

***2011-2012  
Annual Budget  
and  
Strategic Resource Plan  
2011-12 to 2015-16***



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Making a submission:

Submissions in relation to Council's 2011-2012 Annual Budget will be received by Council at the Splatt Street office until 4.00pm Monday, 18 July 2011.

Submissions will then be heard at a Special Council Meeting on Tuesday, 19 July, 2011 at 6.00pm. The meeting will be held in the Council Chambers, Swan Hill Town Hall.

A Special Council Meeting to consider to adopt the 2011-12 Annual Budget and Strategic Resource Plan will be held Tuesday, 26 July 2011 at 1.00pm in the Council Chamber at the Swan Hill Town Hall.

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## MESSAGE FROM THE MAYOR

I am extremely pleased to present the Swan Hill Rural City Council budget for 2011/12.

As is the case every year when it comes to the budget, Councils have to find a delicate balance between delivering essential services and ensuring our infrastructure is maintained while passing on a minimal rate increase to our community.

As all of us experience in our day-to-day lives, costs do increase and in order for Council to continue to deliver on its services and maintain infrastructure, it is unfortunately inevitable that costs do get passed on to our community.

In order for Councils to continue to deliver the same level of services to the community the Local Government Cost index forecasts a need for an increase of 3.6%, however, for regional and rural Councils, who often cover a larger area than our metropolitan cousins, this cost is greater. While 3.6% is above the often quoted CPI increases, CPI measures changes in consumer goods such as groceries, insurances and mortgages not increases in wages or construction costs which are more relevant to Councils.

As well as labour, construction and infrastructure costs, Council delivers around 100 community services every year.

This year, Swan Hill Rural City Council has managed to deliver a budget that includes a modest average rate increase of just 4.9% - one of the lowest rate rises in the state. I emphasise this is an average increase, individual rate payers will experience a higher or lower increase depending on their property valuations and size of their garbage bin.

For example, it is anticipated the rates and garbage increase in residential areas will be an average of approximately 6.2%, while dry land farmers will experience an increase of only 2.4%.

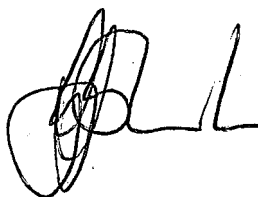
There will also be no increase in kerbside collection charges, while the discount for early payment of rates will remain at 3%.

Council has also allocated an additional \$42,500 towards Family Day Care initiatives - one of the major areas we continually have difficulty in obtaining outside funding - therefore enabling young families across the municipality to continue to access this important service.

Other highlights of the budget include:

- An increase in roads maintenance and construction of \$120,000, bringing the total expenditure on roads to \$8.1m (total figure is subject to external funding).
- Refurbishment of the Swan Hill aerodrome runway of \$504,000 (subject to external funding).
- Continued redevelopment of the Swan Hill CBD upgrade - \$1.3m.
- Continued development of the Robinvale Riverfront - \$225,000.

Achieving the right balance continues to be a challenge for any Council, and I believe the 2011/12 Swan Hill Rural City Council budget has achieved this balance, resulting in a responsible budget that ensures delivery of essential services, provides further funding towards major projects and infrastructure, while passing on a minimal average rate increase to our community.



**Cr Greg Cruickshank**  
Mayor

## 1. EXECUTIVE SUMMARY

Council's 2011-12 Annual Budget is focused on tight financial and resource management. This has enabled additional funding for key infrastructure priorities such as roads, community buildings and flood recovery efforts to be accommodated within a moderate increase in Council's rate revenue of just 4.9%.

Council's new Waste Management contracts, which commenced late in 2010, have enabled programmed improvements to land fill sites to commence and the ongoing kerbside collection of waste and recycling to occur without the need for an increase to the kerbside collection charges. Increased fees at landfill sites will be limited to increases in consumer price index (CPI) and the State Government imposed landfill levy.

All ongoing services will be maintained and Council has committed additional resources to the Family Day Care Program to help improve access to affordable childcare within the municipality. Significant projects include the continued staged redevelopment of the Swan Hill CBD and Pioneer Settlement, refurbishment of the sealed runway at the Swan Hill aerodrome, design of flood mitigation system for Robinvale and significant funding for the implementation of Community Plans.

Minor adjustments to Council's rate modelling will occur with the introduction of a 5% discounted differential rate for cereal/sheep broad acre farmers and a change in the definition of the vacant residential land rate to ensure ratepayers who have recently purchased vacant land are given more time to build on the land before the vacant land rate applies. The rates early payment discount will remain at 3%.

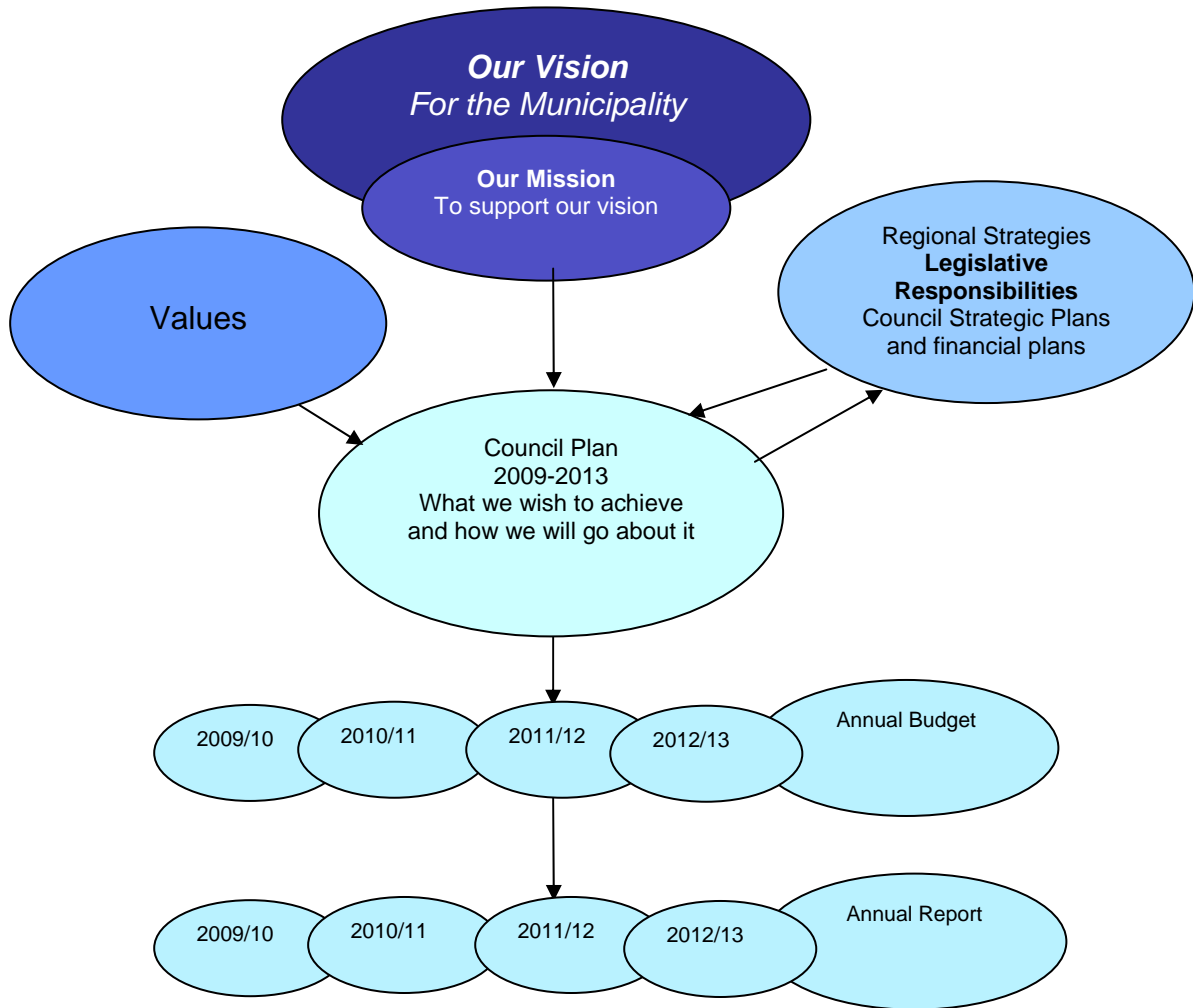
Due to the new Differential Rate in 2011/12 and successful valuation objections in 2010/11, the average rates and garbage charges rise will be higher in urban areas than for dry land and some other rural properties.

Setting a Budget is always a difficult exercise that results in some people getting the projects, works or service level increases they want and others not, however the Swan Hill Rural City Council 2011/12 Budget attempts to balance the needs of the whole community, within the context of the Council Plan, seeking to set the Municipality on a positive path for the future.

## 2. BUSINESS PLAN 2011/2012

### Strategic Planning Framework

#### Council's Planning Framework



## Council Plan 2009-2013 (2010 Update)

The Council Plan identifies the vision for the municipality as *“A vibrant community that displays growth and sustainability with a strong identity and confidence in a prosperous future by working together.”* The Council Plan identifies that Council will seek to achieve the vision through a triple bottom line approach, addressing issues and needs of the Community, Economy and Environment, while at the same time ensuring that the Councillors and the Council organisation are accountable.

Each of these 4 Key Result Areas is supported by objectives and strategies through which Council believes the objectives will be achieved:

Strategic Objective	Objective
Sustainable Communities	<ul style="list-style-type: none"> <li>• Building community capacity</li> <li>• Supporting people who need extra assistance</li> <li>• Developing a safer community</li> <li>• Facilitate and provide services for health and wellbeing</li> <li>• Celebrating our identity</li> <li>• Aboriginal recognition</li> </ul>
Economic Growth	<ul style="list-style-type: none"> <li>• Creating population growth</li> <li>• Sufficient and appropriate supply of land for housing development</li> <li>• Encourage and support local employment opportunities</li> <li>• Educating and skilling</li> <li>• Attracting new business</li> <li>• Supporting existing business</li> <li>• Ensure appropriate infrastructure</li> </ul>
Environmental Management	<ul style="list-style-type: none"> <li>• Contributing to good environmental outcomes for the Murray River, its environs and the lake systems</li> <li>• Contributing to good environmental outcomes for the Mallee and bushland reserves</li> <li>• Promoting and advocating sound environmental practices</li> <li>• Protecting indigenous flora and fauna</li> <li>• Managing the built and natural environment</li> <li>• Improving coordination between Council and other authorities on the environment</li> </ul>
Governance and Leadership	<ul style="list-style-type: none"> <li>• Developing open community relationships</li> <li>• Councillor and staff accountability</li> <li>• Responsible management of resources</li> <li>• Valuing our staff</li> <li>• Nurturing critical external relationships</li> </ul>

**Business Plan for 2011/2012**

Council provides over 100 services to the community, ranging from maintaining the appearance of median strips in major townships to maintaining roads, refurbishing footpaths, Home and Community Care (HACC) services, Maternal and Child Health services, etc. This wide range of services that have developed over time, is designed to meet the immediate and longer-term needs of the community.

Council is aware however, that from time to time the community expresses a demand for an increase in the level of existing services, and at times, a need for additional services not currently available. Unfortunately Council's financial resources are limited, particularly as grants from the State and Federal governments do not keep pace with cost increases.

In addition, much of Council's Infrastructure is ageing and will need to be replaced over the next 15 years. It is important that the funding for this Infrastructure replacement starts to occur now in order to avoid large jumps in funding, and hence Rates in the medium to longer term.

Accordingly, the focus for the 2011/2012 Business Plan is to continue existing services, maintain the current level of capital and major projects, increase the funding for Infrastructure replacement and increase in the service levels in a limited number of areas only as follows:

- Increase Roads Maintenance and reconstruction over and above cost increases (\$120,000)
- Increase Building Maintenance over and above cost increases (\$95,000)
- Increase Major Events support (\$25,000)
- Family Day Care initiatives (\$42,500)
- Adding Geographic Information System (GIS) resources (\$17,000 net)
- Records Management improvement program (\$3,400)



## Key Strategic Activities & Performance Targets

To measure the achievement of the Council Plans, Council has developed a range of Performance Targets that seek to determine whether the Key Strategic Activities contained within the Council Plan are completed.

The following Key Strategic Activities have been developed for the 2011/12 financial year (year 3 of the Council Plan).

The performance targets can be summarised as follows:

Main Council Plan Strategic Objective Addressed	Strategy	Strategic Activity	Performance Target
All aspects of the Council Plan (this addresses satisfaction with the outcomes of all the strategic objectives)	All aspects of Council operations, including Council advocacy and accountability.	Community Satisfaction with Council's overall performance and average of Council and State Government Survey	65% or higher
All aspects of the Council Plan as identified in Appendix C	Ongoing services provided to the community.	Financial operating result or better of the budgeted operating result (excluding depreciation)	\$15,251,000
All aspects of the Council Plan as identified in Appendix C	Provision of appropriate Infrastructure across the municipality to ensure our economic growth.	Completion of all the Projects in Appendix B by 30 June 2012 excluding those for which any external funding is not received by 31 December 2011.	110 projects. (51 currently subject to external funding).
Housing	Increase the supply of affordable housing.	Complete Tower Hill concept plan review by 30 June 2012.	Concept plan review completed by 30 June 2012
Housing	Identify areas suitable for housing within commuter distance of Swan Hill.	Complete Rural Living Strategy 30 June 2012	30 June 2012
Economic Growth – Infrastructure Provision	Investigate the possibility for rail head and rail freight centre (s) in the municipality.	Complete the North West Transport Strategy by 30 June 2012.	Strategy completed by 30 June 2012
Economic Growth – Infrastructure Provision	Commence a program to identify works required to enable B-Double access on "access roads".	Determine suitable Council Roads in accordance with Roads Hierarchy by 30 June 2012.	Program compiled by 30 June 2012

### **3. BUDGET OVERVIEW**

#### **Basis of Budget Preparation**

Under the Local Government 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 regulations.

The first step in the budget process is to prepare a draft budget in accordance with the Act and Council's direction as identified in the Council Plan. Once Council refines and approves the draft budget it will give public notice that it intends to adopt the budget. A minimum of 28 days notice is given in the local newspapers, and the budget is made available for inspection at any of Council's offices and service centres. A person has the right to make a submission to any proposal contained within the budget, and Council must consider any such submission before adoption of the budget. The budget is required to be adopted and a copy submitted to the Minister by 31 August each year.

The 2011/12 budget relates to 1 July 2011 to 30 June 2012, and is prepared in accordance with the Act and Regulations. The budget includes standard statements, being:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Capital Works

Each of these statements has been prepared in accordance with relevant Australian Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations.

The budget includes a description of the activities and initiatives to be funded and how they will contribute to achieving the strategic objectives specified in the Council Plan, as well as separately identified Key Strategic Activities and performance targets and measures.

The budget also contains detailed information about the rates and charges to be levied, how the rates and charges to be levied were calculated (rates determination statement), the capital works program to be undertaken during the year, and other financial information which Council is required to prepare 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 preparing the budget in a proper financial management context. These include a Strategic Resource Plan for 2011/12 to 2015/16 (section 13), Rating Strategy (section 14), and Infrastructure Strategy (section 16).

#### **Budget Process**

The preparation and adoption of the Annual Budget and Strategic Resource Plan involves the following steps that are undertaken between March and August annually:

- Identification of key activities and initiatives for the year
- Draft budget submitted to Council for approval
- Public notice advising intention to adopt the draft budget
- Draft budget available for public inspection and comment
- Submissions period closes and consideration of issues by Council
- Submissions referred to Council for consideration
- Budget presented to Council for review and adoption
- Copy of adopted budget provided to the Minister

Some years the budgetary process may be delayed, particularly while awaiting receipt of the general valuations of the municipality required to be undertaken every two years.

### Significant Influences

There were a number of influences from the 2010/11 year, which have had a significant impact on the setting of the budget for 2011/12. These include:

- Achievement of a carried forward surplus from 2010/11 to 2011/12
- Significant savings in waste management kerbside collection costs
- Significant funds for Capital Works budgeted for 2010/11 now to be completed in 2011/12
- The January 2011 storms and floods with significant impact on infrastructure and availability of external funding
- Tight labour market for senior managers and some professional positions
- A slow down in new building activity due to higher interest rates and reduced Government incentives
- Significant successful rural valuation objections which will affect the distribution of the 2011/12 rates.

Section 6 of the report "Impact of Current Year on 2011/12 Budget" provides more detailed analysis of these internal influences.

### Key Budget Principles for the 2011/12 Year

Guidelines setting out key budget principles upon which the budget is prepared were developed. These are:

- Existing fees and charges to be increased in line with CPI or market levels, whichever is applicable.
- Conservative inclusion of Capital Grants.
- Service levels generally maintained at 2010/11 levels with an emphasis on innovation, efficiency and asset rationalisation.
- New staffing proposals to be justified on a business case.
- Real savings in expenditure and increases in revenue identified in 2010/11 to be preserved or used to fund initiatives identified in the Council Plan.
- Operating revenues and expenses arising from completed 2010/11 capital projects to be included.
- Availability of borrowings totalling \$1.7 million to fund specific capital projects.
- Creation of Cash Reserves to help fund asset replacements required in the future.
- Continuation of Budgeted Rates Determination Statement surplus.

