



Budget

2010-2011

Creating a better lifestyle and environment



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Mayor's Introduction for 2010/2011 Budget

I would like to present the 2010/11 budget to the community on behalf of all Councillors. This budget went through a rigorous process and the rate increase is within the aims of the long term rating strategy.

During the budget process, Councillors were mindful of maintaining current assets and services. Within this budget we have slightly reduced some services where demand is low and the cost of providing the service is high.

This year's budget also coincides with a revaluation of property by the State Valuer General which occurs every two years.

Highlights of this year's \$8.9 million Capital and Projects program includes:

- Roads (\$3.4 million): including Roads to Recovery projects, Roads to Market projects, bridges and footpaths
- Plant and Equipment (\$1.2 million): replacement of major and minor equipment including information technology
- Buildings (\$400,000): key developments, subject to grant funding, include parts of North Park Masterplan, St. Arnaud Hockey Club, Halls Gap Hub (stage two) and Stawell Community Hub.
- Stawell Airport (\$3 million): upgrade of runway and lighting at Stawell Airport.

The program also includes some new initiatives:

- Underground power at Halls Gap (\$400,000)
- Water Planning project (\$165,000): to build on the storm water collection projects completed to date and to identify any gaps for future water needs

Council has compiled this budget with much consultation, balancing community aspirations with community needs.

To deliver this Capital program and to maintain the current service level, Council will be seeking a 7.9% increase on rate revenue.

It is with great pleasure that I present this budget to the community. We look forward to your comments.

Cr. Kevin Erwin
Mayor

Executive Summary

Introduction

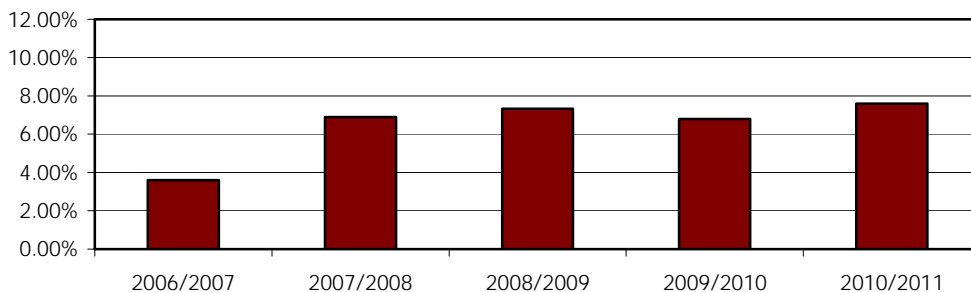
Council has prepared a Budget for the 2010/11 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below regarding the rate increase, operating result, cash and investments, and capital works of the Council.

The \$26.5 million Budget has been framed around an increasingly difficult economy and demands for investment in infrastructure and services. The Budget is both financially responsible and fiscally balanced yet ensures adequate growth in services provided to the community and an ambitious program of capital works, totalling \$8.227 million. Council's aim when developing the 2010/11 Budget as detailed in this report was to consider its long term financial plan and address the strategic directions of the *Council Plan 2009-2013*, building on Northern Grampians mission of creating a better lifestyle and environment.

The 2010/11 budget presented in this report has been developed through a process of consultation and review with Council and Council officers.

1. Rates

% Rate Revenue Increase



A key element of the plan is that rate revenue will increase by 7.9% over the total rate revenue raised in 2009/2010. The increase in rates and charges is made up of a 7.9% increase in rates, 7.9% increase in income from the municipal charge and a 15.0% increase income from waste and recycling charges. The increase in waste charges is due in part to the increased cost to Council of the state Landfill Levy. The increase in rates is to enable Council to continue to maintain and improve current levels of services to the community.

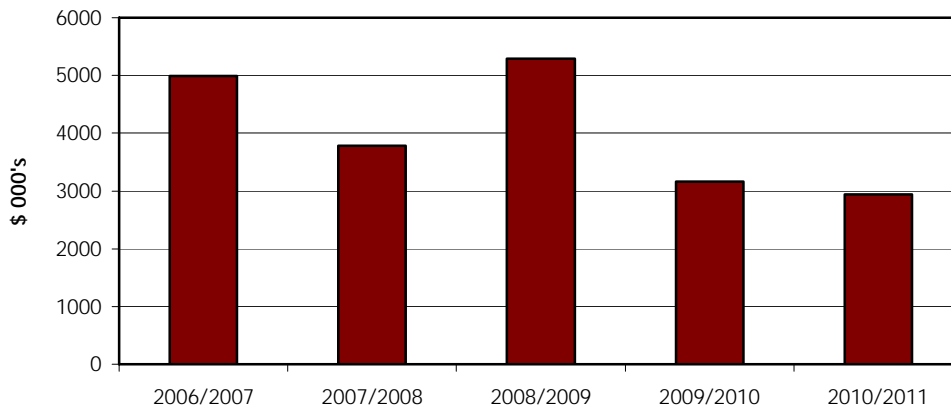


2. Operating Result



The expected operating result for the 2010/11 financial year is a surplus of \$1.5 million which is an increase of \$3.0 million over the 2009/2010 forecasted result, which was impacted by the early Grants Commission payment in 2008/09. The budgeted surplus is due mainly to external funding for the capital works at Stawell Aerodrome. More detailed analysis is provided in other sections of this report

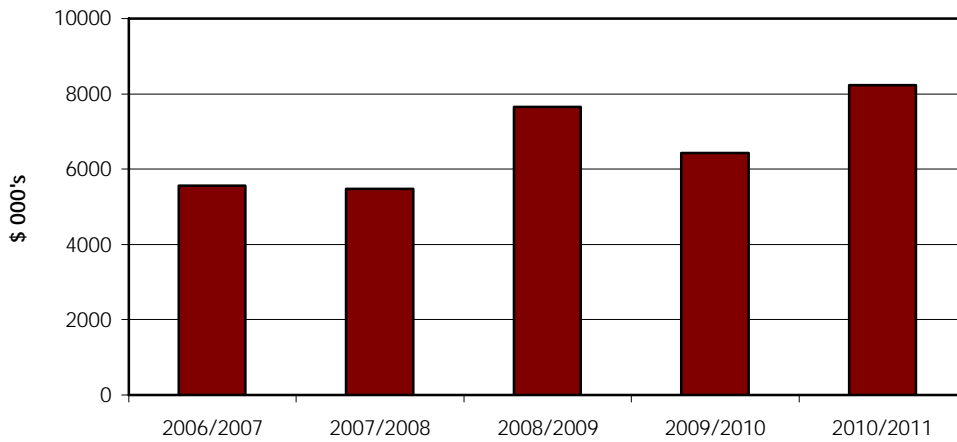
3. Cash & Investments



Cash and investments are expected to decrease by \$0.21 million. Council endeavours to maintain cash levels in order to fund the cash requirements for both operating and capital programs.



4. Capital Works



Capital works for 2010/11 are expected to be \$8.227 million of which \$2.95 million relates to the Stawell Aerodrome Upgrade Stage 2. Of the capital funding required \$2.58 million will come from surplus from operations, \$0.67 million from financing activities (net loan funding), \$4.324 million from grants, \$0.46 million from asset sales and the reduction in available cash of \$0.21 million. The capital expenditure program is in accordance with Council's priorities determined in 2010 and refined during this budget process.

