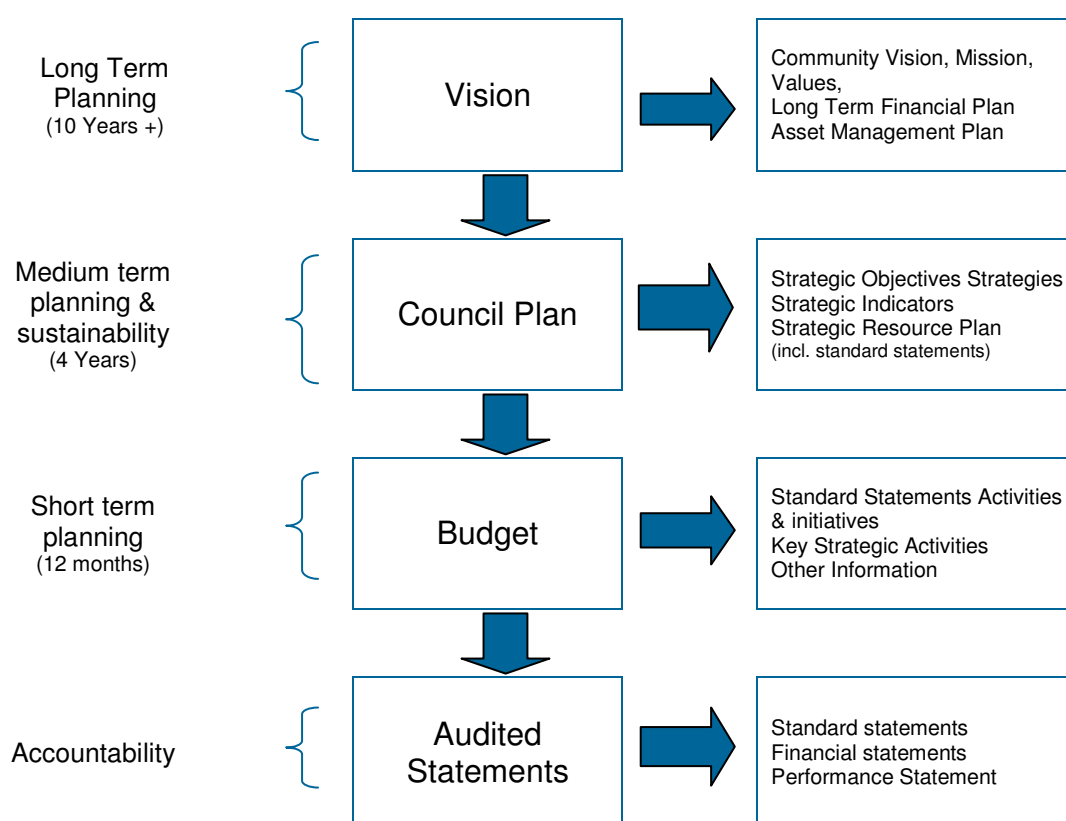
Budget process	Timing
1. Officers prepare operating and capital budgets	Feb/Mar
2. Council considers draft budgets at informal briefings	April
3. Proposed budget submitted to Council for approval	June
4. Public notice advising intention to adopt budget	June
5. Budget available for public inspection and comment	June
6. Submissions period closes (28 days)	July
7. Submissions considered by Council/Committee	July
8. Budget and submissions presented to Council for adoption	August
9. 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), 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 community, Yarriambiack Shire Council will provide viable and sustainable services through strong and proactive leadership.



Our mission

Yarriambiack Shire Council will combine strategic planning and prudent management to ensure a positive and sustainable future.

Our values

CUSTOMER SERVICE

We

- Treat all our customers with courtesy and respect;
- Lead and develop leadership within our community;
- 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.
- Treat people fairly and equitably, with respect and have proper regard for their rights;
- 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,
- Use public resources economically and efficiently, and
- Actively pursue positive outcomes for the community.

CONTINUOUS IMPROVEMENT

- We strive to provide 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 2009-13.

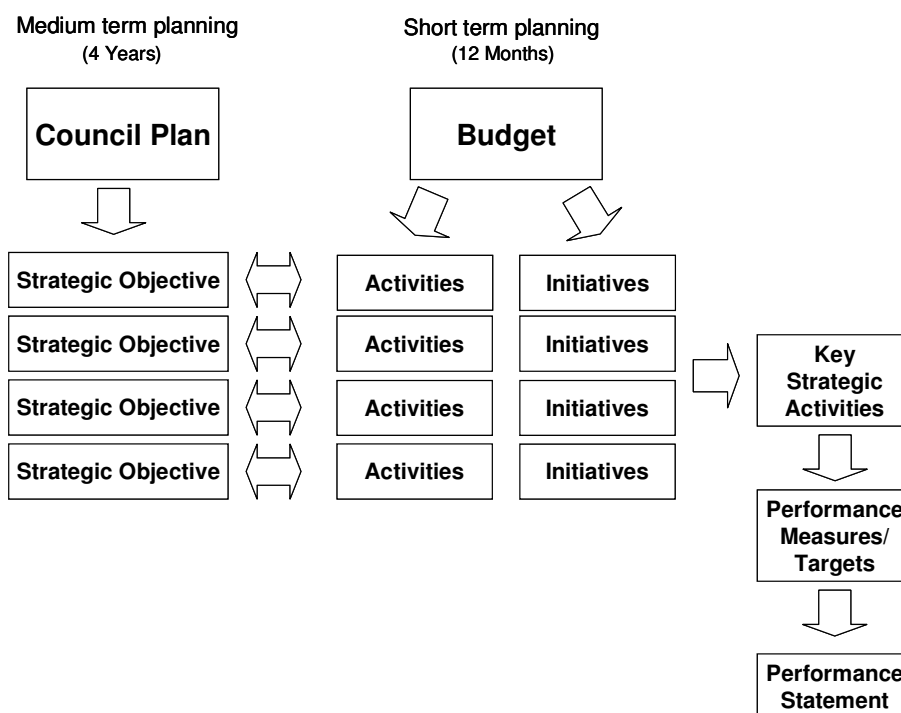
The following table lists the six Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Overall Performance	Work to improve the quality of life for our residents. Work to ensure that social and cultural services are tailored to meet specific local needs and strive to stimulate the municipalities' economic viability.
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. Encourage residents and other stakeholders to participate in Council decision making.
4. Responsiveness to enquiries and requests	To provide a positive and responsive attitude to the community in relation to enquiries and to be accountable for following up requests.
5. Financial management	Take seriously our responsibility as the custodian of community resources. Commit to achieving the 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 involves the community in determining and evaluating the performance in 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 2009/10 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. The relationship between these components of the Budget and the Council Plan is shown below.