## 4. BUDGET HIGHLIGHTS

In addition to continuation of the wide range of existing Council services, the 2011/12 Council Budget includes a number of highlights, including:

- Modest 4.9% increase in overall rate revenue despite the impact of flood damage and phased reduction in State Government funds to offset the removal of irrigation water from valuations
- No increase in kerbside collection charges
- Additional rates funding for Roads (\$120,000)
- Additional rates funding for Buildings (\$95,000)
- Initiatives to improve access to Family Day Care (\$42,500)
- Increased Major Events support (\$25,000)
- Commencement of refurbishment of Swan Hill aerodrome runway, subject to external funding (\$504,000)
- Funding for detailed design on extensions to Art Gallery (\$100,000)
- Continued implementation of Community Plans (\$200,000)
- Design flood mitigation measures for Robinvale Township (\$110,000)
- Upgrade to Pritchard Street, Swan Hill drainage (\$335,000)
- Total expenditure on Roads, subject to external funding of (\$8,170,000)
- Continued redevelopment of Pioneer Settlement, subject to funding (\$4,078,595)
- Continued development Robinvale Riverfront (\$225,000)
- Staged redevelopment of Swan Hill CBD (\$1,319,000)
- Lighting and Audio equipment upgrade at Swan Hill Town Hall subject to funding (\$316,350)

## 5. BUDGET STATEMENTS

Budget Statements include:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Capital Works
- Rates Determination Statement
- Investment Reserves

This section sets out the budgeted financial statements in 2011/12 in detail. The information is the basis of the disclosures and analysis of the annual budget in this report.

## Budgeted Income Statement

For the year ending 30 June

	2010/11	2011/12	Change
	Anticipated Actual	Budget	
	\$000	\$000	\$000
<b>Revenue from Ordinary Activities</b>			
Rates & Garbage Charges	19,985	21,065	1,080
Statutory Fees & Fines	936	933	(3)
User Fees	4,122	4,172	50
Grants – Recurrent	10,773	12,502	1,729
Grants - Non-recurrent	6,096	9,505	3,409
Contributions – Cash	321	84	(237)
Contributions – Non Monetary Assets	78	915	837
Reimbursements	165	139	(26)
Interest	955	924	(31)
Net Gain (Loss) from Disposal of Assets	95	124	29
Other Revenue (net of cost of goods sold)	2,629	1,987	(642)
<b>Total Revenue</b>	<b>46,155</b>	<b>52,350</b>	<b>6,195</b>
<b>Expenses from Ordinary Activities</b>			
Employee Benefits	17,164	16,940	(224)
Contract Payments Materials & Services	14,776	14,181	(595)
Contributions Paid	4,647	5,012	365
Bad & Doubtful Debts	7	10	3
Depreciation and Amortisation	6,187	6,544	357
Finance Costs	411	357	(54)
Other Expenses	582	599	17
<b>Total Expenses</b>	<b>43,774</b>	<b>43,643</b>	<b>(131)</b>
<b>Surplus</b>	<b>2,381</b>	<b>8,707</b>	<b>6,326</b>
<b>Movements in Equity</b>			
Net Increase (Decrease) in Asset Revaluation Reserves	5,323	4,103	(1,220)
<b>Total Changes in Equity</b>	<b>7,704</b>	<b>12,810</b>	<b>5,106</b>
<b>Non-Recurrent Items Included in Above Results</b>			
<b>Income:</b>			
Land Sales	91	85	(6)
Grants & Contributions – Non-recurrent	6,096	9,505	3,409
Capital Contributions – Non-cash	78	915	837
2010/11 Recurrent Grants Paid in 2009/10	(1,422)	-	1,422
<b>Expenditure:</b>			
Major Projects/Once off items	2,385	2,865	480
<b>Non-Recurrent Items</b>	<b>(2,458)</b>	<b>(7,640)</b>	<b>5,182</b>
<b>Recurrent Operating Surplus (Deficit)</b>	<b>(77)</b>	<b>1,067</b>	<b>1,144</b>

## Budgeted Balance Sheet

As at 30 June

	2010/11 Anticipated Actual \$000	2011/12 Budget \$000	Change \$000
<b>Current Assets</b>			
Cash & Cash Equivalents	12,291	7,984	(4,307)
Trade & Other Receivables	2,170	2,242	72
Inventories	352	295	(57)
Non Current Assets Classified as held for sale	105	105	-
Other Assets	203	227	24
<b>Total Current Assets</b>	<b>15,121</b>	<b>10,853</b>	<b>(4,268)</b>
<b>Current Liabilities</b>			
Trade & Other Payables	2,027	2,442	415
Trust Funds & Deposits	250	230	(20)
Provisions	3,754	3,605	(149)
Interest Bearing Loans & Borrowings	1,074	1,145	71
<b>Total Current Liabilities</b>	<b>7,105</b>	<b>7,422</b>	<b>317</b>
<b>Net Current Assets</b>	<b>8,016</b>	<b>3,431</b>	<b>(4,585)</b>
<b>Non-Current Assets</b>			
Trade & Other Receivables	214	219	5
Property, Plant, Equipment & Infrastructure	279,090	297,031	17,941
Intangible Assets	763	763	-
<b>Total Non-Current Assets</b>	<b>280,067</b>	<b>298,013</b>	<b>17,946</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans & Borrowings	6,262	6,817	555
Provisions	1,308	1,304	(4)
<b>Total Non-Current Liabilities</b>	<b>7,570</b>	<b>8,121</b>	<b>551</b>
<b>Net Assets</b>	<b>280,513</b>	<b>293,323</b>	<b>12,810</b>
<b>Equity</b>			
Accumulated Surplus/Reserves	192,709	201,416	8,707
Asset Revaluation Reserve	87,804	91,907	4,103
<b>Total Equity</b>	<b>280,513</b>	<b>293,323</b>	<b>12,810</b>

## Cash Flow Statement

For the year ending 30 June

	2010/11 Anticipated Actual \$000	2011/12 Budget \$000	Change \$000
<b>Cash flows from Operating Activities</b>			
Rates	19,861	20,983	1,122
Statutory fees and fines	936	933	(3)
User charges and other fines (inclusive of GST)	4,534	4,584	50
Grants (inclusive of GST)	16,869	22,007	5,138
Contributions (inclusive of GST)	353	92	(261)
Interest	955	924	(31)
Other receipts (inclusive of GST)	3,106	2,364	(742)
Net GST refund/payment	1,293	1,296	3
Payments to suppliers (inclusive of GST)	(22,213)	(21,300)	913
Payments to employees (inclusive of GST)	(16,681)	(17,093)	(412)
<b>Net cash provided by operating activities</b>	<b>9,013</b>	<b>14,790</b>	<b>5,777</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from Financial Assets	2,600	-	(2,600)
Payment for property, plant and equipment, infrastructure	(10,568)	(20,095)	(9,527)
Proceeds from sale of property, plant and equipment, infrastructure	561	729	168
<b>Net Cash Outflow from Investing Activities</b>	<b>(7,407)</b>	<b>(19,366)</b>	<b>(11,959)</b>
<b>Cash flows from Financing Activities</b>			
Borrowing Costs	(411)	(357)	54
Proceeds from interest bearing loans and borrowings	1,800	1,700	(100)
Repayment of interest bearing loans and borrowings	(1,117)	(1,074)	43
<b>Net Cash Outflow from Financing Activities</b>	<b>272</b>	<b>269</b>	<b>(3)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>1,878</b>	<b>(4,307)</b>	<b>(6,185)</b>
Cash and cash equivalents at the beginning of the financial year	10,413	12,291	1,878
<b>Cash and cash equivalents at the end of the financial year</b>	<b>12,291</b>	<b>7,984</b>	<b>(4,307)</b>



## Cash Flow Statement (continued)

	2010/11 Anticipated Actual \$000	2011/12 Budget \$000	Change \$000
<b>Reconciliation to Operating Result</b>			
Net Surplus (Deficit) from Operations	2,381	8,707	6,326
Depreciation and Amortization	6,187	6,544	357
Profit on Asset Disposals	(95)	(124)	(29)
Non-Cash Capital Contributions / Assets Adjustments	(78)	(915)	(837)
Cost of Tower Hill Land Sold	30	23	(7)
Borrowing Costs	411	357	(54)
Movements in:			
Current Receivables	(117)	(72)	45
Other Operating Assets	32	57	25
Inventories	7	(24)	(31)
Non-Current Receivables	-	(5)	(5)
Current Payables/Accruals	(183)	415	598
Current Provisions	410	(149)	(559)
Current Trust Funds	(45)	(20)	25
Non-Current Provisions	73	(4)	(77)
Net Movement in Assets / Liabilities	177	198	21
<b>Inflow from Operating Activities</b>	<b>9,013</b>	<b>14,790</b>	<b>5,777</b>

## Statement of Capital Works

For year ending 30 June

Capital Works Area	2010/11 Anticipated Actual \$000	2011/12 Budget \$000	Change \$000
Roads, Streets, Bridges & Footpaths	4,995	7,215	2,220
Drainage	352	1,635	1,283
Other Infrastructure	2,533	4,243	1,710
Land & Buildings	254	898	644
Plant, Equipment & Other	2,035	2,253	218
Waste Management	260	270	10
Heritage & Culture	217	4,496	4,279
<b>Total Capital Works &amp; Asset Purchases</b>	<b>10,646</b>	<b>21,010</b>	<b>10,364</b>
<b>Represented by:</b>			
Renewal	7,095	11,413	4,318
Upgrade	2,117	5,423	3,306
Expansion	-	-	-
New Assets	1,434	4,174	2,740
<b>Total Capital Works &amp; Asset Purchases</b>	<b>10,646</b>	<b>21,010</b>	<b>10,364</b>
<b>Includes Donated Assets of:-</b>			
Roads, Streets, Bridges & Footpaths	-	525	525
Heritage and Culture	50	-	(50)
Drainage	-	200	200
Other Infrastructure	28	190	162
<b>Total Donated Infrastructure Assets</b>	<b>78</b>	<b>915</b>	<b>837</b>

## Rates Determination Statement

For the year ending 30 June

	2010/11 Anticipated Actual \$000	2011/12 Budget \$000	Change \$000
<b>Revenue</b>			
Rates and Garbage Charges	19,985	21,065	1,080
Statutory Fees & Fines	936	933	(3)
User Fees	4,122	4,172	50
Grants – Recurrent	10,773	12,502	1,729
Grants – Non-recurrent	6,096	9,505	3,409
Contributions – Cash	321	84	(237)
Reimbursements	165	139	(26)
Interest Income	955	924	(31)
Proceeds from Disposal of Assets	561	729	168
Other Revenue	2,659	2,010	(649)
<b>Total Income</b>	<b>46,573</b>	<b>52,063</b>	<b>5,490</b>
<b>Expenditure</b>			
Employee Benefits	17,164	16,940	(224)
Contract Payments Materials & Services	14,776	14,181	(595)
Contributions Paid	4,647	5,012	365
Bad & Doubtful Debts	7	10	3
Finance Costs	411	357	(54)
Other Expenses	582	599	17
<b>Total Expenditure</b>	<b>37,587</b>	<b>37,099</b>	<b>(488)</b>
<b>Net Operating Result</b>	<b>8,986</b>	<b>14,964</b>	<b>5,978</b>
<b>Less Capital Items</b>			
Capital Expenditure & Asset Purchases	10,568	20,095	9,527
<b>Surplus (Deficit) after Capital Items</b>	<b>(1,582)</b>	<b>(5,131)</b>	<b>(3,549)</b>
<b>Add Financing Transactions</b>			
Loan Principal Redemption	(1,117)	(1,074)	43
Reserve Transfers (net)	1,097	4,516	3,419
Proceeds from Loans	1,800	1,700	(100)
<b>Total Financing Transactions</b>	<b>1,780</b>	<b>5,142</b>	<b>3,362</b>
<b>Budget Result Surplus</b>	<b>198</b>	<b>11</b>	<b>(187)</b>

## Investment Reserves

As at 30 June

Reserve	2010/11 Forecast Actual	Transfers to Reserve	Transfers from Reserve	2011/12 Budget
	\$000	\$000	\$000	\$000
<b>Restricted:</b>				
▪ Car Parking	77	-	-	77
▪ Outfall Drainage	16	-	(6)	10
▪ Unused Grants	2,955	291	(2,446)	800
▪ Robinvale Drainage	240	50	(290)	-
▪ Swan Hill Drainage	362	200	(562)	-
▪ Resort & Recreation	92	15	(25)	82
▪ Landfill Rehabilitation and Development	569	230	-	799
<b>Total Restricted</b>	<b>4,311</b>	<b>786</b>	<b>(3,329)</b>	<b>1,768</b>
<b>Discretionary:</b>				
▪ Asset and Infrastructure Replacement	949	74	(47)	976
▪ Tower Hill Contingency	600	-	-	600
▪ Superannuation Contingency	-	100	-	100
▪ Rate Stabilization	760	-	(200)	560
▪ Other Discretionary	2,030	37	(1,937)	130
<b>Total Discretionary</b>	<b>4,339</b>	<b>211</b>	<b>(2,184)</b>	<b>2,366</b>
<b>Total Reserves</b>	<b>8,650</b>	<b>997</b>	<b>(5,513)</b>	<b>4,134</b>

## 6. IMPACT OF CURRENT YEAR ON 2011/12 BUDGET

This section analyses the impact of variances from budget in 2010/11 to assess whether there will be any significant impacts on the 2011/12 budget.

### Income Statement

	2010/11 Budget	2010/11 Anticipated Actual	Variance
	\$000	\$000	\$000
<b>Revenue</b>			
Rates and Garbage Charges	19,944	19,985	41
Statutory Fees & Fines	964	936	(28)
User Fees	2,877	4,122	1,245
Grants - Recurrent	12,144	10,773	(1,371)
Grants Non-recurrent	2,821	6,096	3,275
Contributions - Cash	1,773	321	(1,452)
Contributions - Non Monetary Assets	1,311	78	(1,233)
Reimbursements	-	165	165
Interest	799	955	156
Profit from Sale of Assets	127	95	(32)
Other Income	3,761	2,629	(1,132)
<b>Total Revenue</b>	<b>46,521</b>	<b>46,155</b>	<b>(366)</b>
<b>Operating Expenditure</b>			
Employee Benefits	16,150	17,164	1,014
Contract Payments Materials & Services	14,850	14,776	(74)
Contributions Paid	4,462	4,647	185
Bad & Doubtful Debts	7	7	-
Depreciation and Amortisation	6,016	6,187	171
Finance Costs	418	411	(7)
Other Expenses	750	582	(168)
<b>Total Operating Expenditure</b>	<b>42,653</b>	<b>43,774</b>	<b>1,121</b>
<b>Operating Surplus (Deficit)</b>	<b>3,868</b>	<b>2,381</b>	<b>(1,487)</b>

The following significant variances from budget are expected:

- Recurrent grants decreased due to payment of the first instalment of Grants Commission funding relating to 2010/11 being paid in the 2009/10 year.
- Non-Recurrent Grants exceeded budget due to funds received for the cleanup and damage repair from the flood event in January and February. Grants were also received for the McCrae St Roundabout and Swan Hill CBD Development which had not previously been forecast.
- Variances in User Fees and Contributions – Cash is due to the re-classification of Fees and Charges as they are received by Council. A number of services budgeted as Contributions – Cash have been re-classified as User Fees. These variances offset each other.
- Other Income – There were no further Stage releases at Tower Hill in 2010/11, therefore there has been a reduction in the Other Income and Contributions – Non Monetary Assets.
- Employee Benefits – Early payment was made for the Unfunded Superannuation for Defined Benefit members in order to attract a significant discount on the payment.