Highlights

The following is a summary of the highlights, initiatives and major expenditure included in the 2010/11 budget;

- Capital expenditure on Safer Roads for 2010/11 - \$2,950,000, including
 - Re-sheeting of Gravel Roads - \$700,000
 - Local Roads to Market - \$521,000
 - Road Resealing - \$250,000
 - Major Rural Road improvements - \$500,000
- Maintenance expenditure on making Shire roads safer - \$2,103,000
- Maintenance of the Shires parks and gardens - \$1,104,000
- Maintenance of the Shires buildings - \$412,000
- Rehabilitation of Stawell Leisure Centre outdoor pool - \$120,000
- Capital expenditure on Bridges - \$400,000
- Stawell Airport Upgrade Stage 2 - \$2,950,000
- North Park Football Club Redevelopment - \$121,000 (subject to grant)
- St Arnaud Hockey Clubhouse - \$60,000 (subject to grant)
- Halls Gap power line relocation \$400,000 (subject to grant)
- Water Planning Project - \$165,000
- Implementation of Asset management plans
- Continued support for the Community Grants Program
- Continued support for the funding of community tourism events and festivals including the Stawell Gift
- Continued financial support for Grampians Tourism

Significant Influences on Council

Preparation of the 2010/11 budget required consideration of a number of unavoidable influences due to the significant impact on Council's funding determination.

These factors include:

- Demand for renewal expenditure on infrastructure continues to outstrip Council's ability to fund these demands. It is estimated that Council is \$4.5 million per annum under spent on the renewal of its asset portfolio. Council has approximately 3,500 kilometres of roads and other significant infrastructure assets to maintain, yet a ratepayer base of only approximately 9,000.
- Many Council costs are increasing by more than CPI, for example the State Landfill Levy and utility charges. Regulatory burdens and cost shifting imposed by State and Federal Government continues to put pressure on Council's ability to contain costs whilst maintaining services. Council will need to continue to monitor the cost pressures and manage the impacts throughout the year.
- The new budget has allowed for 164.9 EFT's compared to the 2009/10 budget of 164.5 EFT's. The overall employee cost impact shows an increase of 9.8% over the forecasted costs for 2009/10. The increase over and above the impact of wage increases compared to the 2009/10 forecast is attributed to delays in recruitment of replacement positions

Key Budget principles for the 2010/11 year

The 2010/11 budget aims to meet the objectives of the Council's Long Term Financial Strategy which are:

- An increased ability to fund asset renewal requirements
- An enhanced funding level for capital works in general
- Progressing Council towards a position of long term financial sustainability
- Rate and fee increases that are both manageable and sustainable
- Enable Council to address the impact of Climate Change



Rate Revenue

Revenue from rates & charges will be \$11,625,900.

The municipal charge will increase to \$111.00. The garbage and recycling charges have been increased by 15%.

All properties will be rated at 0.6011% of Capital Improved Value (CIV) and a 35% differential will apply to those properties that have qualified for the lower farm rate. In addition there are seven properties that qualify for the 42% differential for the Cultural & Recreational lands.

During the 2009/10 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2010 for the 2010/11 year. The outcome of the general revaluation has been varied between the different rating groups and the increases in valuation can be summarised as follows:

- Residential 0% - 12%
- Rural Values 0% - 20%
- Rural Residential 0% - 14%
- Commercial 0% - 8%
- Industrial 0% - 20%

In deliberating over the setting of the differential rate structure for the 2010/11 year, Council has been mindful of the greater increase in property valuations especially in the rural and industrial sectors.

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2009/10 year, Council has chosen not to make any changes to the existing rate differentials. Therefore, in aggregate total rates and charges will increase by 7.9% compared to rates raised in 2009/10.

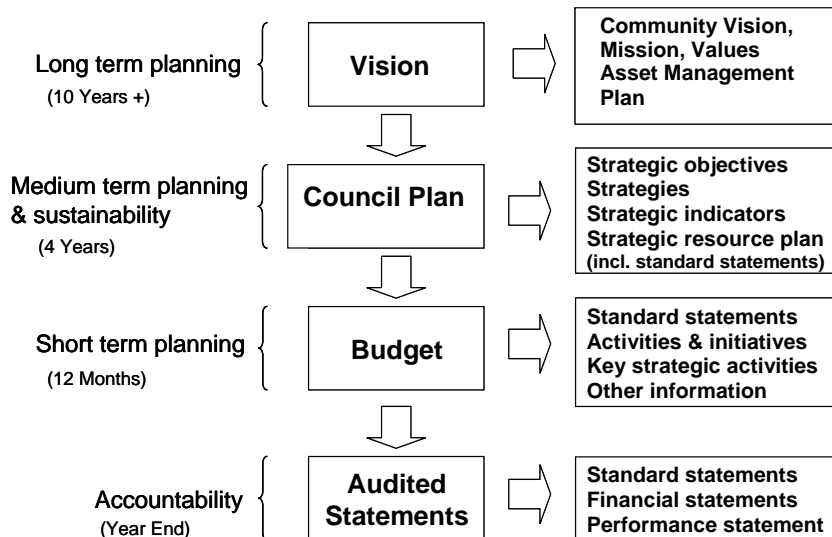
The structure of the rates is as follows:

General rate	0.6011 cents in the \$
Farm rate	0.3907 cents in the \$
Cultural and Recreation	0.3486 cents in the \$
Garbage Charges	
80 litre bin	\$146.00
120 litre bin	\$188.50
240 litre bin	\$292.00
Recycling Service	
Kerbside	\$68.00
Municipal Charge	\$111.00

Budget Preparation

Strategic Planning Framework

Council has a strategic approach to corporate planning and budgeting allowing decisions to be made taking into account resource constraints. The process seeks to align the development of the Council Plan, Annual Budget and Long-term Financial Strategy. The diagram below depicts the strategic planning framework of Council.



Council has a Council Plan for the period 2009 to 2013. This plan drives the Northern Grampians Shire Council vision of 'creating a better lifestyle and environment', and supports the Council's mission of providing valued services, caring for our community and the environment and promoting the Shire's strengths.

The Council Plan underpins Council's decision making process, policies and procedures. It is the key strategic document of Council which covers a four year period, but is reviewed annually. Day to day operations are carried out following the activities and initiatives identified in the Budget which are in turn aimed at delivering the Strategic Objectives detailed in the Council Plan.

The long term Strategic Resource Plan is the key tool that assists the planning and decision making process for Council's future financial resource allocation. Although the Plan is subject to annual review, it provides a mechanism for Council to inform the community of the long-term viability and financial health of the Shire.



Links to the Council Plan

The Annual Budget is directed by the Council Plan 2009-2013. This budget document includes activities and initiatives which contribute to the achievements of the Objectives and Goals identified in the Council Plan 2009-2013.

Our vision

Northern Grampians Shire's vision is about;

"Creating a better lifestyle and environment"

Council's major priority is to deliver high quality, responsive and innovative services to our residents, ratepayers and visitors. Council is responsible for a vast range of services, facilities and capital works that impact on resident satisfaction with living in our Shire. We are a well-established municipality, with a rich and proud history. A key challenge for Council is the ongoing maintenance and upgrade of our assets including roads, drainage, buildings and open spaces.

Goal	Outcome
A healthy, supportive and safe community providing a sustainable, quality lifestyle	<ul style="list-style-type: none"> ➤ A family friendly environment which provides quality family and child support services ➤ Young people have opportunities to participate and maximise their potential in the community ➤ Seniors are participating and living longer in the community ➤ People are actively participating in sport and recreation activities ➤ A community with the capacity and willingness to support all people ➤ A safe community ➤ A creative and learning community
A sustainable natural and built environment that meets current and future needs	<ul style="list-style-type: none"> ➤ Responding to the impacts of climate change ➤ Minimising waste through integrated management ➤ Safe and effective wastewater and stormwater systems ➤ A safe and efficient transport network ➤ Protect and enhance the natural environment ➤ Attractive and user-friendly parks, gardens and streetscapes ➤ Buildings and facilities meeting the needs of the community ➤ Sustainable growth of townships and rural areas while conserving unique character and heritage



Goal	Outcome
A sustainable economy attracting and encouraging new enterprises while supporting existing businesses	<ul style="list-style-type: none"> ➤ Significant new business ➤ An economy which encourages population growth ➤ Stawell & St. Arnaud established as key regional service and retail centres ➤ Infrastructure that supports sustainable economic development ➤ A successful tourism industry across the Shire ➤ Opportunities from climate change maximised
Progressive leadership, good governance, efficient and cost-effective services	<ul style="list-style-type: none"> ➤ Effective strategic management planning, processes and performance management ➤ Effective governance and leadership ➤ Skilled, committed and professional staff in a safe and supportive environment ➤ Sustainable high quality customer-orientated services ➤ Effective and efficient corporate and administrative services ➤ Financial sustainability and accountable financial management ➤ Effective information and communication services that support efficient operations and service delivery

Statutory Requirements

Under the provision of the *Local Government Act 1989*, Northern Grampians Shire Council is required to prepare and adopt an annual budget. The budget must include certain information about the rates and charges that Council intends to levy as well as a range of other financial information required by the *Local Government Regulations 2004*.