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

- 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
To promote awareness of Council activities and services	Community satisfaction rating for overall performance generally of the Council		
	Direct and indirect feedback from community engagement plan	Local Government Victoria Annual Community Satisfaction Survey	≥ 65 %
	Annual survey of Progress Associations and Consultative Committees		

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.	531
Councillor Expenses	The costs collected for this service relate to the direct costs of maintaining Councillors corporate responsibilities for Council. This includes the costs associated with meetings, consultants, legal, elections and internal audit activities of Council.	32
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 other professional bodies.	79

Initiatives

- Advocate to State Government for transportation of mineral sands via rail.
- 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 increased funding for rural kindergartens, library services and meals on wheels.
- Advocate for state and federal sources of income to fund Councils' renewal gap.
- Promote against cost and responsibility shifting to Local Government.



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 %
	Direct and indirect feedback from community engagement plan		
	Annual survey of Progress Associations and Consultative Committees		

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 progress associations and consultative committees and individuals to review and comment on Council issues.
- Undertake analysis of annual Customer Satisfaction Survey and undertake actions as required.

Key strategic activities

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
To engage appropriate interest groups and individuals on specific issues	Community satisfaction rating Council's engagement in decision making on key local issues.	Local Government Victoria Annual Community Satisfaction Survey	≥ 63
	Direct and indirect feedback from community engagement plan		
	Annual survey of Progress Associations and Consultative Committees		



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	320
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.	875

Initiatives

- Provide an appropriate customer service system.
- Advocate for improved health services for the Shire.

Key strategic activities

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
To be responsive and accountable to the local community	Community satisfaction rating for Council's interaction and responsiveness in dealing with the public.	Local Government Victorian Annual Community Satisfaction Survey	≥ 73
	Direct and indirect feedback from community engagement plan		
	Annual survey of Progress Associations and Consultative Committees		

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.	698
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.	531
Financing Costs	This service includes payment to external audit, interest received or paid on investments and loans.	(243)

Initiatives

- Continue bi-monthly meetings of Asset Management Working Group to facilitate completion of STEP program.
- Consider the financial effects of Council decisions on future generations.

Key strategic activities

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
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 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.	64



Service Category	Description	Net Cost (Revenue) \$'000
Health Education & Housing	This service provides family oriented support services including kindergartens, maternal & child health, counselling & support, immunization, holiday programs and health & safety.	347
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.	254
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.	582
Tourism & Area Promotion	This service provides a range of services that facilitates the tourist industry, and the cleaning and maintenance of tourist centre, caravan parks and public toilets.	178
Public Halls	This service provides for the contributions and insurance for public halls.	27
Library Services	This service provides the contribution to a regional library corporation for the provision of mobile and static services throughout the Shire.	173
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.	81
Passive Recreation	This service provides for the maintenance of public parks and gardens.	134
Active Recreation	This service provides for the contributions and maintenance of indoor and outdoor sporting complexes, clubs, amenities and recreation officer.	349
Swimming Areas & Beaches	This service provides for the contributions and maintenance of swimming pools as well as the contributions to the weir pools	160
Saleyard	This service is responsible for the management and maintenance of the Warracknabeal Municipal Saleyard.	33
Roads, Streets & Footpaths	This service provides ongoing construction and maintenance for Vicroads as well as the maintenance of the Council's roads, drains and footpaths.	4,355
Street Cleaning, Lighting & Beautification	This service provides for the cleaning, lighting and beautification of Council's streets.	579
Other Transport Services	This service provides for the works crew administration and plant operations as well as any private works.	180

Service Category	Description	Net Cost (Revenue) \$'000
Waste Management and Environment Services	This service is responsible for garbage, transfer stations, septic tank, kerbside recycling and landcare operations of Council	690

Initiatives

- Review and renewal of municipal Early Years Plan following early years review.
- Implementation of "We Can 2" project to connect youth within their communities.
- Plan to upgrade amenities blocks at Hopetoun and Murtoa swimming pools.
- Support redevelopment of Warracknabeal Town Hall.
- Classification of reseal preparation works as a capital expenditure item.
- Provision of rural kerbside recycling.

Key strategic activities

Strategic Activity	Performance Measure	How Data is Reported	Performance Target
Providing appropriate services to meet community needs in an effective manner	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. Direct and indirect feedback from community engagement plan	Council Client Surveys	
	Annual survey of Progress Associations and Consultative Committees		
	Timely completion of annual capital works program	Council Report	
	Work towards sustainable long term financial viability	Council Plan	
	Review of roads and footpath hierarchy	Council Report	
	Implement and review asset management plans.	Council Report	
	Client survey for education, care and health services.	Council Client Survey	
	Development of Environmental / Sustainability Policy	Council Report	
	Implementation of action plans and periodic review of Environmental / Sustainability Policy	Council Report	



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 2009/10 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	642	642	0
3 Community Engagement	0	0	0
4 Responsiveness to Enquiries	1,195	1,224	29
5 Financial Management	986	1,392	406
6 Provide Appropriate Services			
Community Services	765	2,624	1,859
Future Development	760	1,086	326
Community Facilities	1,138	1,529	391
Transport	6,077	7,983	1,906
Waste Management	690	1,424	734
Total activities and initiatives	12,253	17,904	5,651
Other non-attributable	0		
Deficit before funding sources	12,253		
General Rates	6,789		
Grants Commission	4,016		
Capital grants	1,244		
Total funding sources	12,049		
Net surplus (deficit)	(204)		

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 the north-west of Victoria. The shire covers an area of 7,158 square kilometres and is comprised of the former Shires of Karkarook, Warracknabeal, Dunmunkle and part of the Wimmera Shire. At the time of amalgamation in 1995, the newly formed Shire adopted the official name of Yarriambiack Shire Council.

Population

In August 2006, the resident population of the Shire was 7,520 people. In the 10 years from 1996 to 2006, the population dropped by about 1,400, with the population still in decline. (Source: Australian Bureau of Statistics, Place of Usual Residence).

Ageing population

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

Births

Despite an ageing population, approximately 75 babies have been born each year since 1996. In the 2008/09 financial year 75 babies were born in the municipality (2007/08 – 80, 2006/07 – 75, 2005/06 – 90). (Source: Maternal and Child Health database).

Agriculture

The Yarriambiack Shire is the centre of grain production and handling for the Wimmera Mallee region and produces approximately 25% of Victoria's wheat and barley. Legumes, oilseed crops, lambs and wool are also significant products and agriculture as a whole provides the area with a major source of income and employment. As a result of not only severe and extremely dry conditions over the past decade, but also three drought years out of the last five being experienced, the economic health of the region has been severely impacted.

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 Yarriambiack Shire encompasses a large area and this greatly increases transport costs when compared to those of city Councils. Services cannot be centralized as most residents are unable to reach Council facilities without extensive travel.
- Over 15% of ratepayers are entitled to the pensioner rebate. As pensioners can often be 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 64% of capital works relate to road infrastructure and over 41% of the Shires net activities cost.
- A large majority of our rates payments are derived from the farming community. With the ongoing drought being experienced within our Shire, over 30% of ratepayers are entitled to the "exceptional circumstances" rebate. As with many farming communities, farmers are asset rich but income poor and the adoption of significant rate increases would have a significant impact on the disposable income of a significant proportion of our community.