## Cash Flow

	Budget 2010/11	Anticipated Actual 2010/11	Variance
	\$000	\$000	\$000
	Inflows (Outflows)	Inflows (Outflows)	
<b>Cash flows from Operating Activities</b>			
Rates	19,857	19,861	4
Statutory fees and fines	964	936	(28)
User charges and other fines (Incl GST)	3,159	4,534	1,375
Grants (Incl GST)	14,965	16,869	1,904
Contributions (Incl GST)	1,950	353	(1,597)
Interest	799	955	156
Other receipts (Incl GST)	4,201	3,106	(1,095)
Net GST refund/payment	1,157	1,293	136
Payments to suppliers (Incl GST)	(22,036)	(22,213)	(177)
Payments to employees (Incl GST)	(16,092)	(16,681)	(589)
<b>Net Cash provided by (used in) operating activities</b>	<b>8,924</b>	<b>9,013</b>	<b>89</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from Financial Assets	-	2,600	2,600
Payments for:			
Property, Plant & Equipment, Infrastructure	(13,439)	(10,568)	2,871
Proceeds from:			
Sale of Property, Plant & Equipment, Infrastructure	746	561	(185)
<b>Net Cash Outflow from Investing Activities</b>	<b>(12,693)</b>	<b>(7,407)</b>	<b>5,286</b>
<b>Cash flows from Financing Activities</b>			
Borrowing Costs	(418)	(411)	7
Proceeds from Interest Bearing Loans and Borrowings	1,800	1,800	-
Repayment of Interest Bearing Loans and Borrowings	(1,110)	(1,117)	(7)
<b>Net Cash Outflow from Financing Activities</b>	<b>272</b>	<b>272</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(3,497)</b>	<b>1,878</b>	<b>5,375</b>
Cash and cash equivalents at the beginning of the financial year	11,233	10,413	(820)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7,736</b>	<b>12,291</b>	<b>4,555</b>

## Capital Performance

	2010/11 Budget \$000	2010/11 Anticipated Actual \$000	Variance \$000
<b>Capital Expenditure:</b>			
<b>Capital Works</b>			
– Roads, Streets, Bridges & Footpaths	5,358	4,995	(363)
– Drainage	1,600	352	(1,248)
– Other Infrastructure	4,137	2,533	(1,604)
– Land & Buildings	882	254	(628)
– Plant & Equipment	2,162	2,035	(127)
– Waste Management	-	260	260
– Heritage & Culture	611	217	(394)
<b>Total Capital Works/Asset Purchases</b>	<b>14,750</b>	<b>10,646</b>	<b>(4,104)</b>
<b>Represented By:</b>			
– Renewal	7,793	7,095	(698)
– Upgrade	2,306	2,117	(189)
– Expansion	-	-	-
– New Assets	4,651	1,434	(3,217)
<b>Total Capital Works and Assets Purchases</b>	<b>14,750</b>	<b>10,646</b>	<b>(4,104)</b>
<b>Funding sources</b>			
External:			
– Borrowings	1,800	1,800	-
– Grants Etc	2,402	3,790	1,388
– Asset Sales	616	470	(146)
– Non Cash Capital Contributions	1,311	78	(1,233)
– Internal (Incl Reserves)	8,621	4,508	(4,113)
<b>Total Capital Works</b>	<b>14,750</b>	<b>10,646</b>	<b>(4,104)</b>

## Matters Significant to the 2011/12 Budget

The main influences on the 2011/12 budget due to 2010/11 projected results are as follows:

- Significant capital works carried forward from 2010/11 to 2011/12.
- Significant Government funding for Capital works received during 2010/11 for projects to be completed in 2011/12.
- Additional Capital Works required as a result of the 2011 Flood event.
- Stage 7 infrastructure works at Tower Hill Estate were expected to be handed over to Council by 30 June 2011 however the works will now occur early in 2011/12

## 7. ANALYSIS OF BUDGETED INCOME STATEMENT

This section of the budget analyses the expected revenues and expenses of the Council for the 2011/12 year.

### Operating Revenue

	2010/11 Anticipated Actual	2011/12 Budget	Variance
	\$000	\$000	\$000
<b>Revenue from ordinary activities</b>			
Rates & Garbage Charges	19,985	21,065	1,080
Statutory Fees & Fines	936	933	(3)
User Fees	4,122	4,172	50
Grants - Recurrent	10,773	12,502	1,729
Grants – Non-recurrent	6,096	9,505	3,409
Contributions - Cash	321	84	(237)
Contributions – Non Monetary Assets	78	915	837
Reimbursements	165	139	(26)
Interest	955	924	(31)
Net Gain (Loss) from Sale of Assets	95	124	29
Other Revenue (net of cost of goods sold)	2,629	1,987	(642)
<b>Total Revenue from ordinary activities</b>	<b>46,155</b>	<b>52,350</b>	<b>6,195</b>

### Rates and Garbage Charges

	2010/11 Anticipated Actual	2011/12 Budget	Variance	
	\$000	\$000	\$000	%
Rates	17,275	18,274	999	6%
Rate Abandonment's	(62)	(43)	19	(31%)
Early Payment Rates Discount	(109)	(110)	(1)	(1%)
Rates (New Development)	145	183	38	26%
Waste Management Charges	2,398	2,401	3	0%
Marketing Levy	293	308	15	5%
Debt collection costs recovered	45	52	7	15%
<b>Total Rates &amp; Garbage Charges</b>	<b>19,985</b>	<b>21,065</b>	<b>1,080</b>	<b>5%</b>

The increase in General Rate Revenue is 4.9% once the 2010/11 Supplementary Rates from new development is taken into account. This is, again, one of the lowest increases in the State and comes on the back of 3.9% increase in 2010/11.

Abandonments and discounts are expected to decrease slightly as objections to the 2010 revaluation will be largely completed by 30 June 2011.

Waste Management charges will be kept at 2010/11 levels. The Special Market Rate will increase by 5% in accordance with the terms of Rate when it was declared.



**Statutory Fees & Fines**

Statutory Fees and Fines comprise income generated for Council as a result of Federal or State legislation or Council by-laws, including planning fees, animal registration, parking fees and fines.

**User Fees**

User Fees comprises amounts charged to recipients of Council goods and services to fully or partially cover the cost of delivering those services. In a limited number of cases, Council recovers a gross profit margin as part of the user charge. User fees are budgeted to increase primarily by inflation.

**Grants - Recurrent**

Recurrent Grants received from State and Federal Governments for the full or partial cost of some services provided by Council. Generally, recurrent grants will increase by C.P.I., however for 2011/12 there is an additional increase due to the instalments of Grants Commission to be returned to their normal payment schedules. The first instalment due in 2010/11 was paid early, in June 2010. Recurrent Grants received from the State and Federal Governments continue to reduce in real terms as Council cost increases and increased service elements exceed increases in C.P.I.

Major Recurrent Grants within the budget include:

Service Area	2010/11	2011/12	Variance	
	Anticipated Actual \$000	Budget \$000	\$000	%
Grants Commission*	4,390	5,947	1,557	35%
Families and Children's Services	640	684	44	7%
Federally Funded Aged and Disability Services	3,352	3,809	457	14%
State Funded Aged and Disability Services	1,201	1,223	22	2%

\* \$1.42 million of the 2010/11 Grants Commission funding was paid early, in June 2010.

**Grants – Non-recurrent**

Non-recurrent and Capital Grants represent grants from State and Federal government for capital works, asset purchases and non-recurrent projects. The increase in Non Recurrent Grants is the result of \$2.2M budgeted for the Pioneer Settlement Redevelopment, \$750,000 for the Steggall Park Playground and an additional \$1.0M for flood restoration works, and an additional \$530,000 of Roads to Recovery funding carried over from 2010/11.

**Contributions - Cash**

Cash Contributions are expected to reduce during 2011/12 due to there being no Private Street Schemes planned for construction during the year.

**Contributions – Non Monetary Assets**

Non-monetary capital contributions primarily comprise of infrastructure such as roads and drains that transfer to Council ownership once a property developer completes a subdivision or other development works.

The budgeted amount of \$915,000 (2010/11 \$78,000) is primarily associated with infrastructure assets from the Tower Hill Residential Estate development.

**Reimbursements**

Reimbursements comprise of Workcover and Insurance claims. A small decrease is due to a lesser number of Workcover claims and insurance claims are not budgeted for.

**Interest**

Investment interest income is expected to decrease during 2011/12 as Council cash holdings are expected to decrease as the carry forward Capital Works projects are completed.

### Net Gain (Loss) from Sale of Assets

Net Gain or loss from Sale of Assets represents the amount for which Council assets are sold or traded-in less the depreciated value of the asset at the time of sale. The amount budgeted each year changes marginally depending on the timing of scheduled individual plant and equipment replacements.

### Other Revenue (net of cost of goods sold)

Other Revenue is made up of sundry income items that don't fit the earlier classifications. The majority of this income item is represented by the land sales at Tower Hill. The decrease in the budgeted amount is due to a lower number of land sales at Tower Hill compared to the 2010/11 year.

## Operating Expenditure

Item	2010/11	2011/12	Variance
	Anticipated Actual	Budget	
	\$000	\$000	\$000
<b>Expenses from Ordinary Activities</b>			
Employee Benefits	17,164	16,940	(224)
Contract Payments Materials and Services	14,776	14,181	(595)
Contributions Paid	4,647	5,012	365
Bad & Doubtful Debts	7	10	3
Depreciation and Amortisation	6,187	6,544	357
Finance Costs	411	357	(54)
Other Expenses	582	599	17
<b>Total Expenses from ordinary activities</b>	<b>43,774</b>	<b>43,643</b>	<b>(131)</b>

### Employee Benefits

Employee Benefits include salary, wages and other costs of employing staff (eg workcover, superannuation, leave entitlements etc), whether as a direct employee or via an employment agency. The budget includes the full year cost of positions created in last year's budget and 5.2 full time new staff (1.0 EFT fully funded externally). 3.7 EFT funded positions have been removed from the budget (1.8 EFT were externally funded). The additional rates funded positions are in Engineering, Development and Planning, Health and Pioneer Settlement programs.

### Contract Payments Materials and Services

Contract Payment for Materials or Services comprises goods and services purchased for the general operations and activities of Council and the cost of non-recurrent operational items funded through Council's Major Projects Budget process.

The major variances in this category are the Flood costs incurred in the 2010/11 year, a decrease in Tower Hill Development costs next year, and an increase in the Major Project expenses due to a number of projects being carried over to the 2011/12 year.

The major items comprising this category are:

Item	2010/11	2011/12	Variance	
	Anticipated Actual \$000	Budget \$000	\$000	%
Waste Management	1,459	1,558	99	7%
Road and Infrastructure Maintenance	1,356	1,479	123	9%
Tower Hill Development Costs	2,524	1,800	(724)	(29%)
Major Projects	1,876	2,370	494	26%
Building Maintenance and Repairs	794	815	21	3%
Organisational Support	1,575	1,526	(49)	(3%)
Cleaning	551	582	31	6%
Community Support & Events	1,202	1,453	251	21%
Cultural and Heritage Programs	428	414	(14)	(3%)
Insurance	504	545	41	8%
Flood Response	778	-	(778)	(100%)
Utilities	854	886	32	4%
Parks and Reserves Maintenance	391	419	28	7%
Professional Services	484	334	(150)	(31%)

### **Contributions Paid**

Total contributions paid by Council to other organisations is budgeted to marginally increase during 2011/12. This category of expenses comprises funds received from Federal or State government. These are passed on to other organisations as well as additional payments from Council to help other groups fund their activities. These groups include organisations such as Swan Hill Incorporated and the State Emergency Service. Council also receives Federal funded grants for Packaged Aged Care and provides these services to other municipalities as the lead agency for the region.

The largest items in this category are:

Item	2010/11	2011/12	Variance	
	Anticipated Actual \$000	Budget \$000	\$000	%
Community Aged Care Packages	3,486	3,822	336	10%
Swan Hill Incorporated (Marketing Levy)	293	308	15	5%
Swan Hill Leisure Centre Committee of Management	440	448	8	2%
Community Grants and Donations	350	355	5	1%

### **Depreciation & Amortisation**

Depreciation represents an allocation of the current replacement cost of Council assets over their remaining economic life. The increase is consistent with the additional capital expenditure budgeted for the year, plus an allowance for increased replacement cost of existing assets.

### **Finance Costs**

Borrowing costs are the interest paid by Council on loans and overdrafts. The budget reflects the movement in the total outstanding loan balance in accordance with Council's borrowings strategy. More detail is discussed in the section on Rates Determination Statement and Council's Borrowing Strategy.

### **Other Expenses**

This expense category comprises Councillor expenses, audit fees, legal costs, taxes paid, bank charges etc.

## 8. ANALYSIS OF BUDGETED CASH FLOW

This section of the budget analyses the expected cash flows for the 2011/12 year. The analysis is based on three main categories of cash flow. In summary these are:

- **Operating activities** – these activities refer to the cash generated or used in the normal service delivery functions of the Council.
- **Investing activities** – refer to cash generated or used in the enhancement or creation of infrastructure and other assets. The acquisition or sale of other assets such as vehicles, property and equipment is also included in this category.
- **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. Repayment of borrowings is also included in this category.

Service Area	2010/11	2011/12	Variance	
	Anticipated Actual \$000	Budget \$000	\$000	%
	Inflows (Outflows)	Inflows (Outflows)		
<b>Cash flows from Operating Activities</b>				
Payments (incl GST)	(38,894)	(38,393)	501	(1%)
Receipts (incl GST)	47,907	53,183	5,276	11%
<b>Net Cash Inflow from Operating Activities</b>	<b>9,013</b>	<b>14,790</b>	<b>5,777</b>	<b>64%</b>
<b>Cash flows from Investing Activities</b>				
Proceeds from Financial Assets	2,600	-	(2,600)	(100%)
Proceeds from sale of assets (incl GST)	561	729	168	30%
Payments for asset renewals and acquisition (incl GST)	(10,568)	(20,095)	(9,527)	(90%)
<b>Net Cash Outflow from Investing Activities</b>	<b>(7,407)</b>	<b>(19,366)</b>	<b>(11,959)</b>	<b>(161%)</b>
<b>Cash flows from Financing Activities</b>				
Borrowing Costs	(411)	(357)	54	13%
Proceeds from Interest Bearing Liabilities / Leases	1,800	1,700	(100)	(5%)
Repayment of Interest Bearing Liabilities/ Leases	(1,117)	(1,074)	43	4%
<b>Net Cash Inflow from Financing Activities</b>	<b>272</b>	<b>269</b>	<b>(3)</b>	<b>(1%)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>1,878</b>	<b>(4,307)</b>	<b>(6,185)</b>	<b>(329%)</b>
Cash at the Beginning of the Year	10,413	12,291	1,878	18%
<b>Cash at the End of the Year</b>	<b>12,291</b>	<b>7,984</b>	<b>(4,307)</b>	<b>(35%)</b>
<b>Represented by</b>				
Cash and Investment Reserves				
–Restricted	4,311	1,768	(2,543)	(59%)
–Discretionary	4,339	2,366	(1,973)	(45%)
–Long Service Leave	1,979	2,041	(62)	(3%)
–Working Capital	1,662	1,809	147	9%
	<b>12,291</b>	<b>7,984</b>	<b>(4,307)</b>	<b>(35%)</b>

### Operating Activities Cash Flow

Operating activities will generate \$14.79 million during 2011/12. This is a significant increase on 2010/11 largely due to \$1.4 million in Grants Commission income that was budgeted to be received in 2010/11 but was paid during 2009/10 and significant Capital Works Grants for the Pioneer Settlement Redevelopment, Tower Hill Steggall Park Playground and Roads to Recovery Funding.

### Investing Activities Cash Flow

Capital expenditure is expected to increase substantially during 2011/12 due to projects carried forward from 2010/11 and significant Capital Works projects at the Pioneer Settlement and Swan Hill CBD Redevelopment, Barry Steggall Park Playground, Swan Hill Racecourse Redevelopment, and Flood Recovery Works.

### Financing Activities Cash Flow

Council will borrow \$1.7 million during 2011/12 to help finance a significant Capital Works program of over \$20 million. As a percentage of both Revenue and Assets, Council's borrowing and cost of servicing them remain well below the levels that applied at the time of the amalgamation (1995).

### Cash and Investment Reserves

Council is budgeting to utilise some of its Cash Reserves to help fund expenditure. The majority of these funds represent allocated expenditure in 2010/11 that will now be incurred in 2011/12 (\$4.1 million).

Explanation of investment categories is as follows:

- **Restricted purposes** – These funds must be applied for specified purposes in accordance with various legislative, contractual requirements or Council resolution. Whilst these funds earn interest revenues for Council, they are not available for other purposes.
- **Discretionary purposes** – These funds are available for whatever purpose Council decides is their best use. There are no restrictions on the use of these funds other than as Council may itself impose. The decisions about future use of these funds has been reflected in Council's long-term financial 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.
- **Long Service Leave** – These funds can only be used to pay staff Long Service Leave entitlements in accordance with Long Service Leave (Local Government) Regulations.
- **Working Capital** – These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements and unexpected short term needs. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds. A high level of working capital is desired, as 60% of Council's rate revenue is not normally received until February each year. The continuation of the early rates payment discount is expected to continue to improve the early collection of rate income.

## 9. ANALYSIS OF CAPITAL BUDGET

This section of the budget analyses the planned sources of funding for the capital budget for 2010/11 and 2011/12 along with highlights of major initiatives. A full list of cash funded capital works is included in Appendix B.