The budget includes standard statements being:

Income Statement
 Balance Sheet
 Cash Flow Statement
 Capital Works Statement
 Description of Activities and Initiatives
 Key Strategic Activities

These statements have been prepared in accordance with Australian Accounting standards. They include information about the rates and charges to be levied, the capital works program to be undertaken and other financial information required to make informed decisions regarding the budget.

The budget includes consideration for long-term strategies including the Strategic Resource Plan, Rating Strategy, and Borrowing Strategy.

Budget processes

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

1. Proposed budget submitted to Council for approval	13 May 10
2. Public notice advising intention to adopt budget	18 May 10
3. Budget available for public inspection & comment	18 May 10
4. Submissions period closes	18 June 10
5. Submissions considered by Council	24 June 10
6. Budget and submissions presented to Council for adoption	24 June 10
7. Copy of adopted budget submitted to the Minister	30 June 10

Annual Plan – Budget Activities & Initiatives

Council has four Strategic Goals in the Council Plan:

- A healthy, supportive and safe community providing a sustainable, quality lifestyle
- A sustainable natural and built environment that meets current and future needs
- A sustainable economy attracting and encouraging new enterprises while supporting existing businesses
- Progressive leadership, good governance, efficient and cost-effective services

These objectives include a number of strategies and initiatives funded by the 2010/11 Budget which provides the framework for the achievement of the Council Plan objectives.

Strategic Goal 1 - A healthy, supportive and safe community providing a sustainable, quality lifestyle

Strategic Activities/Initiatives

- Continue to provide Community Grants
- Continue to work with the community to implement the Community Plans
- Review the provision of Neighbourhood Safer Places in our townships
- Work with the CFA and other emergency service agencies to review and implement Township Protection Plans

Strategic Goal 2 - A sustainable natural and built environment that meets current and future needs

Strategic Activities/Initiatives

- Develop an Environment Strategy for the Shire
- Develop and implement Safety Interface Agreements for rail crossings and local roads
- Development of a Heritage overlay
- Amend the Northern Grampians Road Management Plan
- Amend the Northern Grampians Municipal Strategic Statement

Strategic Goal 3 - A sustainable economy attracting and encouraging new enterprises while supporting existing businesses

Strategic Activities/Initiatives

- Continued support of local Business and Tourism organisations
- Assist in developing new events/festivals for the Shire
- Continue to contribute to existing community events
- Develop two sector plans for economic development
- Create a new investment prospectus
- Undertake the Planning for Growth and Change project for Stawell
- Create a Shire wide Buy Local program
- Create a new website for the Shire encouraging growth in the Grampians
- Investigate investment opportunities linked with the Grampians Long Distance Walk

Strategic Goal 4 - Progressive leadership, good governance, efficient and cost-effective services

Strategic Activities/Initiatives

- Implement the Procurement Guidelines
- Develop and implement a Customer Service Charter
- Continue to implement the Information Services Strategy
- Review Council's Risk Register

Analysis of Operating Budget

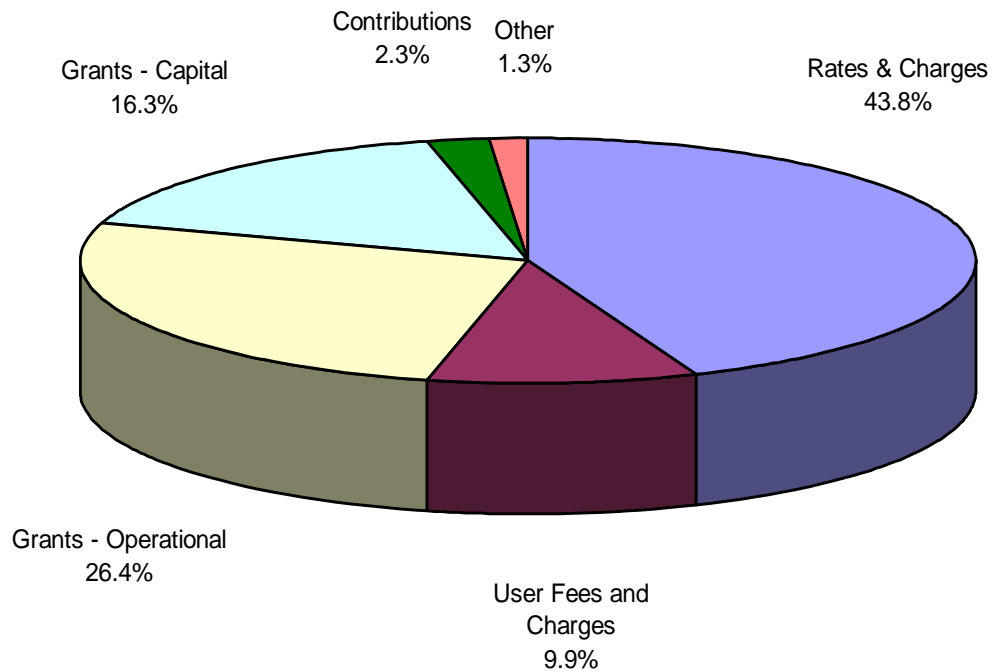
This section of the annual budget report analyses the expected revenue and expenditure of the Council for the 2010/11 year.

Operating Revenue

A summary of revenue for 2010/11 is as follows:

Revenue Type	Forecast	Budget	Variance	
	2009/10 '000	2010/11 '000	'000	%
Rates & Charges	10,677	11,626	949	8.9%
User Fees and Charges	2,593	2,619	26	1.0%
Grants – Operational	5,481	6,999	1,518	27.7%
Grants – Capital	2,895	4,324	1,429	49.4%
Contributions	612	621	9	1.5%
Other	295	333	38	12.9%
TOTAL OPERATING REVENUE	22,553	26,522	3,969	17.6%

Operating Revenue 2010/11



General Rates

\$0.949M increase

The overall revenue from rates and charges will increase by 7.9% compared to 2009/2010. Garbage and recycling charges have been increased by 15% to cover the increases in state Landfill Levy and costs of service delivery. The municipal charge has increased by 7.9%. Included in the 2010/11 budget is the full impact of the supplementary valuations done during 2009/2010. Refer to the section on “Rating Strategy” for more detailed breakdown of the rate income.

Grants - Operational

\$1.518M increase

An increase in grant revenue is due to the impact of receiving the full grants commission allocation in 2010/11 compared to 75% in 2009/10.

Grants - Capital

\$1.429 increase

Grant income for capital varies from year to year depending on the number of applications submitted and Government policy. The 2010/11 Budget shows a significant increase compared to 2009/10 due to the Stawell Aerodrome Upgrade grant.