3.2 External influences

In preparing the 2009/10 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 2009). State-wide CPI is projected to be 2.5% for the 2009/10 year (Victorian Budget Papers 2009/10)
- Australian Average Weekly Earnings (AWE) growth in the 12 months to August 2008 was 4.5% (ABS release 15 November 2008). Wages growth in Victoria is projected to be 3.5% per annum over the next four years (Victorian Budget Papers 2009/10).
- 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 2008)
- Reduction of Victorian Grants Commission funding due to economic downturn.
- 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.

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 2009/10 Budget. These matters have arisen from events occurring in the 2008/09 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2009/10 year. These matters and their financial impact are set out below:

- One off Federal funding grant received in 2008/09 for community infrastructure projects with most projects held over until the 2009/10 year

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 2008/09 levels with the aim to use less resources with an emphasis on innovation and efficiency
- Salaries and wages to be increased in line with Average Weekly Earnings
- Contract labour to be minimized
- Construction and material costs to increase in line with the Road Maintenance and Construction Index
- 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 2008/09 to be preserved
- Operating revenues and expenses arising from completed 2008/09 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 2009/10 budget, which is included in this report, is for the year 1 July 2009 to 30 June 2010 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 2010 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.

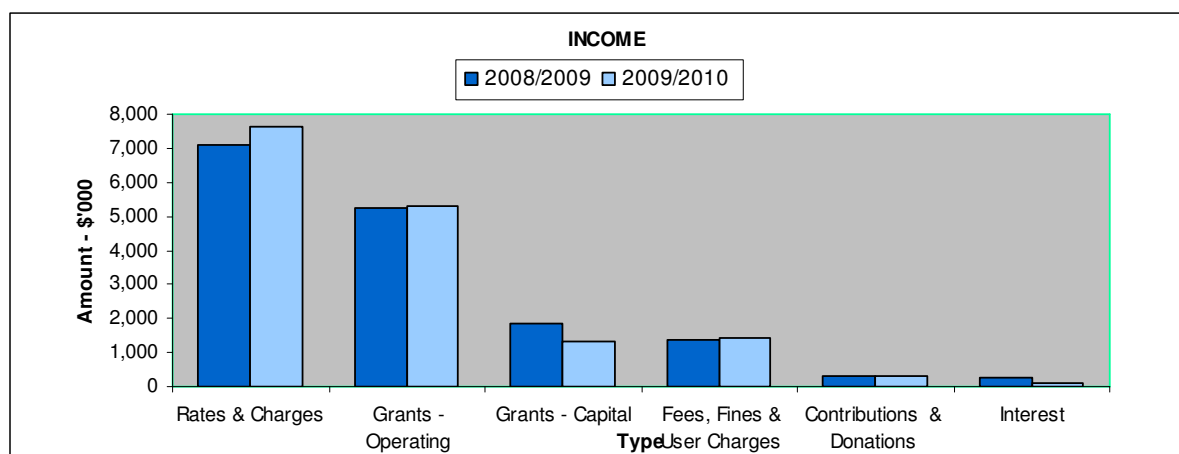
The budget includes consideration of a number of long term strategies to assist Council in considering the Budget in a proper financial management context. These include a Strategic Resource Plan for the years 2010 to 2013 (section 8.), Rating Strategy (section 9.) and Other Long Term Strategies (section 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 2009/10 year.

4.1 Operating revenue

Revenue Types	Ref	Forecast	Budget	Variance
		Actual 2008/09 \$'000	2009/10 \$'000	\$'000
Rates and Charges	4.1.1	7,100	7,615	515
Grants - Operating	4.1.2	5,267	5,322	55
Grants - Capital	4.1.3	1,830	1,329	(501)
User Charges, Fees and Fines	4.1.4	1,380	1,417	37
Contributions & Donations	4.1.5	343	319	(24)
Interest	4.1.6	244	123	(121)
Total operating revenue		16,164	16,125	(39)



Source: Appendix A

4.1.1 Rates and charges (\$515,000 increase)

It is proposed that general rate and the garbage charge increase by 5%. The kerbside recycling charge will increase by 8.84% and a municipal charge of \$30 per assessment has been introduced. The total rates and charges will be \$7,615 million in 2009/10. Section 9 "Rating Strategy" includes a more detailed analysis of the rates and charges to be levied for 2009/10.

4.1.2 Grants – Operating (\$55,000 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 1.0% or \$55,000 compared to 2008/09. Significant movements in grant funding are summarized below:

Grant Funding Types	Forecast Actual 2008/09 \$'000	Budget 2009/10 \$'000	Variance \$'000
Victorian Grants Commission	3,969	4,015	46
Kindergartens	183	306	123
Drought Relief	75	0	(75)
Environmental Strategies	7	23	16
Council Property Valuations	69	0	(69)



4.1.3 Grants – Capital (\$501,000 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 27.4% or \$501,000 compared to 2008/09. Section 6. “Analysis of Capital Budget” includes a more detailed analysis of the capital grants and contributions expected to be received during the 2009/10 year.

4.1.4 User Charges, Fees and Fines (\$37,000 increase)

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 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 do not exceed CPI increases and are in line with market levels.

User charges are projected to increase by 2.6% or \$37,000 in 2009/10. The main area contributing to the increase is community services. Council plans to increase the charges for meals on wheels due to the increasing costs of providing the meal. Home and Community Care fees have also been reviewed with slight increases of client fees and brokerage fees.

4.1.5 Contributions and Donations (\$24,000 decrease)

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

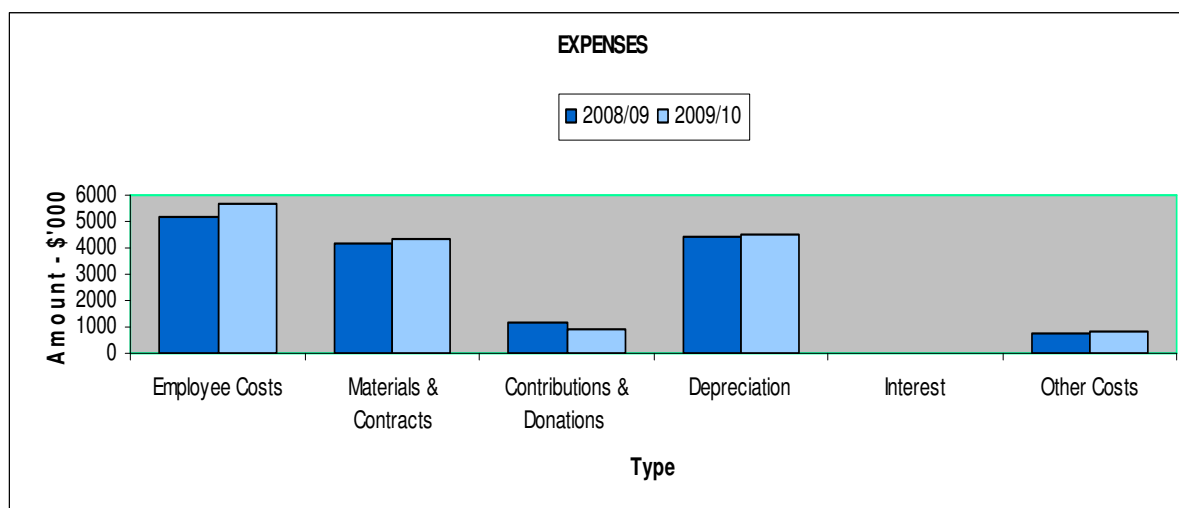
Contributions and donations are projected to decrease by \$24,000 or 7.1% in 2009/10 due mainly to the completion of a number of major capital works projects initiated by State and Federal Grants.