### Funding Sources

Funding Sources	2010/11		2011/12	
	Anticipated Actual \$000	Funding %	Budget \$000	Funding %
External				
– Borrowings	1,800	17%	1,700	8%
– Grants and Contributions	3,790	36%	7,567	36%
– Proceeds from sale of assets	470	4%	644	3%
– Contributions – Non Monetary Assets	78	1%	915	4%
	<b>6,138</b>	<b>58%</b>	<b>10,826</b>	<b>51%</b>
Internal				
– Cash and investment Reserves	62	1%	4,132	20%
– Operations	4446	41%	6,052	29%
	<b>4,508</b>	<b>42%</b>	<b>10,184</b>	<b>49%</b>
<b>Total Funding</b>	<b>10,646</b>	<b>100%</b>	<b>21,010</b>	<b>100%</b>

#### ***Borrowings (8% of capital funding)***

Council is authorised to take out loans to fund capital works and asset purchases subject to the achievement of set prudential ratios and limits imposed by the Australian Loan Council and the State Government.

The Projects funded by these loans usually also attract funding from other services such as Grants or User Contributions.

The use of loans funds spreads the burden of paying for new assets over the generations who will get to use them rather than just the current ratepayer.

2011/12 borrowings is budgeted to refurbish the Swan Hill Aerodrome (\$250,000) and enable significant redevelopment of the Pioneer Settlement (\$1,450,000).

#### ***Grants and Contributions (36 % of capital funding)***

Council applies for Federal and State Government Grants and charges Developers to offset the cost of capital works wherever possible.

The increase in grants funding reflects the higher level of Capital Works being budgeted.

#### ***Proceeds from sales of assets (3% of capital funding)***

These are primarily trade-in values on items of Council's plant and vehicle fleets as they are traded at the end of their useful lives.

#### ***Contributions –Non Monetary Assets (4% of capital funding)***

These represent infrastructure assets constructed by developers as part of new subdivisions. These assets become Council property and therefore have to be recorded in Council's financial system.

The amount budgeted primarily relates to infrastructure at Tower Hill.

#### ***Cash and Investment Reserves (20% of capital funding)***

Council intends to use \$4.1 million of cash reserves to fund 20% of the 2011/12 Capital Works Program.

These reserves relate to grants received in prior years are Rates funded projects that have been carried forward until the related projects are completed.

### **Operations (29 % of capital funding)**

During each year, Council generates surplus cash from its operating activities that is used to help fund capital works. The 2011/12 budget predicts \$6.05 million as being available for this purpose during the year. This is above the general level of previous years due to an increased emphasis on capital renewal works. The anticipated actual operationally funded capital works excludes rates funds transferred to reserves for projects that were to have been completed in 2010/11 and are now rescheduled in 2011/12.

### **Capital Works Initiatives**

Council's capital budget contains a wide range of projects (some subject to obtaining grant funding), located throughout the municipality, for example:

<b>Item</b>	<b>Budgeted Cost \$</b>
Robinvale – Riverfront Development	225,010
Robinvale – CBD Enhancement	37,600
Robinvale – Drainage East of Latje Rd	626,080
Library Book Purchases	100,000
Road Reconstruction/Resealing/Resheeting	3,416,435
Nyah West – Pre School Renovations	226,470
Ultima – Lions Park Playground Fencing	18,000
Lake Boga – Turtle Lagoon Works	144,375
Woorinen South – Skate Park	64,200
Swan Hill – CBD Development	1,319,000
Swan Hill – Riding for the Disabled Covered Arena	153,625
Swan Hill – Playground and Recreational Space, Barry Steggall Park	1,308,880
Township Gateway Signage	66,750
Robinvale – Town Levee	110,000
Manangatang Youth Space	30,000
Waste Management	320,000
Art Gallery Extensions	100,000
Pioneer Settlement – Shedding and Worker Accommodation	3,778,595
Pioneer Settlement – Interpretive Centre	300,000
Swan Hill Town Hall – Technical Equipment Upgrade	316,350
Flood Damaged Road Repairs	2,500,000

A full list of Capital Works and Major Projects is available as Appendix B.

## 10. ANALYSIS OF BUDGETED BALANCE SHEET

This section of the budget analyses the movements in assets, liabilities and equity between 30 June 2011 and forecast 30 June 2012.

	30/6/2011 Anticipated Actual	30/6/2012 Budget	% Change Ant Actual to Budget
	\$000	\$000	%
Current Assets	15,121	10,853	(28%)
Current Liabilities	7,105	7,422	4%
<b>Net Current Assets</b>	<b>8,016</b>	<b>3,431</b>	<b>(57%)</b>
Non-Current Assets	280,067	298,013	6%
Non-Current Liabilities	7,570	8,121	7%
<b>Net Non-Current Assets</b>	<b>272,497</b>	<b>289,892</b>	<b>6%</b>
<b>Net Assets</b>	<b>280,513</b>	<b>293,323</b>	<b>5%</b>
<b>Equity</b>			
Accumulated Surplus/Reserves	192,709	201,416	5%
Asset Revaluation Reserve	87,804	91,907	5%
<b>Total Equity</b>	<b>280,513</b>	<b>293,323</b>	<b>5%</b>

### **Current Assets (28% decrease)**

The decrease reflects the use of cash reserves to fund carried forward Capital Works.

### **Current Liabilities (4% increase)**

The increase in operational and capital expenditure is expected to lead to a higher level of trade creditors at 30 June 2012.

### **Non-Current Assets (6% increase)**

Capital expenditure budgeted to exceed depreciation and some asset classes are scheduled for revaluation during the year.

### **Non-current Liabilities (7% increase)**

Additional funds are budgeted to be borrowed.

### **Equity (5% increase)**

The increase is due to the budgeted operational surplus and asset revaluations.

### **Key assumptions**

In preparing the budgeted statement of financial position, it was necessary to make a number of assumptions about key assets, liabilities and equity balances as follows:

- Current Trade Receivables and Payables will change in proportion to the relevant Revenue/Expense items in the Income Statement.
- Employee Entitlements will change in proportion with the salary/wage costs.
- Achievement of anticipated actual surpluses as indicated.
- Revaluation of Fixed Asset Classes on a scheduled basis during the course of their economic lives.



## 11. ANALYSIS OF RATES DETERMINATION STATEMENT

This section of the budget analyses the determination of the rates and charges to be raised in order to fund the budget.

	2010/11 Anticipated Actual \$000	2011/12 Budget \$000	Change Ant Actual to Budget \$000 %	
<b>Revenue</b>				
Rates, Garbage Charges & Marketing Levy	19,985	21,065	1,080	5%
Statutory Fees & Fines	936	933	(3)	-
User Fees	4,122	4,172	50	1%
Grants - Recurrent	10,773	12,502	1,729	16%
Grants – Non Recurrent	6,096	9,505	3,409	56%
Contributions – Cash	321	84	(237)	(74%)
Reimbursements	165	139	(26)	(16%)
Interest Income	955	924	(31)	(3%)
Proceeds from Disposal of Assets	561	729	168	30%
Other Revenue	2,659	2,010	(649)	(24%)
<b>Total Revenue</b>	<b>46,573</b>	<b>52,063</b>	<b>5,490</b>	<b>12%</b>
<b>Expenditure</b>				
Employee Benefits	17,164	16,940	(224)	(1%)
Contract Payments Materials & Services	14,776	14,181	(595)	(4%)
Contributions Paid	4,647	5,012	365	8%
Finance Costs	411	357	(54)	(13%)
Bad Debts	7	10	3	43%
Other Expenses	582	599	17	3%
<b>Total Expenditure</b>	<b>37,587</b>	<b>37,099</b>	<b>(488)</b>	<b>(1%)</b>
<b>Net Operating Result</b>	<b>8,986</b>	<b>14,964</b>	<b>5,978</b>	<b>67%</b>
<b>Less Capital Items</b>				
Capital Expenditure & Asset Purchases	10,568	20,095	9,527	90%
<b>Surplus (Deficit) after Capital Items</b>	<b>(1,582)</b>	<b>(5,131)</b>	<b>(3,549)</b>	<b>(224%)</b>
<b>Add Financing Transactions</b>				
Loan Principal Redemption	(1,117)	(1,074)	(43)	(4%)
Reserve Transfers (net)	1,097	4,516	3,419	312%
Proceeds from Loans	1,800	1,700	(100)	(6%)
<b>Total Financing Transactions</b>	<b>1,780</b>	<b>5,142</b>	<b>3,276</b>	<b>189%</b>
<b>Budget Result Surplus</b>	<b>198</b>	<b>11</b>	<b>(187)</b>	<b>(94%)</b>

## **Budget 2011/12**

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The majority of the significant variations in the Rates Determination Statement above are explained in Section 7 on the analysis of the Income Statement. The items not covered in that section are explained below.

### ***Capital Expenditure and Asset Purchases***

The budgeted increase in Capital Expenditure is due to projects carried forward from 2010/11 and budgeted works to significantly redevelop the Pioneer Settlement and Swan Hill CBD, construct a playground at Barry Steggall Reserve, Swan Hill Racecourse Redevelopment and repairs to Flood damaged roads.

### ***Loan Principal Redemption***

The small decrease in loan redemption is related to the payout of loans that had a balloon or principal repayment at maturity. Council has no loans requiring a balloon payment at maturity during the 2011/12 year.

### ***Transfers to Reserves***

A significant amount of funding has been carried forward from 2010/11 to 2011/12. In addition Council is establishing cash backed reserves as a contingency against unbudgeted costs.

### ***Proceeds from Loans***

Proceeds from Loans are used to help fund the extensive capital works program.

### ***Transfer from Reserves***

Funds carried forward from prior years or specifically set aside for spending on particular projects.

### ***Budgeted Result Surplus***

Continual budget surplus are planned to build up Council's free cash in expectation of the need to replace significant amounts of Infrastructure over the next two decades.

## 12. ACHIEVEMENT OF COUNCIL PLAN OBJECTIVES

The following is a summary of the expenditure (both ongoing operational and capital & project expenditure) included in the budget, allocated to the four Key Result Areas (KRAs) identified in the Council Plan. This summary shows:

- Where Council's expenditure and rates will be directed.
- The level of resources being applied to each of the Key Result Areas of the Swan Hill Rural City Council Plan 2009 – 2013.

	Operational Expenditure \$000	Capital \$000	Total Resources \$000	Total Resources %	Rates \$000	Rates %
<b>Resource Allocation:</b>						
Sustainable Communities	20,391	7,668	28,059	49%	10,991	60%
Economic Growth	7,077	8,478	15,555	27%	4,730	26%
Environmental Management	3,878	1,625	5,503	10%	1,768	10%
Governance and Leadership	5,754	2,514	8,268	14%	803	4%
<b>Total Resources Allocated</b>	<b>37,100</b>	<b>20,285</b>	<b>57,385</b>	<b>100%</b>	<b>18,292</b>	<b>100%</b>

Refer to Appendix D – Council Plan Activities and Initiatives

### Sustainable Communities (49% of total resources)

49% of the total resources for 2011/12 will be applied to achieve the strategies that seek to ensure that our community is sustainable. The proportion of rates allocated to sustainable communities is higher, at 60%. The budget allocates resources to the strategies to achieve sustainable communities as follows:

Strategy	Operational Expenditure \$000	Capital \$000	Total Resources \$000	Rates \$000
Building community capacity	1,711	-	1,711	482
Supporting people who need extra assistance	9,070	256	9,326	1,407
Developing a safer community	1,427	314	1,741	1,093
Facilitate and provide services for health and wellbeing	4,591	2,559	7,150	4,587
Celebrating our identity	3,404	4,539	7,943	3,314
Aboriginal recognition	188	-	188	108
<b>Total for Sustainable Communities</b>	<b>20,391</b>	<b>7,668</b>	<b>28,059</b>	<b>10,991</b>

## Economic Growth (27% of total resources)

27% of the total resources for 2011/12 will be applied to achieve the strategies that seek to ensure continuing economic growth of the municipality. The proportion of rates allocated to economic growth is approximately the same, at 26%. The budget allocates resources to the strategies to achieve economic growth as follows:

Strategy	Operational Expenditure \$000	Capital \$000	Total Resources \$000	Rates \$000
Creating population growth	30	-	30	-
Sufficient and appropriate supply of land for housing development	1,941	1,589	3,530	(25)
Encourage and support local employment opportunities	71	-	71	21
Educating and skilling	16	-	16	16
Attracting new business	309	-	309	309
Supporting existing business	1,357	13	1,370	464
Ensure appropriate infrastructure	3,353	6,876	10,229	3,945
<b>Total for Economic Growth</b>	<b>7,077</b>	<b>8,478</b>	<b>15,555</b>	<b>4,730</b>

Whilst each of the above strategies is of high importance, they do not necessarily consume significant resources each year. Council undertakes much strategic planning in the day-to-day activities of (particularly) Councillors and senior managers of the Council, but this work is rarely captured as a separate cost.

Supporting existing business represents the marketing of the region, operation of the Tourism Information Centres and operations of the Stock Selling Complex.

By far the largest consumer of Council resources to promote the economic growth of the region is the strategy that ensures supporting infrastructure. This strategy will consume \$10.2 million in 2011/12, of which approximately 39% will be funded by rates. This strategy includes the maintenance and development of our road network and the operation of Council controlled caravan parks. Maintenance of footpaths is included under sustainable communities.

## Environmental Management (10% of total resources)

10% of the total resources for 2011/12 will be applied to achieve the strategies that seek to manage our natural and built environment. This Key Result Area manages to attract a significant level of government grants, and as a result, the proportion of rates allocated to environmental management is the same at 10%. The budget allocates resources to the strategies to support the management of our environment as follows:

Strategy	Operational Expenditure \$000	Capital \$000	Total Resources \$000	Rates \$000
Contributing to good environmental outcomes for the Murray river, its environs and the lake systems	634	1,305	1,939	744
Contributing to good environmental outcomes for the Mallee and bushland reserves	278	-	278	278
Promoting and advocating sound environmental practices	1,880	320	2,200	(36)
Protecting indigenous flora and fauna	-	-	-	-
Managing the built and natural environment	871	-	871	567
Improving coordination between council and other authorities on the environment	215	-	215	215
<b>Total for Environmental Management</b>	<b>3,878</b>	<b>1,625</b>	<b>5,503</b>	<b>1,768</b>

Just as with some of the strategies underpinning the economic growth of the municipality, a number of the strategies to manage our environment do not necessarily consume many resources on a daily basis. This is particularly true of the strategies designed to improve the coordination between Council and other authorities to manage the environment, and the protection of indigenous flora and fauna. However, significant activity is undertaken to address these strategies in the daily activities of a range of personnel and programs of the Council, but this is not necessarily translated into budgetary requirements.

## Governance and Leadership (14% of total resources)

14% of the total resources for 2011/12 will be applied to achieve the strategies that seek to ensure appropriate levels of governance and leadership. This Key Result Area includes the administration of the Council, including financing of Council services, and as a result raises significant funding, minimising the allocation of rates to this aspect of operations. The budget allocates resources to the strategies to enhance governance and leadership as follows:

Strategy	Operational Expenditure \$000	Capital \$000	Total Resources \$000	Rates \$000
Developing open community relationships	372	347	719	491
Councillor and staff accountability	820	-	820	820
Responsible management of resources	4,163	2,167	6,330	(907)
Valuing our staff	399	-	399	399
Nurturing critical external relationships	-	-	-	-
<b>Total for Governance and Leadership</b>	<b>5,754</b>	<b>2,514</b>	<b>8,268</b>	<b>803</b>

The strategy 'developing open community relationships' is primarily achieved through the Community Planning Process and Council's Media and Events Unit.

Councillor accountability includes all the resources required to support the operations of the Council, including the Council Chamber, cost of holding Council meetings, and elections of Councillors.

Responsible management of resources is where most of the 'behind the scene' services are undertaken. This includes the operation of Council depots in Swan Hill and Robinvale, functions such as records management, financial management, acquisition, maintenance and disposal of Council plant and equipment etc. The capital expenditure undertaken in this strategy represents the ongoing replacement of Council plant, to ensure that services such as road maintenance and construction can continue to be undertaken and upgrade to Council's I.T. systems. This strategy also includes the program of financing Council operations, by way of obtaining loans, managing unallocated grant revenue (such as the grants commission allocations) and managing investments. As a result, whilst this area consumes significant resources, it is not wholly reliant on rates levied from the community.

Valuing our staff is mainly achieved through the operation of the Human Resources function.

Whilst the strategy to nurture critical external relationships does not have costs associated with it as it is undertaken by both Councillors and members of Council staff, the cost of which is recognised elsewhere.

Please refer to Appendix D – Activities and Initiatives for more information on the activities and initiatives included in the budget.

### 13. STRATEGIC RESOURCE PLAN

A high-level summarised Strategic Resource Plan for the years 2011/12 to 2015/16 has been developed as part of Council's forward financial planning and to enable Council to consider the budget in a longer-term context. The plan takes the objectives and strategies as specified in the Council Plan and expresses them in financial and resource terms for the next five years. The Plan will be updated on an annual basis to ensure the underlying assumptions remain accurate and to take account of any unexpected changes. These changes can be quite significant especially where Capital grants become available, a major project is delayed or a new Government funded Program becomes available.

In preparing the Strategic Resource Plan, the Council has complied with the following principles of sound financial management.