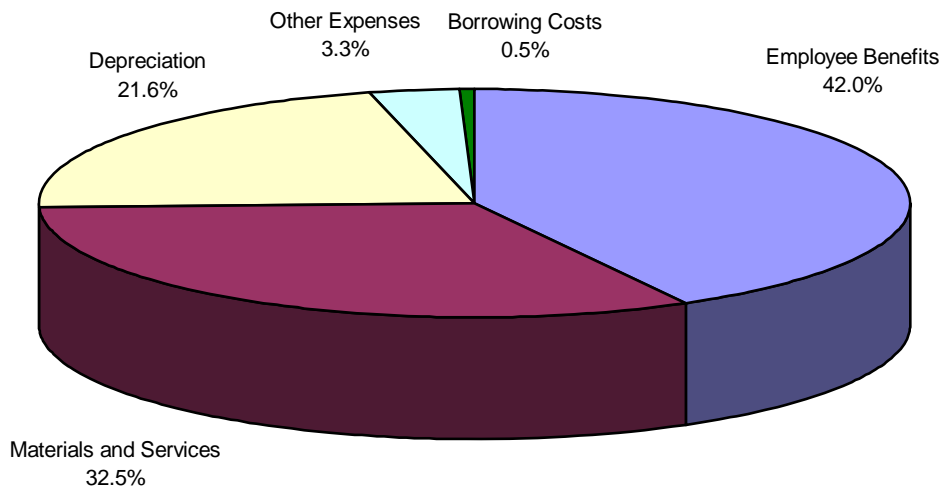
Refer to the section on “Capital Grants” for a more detailed breakdown of the planned capital grants for 2010/11.

Operating Expenditures

A summary of expenditure for 2010/11 is as follows:

Expenditure Type	Forecast	Budget	Variance	
	2009/10	2010/11	'000	%
	'000	'000	'000	%
Employee Benefits	9,578	10,513	935	9.8%
Materials and Services	8,098	8,136	38	0.5%
Other Expenses	859	830	(29)	(3.4%)
Borrowing Costs	139	136	(3)	(1.6%)
Depreciation	5,407	5,407	-	0.0%
OPERATING EXPENSES	24,081	25,022	941	3.9%

Operating Expenditure 2010/11



Employee Benefits

\$0.935M increase

Delays in recruitment to fill positions in 2009/10 have resulted in the increase in employee benefits being higher than the impact of wage increases, compared to the current forecast.

Analysis of Cash Position

This section analyses the expected cash flows for 2010/11. The analysis is based on three main categories of cash flow. In summary they are:

- Operating Activities – these activities refer to cash generated or used in the normal service delivery functions of Council.
- Financing Activities – these activities refer to cash generated or used for the financing of Council functions and include borrowings from financial institutions and repayment of borrowings.
- Investing Activities – these activities refer 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, equipment etc.

The budgeted cash flows are a key factor in setting the level of rates each year.

A summary of the various categories of cash flows is as follows:

Budgeted Cash Flow	Forecast	Budget	Variance
	2009/10	2010/11	(Outflow)
	'000	'000	'000
Net Cash Flow from Operating Activities	3,879	6,907	3,028
Net Cash Flow from Investing Activities	(5,612)	(7,792)	(2,180)
Net Cash Flow from Financing Activities	(402)	670	1,072
Net increase/(decrease) in Cash Held	(2,135)	(215)	(1,920)
Cash at Beginning	5,293	3,158	(2,135)
CASH AT END OF YEAR	3,158	2,943	(215)

Operating Activities

\$3.028M increase

The increase in cash from operating activities is due to the grant for the Stawell Aerodrome Upgrade Stage 2 project and the impact of receiving the full Grants Commission allocation in 2010/11 compared to 75% in 2009/10 (due to the 25% payment in June 2009).

Financing Activities

\$1.072M increase

The increase in this activity is the result of not drawing any loan funds down in 2009/10, and the proposed borrowings of \$1,100,000 in 2010/11 with the repayments to begin in 2011/2012.

Investing Activities

\$2.180M decrease

The capital works program is higher than usual in 2010/11 due to the Stawell Aerodrome Upgrade Stage 2 project.

Analysis of Capital Works

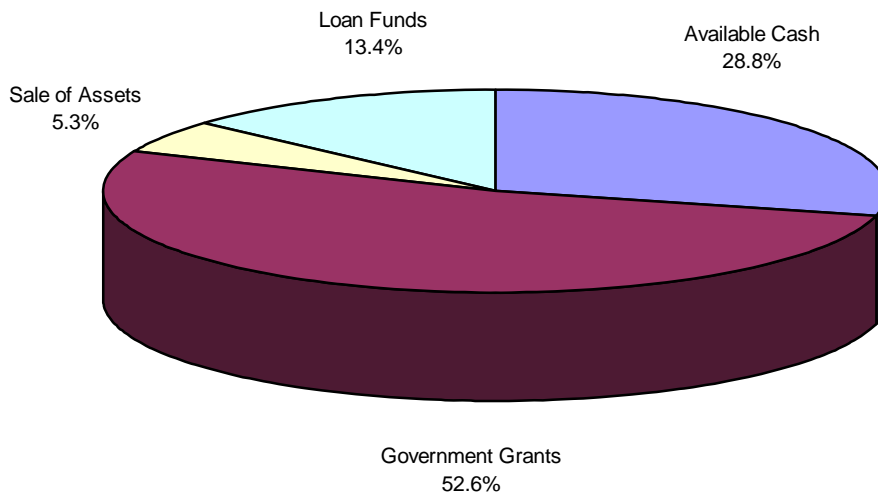
This section of the budget report analyses the planned capital expenditure budget for 2010/11 and the sources of funding the budget.

Funding Sources

The funding sources of the capital works for 2010/11 are as follows:

Funding of Capital Works	Forecast	Budget	Variance
	2009/10	2010/11	
	'000	'000	'000
Cash Funds	2,717	2,368	(349)
Government Grants	2,895	4,324	1,429
Sale of Assets	815	435	(380)
Loans	0	1,100	1,100
TOTAL CAPITAL FUNDING	6,427	8,227	1,800

Capital Funding Sources 2010/11



Government Grants

\$1.429M increase

Grants for capital projects change from year to year depending on the number of applications submitted and Government policy. The budgeted increase in 2010/11 is due to the Stawell Aerodrome Upgrade Project Stage 2.

Loan Funds

\$1.100M increase

Loans funds have been planned to assist in financing a number of capital projects as listed in the "Borrowings" section of this report. The budgeted loan for 2009/10 is not expected to be drawn down, resulting in the increase over 2009/10 forecast.

Sale of Assets

\$0.380M decrease

The decrease in sale of assets is due to surplus land sales forecasted in 2009/10 compared to no land sales in 2010/11.

Cash Funds

\$0.349M decrease

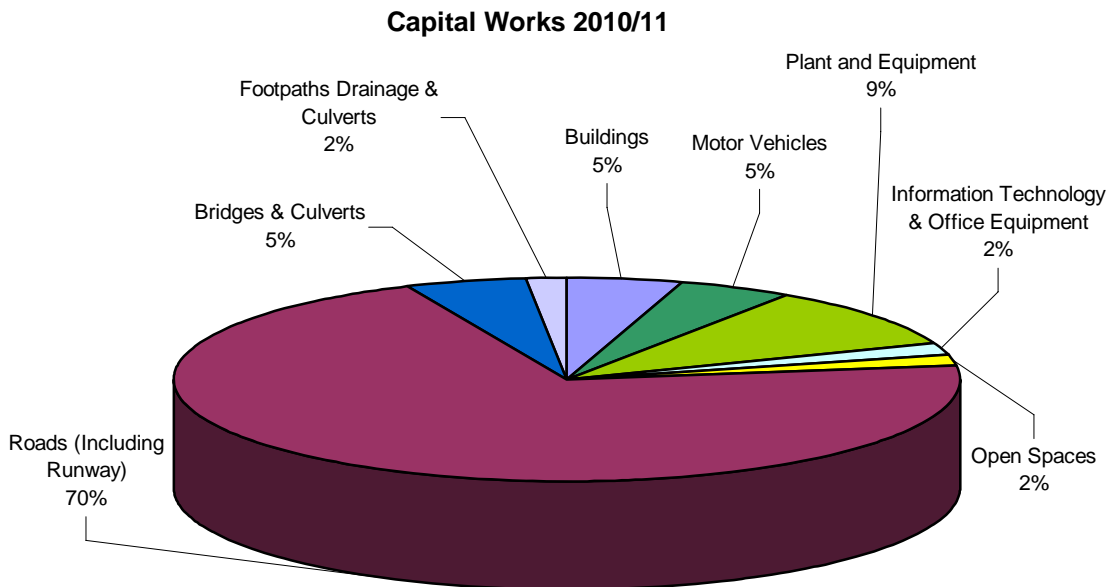
Council's ability to adequately fund its capital expenditure demands continues to diminish while expectation to maintain operational service levels increases.