4.1.6 Interest (\$121,000 decrease)

Includes interest revenue on investments and rate arrears. Interest on unpaid rates is forecast to remain static while the reducing working capital combined with the economic downturn and therefore lower interest rates will result in less interest earned on investments.

4.2 Operating expenditure

Expenditure Types	Ref	Forecast Actual 2008/09 \$'000	Budget 2009/10 \$'000	Variance \$'000
Employee costs	4.2.1	5,391	5,682	291
Materials and services	4.2.2	4,176	4,647	471
Contributions and donations	4.2.3	654	622	(32)
Depreciation and amortisation	4.2.4	4,634	4,606	(28)
Finance costs	4.2.5	22	34	12
Other expenses	4.2.6	638	783	145
Total operating expenditure		15,515	16,374	859



Source: Appendix A

4.2.1 Employee Costs (\$291,000 increase)

Employee costs include all 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 5.4% or \$291,000 compared to the 2008/09 year end forecast. This increase relates to the following key factors:

- Employment of staff who are externally funded or have currently been contracted
- Low staff numbers at the end of 2008/09 year which lowers the year end forecast
- Council's Enterprise Bargaining Agreement (EBA) annual increase.

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

Type of employment	Forecast Actual 2008/09 EFT's	Budget 2009/10 EFT's
Permanent	73	75
Casual	22	22
Total	95	97

4.2.2 Materials and services (\$471,000 increase)

Materials and services include the purchase of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase by 11.3% or \$471,000 compared to 2008/09.

Consultants are forecast to increase by \$178,000 compared to 2008/09 and this relates mainly to an increase in consultants in the Preschool and Building departments due to funding received and departmental requirements.

Utility costs relate to communications, including usage of telephones and other utilities such as water, gas and electricity. Utility costs are forecast to increase by \$55,000 compared to 2008/09.

4.2.3 Contributions and Donations (\$32,000 decrease)

Contributions and donations are projected to decrease by 4.8% or \$32,000 compared to 2008/09 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 (\$28,000 decrease)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The decrease of \$28,000 for 2009/10 is due mainly to the completion of the 2008/09 capital works program and the full year effect of depreciation on the 2008/09 capital works program. Refer to section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2009/10 year.

4.2.5 Finance costs (\$12,000 increase)

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 (\$145,000 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 22.7% for the 2009/10 budget

4.3 Underlying result

	Forecast Actual 2008/09 \$'000	Budget 2009/10 \$'000	Variance \$'000
Surplus (deficit) for the year	650	(204)	(854)
Granted assets	519	439	(80)
	1,169	235	(934)
Less			
Net gain on disposal of property, infrastructure, plant and equipment	0	45	45
Grants – Capital	1,878	1,369	(509)
Underlying surplus (deficit)	(709)	(1,179)	(470)

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 2009/10 year is a deficit of \$1.18 million which is an increase of \$470,000 over the 2008/09 year.

5. Analysis of Budgeted Cash Position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2009/10 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

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

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

5.1 Budgeted cash flow statement

	Ref	Forecast Actual 2008/09 \$'000	Budget 2009/10 \$'000	Variance \$'000
Cash flows from operating activities	5.1.1			
Receipts from Ratepayers		7,086	7,649	563
Receipts from Clients & Customers		1,772	1,776	4
Payments for Employee Costs		(5,327)	(5,577)	(250)
Payments for Suppliers		(7,694)	(6,475)	1,219
Sub Total		(4,163)	(2,627)	1,536
Government Grants & Contributions		7,284	6,827	(457)
Interest Received		276	124	(152)
Interest		54	34	(20)
Sub Total		7,614	6,985	(629)
Net cash provided by operating activities		3,451	4,358	907
Cash flows from investing activities	5.1.2			
Proceeds from sales of property, plant and equipment		241	331	90
Repayment of loans and advances		120	70	(50)
Payments for property, plant and equipment		(4,753)	(4,966)	(213)
Net cash used in investing activities		(4,392)	(4,565)	(173)
Cash flows from financing activities	5.1.3			
Proceeds from borrowings		0	0	0
Repayment of borrowings		(223)	(141)	82
Net cash used in financing activities		(223)	(141)	82
Net decrease in cash and cash equivalents		(1,164)	(348)	816
Cash and cash equivalents at the beginning of the period		6,045	4,881	(1,164)
Cash and cash equivalents at end of the year	5.1.4	4,881	4,533	(348)
Represented by:-				
Restricted cash and investments				
- Discretionary reserves	5.2.1	15	15	0
- Long Service Leave	5.2.2	777	869	92
- Unrestricted cash and investments		4,089	3,649	(440)
Total cash and investments		4,881	4,533	(348)

Source: Appendix A



5.1.1 Operating activities (\$907,000 increase)

The increase in cash inflows from operating activities is due mainly to the increase in rates and charges. Cash outflows to suppliers is expected to increase due to the carry over of expenditure for the Federal Community Infrastructure program.

The net cash flows from operating activities does not equal the operating result for the year as the expected revenues and expenses of the Council include non-cash items which have been excluded from the Cash Flow Statement.

5.1.2 Investing activities (\$173,000 decrease)

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

5.1.3 Financing activities (\$82,000 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 2009/10 the total of principal repayments is \$141,000.

5.1.4 Cash and cash equivalents at end of the year (\$348,000 decrease)

Overall, total cash and investments is forecast to decrease by \$348,000 to \$4.533 million as at 30 June 2010, 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 2009/10 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, 2010 it will have cash and investments of \$4.533 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 the \$15,000 has been put aside for use on the aerodromes. 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.

5.2.2 Long service leave (\$869,000)

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.

5.2.3 Unrestricted cash and investments (\$3.65 million)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year, such as grants, contributions or carried forward capital works. Council regards these funds as the minimum necessary to ensure it can meet its commitments as and when they fall due without borrowing further funds. A high level of unrestricted cash and investments is required as 70% 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 2009/10 year and the sources of funding for the capital budget.

6.1 Capital works

Capital Works Areas	Ref	Forecast Actual 2008/09 \$'000	Budget 2009/10 \$'000	Variance \$'000
Works carried forward from 2008/09	6.1.1	0	75	75
New works for 2009/10				
Land & Buildings	6.1.2	259	696	437
Plant & Equipment	6.1.3	1,138	975	(163)
Roads & Streets	6.1.3	3,363	3,201	(162)
Drainage	6.1.5	10	10	0
Other infrastructure	6.1.6	180	180	0
Total capital works		4,950	5,137	187
New works represented by:				
Asset renewal	6.1.7	4,626	4,813	187
New assets	6.1.7	324	324	0
Total capital works		4,950	5,137	187

6.1.1 Carried forward works (\$75,000)

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 2008/09 year it is forecast that \$75,000 of capital works will be incomplete and be carried forward into the 2009/10 year. The two projects are the Warracknabeal industrial estate (\$45,000) and kerb and channel works in Breen Street Murtoa (\$30,000).