- Prudent management of financial risks reliant to debt, assets and liabilities.
- Provision of reasonable stability in the level of rate in the dollar (Council's tax rate).
- Consideration of the financial effects of Council decisions on future generations, and
- Accurate and timely disclosure of financial information.

The key objective of the Strategic Resource Plan is financial sustainability in the medium and long-term, whilst achieving the Council Plan objectives. Council also intends to take advantage of current financial conditions and availability of Government funding to pursue its ambitious long term growth targets for the Municipality. Other key objectives that underpin the Strategic Resource Plan are:

- Maintaining existing service levels with any increases funded externally from efficiencies or additional rate generated through economic development.
- Achieving an ongoing recurrent operating result.
- Maintaining capital expenditure program of at least \$8 million per annum.
- Maintaining annual cash surpluses.
- Emphasis on funding replacement of existing infrastructure at the end of its useful life.
- Maintain or rationalising Infrastructure in consultation with the community.
- Increasing net borrowing in year 1 of the plan to take advantage of the relatively low interest rates and available Government funding.

Various Council Strategic documents feed into the Strategic Resource Plan or have an impact on the assumptions underlying the Plan. These include:

- Council Plan
- Asset Management Plans
- Rating Strategy
- Funding and Services Agreements
- Environment/Sustainability Strategy
- Municipal Strategic Statement
- Economic Development Strategy
- Workforce Plan
- Pioneer Settlement Masterplan and Interpretive Plan
- Major Projects Plan.

The projected Financial Statements which form part of the Strategic Resource Plan are located in Appendix E.

The achievement of the Council Plan and its strategies is dependent on the ability of the Council to effectively plan for and manage its resources. These resources of Council can be grouped under three main categories: Staff, Infrastructure, and Financial resources.

**Staff**

The range of services undertaken by Council involves the abilities, efforts and competencies of 229.3 Effective Full-time Equivalents (EFT) as at 30 June 2011. The skills and qualifications of Council's workforce is diverse, from aged care, civil engineering, curatorial, library, environmental health, finance, planning, building, marketing, nursing and many other fields.

The employment of Council's staff is governed by The Workplace Relations Act, Local Authorities Award and the Swan Hill Rural City Council Enterprise Agreement (EBA). These agreements provide for general and performance based salary increases as well as a number of work place flexibilities and other benefits aimed at improving efficiency and attracting/retaining staff.

Council's staff strategies include:

- A focus on extending the skills of staff, to increase efficiency and provide opportunity to fill higher level positions internally when they arise.
- Ongoing Implementation of the workforce strategy including:-
  - Succession planning
  - Recruitment and retention of staff
  - Apprenticeships, traineeships and/or bursaries
  - Accessing non-customary employment pools
  - Offering phased retirement options to extend the careers of higher skilled staff.
  - Indigenous Employment Strategy

To help deliver on Council's Strategies over the five years of the plan some additional staff resources are planned. Where possible these are funded externally, from efficiencies gains or from the additional rate obtained through the growth of the Municipality.

**PROJECTED STAFF (E.F.T.'S) EXCLUDING YET TO BE IDENTIFIED EXTERNALLY FUNDED POSITIONS**

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Total E.F.T.'s at start of year</b>	230.0	229.3	232.5	235.5	238.5	242.5
<b>Additional E.F.T.'s</b>						
Sustainable Communities Initiatives	0.4	0.7	1.0	1.0	1.0	1.0
Economic Growth Initiatives (including Infrastructure)	(1.4)	1.5	2.0	1.0	1.0	1.0
Environment Initiatives	1.0	-	-	1.0	1.0	1.0
Leadership & Governance Initiatives	(0.7)	1.0	-	-	1.0	-
<b>Total extra staff</b>	<b>(0.7)</b>	<b>3.2</b>	<b>3.0</b>	<b>3.0</b>	<b>4.0</b>	<b>3.0</b>
<b>Projected E.F.T.'s at end of year. (Excluding new externally funded positions)</b>	<b>229.3</b>	<b>232.5</b>	<b>235.5</b>	<b>238.5</b>	<b>242.5</b>	<b>245.5</b>



## Infrastructure

Council provides, maintains and is responsible for the replacement of nearly \$300 million of assets. The majority of these assets comprise infrastructure such as roads, drains, community buildings and recreation centres vital to the social wellbeing and economic development of the Municipality and its people.

Council's infrastructure strategy includes the ongoing development and review of management plans for each infrastructure category. These plans include agreed service levels, replacement schedules, upgrade requirements, appropriate rationalisation, and a process for the development of new infrastructure, that balance community needs and financial capability.

As the infrastructure ages, there will be an increasing need for greater funding to replace and maintain the assets we currently have. This will need to be considered in the context of infrastructure growth generated by the ongoing development along the Murray River corridor.

During the four years of the Council Plan, Council is committed to maintain its existing infrastructure and allocating sufficient resources to ensure that existing infrastructure is maintained to an appropriate standard. Council intends to allocate additional funds annually towards this. In addition, Council will continually review infrastructure assets to ensure that the asset(s) are still required to meet community needs, and if this is not the case, rationalise the infrastructure in an appropriate manner. Incorporating multi-use or shared use facilities will also be an ongoing focus over the years of this plan.

In addition to additional Infrastructure maintenance funds Council is and will continue to direct more Capital funding towards existing Infrastructure (replacement and upgrade). Where possible cash funded Reserves will also be established to help future Infrastructure replacement demands.

Council will continue as an active partner in the Municipal Association's STEP Program to continually improve the way we manage our Infrastructure.

Council's 5 Year Plan is also focused on establishing the groundwork for its long term growth targets. To assist in this process considerable investment in Riverfronts and Central Business Districts of Swan Hill and Robinvale is planned. These assets are seen as vital to support business and population growth over the longer term. The low interest rate environment and availability of significant Government funding make the next 5 years an excellent time to begin the investment in these Projects.

### INFRASTRUCTURE INITIATIVES

	Budget		Forecasts		
	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Additional Infrastructure maintenance (cumulative)	-	50	50	95	100
Additional Infrastructure replacement / upgrade (non cumulative)	7,624	(9,541)	709	(887)	2,633
New Infrastructure Investment (non-cumulative)	4,174	5,941	1,830	1,889	1,391
Cash funded Reserves creation (non-cumulative)	325	350	350	500	350
<b>Total Additional Infrastructure funding</b>	<b>12,123</b>	<b>(3,200)</b>	<b>2,939</b>	<b>1,597</b>	<b>4,474</b>
Total Capital Renewal and Upgrade Expenditure	16,836	7,295	8,004	7,117	9,750
Total Annual Depreciation Expense	6,544	6,948	7,180	7,304	7,357
<b>Annual Depreciation Funding Gap (Surplus)</b>	<b>(10,292)</b>	<b>(347)</b>	<b>(824)</b>	<b>187</b>	<b>(2,393)</b>

## Financial Plan

### Key Assumptions/Outcomes

- **Rates** – continued increases in rate revenue are expected due to the value of economic development anticipated to occur over the next five years. Rateable Capital Improved Value (CIV) is conservatively expected to increase by approximately \$170 million from new development over this time. Council's Rating Strategy is to capture increased CIV due to development as additional rate revenue rather than using it to reduce the rates paid by existing ratepayers. A grant from the State Government to assist Council with Rate redistribution affects of unbundling of irrigation water will be received for another year, Council decided to phase this in over 5 to 6 years. Two years remain of this phasing period.
- **Recurrent Grants** – Federal and State Government grants are expected to continue to reduce in real terms, continuing the trend of the last 25 years. The State Government grant for unbundling of irrigation water is expected to finish in the 2011/12 year.
- **User Charges** – on average, User Charges are planned to increase by CPI.
- **Borrowings** – net borrowings are to increase in year 1 and then reduce over following years. Council's borrowing levels will remain at historically low levels as a percentage of income.
- **Service Levels** – Council intends to increase expenditure on Infrastructure maintenance and replacement over the 5 years of the plan. Any other major changes to service levels requiring increased resource requirements will generally be funded externally or from internal efficiencies.
- **Employee Costs** – forecast to increase in line with national and industry trends.
- **Other Costs** – generally expected to increase at between 1-2% above CPI.
- **Capital Expenditure** – A large increase in Capital Expenditure is forecast over the 5 years. This is consistent with Council's vision of growing the Municipality significantly over the longer term.
- **Operating Result** – operating result will vary over the next four years dependent on the level of external capital funding achieved each year. The forward plan indicates sustained underlying surpluses in the operating result annually.
- **Rates Determination Result** – sustained surplus in the Rates Determination results are planned throughout the period and into the future.
- **Cash and Investments** – The underlying cash position will remain relatively stable over the period of the plan.

### Specific Key Influences on Service Delivery

The general influences affecting all operating revenue and expenditure include the following:

	2011/12	2012/13	2013/14	2014/15	2015/16
	%	%	%	%	%
Consumer Price Index	2.90	2.75	2.50	2.50	2.75
Wages Growth (including performance payments)	5.00	5.00	5.00	5.00	5.00
10 Year Fixed Borrowing Rate	7.50	7.25	7.10	7.10	7.10
Council Cost Index (Ave)	4.20	4.70	4.40	4.40	4.43
Government Funding (average change)	2.90	2.75	2.50	2.50	2.75
Investment Return (average pa)	6.00	6.00	5.75	5.75	5.75
User Charges (average change)	2.90	2.75	2.50	2.50	2.75

As well as the general influences, there are also a number of specific influences which relate directly to service areas or activities. The most significant changes in these areas are:

### ***Waste Management – EPA Requirements and State Government Levies***

Council is required to set aside specific reserves on an annual basis to cover the future costs of Municipal Tip rehabilitation and replacement. An allocation of between \$50,000 - \$100,000 per annum commenced in 2005/06. Due to changes in E.P.A requirements this has been increased to approximately \$300,000 for 2010/11 onwards. In addition the State Government is dramatically increasing the levies Council must pay on waste disposed in municipal landfills. The cost of these imposed charges is funded from the Waste Management charges for kerbside collection and tip usage fees. Due to new Waste Management Contract which commenced in 2010/11 Council has been able to freeze kerbside collection fees for 2011/12 and 2012/13.

### ***Road Management Act and Road Management Strategy***

Council intends to continue to increase the allocation of funds to road and footpath maintenance and rehabilitation at the rate of between \$50,000 to \$100,000 per annum above cost increases for at least the next five years. The increased allocation will bring Council's annual expenditure up to the levels identified in the Road Management Plan and Strategy as being required. Roads to Recovery grants will be used for reconstruction and upgrades rather than maintenance.

### ***Building Maintenance and Buildings Asset Management Plan***

Council intends to allocate additional funds for building maintenance, replacement and rationalisation of between \$25,000 - \$50,000pa.

### ***Government Funded Services***

Where the Government provides additional funds for specific service levels increases or for new services, these may be taken on by Council on a case by case basis. The long-term strategy is based on maintenance of budgeted Government funded services only.

### ***New or Increased Service Levels***

Other than noted above, new or increased service levels will generally only be considered where they are required by legislative or imposed changes or can be funded from savings from the existing Council budget or external revenue sources.

### ***Tower Hill***

Significant income is expected to be realised through the development and sale of residential allotments on the Council owned land at Tower Hill, Swan Hill. Net returns from the sales process will begin to be realised from the 2010/11 year onwards for the next 15-20 years. The net returns should progressively increase over this time as a substantial part of the initial development costs will be fully recovered over the first 10 years of the development.

### ***Other Asset Management Plans***

Once Roads, Buildings and Playgrounds Asset Management Plans are fully funded the projected additional funding allocation will be directed towards other Infrastructure Assets including footpaths, drainage, heritage assets etc.

### ***Pioneer Settlement***

The forward estimates reflect significant reinvestment in the Pioneer Settlement broadly in accordance with the Pioneer Settlement Masterplan. Initial revenue increases will be directed to improve maintenance and replacement of assets and business development. Future savings will be returned to Council's bottom line. The reinvestment in the Pioneer Settlement is heavily reliant on receiving significant Federal and State Government funding. Until this funding is resourced and sustained, improvement in the operating result of the Pioneer Settlement will not be achieved.

### ***Community Planning***

Council has committed an increasing level of financial resources to implement Community Plans. This funding is \$200,000 in 2011/12 increasing to \$300,000 p.a over the life of the plan.

### ***Strategic Land Acquisition***

Over the 5 years of the plan, Council has budgeted to set aside some funds for strategic land purchases should opportunities present themselves.

The following table summarises the key financial indicators for the next five years as set out in the long term financial plan for years 2011/12 to 2015/16. The full Financial Statements for the years 2011/12 to 2015/16 are located in Appendix E.

Items	Base Line Forecast 2010/11	Projections				
		Year 1 2011/12	Year 2 2012/13	Year 3 2013/14	Year 4 2014/15	Year 5 2015/16
<b>Amounts are in \$000's unless otherwise indicated</b>						
<b>General</b>						
Rates Determination Result	198	11	33	14	32	28
Rates & Garbage Charges	19,985	21,065	22,093	23,408	24,624	25,924
Increase in Rates & Garbage Charges (including new development) - %	6%	5%	5%	6%	5%	5%
Estimated Value of New Development (CIV)	24,550	34,200	24,975	34,925	36,375	39,875
Operating Expenses	43,774	43,643	43,414	44,978	46,340	48,228
Operating Grants	10,773	12,502	12,556	12,870	13,192	13,555
Net New Borrowings	683	626	(395)	(357)	(378)	(324)
Operating Result	2,381	8,707	6,355	2,766	2,241	3,534
Cash increase/(decrease)	1,878	(4,307)	157	561	1,030	724
Cash & Investments	12,291	7,984	8,141	8,702	9,732	10,456
Interest Bearing Liabilities	7,336	7,962	7,567	7,210	6,832	6,508
Depreciation	6,187	6,544	6,948	7,180	7,304	7,357
Capital Works/Asset Purchases (incl donated assets)	10,646	21,010	13,257	9,834	9,006	11,141
Working capital	8,016	3,431	3,992	4,843	5,848	6,230
Rateable Assessments (Whole number)	11,667	11,814	11,894	11,984	12,074	12,174
<b>Financial Performance</b>						
Operating expenses/Assessment (whole dollars)	\$3,752	\$3,694	\$3,650	\$3,753	\$3,838	\$3,962
Rates & Charges revenue/Total revenue - %	43%	40%	44%	49%	51%	50%
Rates & Charges revenue/Assessment (whole dollars)	\$1,713	\$1,783	\$1,857	\$1,953	\$2,039	\$2,129
Debt servicing/Total revenue - %	3%	3%	3%	3%	3%	2%
Recurrent Grants/Total revenue - %	23%	24%	25%	27%	27%	26%
User Fees, & Statutory charges / Total revenue as a %	11%	10%	10%	12%	11%	11%
Change in Operating Expenses (incl depn) - %	(2%)	-	(1%)	4%	3%	4%
<b>Financial Position</b>						
Total Indebtedness/Rate & Charges revenue - %	73%	74%	67%	62%	59%	56%
Current assets/Current liabilities - %	213%	146%	156%	170%	182%	183%
Total liabilities/Assessment (whole dollars)	\$1,258	\$1,316	\$1,249	\$1,219	\$1,298	\$1,196
Outstanding Borrowings / Rate Revenue - %	37%	38%	34%	31%	28%	25%
<b>Cash Position</b>						
Capital outlays/Total outflows - %	27%	52%	33%	23%	20%	25%
Capital outlays/Rate & Charges revenue - %	53%	95%	57%	39%	33%	40%
Capital outlays/Total depreciation - %	171%	307%	180%	126%	113%	140%

## 14. RATING STRATEGY

### Strategy Development

Council's Rating Strategy sets out the parameters on which Council will base its General Rate and identifies a number of Differential Rates that will be applied for specific groups of properties.

The Rating Strategy was developed following an extensive public consultation phase that led to some changes related to the proposed increase in the Commercial Differential Rate, which after consultation, was left unchanged at 25%. The other proposals in the Rating Strategy were generally supported and have been applied since the 2010/11 budget.

The key elements of the Strategy are:

- Increases in CIV due to inflation and new developments, will be used to generate extra rate revenue, not to reduce the General Rate.
- Not for profit recreational properties will be rated at the normal applicable rate but will receive a Council contribution/grant equivalent to 50% of the rates applied.
- Commercial properties in Swan Hill and Robinvale will be rated on a Differential Rate set 25% higher than the General Rate. Where the property is also a residence rated under the one assessment the differential will be 12.5%.
- Properties within the drainage districts in the townships of Swan Hill and Robinvale will be rated on a Differential Rate 4% higher than the rates that would otherwise apply, in order to raise approximately an additional \$250,000 per annum to fund drainage works in those towns.
- From 2011/12 onwards Council will introduce a Premium Differential Rate for Residential zoned vacant land in the townships of Swan Hill and Robinvale that has remained vacant, i.e. without a dwelling, for more than 5 years since it was last zoned as residential or 3 years after it was last sold as a subdivided residential allotment. The Differential Rate will be set at 200% of the Rate that would otherwise apply to the property.
- For 2011/12 Council will introduce a 5% discounted differential rate for broad acre cereal/sheep properties. This has been introduced as valuations for these properties, on average, increased by 5% more than was anticipated during the development of the rating strategy.