Capital Works

The following table highlights planned capital works to be undertaken:

Capital Works	Forecast	Budget	Variance
	2009/10	2010/11	
	'000	'000	'000
Buildings	1,529	396	(1,133)
Motor Vehicles	397	373	(24)
Plant & Equipment	675	800	125
Furniture & Office Equipment	37	29	(8)
Information Technology	294	139	(155)
Open Spaces	275	135	(140)
Roads (including Aerodrome runway)	2,472	5,810	3,338
Bridges & Culverts	295	400	105
Footpaths	84	65	(19)
Kerb & Channel	56	30	(26)
Drainage	313	50	(263)
TOTAL CAPITAL WORKS	6,427	8,227	1,800

The specific projects associated with these capital works are described in detail in Appendix B.



Analysis of Financial Position

This section of the budget report analyses the movements in assets, liabilities and equity between 2009/10 financial year and the 2010/11 financial year.

The budgeted Balance Sheet is as follows:

Budgeted Balance Sheet	Forecast 2009/10 '000	Budget 2010/11 '000	Variance '000
Assets			
Current Assets	3,676	3,461	(215)
Non Current Assets	225,147	227,532	2,385
Total Assets	228,823	230,993	2,170
Liabilities			
Current Liabilities	(3,505)	(3,610)	(105)
Non Current Liabilities	(2,089)	(2,654)	(565)
Total liabilities	(5,594)	(6,264)	(670)
NET ASSETS	223,229	224,729	1,500
Equity			
Accumulated Surplus	108,300	109,800	1,500
Reserves	114,929	114,929	-
TOTAL EQUITY	223,229	224,729	1,500

The movements in the Statement of Financial Position reflect the impact of the large Capital Expenditure program planned for 2010/11 and the draw from opening cash reserves.

Strategic Resource Plan and Key Financial Indicators

Council is required by the Local Government Act 1989 to prepare a Strategic Resource Plan covering both the financial and non financial resources, to support the Council Plan. Council also complies with the following guidelines:

- Prudently manage financial risks relating to debt, assets and liabilities.
- Ensure that rate increases are not excessive and are fairly distributed.
- Consider the financial effects of Council decisions on future generations.
- Provide full accurate and timely disclosure of financial information.
- Achievement of a balanced cash budget each year.
- Maintenance of a strong liquidity position.

Long Term Financial Strategy

A key component of the Strategic Resource Plan is the Long Term Financial Strategy. This is part of Council's ongoing financial planning to assist in adopting its budget within a long term framework, taking objectives and strategies as specified in the Council Plan and expressing them in financial terms.

The key objective which underlines the development of the Plan is financial sustainability in the medium and long term whilst still achieving Council's strategic objectives as specified in the Council Plan.

The key financial objectives are:

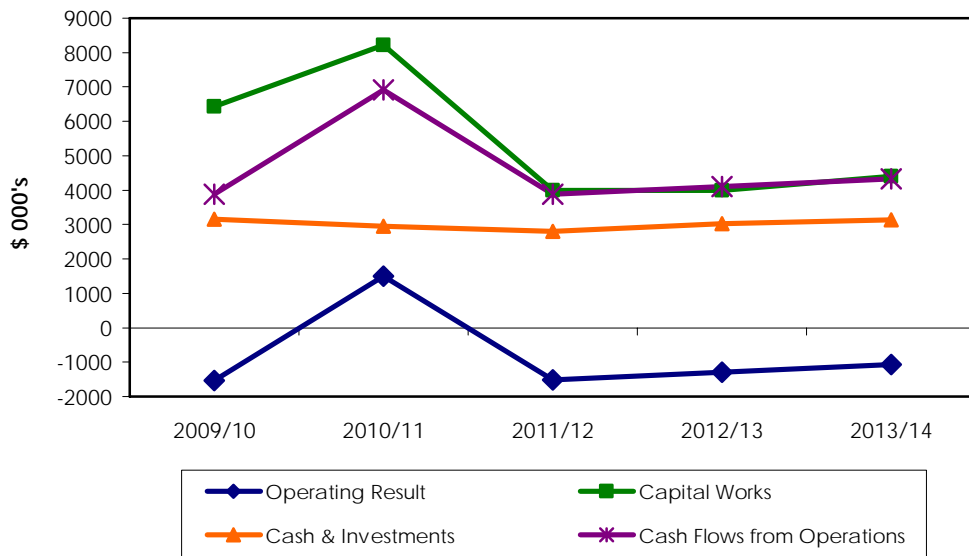
- To optimise the long term working capital in order to adequately fund Council's services and assets.
- To maintain existing service levels and provide sufficient resources to finance growth.
- To achieve a result that is balanced on a cash basis.
- To ensure that the budgeted amounts of income and expenditure are made on a conservative basis.

The plan is updated annually in line with current cost and revenue forecasts, taking into account such factors as future CPI and wage rate growth, municipal population growth and number of young people and aged within the Shire.

Financial Resources

The following table summarises the key financial results for the next four years as set out in the Strategic Resource Plan for years 2009/10 to 2013/14.

Indicator	Forecast	Budget	Strategic Resource Plan Projections		
	2009/10	2010/11	2011/12	2012/13	2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating result	(1,528)	1,500	(1,519)	(1,302)	(1,073)
Cash and investments	3,158	2,943	2,797	3,018	3,139
Cash flow from operations	3,879	6,907	3,888	4,105	4,334
Capital works	6,427	8,227	4,000	4,000	4,400



Human Resources

Human resources are a key component of Council’s requirements over the planning period. The following table summarises the human resources for the next four years:

Indicator	Forecast	Budget	Strategic Resource Plan Projections		
	2009/10	2010/11	2011/12	2012/13	2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee Benefits	9,578	10,513	11,090	11,700	12,344
Full Time Equivalent Employees	* 164.5	164.9	164.4	164.4	164.4

(* Due to the delay in recruitment of replacement staff during 2009/10, the budgeted FTE has been used for comparative purposes.)

Rating Strategy

In developing the long term financial plan, rates and charges were identified as an important source of income, accounting for 43.8% of the total revenue to be received by Council in 2010-11. Future rate increases have therefore been an important part of the long term financial planning process.

In the long term, however, it must be acknowledged that Northern Grampians rate levels need to be assessed to ensure that with increasing demands on infrastructure and the burden of additional costs shifted to Local Government, the Council is able to deliver the level of service required.

The table below indicates the rate increases applied since 2003/2004 and the proposed increase built into the Long Term financial strategy. The table below indicated the rate increase after adjusting for growth in the shire. This rate is lower than the publicised rate of 7.9% which reflects the increase from the revenue raised in 2009/10 to the revenue budgeted in 2010/11.

Year	Percentage Increase in Rates & Charges Revenue
2003/2004	7.95%
2004/2005	7.75%
2005/2006	11.80%
2006/2007	3.60%
2007/2008	6.90%
2008/2009	7.33%
2009/2010	6.84%
2010/2011	7.59%
2011/2012	7.00%
2012/2013	7.00%

Differential Rates for Various Property Categories

As indicated earlier in the report, Council has reviewed the application of rate differentials and has determined that there will be no change in 2010-11 to those in place in 2009-10.

Council has used the following differentials when levying its rates

Rating Code	Description	% of General Rate
G	Residential & Vacant Land	100%
U	Industrial Properties	100%
C	Commercial Properties	100%
F	Farm Rate	65%
S	Cultural & Recreation Properties	58%

The following information on rates and charges is provided as per Regulation 8 of the Local Government (Finance and Reporting) Regulations 2004.