6.1.2 Land & Buildings (\$696,000)

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

For the 2009/10 year, \$415,000 will be expended on building projects. The more significant projects include the Hopetoun Swimming Pool Change rooms, Warracknabeal Leisure Complex and Hopetoun and Rupanyup Recreation Reserves upgrades.

6.1.3 Plant & Equipment (\$975,000)

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

For the 2009/10 year, \$975,000 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 (\$3.20 million)

Roads includes local roads, footpaths and bridges and culverts.

For the 2009/10 year, \$3.20 million will be expended on road projects. The more significant projects include local road reconstructions (\$954,000), road resheeting (\$850,000), shoulder resheeting (\$245,000), road resealing and preparation (\$870,000), footpaths (\$232,000) and kerb and channel replacement (\$71,000).

6.1.5 Drains (\$10,000)

Drains includes drains in road reserves. For the 2009/10 year, \$10,000 will be expended on drainage projects.



6.1.6 Other Infrastructure (\$180,000)

For the 2009/10 year, \$180,000 will be expended on a range of other infrastructure. The major project included is for further fire water tanks included in the Wimmera Mallee Pipeline project.

6.1.7 Asset Renewal (\$4.81 million) and new assets (\$324,000)

A distinction is made between expenditure on new assets and 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 renewal assets, include construction and sealing of 2.40km of Browns Road (\$396,000) and sealing of two section currently not sealed on R Learmonth Road, Minyip (\$131,250). The remaining capital expenditure represents renewals and expansion or upgrades of existing assets.

6.2 Funding sources

Sources of Funding	Ref	Forecast Actual 2008/09 \$'000	Budget 2009/10 \$'000	Variance \$'000
External				
Grants - Capital	6.2.1	1,327	1,244	(83)
Proceeds on sale of assets	6.2.2	241	331	90
		1,568	1,575	7
Internal				
Working capital	6.2.3	1,036	232	(804)
Operations	6.2.4	2,346	3,330	984
		3,382	3,562	180
Total funding sources		4,950	5,137	187

6.2.1 Grants – Capital (\$1.24 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 (\$963,000), and Wimmera Mallee Pipeline project (\$100,000).

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 \$241,000 and industrial estate sales of \$90,000.

6.2.3 Working Capital (\$232,000)

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 \$232,000 will be available from the 2008/09 year to fund the 2009/10 capital works program including money received from the Federal Government in March 2009 as part of the Community Infrastructure Program.

6.2.4 Operations (\$3.33 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$3.33 million will be generated from operations to fund the 2009/10 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 2008/09 and 2009/10. It also considers a number of key performance indicators.

7.1 Budgeted balance sheet

	Ref	Forecast Actual 2009 \$'000	Budget 2010 \$'000	Variance \$'000
Current assets	7.1.1			
Cash and cash equivalents		4,881	4,534	(347)
Trade and other receivables		734	765	31
Financial assets		270	378	108
Other assets		228	242	14
Total current assets		6,113	5,919	(194)
Non-current assets	7.1.1			
Trade and other receivables		301	228	(73)
Investment – Library		249	249	0
Property, infrastructure, plant and equipment		107,126	107,969	843
Total non-current assets		107,676	108,446	770
Total assets		113,789	114,365	576
Current liabilities	7.1.2			
Trade and other payables		1,491	1,535	44
Interest-bearing loans and borrowings		223	141	(82)
Provisions		1,635	1,711	76
Total current liabilities		3,349	3,387	38
Non-current liabilities	7.1.2			
Interest-bearing loans and borrowings		183	124	(59)
Provisions		260	261	1
Total non-current liabilities		443	385	(58)
Total liabilities		3,792	3,772	(20)
Net assets	7.1.3	109,997	110,594	596
Equity	7.1.4			
Accumulated surplus		64,118	63,914	(204)
Reserves		45,879	46,679	800
Total equity		109,997	110,593	596

Source: Appendix A

7.1.1 Current Assets (\$194,000 decrease) and Non-Current Assets (\$770,000 increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$347,000 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. Long term debtors (non current) relating to loans to community organisations will reduce by \$73,000 in accordance with agreed repayment terms.



Other assets includes items such as prepayments for expenses that Council has paid in advance for 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. Accrued income is expected to increase by \$122,000

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 (\$5.13 million of new assets), depreciation of assets (\$4.61 million) and through the sale of property, plant and equipment (\$316,000).

7.1.2 Current Liabilities (\$38,000 increase) and Non Current Liabilities (\$20,000 decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2008/09 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 due to more active management of entitlements.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$141,000 over the year.

7.1.3 Net Assets (\$596,000 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.

The increase in net assets of \$596,000 results directly from the operating surplus.

7.1.4 Equity (\$596,000 increase)

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

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

7.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ending 30 June 2010 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 2009/10 year (2008/09: 92% 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 2008/09 levels
- Employee entitlements to be increased by the Enterprise Bargaining Agreement outcome. offset by the impact of more active management of leave entitlements of staff
- Repayment of loan principal to be \$141,000
- Total capital expenditure to be \$5.13 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 2009 – 2013 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 within five to six years
- Maintain a capital expenditure program of at least \$4.8 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 summarises the key financial results for the next four years as set out in the SRP for years 2009 – 2013. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

	Forecast		Strategic Resource Plan			
Indicator	Actual	Budget	Projections			Trend
	2008/09	2009/10	2010/11	2011/12	2012/13	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating result	650	(204)	9	(72)	179	+
Underlying operating result	(709)	(1,179)	(1,080)	(802)	(773)	+
Cash and investments	4,881	4,534	4,042	3,534	4,134	-
Cash flow from operations	3,451	4,359	4,149	4,018	5,057	+
Capital works	4,950	5,137	4,972	4,881	4,843	-

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 increase marginally over the four year period from \$4.53 million to \$4.13 million, which indicates a balanced budget on a cash basis in each year
- **Rating strategy (section 9)** – Modest rate increases are forecast over the four years at an average of 5%, which is comparable with other councils
- **Service delivery strategy (section 10)** – Service levels have been maintained throughout the four year period. Despite this, operating surpluses are forecast in years 2010/11 and 2012/13 as a result of significant capital grant revenue being received to fund the annual capital works program. Years 2009/10 to 2011/12 forecast reducing operating deficits with a view to breaking even. 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 \$265,000 to \$0 over the four year period. There are no new borrowings during the period unless external funding is obtained for infrastructure upgrade.
- **Infrastructure strategy (section 10)** - Capital expenditure over the four year period will total \$19.83 million at an average of \$4.96 million.