### Current Year Rates and Charges

The 2011/12 budgeted rates and charges comprise three elements:

- Special Marketing Levy
- Waste Management Service Charge
- General and Differential Rates

The Special Marketing Levy will be raised based on the scheme adopted by Council in April 2007. This caps the overall level of the Levy to a 5% increase per year in order to limit large increases due to property value movements that occurred under the structure of the previous levy. All revenue collected from the Special Marketing Levy is redirected to Swan Hill Incorporated to fund the operations and marketing activities of that organisation on behalf of its members, the local business operators.

Waste Management Service Charges (garbage charge) will be left at 2010/11 levels. This has been made possible due to the new Waste Management Contract entered into by Council during 2010/11.

Legislative standards and regulations are still changing and further large price adjustments may be necessary in future years.

## Budget 2011/12

The charges are budgeted as follows:

Bin Size	2011/12 Proposed Charge \$	2010/11 Charge \$	Increase \$	Increase %
120 litre	250	250	Nil	-
240 litre	380	380	Nil	-

The 2011/12 budget is based on increase in the General Rate to 0.00599586. Due to increased property values through new developments the budgeted rate in the dollar will generate \$18,275,000 in rate revenue, which is an increase of 4.9% on 2010/11.

The General Rate (tax rate) applied to CIV since amalgamation is shown in the table below:

Year	General Rate In \$ CIV	% Annual Change	% Change to 1995/96
1996/97	0.0070000	-	-
1997/98	0.0070424	0.6%	0.6%
1998/99	0.0072185	2.5%	3.1%
1999/2000	0.0074582	3.3%	6.5%
2000/01	0.0065543	(12.1%)	(6.4%)
2001/02	0.0072086	10.0%	3.0%
2002/03	0.0057007	(20.9%)	(18.6%)
2003/04	0.0062587	9.8%	(10.6%)
2004/05	0.0057215	(8.6%)	(18.3%)
2005/06	0.0058671	2.5%	(16.2%)
2006/07	0.0052583	(10.4%)	(24.9%)
2007/08	0.0055086	4.8%	(21.3%)
2008/09	0.0053783	(2.4%)	(23.2%)
2009/10	0.00564184	4.9%	(19.4%)
2010/11	0.0055630	(1.4%)	(20.5%)
2011/12	0.00599586	7.8%	(14.3%)

It can be seen from this table that Council has reduced its tax rate by 14.3% since 1996/97.

## Budget 2011/12

In inflation adjustment terms the 2011/12 rates are 32% above those raised in 1995/96 as demonstrated in the following table:

Year	Rates Raised (Includes Supplementary & Abandonment's) \$000	Annual Change	Annual Change	Inflation CPI	1993/94 Inflation Adjusted	Inflation Adjusted Difference	Inflation Adjusted Difference
		\$000	%	%	\$000	\$000	%
1995/96	6,579	-1,141	-14.8%	3.1%	8,192	-1,613	-24.5%
1996/97	6,587	8	0.1%	0.3%	8,219	-1,632	-24.8%
1997/98	6,791	204	3.1%	0.7%	8,274	-1,483	-21.8%
1998/99	7,122	331	4.9%	1.1%	8,363	-1,241	-17.4%
1999/2000	7,312	190	2.7%	3.2%	4,630	-1,317	-18.0%
2000/01	7,716	404	5.5%	6.0%	9,148	-1,431	-18.6%
2001/02	8,330	614	8.0%	2.8%	9,422	-1,092	-13.1%
2002/03	9,232	903	10.8%	2.7%	9,676	-444	-4.8%
2003/04	10,515	1,283	13.9%	2.5%	9,918	597	5.7%
2004/05	11,837	1,325	12.6%	2.5%	10,166	1,671	14.1%
2005/06	12,559	721	6.1%	4.0%	10,445	2,112	16.8%
2006/07	13,458	899	7.2%	2.1%	10,665	2,793	20.8%
2007/08	15,004	1,546	11.5%	4.0%	11,092	3,912	26.1%
2008/09	15,491	487	3.2%	2.5%	11,369	4,122	27.5%
2009/10	16,610	1119	7.2%	3.1%	11,721	4,889	29.4%
2010/11 Ant Act	17,420	810	4.9%	3.0%	12,072	5,348	30.7%
<b>2011/12* Budget</b>	<b>18,275</b>	<b>855</b>	<b>4.9%</b>	<b>2.9%</b>	<b>12,422</b>	<b>5,852</b>	<b>32.0%</b>

\* Does not include Supplementary Rates and excludes proposed early payment discount.

Actual rates raised includes rates from new developments, subdivisions etc, and therefore overstates actual rates compared to CPI. The percentage increases also do not identify the rates applied to new/enhanced service provision that has occurred since 1997/98.

This year's rate rise has been set after taking into account the following:

- The need to cover unavoidable cost increases due to wage and salary movements, supplier and contractor charges etc.
- Reduced State Government funding to phase in the effects of the removal of the value of irrigation water from Rate Valuations.
- Additional infrastructure expenditure, increase operational costs for the provision of most grant funded services without an equivalent increase in grant funding, and creation of reserves to help fund Infrastructure replacement in the future.
- In total, Council's rate revenue increases since amalgamation are below that of similar and neighbouring Councils and Council proposed 2011/12 rate revenue increase is well below the State average of approximately 6 %.
- Swan Hill Rural City Council has experienced a lower increase in overall rate revenue from supplementary valuations than Councils in Metropolitan areas.

It is anticipated, in order to maintain current service levels and begin to provide for the future replacement of ageing infrastructure, Council will need to capture and retain rates from all new development and CPI movements in property values.

## Budget 2011/12

The 2011/12 rates will be based on Capital Improved Valuations derived from the 2010 General Revaluation of all properties within the municipality adjusted for valuations objections and supplementary valuations. These valuations exclude the value of irrigation water. Council has introduced one new Differential Rate for 2011/12 – a 5% discount for broad acre cereal/sheep properties below the General Rate. Other Differentials remain unchanged from those in 2010/11. The impact of the 2011/12 rating levels and new property values and valuation objections by sector can be seen in the table below:

Land Use Category	% of Total Rates Payable 2009/10	% of Total Rates Payable 2010/11	Rate	Rates Payable 2011/12 \$000's	% of Total Rates Payable 2011/12
Residential – Swan Hill*	31.3%	28%	0.00623569	5,449	30%
Residential - Robinvale	4.4%	4%	0.00623569	674	4%
Residential Vacant Land – Swan Hill & Robinvale	-	1%	0.01247139	120	1%
Urban – Other*	9.2%	13%	0.00599586	2,413	13%
Commercial/Residential – Swan Hill and Robinvale	n.a	-	0.00701516	16	-
Commercial – Swan Hill	8.0%	8.0%	0.00779462	1,445	8%
Commercial – Robinvale	0.8%	1%	0.00779462	133	1%
Industrial & Other Commercial	3.1%	3%	0.00599586	508	3%
Recreational	-	n.a	0.00599586	20	-
<b>Sub-total Urban</b>	<b>56.8%</b>	<b>57%</b>	-	<b>10,778</b>	<b>59%</b>
Farming – Irrigation			0.00599586	4,605	25%
Farming – Dry Land			0.00569604	2,892	16%
<b>Total Farming</b>	<b>43.2</b>	<b>43%</b>	-	<b>7,497</b>	<b>41%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	--	<b>18,275</b>	<b>100%</b>

\* Properties on the fringe of Swan Hill previously included under the Swan Hill Residential statistics are now included under the Urban – Other category. These properties are still serviced by Swan Hill but are not in the Swan Hill Drainage District.

The rates and garbage charges paid on average property values compared to 2010/11 are as follows:

Property Type	2010/11 Average Rates	2011/12 Average Rates	Annual Increase	%	Increase Per Week
Residential Swan Hill *	\$1,442	\$1,532	\$90	6.2%	\$1.73
Residential Robinvale *	\$1,126	\$1,191	\$65	5.8%	\$1.25
Total Urban *	\$1,406	\$1,503	\$97	6.8%	\$1.86
Dry Land Farming (rates only)	\$2,611	\$2,674	\$63	2.4%	\$1.21
Irrigated Farming (rates only)	\$2,418	\$2,412	(\$6)	(0.2%)	(\$0.11)
<b>All Properties (rates only)</b>	<b>\$1,493</b>	<b>\$1,566</b>	<b>\$73</b>	<b>4.9%</b>	<b>\$1.40</b>

\* Includes garbage bin charges

### Capital Improved Values

The 2011/12 Rates will be based on the 2010 General Revaluation adjusted for successful valuation objections that occurred in 2010/11 and development that will occur during 2011/12. Therefore changes in the amount of Rates payable for each property will not be uniform. Some properties will experience a lower increase in Rates while others will experience an increase greater than the average.



## 15. BORROWING STRATEGY

In the development of the long-term financial plan (section 12) borrowings were identified as an important funding source for the capital works program. Council has established a goal to advance several key projects to underpin the growth targets in the Council Plan. Council intends to borrow funds over the next two years to help fund these key projects. The projects are expected to attract significant external funding thereby providing extra value to ratepayers over and above the cost of the borrowing. The relatively low interest rates make this an attractive way of funding major projects.

The long-term plan includes the results of an analysis of Council's debt position against State averages over a number of different indicators. It also shows the results of prudential ratios used by the Victorian State government to assess the loan capacity of local governments. The outcome of the analysis highlighted that a debt level of \$10 million could be comfortably accommodated. It is Council's intention to not exceed \$8.0 million in outstanding debt which is well below the level that can be comfortably accommodated. Council has set a goal of reducing debt to under \$7 million by the end of 2015/16. Further debt reductions are planned through to 2019/20 to allow spare debt capacity to fund peaks in the infrastructure replacement cycle. The following table shows the effect of the planned Council borrowings for the next five years on total borrowings outstanding at year end and the prudential ratios applicable.

Year	Total Borrowings (incl Finance Leases) 30 June \$000	Liquidity CA/CL Ratio	Debt Mgt Debt /Rates & Charges %	Debt Mgt Service Costs/ Revenue	Debt Exp Liabilities/ Realisable Assets
2006/07	6,926	2.86	45%	4%	35%
2007/08	6,560	2.87	39%	4%	29%
2008/09	6,568	2.51	37%	3%	25%
2009/10	6,654	2.25	35%	3%	27%
2010/11	7,336	2.13	37%	3%	28%
2011/12	7,962	1.46	38%	3%	31%
2012/13	7,567	1.56	34%	3%	30%
2013/14	7,210	1.70	31%	3%	28%
2014/15	6,832	1.82	28%	3%	28%
2015/16	6,508	1.83	25%	2%	27%
	<b>Threshold</b>	<b>&gt;1.2</b>	<b>&gt;60%</b>	<b>&lt;5%</b>	<b>None set</b>

For the purposes of calculation, Realisable Assets equals Total Assets less Heritage and Culture, Infrastructure, Waste Management, Capital Works in Progress assets and Council Assets on Crown Land.

### Current Year Borrowings

Council will continue to take advantage of relatively low interest rates to enable several significant projects to be completed during 2011/12. New loans are budgeted to be \$1.7 million. Total loans outstanding will increase by \$0.6 million to \$7.96 million or 38% of rates and charges revenue. Budget net debt redemption and interest is \$1.4 million which is well below the 1997/98 level as a percentage of rates.

The 2011/12 borrowings will be used to help fund:

Item	Budgeted Cost \$
Aerodrome – Refurbish Sealed Runway	250,000
Pioneer Settlement Implement Master Plan	
- Shedding & Worker Accommodation	1,150,000
- Interpretive Centre	300,000
	<b>1,700,000</b>

The history and projection of Council borrowings and debt servicing is given in the table below:

Financial Year	Net Loans Outstanding at Year End Incl Unfunded Superannuation Liability \$000's	New Borrowings \$000's	Annual Principal & Interest Costs Incl Unfunded Superannuation (Net of Sinking Fund Loans) \$000's	% Rates & Charges
1997/98	3,496	858	1,115	16.4
1998/99	4,012	1,099	982	13.8
1999/00	4,503	1,215	1,042	14.2
2000/01	4,523	733	1,127	14.6
2001/02	4,750	# 1,830	1,020	13.9
2002/03	4,932	935	1,101	12.3
2003/04	6,391	* 2,335	1,303	12.3
2004/05	7,060	1,750	1,531	11.2
2005/06	6,780	750	1,611	11.2
2006/07	6,473	750	1,509	9.7
2007/08	6,560	1,000	1,642	9.6
2008/09	6,568	1,160	1,531	8.7
2009/10	6,654	1,250	1,470	7.8
2010/11	7,336	1,800	1,528	7.6
2011/12	7,962	1,700	1,431	6.8
2012/13	7,567	750	1,548	7.0
2013/14	7,210	750	1,488	6.4
2014/15	6,832	500	1,244	5.1
2015/16	6,508	500	1,167	4.5

# Includes \$830,000 to pay out the Unfunded Superannuation Liability.

\* Includes \$1,049,700 in Unfunded Superannuation Liability advised 30/6/2003

Net Loans Outstanding represents total borrowings less investments held specifically to fund repayment of interest only loans. From the end of 2007/08 all loans covered by investment reserves were fully paid out.

## 16. INFRASTRUCTURE STRATEGY

Council is progressively developing the various components of its Infrastructure Strategy to set out the capital expenditure requirements of the Council for the next 10 years and beyond by class of asset. Each Asset Management Plan predicts infrastructure consumption; renewal needs and considers infrastructure needs to meet future community service expectations. Key aspects of the overall Strategy completed to date include:

- Updated Road Management Plan, incl. Road Construction & Maintenance Standards & Roads Hierarchy
- Asset Management Plan for Bridges
- Parks and Reserves Strategy
- Playground Strategy
- Various township strategies and masterplans
- Water Management and Use Strategy
- Asset Management Plan for Council Buildings
- Asset Management Plan for Plant and Fleet
- Asset Management Plan for Kerbs & Channel
- Asset Management Plan for Footpaths
- Waste Management Strategy and Asset Management Plan

These strategies and plans form the basis of Council's four year capital works that is then incorporated into Council's four year Financial Plan. The four year Capital Works Plan is reviewed annually to ensure it represents the current capital expenditure priorities of the Council.

A key objective of the Capital Works Plan is to maintain or preserve Council's existing assets at desired condition levels. If sufficient funds are not allocated for asset preservation then Council's investment in those assets will reduce, along with the capacity to deliver services to the community over the longer term. A measure of Council's performance in respect of infrastructure management is the sustainability index. This is the proportion of the total asset value consumed (equivalent to the annual depreciation charge plus maintenance), compared to the amount spent in preserving and replacing the asset (expenditure aimed at ensuring the asset reaches, and is replaced at intended useful life) on an annual basis. A value of 100% or greater is the desired target and the long Term Financial Plan is designed to consistently achieve a sustainability index of 100% each year within five years.

The following table sets out the sustainability index percentage for Council's assets by class. The 2011/12 capital works program will achieve a sustainability index of 253% (117% 2010/11). This Sustainability index isn't expected to be retained at such a high level for future years as the high levels for 2011/12 are the result of carry forward Capital Works from the 2010/11 year and significant grant funding for the Redevelopment of the Pioneer Settlement, Playground at Barry Steggall Reserve and Flood damaged infrastructure repairs.

	Estimated Average Annual Consumption \$000	2011/12 Budgeted Preservation \$000	Estimated Sustainability Index %
Roads, Streets, Bridges & Footpaths	5,078	11,935	235%
Drains	791	1,374	174%
Other Infrastructure	1,754	4,587	262%
Land & Buildings	1,518	1,915	126%
Heritage & Culture	475	4,952	1043%
Plant Equipment & Other assets	1,696	3,986	235%
Waste Management	60	74	123%
<b>Total</b>	<b>11,372</b>	<b>28,823</b>	<b>253%</b>

## Key influences for 2011/12

The following influences had a significant impact on the infrastructure strategy for the 2011/12 year:

- A large amount of works carried forward from the 2010/11 year.
- Continued re-investment in the Pioneer Settlement
- Significant Grants for the repairs to damaged infrastructure as a result of the Flood in 2011 (\$2.5M).
- Continued Federal Government funding for roads through the Roads to Recovery program.