2009/10 Budgeted Rating Information

Classification	Assessments	Rate Cents/\$CIV (Price)	Total CIV	Total Rate \$ (Revenue)
Residential	6,159	0.5844	843,667,200	4,930,391
Industrial/Commercial	534	0.5844	135,047,400	789,217
Farm Rate	2,428	0.3799	710,170,700	2,697,938
Cultural & Recreation Land	6	0.3390	2,679,000	9,082
TOTAL	9,127		1,691,564,300	8,426,628

2010-11 Rating Information

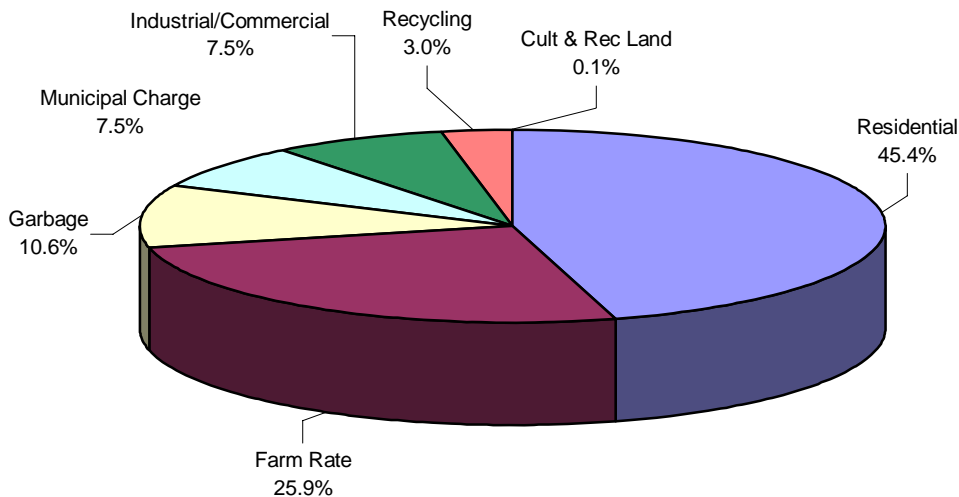
Classification	Assessments	Rate Cents/\$CIV (Price)	Total CIV	Total Rate \$ (Revenue)	% Change Over Budget 2009/10
Residential	6,199	0.6011	878,768,600	5,282,270	7.1%
Industrial/Commercial	549	0.6011	144,862,400	870,770	10.3%
Farm Rate	2,375	0.3907	771,255,000	3,013,290	11.7%
Cultural & Recreation Land	7	0.3486	2,863,200	9,980	9.9%
TOTAL	9,130		1,797,749,200	9,176,310	8.9%*

* This rate increase is based on a comparison between the budgeted rate revenue in 2009/10 and budgeted rate revenue in 2010/11.

Service Rates and Charges

Service	Budget 2010/11	Budget 2009/10	% Change
Municipal Charge	\$111.00	\$103.00	7.9%
Garbage			
80 Litre Bin	\$146.00	\$127.00	15%
120 Litre Bin	\$188.50	\$163.70	15%
240 Litre Bin	\$292.00	\$254.00	15%
Recycling			
Kerbside	\$68.00	\$59.00	15%
Service Rate or Charge Revenue			
Municipal Charge	867,690	802,679	8.1%
Garbage			
80 Litre Bin	85,120	73,152	16.4%
120 Litre Bin	651,450	577,043	12.9%
240 Litre Bin	498,740	424,688	17.4%
Recycling			
Kerbside	346,600	296,947	16.7%
Total Revenue	2,449,600	2,174,509	12.7%

Breakdown of Rates & Charges 2010/11



Borrowing Strategy

The budget provides for \$1,100,000 new loan funds to be raised during 2010-11. Council will repay \$430,200 in principal on loans during 2010-11 so its net indebtedness will increase by \$669,800 during the period.

Council will only draw down the planned loan should the financial outcomes as predicted in the Budget be realised, and will not draw the loan should the financial circumstances change resulting in the financial capacity to avoid the loan. It is anticipated that Council will not need to make the loan drawn down decision until April/May 2011.

Projects to be funded from the 2010/11 \$1,100,000 Loan Program

The following is a list of capital projects that have been identified by Council as the likely candidates for loan funds:

- Stawell Airport Upgrade \$450,000
- Heavy Plant replacement \$500,000
- Town Street Sealing Program \$150,000

Capital Grants/Contributions

The 2010/11 Budget allows for the receipt of the following grants/contributions. As with previous years, at the time of preparing the Budget it is assumed that the income will be received; however this is not always the case. Should the grants/contributions planned not be received this will impact on whether the identified project will proceed.

Detailed below is a summary of the expected grants for 2010/11 and an indication on whether they have been confirmed or not.

Source of Grant Funding	'000's	Confirmed
Roads to Recovery (R2R) – Roads Programs	1,250	Yes
Regional Development Victoria – Stawell Aerodrome Upgrade Stage 2	2,497	Yes
Regional Infrastructure Development Fund - Local Roads to Markets	430	Yes
DPCD Community Facility Funding – St Arnaud Hockey Clubhouse	40	No
DPCD Community Facility Funding – North Park FC Redevelopment	60	No
DPCD – North Park Masterplan	25	Yes
DPCD Drought Relief Funding – Navarre Recreation Reserve Dam	22	No
Estimated Capital Grants for 2010/11	4,324	

Detailed below is a summary of the expected capital contributions for 2010/11.

Contributions	'000's	Grant Confirmed
St Arnaud Hockey Clubhouse	10	No
North Park Football Club Redevelopment	36	No
Navarre Recreation Reserve Dam	5	No
Estimated Capital Contributions for 2010/11	51	

Total Estimated Capital Grants & Contributions for 2010/11	4,375
---	--------------

Of the planned \$4.324 million in Capital Grants only \$4.202 million has been confirmed. The delivery of the following capital projects could be affected should the planned grants not be received in 2010/11.

- St Arnaud Hockey Club House
- North Park Football Club Re-development
- Navarre Recreation Reserve Dam Project



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Appendix A



Budget Statements 2010 -2011

- A1 Budgeted Income Statement**
- A2 Budgeted Balance Sheet**
- A3 Budgeted Cash Flow Statement**
- A4 Budgeted Capital Works Statement**

Appendix A1

Budgeted Income Statement for Year Ending 30 June 2011

	Budget 09/10	Forecast 09/10	Budget 10/11
	'000's	'000's	'000's
Revenues from ordinary activities			
Rates & Charges	10,612	10,677	11,626
User Fees and Charges	2,396	2,593	2,619
Government Grants - Operational	5,099	5,481	6,999
Government Grants - Capital	2,923	2,895	4,324
Contributions	564	612	621
Other	223	295	333
Total Revenues	21,817	22,553	26,522
Expenses from ordinary activities			
Employee Benefits	9,864	9,578	10,513
Materials and Services	7,320	8,098	8,136
Other Expenses	726	859	830
Borrowing Costs	139	139	136
Depreciation	5,407	5,407	5,407
Total Expenses	23,456	24,081	25,022
Net Surplus (deficit) from operations	(1,639)	(1,528)	1,500
Total changes in equity	(1,639)	(1,528)	1,500