8.3 Key financial indicators

The following table highlights Council's current and projected performance across a range of key financial indicators (KFIs). 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	Budget	Strategic Resource Plan			Trend
		Actual		Projections			
		2008/09	2009/10	2010/11	2011/12	2012/13	+/-
Financial performance							
Underlying result/Underlying rev	1	-5.0%	-8.0%	-7.1%	-5.1%	-4.7%	+
Operating expenses/Assessment		\$2,321	\$2,450	\$2,485	\$2,546	\$2,622	+
Rate revenue/Underlying revenue	2	36.9%	47.2%	48.5%	50.4%	50.8%	-
Rate revenue/Assessment		\$1,062	\$1,139	\$1,196	\$1,255	\$1,317	+
Debt servicing/Total revenue		1.5%	1.1%	1.0%	0.6%	0.4%	+
Grants/Total revenue		43.9%	41.2%	39.9%	38.2%	38.1%	-
Fees and charges/Total revenue		8.5%	8.8%	8.8%	8.8%	8.8%	o
Financial position							
Indebtedness/Rate revenue	3	5.7%	3.5%	1.5%	0.5%	0.0%	+
Underlying result/Total assets		-0.6%	-1.0%	-0.9%	-0.7%	-0.6%	o
Net realisable assets/Assessment		\$17,024	\$17,115	\$17,460	\$17,932	\$18,539	+
Current assets/Current liabilities	4	185.5%	174.7%	141.0%	122.8%	134.5%	-
Total liabilities/Assessment		\$567	\$564	\$629	\$653	\$672	-
Capital expenditure							
Capital works		\$4,950	\$5,137	\$4,972	\$4,881	\$4,843	o
- Asset renewal		\$4,625	\$4,813	\$4,660	\$4,556	\$4,493	-
- New assets		\$325	\$324	\$312	\$325	\$350	o
Cash op act/Net capital outlays	5	78.6%	95.5%	92.3%	90.4%	114.9%	o
Capital works/Rate revenue		69.7%	67.5%	62.2%	58.2%	55.0%	-
Asset renewal/Total depreciation	6	95.7%	100.7%	94.5%	90.2%	86.5%	-

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 in 2009/10 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 Op Act/Net Capital outlays - Except for the 2012/13 year budget 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 summarises the non-financial resources for the next four years.

Indicator	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2008/09	2009/10	2010/11	2011/12	2012/13
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	6,000	6,340	6,445	6,594	6,779
Employee numbers	95	97	96	95	95

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 47% 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 and subsequently rates for some properties in the municipality.

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 \$'000	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 Actual	44.0%	42.8%	6,773	7.2%
2008/09 Estimated Actual	43.9%	43.9%	7,100	4.8%
2009/10 Budget	41.2%	47.2%	7,615	7.3%
Average	44.9%	41.7%	6,526	6.7%

9.2 Current year rate increase

It is predicted that 2009/10 operating position will be significantly impacted by wages growth and reductions in government funding. It will therefore be necessary to achieve future revenue growth while containing costs in order to achieve an almost breakeven operating position by 2012/13 as set out in the Strategic Resource Plan. The \$3.33 million contribution from operations toward capital investment for the 2009/10 year is also much less than the desired level and therefore, 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 will increase by a modest 5% in 2009/10 raising a total rate of \$320,000 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 2009.

	% Income from Grants	% Income from Rates & Charges	Rates & Charges \$'000	Rates & Charges % Increase
2008/09 Estimated Actual	43.9%	43.9%	7,100	4.8%
2009/10 Budget	41.2%	47.2%	7,615	7.3%
2010/11 Forecast	39.9%	48.5%	7,991	4.9%
2011/12 Forecast	39.2%	49.3%	8,387	4.9%
2012/13 Forecast	38.1%	50.4%	8,802	4.9%
Average	40.5%	47.9%		5.4%



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 farms do not generally receive the full service provided by the other categories and therefore should receive 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 provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure.

The existing rating structure comprises two differential rates (general and farm). 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% of the general rate. Council also has a municipal charge, a kerbside collection charge and a recycling charge as allowed under the Act.

The following table summarises the rates to be made for the 2009/10 year. A more detailed analysis of the rates to be raised is contained in Appendix B 'Statutory Disclosures'.

Rate type	How applied	2008/09	2009/10
General rates	Cents in \$ of CIV	0.5932	0.6249
Farm rates	Cents in \$ of CIV	0.5042	0.5312
Municipal charge	\$ per property	\$0	\$30
Kerbside garbage collection charge			
Residential – 80lt GST Free	\$ per property	\$80.85	\$84.49
Residential – 120lt GST Free	\$ per property	\$113.40	\$119.07
Residential – 240lt GST Free	\$ per property	\$242.55	\$254.68
Other – 80lt GST included	\$ per property	\$88.94	\$92.94
Other – 120lt GST included	\$ per property	\$124.74	\$130.98
Other – 240lt GST included	\$ per property	\$242.55	\$254.68
Kerbside Recycling collection charge			
Residential – 240lt GST Free	\$ per property	\$73.50	\$80.00
Other – 80lt GST included	\$ per property	\$80.85	\$88.00

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 such as the Warracknabeal Early Childrens Centre. In 2007/08 Council 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 instalments of \$57,324.

For the 2009/10 year, Council has decided not take out any new borrowings to fund the capital works program and therefore, after making loan and finance lease repayments of \$141,000, will reduce its total borrowings to \$265,000 as at 30 June 2010. However it is likely that in future years, borrowings may be required to fund future infrastructure initiatives. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2009.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2008/09	0	266	22	406
2009/10	0	141	34	265
2010/11	0	146	26	119
2011/12	0	81	20	38
2012/13	0	38	15	0

10.2 Infrastructure

The Council has developed an Infrastructure program based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of the Council for the next 10 years by class of asset, and is a key input to the SRP. It predicts infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. The program has been developed through a rigorous process of consultation and evaluation. The key aspects of the process are as follows:

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

A key objective of the Infrastructure Program 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 updating the Infrastructure Program for the 2009/10 year, the following influences have had a significant impact:

- Reduction in the amount of cash and investment reserves to fund future capital expenditure programs
- Availability of significant Federal funding for upgrade of roads



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

Year	Total Capital Program \$'000	Grants and Contrib's \$'000	Borrowings \$'000	Working Capital \$'000	Council Operations \$'000
2008/09	4,950	1,327	0	(391)	4,014
2009/10	5,137	1,244	0	1,307	2,586
2010/11	4,972	1,063	0	232	3,677
2011/12	4,881	1,062	0	932	2,887
2012/13	4,843	962	0	667	3,214

In addition to using cash generated from its annual operations, and external contributions such as government grants, Council has cash or investment reserves that are also used to fund a variety of capital projects.

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 modest 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.

There are also a number of specific influences which relate directly to service areas or activities. The most significant changes in these areas are summarised below:

Garbage Collection

Waste tipping charges associated with the disposal of garbage are expected to result in an increase per annum excluding CPI.