## Future Capital Works

Capital Works Areas	2011/12 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000
Roads, Streets, Bridges & Footpaths	7,215	4,025	4,060	4,302	4,632
Drains	1,635	487	373	408	592
Other Infrastructure	4,243	1,696	2,100	1,380	-
Land & Buildings	898	100	450	350	880
Plant, Equipment Etc	2,253	2,071	2,071	1,781	2,293
Waste Management	270	270	270	270	2,324
Heritage & Culture	4,496	4,608	510	515	420
<b>Total Capital Works</b>	<b>21,010</b>	<b>13,257</b>	<b>9,834</b>	<b>9,006</b>	<b>11,141</b>
<b>Represented by:</b>					
Renewal	11,413	6,346	6,840	6,733	7,767
Upgrade	5,423	944	1,159	379	1,983
Expansion	-	21	-	-	-
New Assets	4,174	5,946	1,835	1,894	1,391
<b>Total Capital Works</b>	<b>21,010</b>	<b>13,257</b>	<b>9,834</b>	<b>9,006</b>	<b>11,141</b>
<b>Funding</b>					
Grants & Contributions	7,567	5,929	1,864	985	2,020
Proceeds from Sale of Assets	644	973	932	837	1,078
Borrowings	1,700	750	750	500	500
Investment Reserves	4,132	250	160	-	380
Council Operations	6,052*	4,604	5,358	5,895	6,352
Non Cash Contributions	915	751	770	789	811
<b>Total Funding Capital Works</b>	<b>21,010</b>	<b>13,257</b>	<b>9,834</b>	<b>9,006</b>	<b>11,141</b>

\* includes some Carried Forward Funding.

## APPENDIX A - STATUTORY DISCLOSURES

### Notice of Preparation of Budget for the 2011/12 Financial Year

The Council of the Swan Hill Rural City has prepared a budget for the financial year commencing 1 July 2011.

- (a) The Council will meet at 6pm on Tuesday, 19 July 2011 in the Council Chambers, Upstairs Meeting Room, Town Hall, Swan Hill, to discuss any submission. The meeting to adopt the Budget is scheduled for 1.00pm on Tuesday, 26 July 2011.
- (b) The total amount borrowed by the Council as at 30 June 2011 will be \$7,287,360
- (c) The total amount to be borrowed during the 2011/12 financial year is \$1,700,000
- (d) The total amount projected to be redeemed during the financial year is \$1,074,136
- (e) The projected amount of borrowings as at 30 June 2012 is \$7,913,223
- (f) The projected cost of servicing the borrowings during the financial year is \$356,754
- (g) Total amount proposed to be raised by way of rates will be \$18,275,000
- (h) Provides for the following rates in the dollar for each type of rate based on the Capital Improved Value of rateable properties:

Category	Proposed Rate Cents in the Dollar	Amount to be Raised \$
General	0.599586	7,119,352
Residential & Industrial – Swan Hill & Robinvale	0.623569	6,548,572
Vacant Land – Swan Hill or Robinvale zoned for more than 5 years, or 3 years after sale as a residential allotment.	1.247139	119,900
Commercial properties within Residential 1, Businesses or Industrial Zones of the Swan Hill Planning Scheme – Swan Hill or Robinvale not in common occupancy with a residence.	0.779462	1,578,263
Commercial properties within Residential 1, Businesses or Industrial Zones of the Swan Hill Planning Scheme – Swan Hill or Robinvale in common occupancy with a residence.	0.701516	16,121
Farming Properties without access to irrigation water infrastructure primarily used for broad acre grain / sheep production.	0.569607	2,892,792
<b>Total to be Raised</b>		<b>\$18,275,000</b>

- (i) It is proposed that there will be no Municipal Charge in 2011/12.
- (j) It is proposed that there will be no minimum rate.
- (k) A Garbage Charge of \$250 (120 ltr mobile wheelie bin) and \$380 (240 ltr mwb) is proposed within declared household garbage collection areas of the municipality.

Copies of the budget may be inspected at the Municipal Offices, 45 Splatt Street, Swan Hill or at the Robinvale Resource Centre, 72 Herbert Street, Robinvale during normal office hours.

Persons proposing to make a written submission on the budget must do so before 4.00 pm on Monday, 18 July 2011. Submissions must be addressed to the Chief Executive Officer.

Any person requiring further information concerning the budget, the making of a submission, or the meetings on 19 July 2011 and 26 July 2011, is invited to contact the Chief Executive Officer on telephone 03 5036 2333.

Dennis Hovenden  
Chief Executive Officer

## Standard Income Statement

*For year ending 30 June*

	2010/11 Forecast \$000	2011/12 Budget \$000
<b>Revenue from Ordinary Activities</b>		
Rates & Garbage Charges	19,985	21,065
Statutory Fees & Fines	936	933
User Fees	4,122	4,172
Grants – Recurrent	10,773	12,502
Grants - Non-recurrent	6,096	9,505
Contributions – Cash	321	84
Contributions – Non Monetary Assets	78	915
Reimbursements	165	139
Interest	955	924
Net Gain (Loss) from Disposal of Assets	95	124
Other Revenue (net of cost of goods sold)	2,629	1,987
<b>Total Revenue</b>	<b>46,155</b>	<b>52,350</b>
<b>Expenses from Ordinary Activities</b>		
Employee Benefits	17,164	16,940
Contract Payments Materials & Services	14,776	14,181
Contributions Paid	4,647	5,012
Bad & Doubtful Debts	7	10
Depreciation and Amortisation	6,187	6,544
Finance Costs	411	357
Other Expenses	582	599
<b>Total Expenses</b>	<b>43,774</b>	<b>43,643</b>
<b>Surplus</b>	<b>2,381</b>	<b>8,707</b>
<b>Movements in Equity</b>		
Net Increase in Asset Revaluation Reserve	5,323	4,103
<b>Total Changes in Equity</b>	<b>7,704</b>	<b>12,810</b>
<b>Non-Recurrent Items Included in Above Results</b>		
<b>Income:</b>		
Land Sales	91	85
Grants & Contributions – Non-recurrent	6,096	9,505
Capital Contributions – Non-cash	78	915
2010/11 Recurrent Grants paid in 2009/10	(1,422)	-
<b>Expenditure:</b>		
Major Projects/Once off items	2,385	2,865
<b>Non-Recurrent Items</b>	<b>(2,458)</b>	<b>7,640</b>
<b>Recurrent Operating Surplus (Deficit)</b>	<b>(77)</b>	<b>1,067</b>

## Standard Balance Sheet

**As at 30 June**

	30/6/2011 Anticipated Actual	30/6/2012 Budget
	\$000	\$000
<b>Current Assets</b>		
Cash & Cash Equivalents	12,291	7,984
Trade & Other Receivables	2,170	2,242
Inventories	352	295
Non Current Assets Classified as held for sale	105	105
Other Assets	203	227
<b>Total Current Assets</b>	<b>15,121</b>	<b>10,853</b>
<b>Current Liabilities</b>		
Trade & Other Payables	2,027	2,442
Trust Funds & Deposits	250	230
Provisions	3,754	3,605
Interest Bearing Loans & Borrowings	1,074	1,145
<b>Total Current Liabilities</b>	<b>7,105</b>	<b>7,422</b>
<b>Net Current Assets</b>	<b>8,016</b>	<b>3,431</b>
<b>Non-Current Assets</b>		
Trade & Other Receivables	214	219
Property, Plant, Equipment & Infrastructure	279,090	297,031
Intangible Assets	763	763
<b>Total Non-Current Assets</b>	<b>280,067</b>	<b>298,013</b>
<b>Non-Current Liabilities</b>		
Interest Bearing Loans & Borrowings	6,262	6,817
Provisions	1,308	1,304
<b>Total Non-Current Liabilities</b>	<b>7,570</b>	<b>8,121</b>
<b>Net Assets</b>	<b>280,513</b>	<b>293,323</b>
<b>Equity</b>		
Accumulated Surplus/Reserves	192,709	201,416
Asset Revaluation Reserve	87,804	91,907
<b>Total Equity</b>	<b>280,513</b>	<b>293,323</b>

## Standard Cash Flow Statement

*For the year ending 30 June*

	Anticipated Actual 2010/11 \$000	Budget 2011/12 \$000
<b>Cash flows from Operating Activities</b>		
Rates	19,861	20,983
Statutory fees and fines	936	933
User charges and other fines (inclusive of GST)	4,534	4,584
Grants (inclusive of GST)	16,869	22,007
Contributions (inclusive of GST)	353	92
Interest	955	924
Other receipts (inclusive of GST)	3,106	2,364
Net GST refund/payment	1,293	1,296
Payments to suppliers (inclusive of GST)	(22,213)	(21,300)
Payments to employees (inclusive of GST)	(16,681)	(17,093)
<b>Net cash provided by operating activities</b>	<b>9,013</b>	<b>14,790</b>
<b>Cash flows from Investing Activities</b>		
Proceeds from Financial Assets	2,600	-
Proceeds from sale of property, plant and equipment, infrastructure	561	729
Payment for property, plant and equipment, infrastructure	(10,568)	(20,095)
<b>Net Cash Outflow from Investing Activities</b>	<b>(7,407)</b>	<b>(19,366)</b>
<b>Cash flows from Financing Activities</b>		
Borrowing Costs	(411)	(357)
Proceeds from interest bearing loans and borrowings	1,800	1,700
Repayment of interest bearing loans and borrowings	(1,117)	(1,074)
<b>Net Cash Outflow from Financing Activities</b>	<b>272</b>	<b>269</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>1,878</b>	<b>(4,307)</b>
Cash and cash equivalents at the beginning of the financial year	<b>10,413</b>	<b>12,291</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>12,291</b>	<b>7,984</b>



## Standard Cash Flow Statement (continued)

	2010/11 Anticipated Actual \$000	2011/12 Budget \$000
<b>Reconciliation to Operating Result</b>		
Net Surplus from Operations	2,381	8,707
Depreciation and Amortization	6,187	6,544
Net Gain (Loss) from Disposal of Assets	(95)	(124)
Contributions – Non Monetary Assets	(78)	(915)
Cost of Tower Hill Land Sold	30	23
Borrowing Costs	411	357
Movements in:		
Current Receivables	(117)	(72)
Other Operating Assets	32	57
Inventories	7	(24)
Non-Current Receivables	-	(5)
Current Payables/Accruals	(183)	415
Current Employee Benefits	410	(149)
Current Trust Funds	(45)	(20)
Non-Current Employee Benefits	73	(4)
Net Movement in Assets / Liabilities	177	198
<b>Inflow from Operating Activities</b>	<b>9,013</b>	<b>14,790</b>

## Standard Statement of Capital Works

*For the year ending 30 June*

Capital Works Area	2010/11	2011/12
	Anticipated Actual	Budget
	\$000	\$000
Roads, Streets, Bridges & Footpaths	4,995	7,215
Drainage	352	1,635
Other Infrastructure	2,533	4,243
Land & Buildings	254	898
Plant, Equipment & Other	2,035	2,253
Waste Management	260	270
Heritage & Culture	217	4,496
<b>Total Capital Works &amp; Asset Purchases</b>	<b>10,646</b>	<b>21,010</b>

### Represented by:

Renewal	7,095	11,413
Upgrade	2,117	5,423
Expansion	-	-
New Assets	1,434	4,174
<b>Total Capital Works &amp; Asset Purchases</b>	<b>10,646</b>	<b>21,010</b>

### Includes Donated Assets of:-

Roads, Streets, Bridges & Footpaths	-	525
Heritage and Culture	50	-
Drainage	-	200
Waste Management	28	190
<b>Total Donated Infrastructure Assets</b>	<b>78</b>	<b>915</b>

	Forecast	Budget
	2010/11	2011/12
	\$000	\$000

### Property, Plant & Equipment Movement Reconciliation Worksheet

The movement between the previous year and the current year in property, plant and equipment as shown in the Balance Sheet links to the net of the following items:

Total Capital Works	10,646	21,010
Asset Revaluation Movement	5,323	4,103
Depreciation and Amortization	(6,187)	(6,544)
Written Down Value of Assets Sold	(466)	(605)
Other Movements	71	(23)
<b>Net Movement in Property, Plant &amp; Equipment</b>	<b>9,387</b>	<b>17,941</b>

## Other Statutory Information

### Rates

The basis of valuation for rating purposes in Capital Improved Value (CIV)

Rating Category	No. Assessments 2010/11 Budget	Estimated No. Assessments 2011/12	% Change	Rate in \$ 2010/11	Rate in \$ 2011/12	% Change Rate in \$
General	5,765	4,670	(19%)	0.0055630	0.00599586	7.8%
Urban Rate – Swan Hill	4,477	4,558	2%	0.0057856	0.00623569	7.8%
Urban Rate – Robinvale	726	781	8%	0.0057856	0.00623569	7.8%
Vacant Residential Land	97	86	(11%)	0.0115712	0.01247139	7.8%
Commercial properties within Residential 1, Businesses or Industrial Zones of the Swan Hill Planning Scheme – Swan Hill	385	394	2%	0.0072321	0.00779462	7.8%
Commercial properties within Residential 1, Businesses or Industrial Zones of the Swan Hill Planning Scheme - Robinvale	82	86	5%	0.0072321	0.00779462	7.8%
Commercial/Residential common occupancy Rate	10	10	-	0.065087	0.0701516	7.8%
Farming Properties without access to irrigation infrastructure primarily used for broad acre grain production	Included in general rate above	1,082	n.a	0.0055630	0.00569607	2.4%
<b>Total</b>	<b>11,542</b>	<b>11,667</b>	<b>1%</b>	<b>-</b>	<b>-</b>	<b>-</b>

The estimated total amount to be raised by rates is \$18,275,000

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 (eg valuation appeals).
- Changes of use of land such that rateable land becomes non-rateable land and vice versa.
- Changes of use of land such that residential land becomes business land and vice versa or irrigated land becomes non-irrigated and vice versa.

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

Council considers that 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. For a more detailed explanation of Council's Rating Policy readers are referred to Swan Hill Rural City Council Rating Strategy 2010-2014 document.

### **General Rate**

The General Rate applies to all properties not covered by a specific differential rate. It represents the basic rate applicable within the municipality. The 2011/12 General Rate has increased by 7.8%.

### **Urban Rates (Swan Hill & Robinvale)**

This differential is to enable additional funds to be raised to enable drainage works within the two towns to proceed. The differential rate will raise approximately \$250,000 for Swan Hill and Robinvale over and above the General Rate. The differential is applicable to all properties in the drainage districts within the two townships. For 2011/12 onwards the differential will be calculated as an additional percentage of 4% over the General Rate rather than a fixed dollar. The affect of the increased General Rate on this differential is an increase of 7.8% in Swan Hill and Robinvale for 2011/12. The Urban Differential will apply to residential, commercial and industrial properties in the Drainage Districts within the two towns.

### **Commercial Rate (Swan Hill & Robinvale)**

The Commercial Rate is applicable to all commercial properties in the municipal district within business, industrial or residential 1 zone as defined in the Swan Hill Planning Scheme. These areas are entirely within the township areas of Swan Hill and Robinvale. For 2011/12 this will move in line with the Swan Hill & Robinvale Urban Rates. The 25% differential is set in recognition of the higher level of services and infrastructure provided by Council to these properties and to partly compensate for the slower increase in commercial property values compared to the property values in the municipality over the last 15 years.

### **Vacant Residential Land Rate**

This rate applies to residential zoned land in the townships of Swan Hill and Robinvale that does not have a permanent dwelling established on it 5 years after it was last zoned as residential land or 3 years after it was last sold as a subdivided residential allotment. The rate is set at 200% of the urban differential rate. The purpose of the rate is to discourage land banking and speculation, encourage construction of homes and help to offset the additional infrastructure costs incurred by Council to serving Residential zones.

### **Commercial/Residential Common Occupancy Rate**

This rate applies to the commercial zoned land in the townships of Swan Hill and Robinvale that have a residence in the rateable C.I.V that is the residence and commercial entity are rated as common occupancy. Previously these properties were subject to the 25% commercial differential rate even though a large portion of the C.I.V was for residential use. For 2010/11 onwards these properties will be subject to a differential of 112.5% of the urban differential rate in recognition that if the properties were separately tenanted the residence would only be subject to the urban rate, not the 25% commercial differential rate.

### **Dry Land Farming Rate**

This rate applied to broad acre properties used for commercial farming purposes that do not have access to irrigation infrastructure and are primarily used for grain production. This rate is being introduced in 2011/12 to offset a higher than anticipated increase in the C.I.V of these properties as a result of the 2010 General Revaluation than has been used in the basis of the 2010 Rating Strategy.