Appendix A2

Budgeted Balance Sheet for Year Ending 30 June 2011

	Budget 09/10	Forecast 09/10	Budget 10/11
	'000's	'000's	'000's
Current Assets			
Cash Assets	2,839	2,245	2,030
Receivables	1,338	1,238	1,238
Inventories	32	46	46
Prepayments	205	147	147
Non Current Assets Held for Sale			
Total Current Assets	4,414	3,676	3,461
Non Current Assets			
Receivables	101	76	76
Property, plant and equipment	226,076	223,640	226,025
Financial Assets	-	914	914
Other	465	517	517
Total Non-Current Assets	226,642	225,147	227,532
Total Assets	231,056	228,823	230,993
Current Liabilities			
Payables	1,049	754	754
Interest bearing liabilities	406	430	535
Employee benefits	1,951	2,252	2,252
Other	55	69	69
Total Current Liabilities	3,461	3,505	3,610
Non-Current Liabilities			
Interest bearing liabilities	2,649	1,628	2,193
Employee benefits	123	186	186
Land improvement liability	-	275	275
Total Non-Current Liabilities	2,772	2,089	2,654
Total Liabilities	6,233	5,594	6,264
Net Assets	224,823	223,229	224,729
Equity			
Accumulated surplus	109,109	108,300	109,800
Asset revaluation reserve	112,953	112,987	112,987
Other reserves	2,761	1,942	1,942
Total Equity	224,823	223,229	224,729

Appendix A3

Budgeted Cash Flow Statement for Year Ending 30 June 2011

	Budget	Forecast	Budget
	09/10	09/10	10/11
	'000's	'000's	'000's
Operating activities			
Income			
Rates & Charges	(10,612)	(10,677)	(11,626)
User Fees and Charges	(2,396)	(2,593)	(2,619)
Government Grants - Operational	(5,099)	(5,481)	(6,999)
Government Grants - Capital	(2,923)	(2,895)	(4,324)
Contributions	(564)	(612)	(621)
Other	(223)	(295)	(333)
Total Income	(21,817)	(22,553)	(26,522)
Expenditure			
Employee Benefits	9,864	9,578	10,513
Materials and Services	7,320	8,098	8,136
Other Expenses	726	859	830
Borrowing Costs	139	139	136
Total Expenditure	18,049	18,674	19,615
Net Operating	(3,768)	(3,879)	(6,907)
Investing Activities			
Capital Expenditure	7,138	6,427	8,227
Capital Income	(455)	(815)	(435)
Net Investing Activities	6,683	5,612	7,792
Financing Activities			
New Loans	(1,000)	-	(1,100)
Principal Repayments	406	402	430
Total Financing Activities	(594)	402	(670)
Net Movements for Year	(2,321)	(2,135)	(215)
Opening Cash	5,159	5,293	3,158
Closing Cash	2,838	3,158	2,943

Appendix A4

Budgeted Capital Works Statement for Year Ending 30 June 2011

	Budget 2009/10	Forecast 2009/10	Budget 2010/11
Capital Works	'000's	'000's	'000's
Buildings	1,390	1,529	396
Motor Vehicles	397	397	373
Plant & Equipment	560	675	800
Furniture & Office Equipment	20	37	29
Information Technology	210	294	139
Open Spaces	-	275	135
Roads (including Aerodrome runway)	3,841	2,472	5,810
Bridges & Culverts	295	295	400
Footpaths	30	84	65
Kerb & Channel	25	56	30
Drainage	-	313	50
Water Management	160	-	-
Projects	210	-	-
Total Capital Works	7,138	6,427	8,227
Represented by:			
Renewal	3,481	3,958	4,664
New	1,407	1,122	1,277
Expansion/Upgrade	2,250	1,347	2,286
Total Capital Works	7,138	6,427	8,227



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Appendix B



Capital Works Program 2010 -2011

PROJECT DESCRIPTION	Loan Funds	Govt Grant/ Other Contribution	Sale of Assets	Rate Revenue/ Transfer from Reserves	Project Cost
BRIDGES					
Major Culvert Renewal Program				125,000	125,000
Drop Structure & Floodway renewals				75,000	75,000
Bridge Renewal Program				200,000	200,000
				400,000	400,000
BUILDINGS					
Stawell Leisure Centre Pool works				40,000	40,000
Halls Gap VIC Stage 2				50,000	50,000
Renewal of Public Toilets				10,000	10,000
Stawell Community Hub				30,000	30,000
Disability Access Audit works				10,000	10,000
Stawell Caravan Park improvements				30,000	30,000
North Park FC Redevelopment		96,000		25,000	121,000
St Arnaud Hockey Clubhouse		50,000		10,000	60,000
Stawell Entertainment Centre Fire Alarm				15,000	15,000
Stawell Animal Facility upgrade				30,000	30,000
		146,000		250,000	396,000
OPEN SPACES					
North Park Masterplan		25,000		13,000	38,000
Navarre Recreation Reserve Dam		27,000		6,000	33,000
LNP Parking & Traffic Management				25,000	25,000
Motor Home Dump Point				14,000	14,000
Community Plan Implementation				25,000	25,000
		52,000		83,000	135,000

PROJECT DESCRIPTION	Loan Funds	Govt Grant/ Other Contribution	Sale of Assets	Rate Revenue/ Transfer from Reserves	Project Cost
INFORMATION TECHNOLOGY					
PC Hardware replacement program				57,000	57,000
Network & Servers				50,000	50,000
Confirm to Exponaire link				15,000	15,000
Website development				10,000	10,000
Communications upgrades				7,000	7,000
				139,000	139,000
PLANT, EQUIPMENT & MOTOR VEHICLES					
Light Fleet Replacement Program			185,000	188,000	373,000
St Arnaud Chairs				6,000	6,000
Records Compactus				5,000	5,000
Air conditioner for St Arnaud server				3,000	3,000
Minor plant replacement				50,000	50,000
Office furniture replacement				15,000	15,000
Heavy Plant Replacement Program	500,000		250,000		750,000
	500,000		435,000	267,000	1,202,000
ROADS/FOOTPATHS					
Footpath Program				10,000	10,000
Kerb & Channel Program				30,000	30,000
Final Seal Program				200,000	200,000
Major Rural Roads Program		500,000			500,000
Resealing Roads Program				275,000	275,000
Resheeting Program		450,000		250,000	700,000
Rehabilitation Program		300,000			300,000
Rural & Residential Program				100,000	100,000
Town Street Sealing Program	150,000				150,000
Urban Road Improvement Program				50,000	50,000
Local Roads to Market		430,000		91,000	521,000
St Arnaud Streetscape				50,000	50,000
B Double Route Upgrade				64,000	64,000
Walk of Fame				5,000	5,000
	150,000	1,680,000		1,125,000	2,955,000
AERODROMES					
Stawell Aerodrome Upgrade Stage 2	450,000	2,497,000		3,000	2,950,000
	450,000	2,497,000		3,000	2,950,000

PROJECT DESCRIPTION	Loan Funds	Govt Grant/ Other Contribution	Sale of Assets	Rate Revenue/ Transfer from Reserve	Project Cost
DRAINAGE					
Drainage Program				50,000	50,000
				50,000	50,000
TOTAL CAPITAL	1,100,000	4,375,000	435,000	2,317,000	8,227,000
NON CAPITAL PROJECTS					
Halls Gap Powerline Relocation		320,000		80,000	400,000
Strengthening Basins Communities		155,000		10,000	165,000
General Provision for grants				100,000	100,000
Great Western Rec Reserve Survey				3,000	3,000
		475,000		193,000	668,000
TOTAL including Non Capital Projects	1,100,000	4,850,000	435,000	2,510,000	8,895,000

Appendix C



Strategic Resource Plan 2010 -2014

- C1 Standard Income Statement**
- C2 Standard Balance Sheet**
- C3 Standard Cash Flow Statement**
- C4 Standard Capital Works Statement**

Appendix C1

Standard Income Statement

	Forecast	Budget	Forecast	Forecast	Forecast
	09/10	10/11	11/12	12/13	13/14
	'000's	'000's	'000's	'000's	'000's
Revenues from ordinary activities					
Rates & Charges	10,677	11,626	12,440	13,311	14,242
User Fees and Charges	2,593	2,619	2,723	2,832	2,945
Government Grants - Operational	5,481	6,999	7,139	7,282	7,428
Government Grants - Capital	2,895	4,324	1,200	1,200	1,200
Contributions	612	621	640	659	679
Interest from Investments	209	195	202	210	219
Other	86	138	144	150	156
Total Revenues	22,553	26,522	24,488	25,644	26,869
Expenses from ordinary activities					
Employee Benefits	9,578	10,513	11,091	11,700	12,344
Materials and Services	8,098	8,136	8,461	8,800	9,152
Other Expenses	859	830	855	881	907
Borrowing Costs	139	136	193	158	132
Depreciation	5,407	5,407	5,407	5,407	5,407
Total Expenses	24,081	25,022	26,007	26,946	27,942
Net Surplus (deficit) from operations	(1,528)	1,500	(1,519)	(1,302)	(1,073)
Total changes in equity	(1,528)	1,500	(1,519)	(1,302)	(1,073)