Kerbside Recycling Collection

Tipping charges associated with the disposal of recyclables are expected to result in an increase per annum due to the cost of contractors removing recyclables from transfer stations.

Valuation Services

The Council is required to revalue all properties within the municipality every two years. The last general revaluation was carried out as at 1 January 2008 effective for the 2008/09 year. An allowance of \$65,000 has been made every two years commencing in 2009/10 to meet the additional cost of resources to complete the revaluation process.

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	40
B	Statutory disclosures	45
C	Capital works program	50
D	Key strategic activities	53

Appendix A

Budgeted Standard Statements

This appendix presents information in regard to the Budgeted Standard Statements. The budget information for the years 2009/10 to 2012/13 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 2013

	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000
Revenues from ordinary activities					
Rates & Charges	7,100	7,615	7,991	8,387	8,802
Government Grants - Operating	5,267	5,322	5,306	5,523	5,598
Government Grants - Capital	1,830	1,329	1,269	1,150	1,052
User Charges	1,380	1,417	1,453	1,501	1,530
Reimbursements, Contributions & Donations	343	319	326	334	343
Interest	244	123	125	126	126
Total revenues	16,164	16,125	16,470	17,021	17,451
Expenses from ordinary activities					
Employee Costs	5,391	5,682	5,779	5,939	6,105
Materials & Services	4,176	4,647	4,638	4,724	4,899
Contributions & Donations	654	622	634	655	676
Depreciation	4,634	4,606	4,740	4,858	4,990
Finance Costs	22	34	26	20	15
Other Costs	638	783	794	816	838
Total expenses	15,515	16,374	16,611	17,012	17,523
Net gain on disposal of property, infrastructure, plant and equipment		45			
Surplus (deficit) for the year	650	(204)	(140)	9	(72)

Budgeted Standard Balance Sheet

For the four years ending 30 June 2013

	Forecast Actual 2009	Budget 2010	Strategic Resource Plan Projections		
	\$'000	\$'000	2011 \$'000	2012 \$'000	2013 \$'000
Current assets					
Cash and cash equivalents	4,881	4,534	4,041	3,535	4,135
Trade and other receivables	734	765	791	817	845
Financial assets	270	378	352	386	390
Other assets	228	242	317	295	314
Total current assets	6,113	5,919	5,501	5,033	5,684
Non-current assets					
Trade and other receivables	301	228	174	170	166
Investment – Library	249	249	249	249	249
Property, infrastructure, plant and equipment	107,126	107,969	110,745	114,371	117,780
Total non-current assets	107,676	108,446	111,168	114,790	118,195
Total assets	113,789	114,365	116,669	119,823	123,879
Current liabilities					
Trade and other payables	1,491	1,535	2,029	2,185	2,261
Interest-bearing loans and borrowings	223	141	81	38	0
Provisions	1,635	1,711	1,791	1,875	1,963
Total current liabilities	3,349	3,387	3,901	4,098	4,224
Non-current liabilities					
Interest-bearing loans and borrowings	183	124	38	0	0
Provisions	260	261	262	263	265
Total non-current liabilities	443	385	300	263	265
Total liabilities	3,792	3,772	4,201	4,361	4,489
Net assets	109,997	110,594	112,468	115,462	119,390
Equity					
Accumulated surplus	64,118	63,914	63,789	63,798	63,726
Reserves	45,879	46,679	48,679	51,664	55,664
Total equity	109,997	110,593	112,468	115,462	119,390

Budgeted Standard Cash Flow Statement

For the four years ending 30 June 2013

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2008/09	2009/10	2010/11	2011/12	2012/13
	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Receipts from Ratepayers	7,086	7,649	8,020	8,416	8,833
Receipts from Clients & Customers	1,772	1,776	1,760	1,877	1,884
Payments for Employee Costs	(5,327)	(5,577)	(5,667)	(5,811)	(5,972)
Payments for Suppliers	(7,694)	(6,475)	(6,878)	(7,459)	(6,638)
Sub Total	(4,163)	(2,627)	(2,765)	(2,977)	(1,893)
Government Grants & Contributions	7,284	6,827	6,764	6,851	6,808
Interest Received	276	124	125	125	126
Interest	54	34	26	20	15
Sub Total	7,614	6,985	6,915	6,996	6,949
Net cash provided by operating activities	3,451	4,358	4,150	4,019	5,056
Cash flows from investing activities					
Proceeds from sales of property, plant and equipment	241	331	241	241	241
Repayment of loans and advances	120	70	50	0	0
Payments for property, plant and equipment	(4,753)	(4,966)	(4,785)	(4,686)	(4,640)
Net cash used in investing activities	(4,392)	(4,565)	(4,494)	(4,445)	(4,399)
Cash flows from financing activities					
Proceeds from borrowings	0	0	0	0	0
Repayment of borrowings	(223)	(141)	(147)	(80)	(57)
Net cash used in financing activities	(223)	(141)	(147)	(80)	(57)
Net decrease in cash and cash equivalents	(1,164)	(348)	(491)	(506)	600
Cash and cash equivalents at the beginning of the period	6,045	4,881	4,533	4,042	3,536
Cash and cash equivalents at end of the year	4,881	4,533	4,042	3,536	4,136

Budgeted Standard Capital Works Statement

For the four years ending 30 June 2013

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2008/09		2010/11	2011/12	2012/13
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital works areas					
Infrastructure Assets	3,543	3,476	3,575	3,647	3,602
Drains	10	10	10	10	10
Land & Buildings	259	676	410	260	266
Plant, equipment and other	1,138	975	977	964	965
Total capital works	4,950	5,137	4,972	4,881	4,843
Represented by:					
Asset renewal	4,626	4,813	4,660	4,556	4,493
New assets	324	324	312	325	350
Total capital works	4,950	5,137	4,972	4,881	4,843

Reconciliation of net movement in property, plant and equipment

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2008/09		2010/11	2011/12	2012/13
	\$'000	\$'000	\$'000	\$'000	\$'000
Total capital works	4,950	5,137	4,972	4,881	4,843
Asset revaluation increment	800	800	3,000	4,000	4,000
Depreciation and amortisation	(4,831)	(4,778)	(4,927)	(5,053)	(5,192)
Written down value of assets sold	(241)	(286)	(241)	(241)	(241)
Land for sale and purchases	0	(30)	(30)	39	0
Net movement in property, plant and equipment	678	843	2,774	3,626	3,410

Budgeted Statement of Investment Reserves

For the four years ending 30 June 2013

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2009		2011	2012	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Discretionary					
Aerodromes	15	15	15	0	0
Total reserves	15	15	15	0	0



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

	2008/09	2009/10
	\$'000s	\$'000s
New borrowings (other than refinancing)	0	0
Debt redemption	223	141

2. Rates and charges

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

Type of Property	2008/09 cents/\$CIV	2009/10 cents/\$CIV
General rate for rateable general properties	0.5932	0.6249
General rate for rateable farm properties	0.5042	0.5312

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

Type of Property	2008/09 \$'000s	2009/10 \$'000s
General Rate	1,723,334	1,771,372
Farm Rate	4,754,052	5,030,558

2.3 The estimated total amount to be raised by rates

	2008/09 \$'000s	2009/10 \$'000s
Total rates to be raised	6,477,386	6,801,930

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	2008/09 Change %	2009/10 Change %
General Rate	5.0	5.3
Farm Rate	5.0	5.4

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

Type of Property	2008/09	2009/10
General Rate	3,757	3,763
Farm Rate	2,927	2,919
Total number of assessments	6,684	6,682

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	2008/09 \$'000s	2009/10 \$'000s
General Rate	290,514,900	283,464,900
Farm Rate	942,890,200	947,017,700
Total	1,233,405,100	1,230,482,600

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 2008/09 \$	Per Rateable Property 2009/10 \$
Municipal Charge	0	30.00
Kerbside collection		
Residential – 80lt bin	80.85	84.49
Residential – 120lt bin	113.40	119.07
Residential – 240lt bin	242.55	254.68
Other – 80lt bin (GST included)	88.95	92.94
Other – 120lt bin (GST included)	124.75	130.98
Other – 240lt bin (GST included)	242.55	254.68
Recycling		
Residential	73.50	80.00
Other (GST included)	80.85	88.00

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

Type of Charge	2008/09 \$'000s	2009/10 \$'000s
Municipal Charge		
Residential	0	98,550
Commercial	0	14,340
Rural	0	43,800
Total Municipal Charge	0	156,690
Kerbside collection		
Residential – 80lt bin	47,539	49,680
Residential – 120lt bin	227,140	238,378
Residential – 240lt bin	17,706	18,336
Other – 80lt bin (GST included)	3,476	3,633
Other – 120lt bin (GST included)	11,906	12,621
Other – 240lt bin (GST included)	109,367	114,605
Total Kerbside collection	417,134	437,253
Recycling		
Residential	196,686	213,920
Commercial (GST included)	11,686	13,040
Rural (GST included)	0	4,000
Total Recycling	208,372	230,960
Total	625,506	824,903

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

	2008/09	2009/10
	\$	\$
Rates and charges	7,102,892	7,626,890
Supplementary rates	(5,000)	(13,000)
Total	7,097,892	7,613,890

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 residential land becomes business land and vice versa.

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 general rate of 0.6249% (0.006249 cents in the dollar of CIV) for all rateable residential and commercial properties
- A farm rate of 0.5312% (0.005312 cents in the dollar of CIV) for all rateable farm 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 Business land

Business land is any land which is:

- Occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services or
- Unoccupied but zoned commercial or industrial under the Yarriambiack Shire Council Planning Scheme.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets
- Development and provision of health and community services
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.



The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning is applicable to the determination of vacant land which will be subject to the rate applicable to business land. The vacant land affected by this rate is that which is zoned commercial and/or industrial under the Yarriambiack Shire Council Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2009/10 financial year.

3.3 Residential land

Residential land is any land, which is:

- Occupied for the principal purpose of physically accommodating persons or
- Unoccupied but zoned residential under the Yarriambiack Shire Council Planning Scheme and which is not business land.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets
- Development and provision of health and community services
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The geographic location of the land within this differential rate is where it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning is applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Victorian Local Council Planning Scheme. The classification of land which is improved will be determined by the occupation of that land, and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings already on the land or which will be constructed prior to the expiry of the 2009/10 financial year.

Appendix C

Capital Works Program

This appendix presents a listing of the capital works projects that will be undertaken for the 2009/10 year.

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

- New works for 2009/10
- Works carried forward from the 2008/09 year.

Capital works program

For the year ending 30 June 2010

1. New works

Capital Works Area	Externally Funded \$'000	Internally Funded \$'000	Project Cost \$'000
INFRASTRUCTURE			
Local Roads – Urban Construction	169	26	195
Local Roads – Rural Construction	639	174	813
Footpaths		232	232
Kerb & Channel		71	71
Local Roads - Reseals	133	737	870
Local Roads – Shoulder Resheets		245	245
Local Roads – Resheets	23	827	850
Pipeline Water Tanks	100	80	180
Drains		10	10
TOTAL INFRASTRUCTURE	1,064	2,402	3,466
Total asset renewal	964	2,198	3,162
Total new asset	100	204	304
LAND & BUILDINGS			
Senior Citizens		24	24
Leisure Complex		50	50
Caravan Parks		23	23
Parks & Reserves		120	120
Swimming Pool	120	60	180
Depot		25	25
Transfer Stations		75	75
Other	150	49	199
TOTAL LAND & BUILDINGS	270	426	696
Total asset renewal	270	406	676
Total new asset		20	20
PLANT, EQUIPMENT and OTHER			
Asset renewal			
Information technology		54	54
Other Office Equipment		10	10
Works vehicles and plant	94	475	569
Staff vehicles	147	195	342
TOTAL PLANT, EQUIPMENT and OTHER	241	734	975
Total asset renewal	241	734	975
Total new asset			
TOTAL NEW CAPITAL WORKS 2009/10	1575	3562	5,137
Asset renewal			4,813
New assets			324

2. Works carried forward from the 2008/09 year

Capital Works Area	Externally Funded \$'000	Internally Funded \$'000	Project Cost \$'000
ROADS			
Kerb & Channel – Breen Street, Murtoa		30	30
TOTAL INFRASTRUCTURE		30	30
Total Asset Renewal		30	30
Total New Assets			
LAND & BUILDINGS			
Industrial Estate		45	45
TOTAL LAND & BUILDINGS		45	45
Total Asset Renewal		45	45
Total New Assets			
TOTAL CARRIED FWD WORKS 2008/09		75	75
Asset renewal		75	75
New assets			

3. Summary

	Externally Funded \$'000	Internally Funded \$'000	Project Cost \$'000
Asset renewal			4,813
New assets			324
TOTAL CAPITAL WORKS			5,137

Appendix D

Key Strategic Activities

This appendix presents a number of key strategic activities to be undertaken during the 2009/10 year and performance targets and measures in relation to these.

Key strategic activities

For the year ending 30 June 2010

Key Strategic Activity	Performance Measure	Performance Target
Overall Performance		
Representing and assisting local communities in the pursuing of their goals	Community satisfaction rating for overall performance generally of the council	≥65
Advocacy and Leadership		
Providing leadership and advocacy on key Shire issues	Community satisfaction rating for overall performance generally of the council	≥65
Community Engagement		
Engaging the communities on key local issues	Community satisfaction rating for overall performance generally of the council	≥65
Responsiveness to Enquiries		
Being responsive and accountable in dealing with the community	Community satisfaction rating for overall performance generally of the council	≥70
Financial Management		
Developing and implementing financial plans for the long term viability of the Shire	Compliance with STEP Program implementation timetable	Yes
	Ratio of capital expenditure to total depreciation	100%
	Ration of actual to budget for Capital Works	100%
Provide Appropriate Services		
Providing appropriate services to meet community needs	Community satisfaction rating for overall performance generally of the council	≥67

End of Yarriambiack Shire Council Budget Report