Appendix C2

Standard Balance Sheet

	Forecast	Budget	Forecast	Forecast	Forecast
	09/10	10/11	11/12	12/13	13/14
	'000's	'000's	'000's	'000's	'000's
Current Assets					
Cash Assets	2,245	2,030	1,883	2,104	2,225
Receivables	1,238	1,238	1,239	1,239	1,239
Inventories	46	46	46	46	46
Prepayments	147	147	147	147	147
Total Current Assets	3,676	3,461	3,315	3,536	3,657
Non current assets					
Receivables	76	76	76	76	76
Property, plant and equipment	223,640	226,025	224,118	222,211	220,704
Financial Assets	914	914	914	914	914
Other	517	517	517	517	517
Total non-current assets	225,147	227,532	225,625	223,718	222,211
Total assets	228,823	230,993	228,940	227,254	225,868
Current Liabilities					
Payables	754	754	754	754	754
Interest bearing liabilities	430	535	384	313	275
Employee benefits	2,252	2,252	2,252	2,252	2,252
Other	69	69	69	69	69
Total current liabilities	3,505	3,610	3,459	3,388	3,350
Non-current liabilities					
Interest bearing liabilities	1,628	2,193	1,809	1,496	1,222
Employee benefits	186	186	186	186	186
Land improvement liability	275	275	275	275	275
Total non-current liabilities	2,089	2,654	2,270	1,957	1,683
Total Liabilities	5,594	6,264	5,729	5,345	5,033
Net Assets	223,229	224,729	223,211	221,909	220,835
Equity					
Accumulated surplus	108,300	109,800	108,282	106,980	105,906
Asset revaluation reserve	112,987	112,987	112,987	112,987	112,987
Other reserves	1,942	1,942	1,942	1,942	1,942
Total Equity	223,229	224,729	223,211	221,909	220,835

Appendix C3

Standard Cash Flow Statement

	Forecast	Budget	Forecast	Forecast	Forecast
	09/10	10/11	11/12	12/13	13/14
	'000's	'000's	'000's	'000's	'000's
Operating activities					
Income					
Rates & Charges	(10,677)	(11,626)	(12,440)	(13,311)	(14,242)
User Fees and Charges	(2,593)	(2,619)	(2,723)	(2,832)	(2,945)
Government Grants - Operational	(5,481)	(6,999)	(7,139)	(7,282)	(7,428)
Government Grants - Capital	(2,895)	(4,324)	(1,200)	(1,200)	(1,200)
Contributions	(612)	(621)	(640)	(659)	(679)
Other	(295)	(333)	(346)	(360)	(375)
Total Income	(22,553)	(26,522)	(24,488)	(25,644)	(26,869)
Expenditure					
Employee Benefits	9,578	10,513	11,091	11,700	12,344
Materials and Services	8,098	8,136	8,461	8,800	9,152
Other Expenses	859	830	855	881	907
Borrowing Costs	139	136	193	158	132
Total Expenditure	18,674	19,615	20,600	21,539	22,535
Net Operating	(3,879)	(6,907)	(3,888)	(4,105)	(4,334)
Investing Activities					
Capital Expenditure	6,427	8,227	4,000	4,000	4,400
Capital Income	(815)	(435)	(500)	(500)	(500)
Net Investing Activities	5,612	7,792	3,500	3,500	3,900
Financing Activities					
New Loans	-	(1,100)	-	-	-
Principal Repayments	402	430	535	384	313
Total Financing Activities	402	(670)	535	384	313
Net Movements for Year	2,135	215	147	(221)	(121)
Opening Cash	5,293	3,158	2,943	2,797	3,018
Closing Cash	3,158	2,943	2,796	3,018	3,139



Appendix C4

Standard Capital Works Statement

	Forecast	Budget	Forecast	Forecast	Forecast
	09/10	10/11	11/12	12/13	13/14
Capital Works	'000's	'000's	'000's	'000's	'000's
Buildings	1,529	396	413	413	471
Motor Vehicles	397	373	370	370	380
Plant & Equipment	675	800	450	450	490
Furniture & Office Equipment	37	29	22	22	22
Information Technology	294	139	130	130	140
Open Spaces	275	135	44	44	49
Roads	2,472	5,810	2,064	2,064	2,270
Bridges & Culverts	295	400	300	300	350
Footpaths	84	65	37	37	41
Kerb & Channel	56	30	81	81	89
Drains	313	50	89	89	98
Total Capital Works	6,427	8,227	4,000	4,000	4,400
Represented by:					
Renewal	3,958	4,664	3,650	3,750	4,100
New	1,122	1,277	100	100	100
Expansion	1,347	2,286	250	150	200
Total Capital Works	6,427	8,227	4,000	4,000	4,400



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Appendix D



KEY STRATEGIC ACTIVITIES 2010 -2011



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KEY STRATEGIC ACTIVITIES 2010-11

For the year ending 30 June 2011

Key Strategic Activity	Performance Measure	Performance Target
Develop and implement industry sector plans.	At least two key sectors identified and implementation strategies developed.	Two sector plans developed.
Encourage growth of retail sales within the Shire.	Facilitate retail growth with business groups in Stawell and St Arnaud.	Develop and implement a retail campaign.
Work with other regional groups to lobby for improved service and funding for regional priority projects.	Maintain membership and attend meetings of at least four regional groups.	Active membership of at least four regional groups maintained.
Encourage economic activity in the Shire through the support of events and festivals.	Support at least ten existing or new events or festivals, either financially or in kind.	At least ten events or festivals supported.
Continue to deliver quality Child Care services by maintaining relevant levels of accreditation.	Relevant accreditation maintained for Child Care services.	Accreditation maintained.
Lead the community in the implementation of the 2009 and 2010 Community Plans.	Elements of the Community Plans for Stawell, St Arnaud, Halls Gap, Great Western and Marnoo have been either planned, funded or completed.	At least one activity for each Community Plan has been actioned.
Enhance Community safety.	Encourage the CFA to review and develop Township Protection Plans for relevant communities in the shire which are considered to be high risk.	Existing Township Protection Plans for Halls Gap and St Arnaud are reviewed and developed for the 2010/11 fire season.
Enhance Community safety.	Provide Neighbourhood Safer Places where appropriate in the Northern Grampians Shire.	Existing Neighbourhood Safer Places reviewed and the provision for additional Neighbourhood Safer Places considered.
Enhance Community safety.	Ensure the Northern Grampians Shire Council Road Management Plan remains up to date for the purpose of maintaining a safe and efficient Road Network.	Amend the Northern Grampians Shire Council Road Management Plan.
Continue to provide good governance.	Develop and adopt an agreed process for review of existing policies and development of new policies.	Process adopted for the review and development of Council policies.



Customer service – St Arnaud

Napier St., St Arnaud
Ph. (03) 5495 1500
Fax (03) 5495 1026

Customer service – Stawell

Main St., Stawell
Ph. (03) 5358 8700
Fax (03) 5538 4151

Visitor Information Centres

Stawell 1800 330 080
St. Arnaud 1800 014 455
Halls Gap 1800 065 599

All postal correspondence:
PO Box 580, Stawell VIC 3380

E-mail:

ngshire@ngshire.vic.gov.au

Website:

www.ngshire.vic.gov.au

Emergency after hours phone number

5358 8700