### Property Values

The basis of valuation for rating purposes is Capital Improved Value (CIV)

Rating Category	Budgeted 2010/11 Rateable Capital Improved Value	Estimated 2011/12 Rateable Capital Improved Value	% Change
General	1,762,843,800	1,187,377,263	(33%)
Urban Rate – Swan Hill & Robinvale Townships	1,012,927,000	1,050,176,000	4%
Vacant Land Rate	11,880,000	9,614,000	(19%)
Commercial Residential Common Occupancy Rate	1,940,000	2,298,000	18%
Commercial properties within Residential 1, Businesses or Industrial Zones of the Swan Hill Planning Scheme	200,196,000	202,481,000	1%
Farming properties without access to irrigation infrastructure primarily used for broad acre grain production	Included in general rate above	507,857,500	100%
<b>Total</b>	<b>2,989,786,800</b>	<b>2,959,803,763</b>	<b>(1%)</b>

### Reconciliation of Rates & Charges to Income Statement

Item	2010/11 Budget	2010/11 Forecast	2011/12 Budget
Rates	17,265,000	17,275,000	18,275,000
Supplementary Rates	195,000	145,000	183,000
Rates Abandonments	(86,000)	(62,000)	(43,000)
Rates Early Payment Discount	(85,000)	(109,000)	(110,000)
Garbage & Collection Charges	2,362,000	2,398,000	2,401,000
Special Marketing Rate	293,000	293,000	308,000
Debt Collection Costs Recovered	Included elsewhere	45,000	52,000
<b>Total Rates &amp; Charges as per Income Statement</b>	<b>19,944,000</b>	<b>19,985,000</b>	<b>21,065,000</b>

### Garbage (Waste Management) Charges

Type	Unit Charge 2010/11 \$	Proposed Unit Charge 2011/12	% Change Unit Charge	Total Amount Raised Forecast 2010/11	Proposed 2011/12	% Change
120 Ltr Bin	250	250	nil	1,379,500	1,381,250	-
240 Ltr Bin	380	380	nil	1,018,500	1,019,750	-
<b>Total</b>	-	-	-	<b>2,398,000</b>	<b>2,401,000</b>	-

### Interest Bearing Liabilities

	2010/11	2011/12	Change
New Borrowings	1,800,000	1,700,000	(6%)
Debt Redemption	1,110,000	1,074,000	(3%)
<b>Net Movement Interest Bearing Liabilities</b>	<b>690,000</b>	<b>626,000</b>	<b>(9%)</b>

## APPENDIX B – BUDGETED CAPITAL EXPENDITURE AND MAJOR PROJECTS

This section includes details of the budgeted Capital Works and Major Projects included in the budget for 2011/12.

Description	Major Projects \$	Capital Works and Asset Purchases \$	Expenditure Type	Subject to External Funding
Renewal Works – Swan Hill Caravan Park		130,140	Renewal	Yes
Construct Laneways to NSQA Standards – Saleyards		12,960	Upgrade	
Stage 3 - Barry Steggall Reserve		1,308,880	New Asset	Yes
Economic Development Initiatives	43,500		Operational	
Pacific Seasonal Workers Pilot Scheme	88,215		Operational	Yes
Rural Access Coordinator	128,280		Operational	Yes
Enlarge Main Drain Outfall - Swan Hill		157,835	New Asset	
Drainage East of Latje Road, Robinvale		626,080	New Asset	
Mulbar Street to Main Drain, Swan Hill		75,780	Combination	
Disabled Kerb Crossings, Swan Hill & Robinvale		24,000	Renewal	
Bicycle Paths Construction Program		60,000	New Asset	Yes
Major Repairs / Renewal (Programmed Works)		135,000	Renewal	
Boundary Bend Revegetation Project	6,610		Operational	Yes
Community Pride Campaign	20,000		Operational	
Boundary Bend Recreation Area		20,000	New Asset	
River Precinct Swan Hill – Masterplan (Land Purchase)		45,000	Combination	
Robinvale River Front Development		225,010	Combination	Yes
Install Shade Sails over Playground Equipment		40,000	New Asset	
Upgrade Street Lighting	27,960		Operational	
Swan Hill CBD Development	20,000		Operational	
Swan Hill CBD Development		1,319,000	Combination	Yes
Robinvale CBD Enhancement		37,600	Combination	
Communities for Children Literacy Project	9,185		Operational	Yes
Library Collection Purchases		100,000	Renewal	
Runway Lighting Upgrade		6,700	Upgrade	
Additional Traffic Safety Signs	20,000		Operational	
Install Guide Posts - Sealed Roads	35,000		Operational	
Install Guide Posts – Unsealed Roads	35,000		Operational	
Kerb and Channel Capital Renewal		27,000	Renewal	
Sealed Road – Reseals		800,000	Renewal	
International Twin City Functions (Yamagata)	20,000		Operational	
Land Acquisition		280,000	New Asset	
Develop Recreation Facilities - Boundary Bend	10,000		Operational	
Implementation of Community Plan		347,675	Combination	
IT Strategy	107,120		Operational	
IT Software Replacement	100,000		Operational	
IT Equipment Replacement (IT Computer Replacements and Upgrades)		180,225	Renewal	
IT Strategy		253,800	Upgrade	
General Revaluation	163,675		Operational	Yes
Make Safe Disused Underground Fuel Tanks - Robinvale Depot	10,000		Operational	
Plant Acquisitions		1,732,690	Renewal	
Replacement of Mechanical with Electronic Parking Meters		46,675	Renewal	
Nyah West Kindergarten		226,470	Renewal	Yes
Freeza Activities	24,025		Operational	Yes
Program Development Initiatives	14,455		Operational	Yes
Clean-up old Council Depot in Robinvale	90,000		Operational	

Description	Major Projects \$	Capital Works and Asset Purchases \$	Expenditure Type	Subject to External Funding
Increase Height of Turtle Lagoon Bank		144,375	Upgrade	
Pedestrian Refuges - Murlong Street, Swan Hill		48,000	New Asset	
Children's Hub - Family Day Care	30,000		Operational	
Pritchard Street Swan Hill - Upgrade Drainage Main		270,000	Upgrade	
Refurbish and Sealed Runway, Swan Hill Aerodrome		504,000	Renewal	Yes
Playground Development - George Lay, Swan Hill		160,000	Renewal	
Playground Fencing Program JC Park, Swan Hill		22,000	New Asset	
Playground Fencing Program Ultima Lions Park		18,000	New Asset	
Backflow Prevention Devices Campbell Street, Swan Hill		1,940	New Asset	
Backflow Prevention Devices Everingham Street, Swan Hill		3,240	New Asset	
Backflow Prevention Devices Gummow Street, Swan Hill		2,555	New Asset	
Woorinen South - Skate Park (Minor Facilities Grant)		64,200	New Asset	Yes
L2P Program (Learner Driver)	51,515		Operational	Yes
Strategic Placement	80,000		Operational	Yes
HACC Minor Capital Grant - 2009/10	15,080		Operational	Yes
HACC Minor Capital Grant - 2010/11	17,470		Operational	Yes
Yarraby Road Reconstruction - Roads to Recovery		209,100	Renewal	Yes
Mosstank Wemen Road Resheet		58,200	Renewal	
McInnes Road Reconstruction		54,800	Renewal	Yes
Refugee Youth Action Program	49,000		Operational	Yes
Communities for Children (Children's Advocate)	95,345		Operational	Yes
CALD Pre-school Access Project	6,955		Operational	Yes
Go North Arts Festival	10,000		Operational	
Lake Boga Choir	21,455		Operational	Yes
Swan Hill Showgrounds - Oval Irrigation System Replacement (DPCD Drought)		44,160	Renewal	Yes
New Men's Shed - Pioneer Settlement		43,000	New Asset	Yes
Acquisition of New Collection Items - Pioneer Settlement		1,000	New Asset	
Communities for Children Literacy Project (2010-11) - Library	46,755		Operational	Yes
SRV Minor Facilities Grant RDA Covered Arena		153,625	New Asset	Yes
Backflow Prevention Devices 2011-12		33,000	New Asset	
Paving & Tree Planting - George Lay Park, Swan Hill		25,000	Upgrade	
Upgrade Irrigation Systems		100,000	Combination	
Manangatang Youth Space		30,000	New Asset	
Gateway Signage Project		66,750	Renewal	
Sealed Road Reconstruction 2011-12		500,000	Renewal	Yes
Sealed Road Shoulder Resheet 2011-12		210,000	Renewal	Yes
Gravel Road Rd Resheet		254,335	Renewal	Yes
Sealed Road Reconstruction		500,000	Renewal	
Sealed Road Shoulder Resheet		175,000	Renewal	
Gravel Road Resheet		630,000	Renewal	
Upgrade Unsealed Roads in Rural Townships		60,000	Renewal	
High & Pritchard Intersection Swan Hill		65,000	Upgrade	
Robinvale Town Levee - Design & Construction		110,000	New Asset	

Description	Major Projects \$	Capital Works and Asset Purchases \$	Expenditure Type	Subject to External Funding
Waste Management Projects		50,000	New Asset	
Art Gallery Extensions		100,000	Upgrade	
Implement Pioneer Settlement Masterplan - New shedding & Worker Accommodation		3,778,595	Combination	Yes
Implement Pioneer Settlement Masterplan - New Interpretive Centre		300,000	Combination	
Technical Equipment Upgrade - Swan Hill Town Hall		316,350	Upgrade	Yes
Active After School Community Project	4,000		Operational	Yes
Swan Hill Community Hub - Racecourse Reserve	1,151,945		Operational	Yes
Swan Hill Economic Development Strategy	11,230		Operational	Yes
EPA requirement to Audit Landfill	95,000		Operational	
Project Officer, Economic Development and Tourism Robinvale	59,280		Operational	Yes
MAV/ COTA Positive Ageing Social Isolation	6,450		Operational	Yes
Navigating Our Future Program Implementation of Community Plan	64,000		Operational	Yes
Heatwave Preparation and Fire Planning	12,020		Operational	Yes
HACC Minor Capital Grant - 2011/12	1,000		Operational	Yes
National Print & Drawing Awards	25,500		Operational	Yes
STEP ECM Project	3,400		Operational	
Flood Damage Roads Repairs		2,500,000	Renewal	Yes
Capital Improvements at Landfills		270,000	New Asset	
Road / Railway Crossing Closures	5,000		Operational	Yes
Lake Boga Tourism Strategy	30,000		Operational	Yes
	<b>2,865,425</b>	<b>20,284,745</b>		
Non – Monetary Contributions				
- VicUrban Development of Tower Hill				
- Drainage		200,000	Non-monetary	Yes
- Roads & Footpaths		525,000	Non-monetary	Yes
- Lessee Improvements at Swan Hill Caravan Park		160,000	Non-monetary	Yes
- Lessee Improvements at Robinvale Caravan Park		30,000	Non-monetary	Yes
	-	<b>915,000</b>		
	<b>2,865,425</b>	<b>21,009,745</b>		
<b>TOTAL OVERALL EXPENDITURE MAJOR PROJECTS AND CAPITAL WORKS</b>		<b>\$23,875,170</b>	Subject to External Funding	<b>51</b>

2,865,425	Operational
915,000	Non-monetary
9,328,545	Renewal
1,194,185	Upgrade
6,228,660	Combination
3,343,355	New Asset
<b>\$23,875,170</b>	



**APPENDIX C – ACTIVITIES AND INITIATIVES****Comparison of Funding of Activities and Initiatives with Rates to be Raised**

	\$
Total for all Activities and Initiatives funded in the Budget = Rates Impacts (Appendix D)	<b>18,292,155</b>
Consists of:	
Total rates as per section 7 of this budget	21,065,330
Less Garbage Charges	(2,401,110)
Less Special Marketing Levy	(307,710)
Less Legal Costs Recovered / Written Off	(52,750)
Less Budget Surplus Carried Forward to 2011/11	(11,605)
	<u><b>18,292,155</b></u>

## APPENDIX D – COUNCIL PLAN ACTIVITIES &amp; INITIATIVES FUNDED IN THE BUDGET

Key Result Area	Strategy to Achieve	Program No.	Activity/Initiative	Significant Projects Included in Activity	Operating Expenditure	Capital Expenditure	Rates Impact
Sustainable Communities	Building Community Capacity	080	Community Facilitation Unit	Rural Access Coordinator (\$128,280) L2P Program (\$51,515) Swan Hill Community Hub – Racecourse Reserve (\$1,151,945)	1,519,960	-	308,220
		070	Grants & Contributions	Tour of the Murray (\$46,500), YMCA Murray River Marathon (\$9,190), Pioneers Week (\$26,650), Major Events Support Scheme (\$20,000), Unspecified Grant Contributions (\$68,500), Community Pride Campaign (\$20,000).	190,840	-	173,315
					<b>1,710,800</b>	<b>-</b>	<b>481,535</b>
	Supporting people who need extra assistance	761,800,801	Out of School Hours Child Care Family Day Care	Active After School Community Project (\$4,000) Children's Hub (\$30,000), C4C Children's Advocate (\$95,345)	306,230 804,310	- -	49,175 192,645
		790	Education – Preschools	Nyah West Kindergarten (\$226,470)	40,210	226,470	40,210
		770	Maternal & Child Health	CALD Pre-school Access Project (\$6,955)	610,945	-	318,990
		780	Youth Support	Freeza Activities (\$24,025) Refugee Youth Action Program (\$49,000) Manangatang Youth Space (\$30,000)	214,640	30,000	189,115
		Summary	Home and Community Care including:	Care Packages - Swan Hill and other Council's	7,066,395	-	616,835
				<b>9,069,730</b>	<b>256,470</b>	<b>1,406,970</b>	
	Developing a safer community	390	Public Lighting	Upgrade Street Lighting (\$27,960)	235,960	-	230,000
205		Building & Property Maintenance	Pedestrian Refuges - Murlong St Swan Hill (\$48,000)	278,000	-	278,000	
300		Footpaths	Disabled Kerb Crossings, Swan Hill & Robinvale (\$24,000) Bicycle Paths Construction Program (\$60,000) Major Repairs/ Renewal (Programmed Works) (\$135,000)	247,790	267,000	436,790	
040		Regulatory Services – Animal Control		322,730	-	162,130	
030		Parking Control & School Crossings	Replacement of Mechanical Meters with Electronic Meters (\$46,675)	202,670	46,675	(126,540)	
090		Emergency Management Services		139,540	-	112,470	
				<b>1,426,690</b>	<b>313,675</b>	<b>1,092,850</b>	
Facilitate and provide services for health and wellbeing	720,721,722	Swimming Pools		279,010	-	279,010	
	731	Robinvale Sports & Aquatic Centre		215,550	-	215,550	
	730	Indoor Sports Facilities		518,885	-	458,885	
	710	Library Services	Communities for Children Literacy Project (\$55,940); Go North Arts Festival (\$10,000) & Lake Boga Choir (\$21,455), Book Purchases (\$100,000)	87,395	-	10,000	
	450	Public Conveniences & Rest Centres		336,975	-	336,975	

Key Result Area	Strategy to Achieve	Program No.	Activity/Initiative	Significant Projects Included in Activity	Operating Expenditure	Capital Expenditure	Rates Impact
		100 095	Public Health Arbovirus Vector Disease Program		409,215 50,765	- -	271,815 26,265
		215,230 215,230 215,230 215,230 215,230 215,230 215,230 215,230 215,230 215,230 235 235 235 240,245	Recreation Reserves, Parks, Playgrounds and Street Beautification	Backflow Prevention Devices (\$40,735) Upgrade Irrigation Systems (\$100,000) SRV Minor Facilities Grant - RDA Covered Arena (\$153,625) Robinvale River Front Development (\$225,010) Increase Height of Turtle Lagoon Bank (\$144,375) Paving & Tree Planting - George Lay Park SH (\$25,000) Woorinen South Skate Park (\$64,200) Install Shade Sails over Playground Equipment (\$40,000) Playground Development - George Lay Park SH (\$160,000) Playground Fencing Program (\$40,000) Swan Hill Showgrounds Oval Irrigation System (\$44,160) Swan Hill CBD Development (\$1,319,000 Capital) & (\$20,000 Operational) Robinvale CBD Development (\$37,600) Boundary Bend Recreation Area (\$20,000) Swan Hill River Precinct Land Purchase (\$45,000)	1,731,495	2,458,705	2,239,355
		230			<b>4,591,300</b>	<b>2,558,705</b>	<b>4,586,875</b>
	Celebrating our identity	PioSet	Pioneer Settlement Museum	Implement Masterplan - New Shedding / Worker Accommodation (\$3,778,595) Construct New Men's Shed (\$43,000) Acquisition of New Collection Items (\$1,000) Implement Masterplan - New Interpretive Centre - Stg 2 (\$300,000)	2,067,665	4,122,595	2,193,640
		165 880	Regional Museums Art Gallery	Art Gallery Extensions (\$100,000), National Prints & Drawings Awards (\$25,500)	200 370,195	- 100,000	200 332,395
		890 895 740-746	Performing Arts – Cultural Promotion Regional Arts Development Town Halls & Community Centres	Technical Equipment Upgrade, Swan Hill Town Hall (\$316,350)	281,205 44,980 575,185	- - 316,350	114,415 44,980 586,670
		070 070 020	Australia Day Celebrations New Years Eve Celebrations International Sister City Relationships		22,700 36,500 5,800	- - -	13,900 22,400 5,800
					<b>3,404,430</b>	<b>4,538,945</b>	<b>3,314,400</b>
	Aboriginal Recognition	876	Indigenous Affairs		188,125	-	108,125
					<b>188,125</b>	<b>-</b>	<b>108,125</b>
	<b>Total for Sustainable Communities</b>				<b>20,391,075</b>	<b>7,667,795</b>	<b>10,990,755</b>

Key Result Area	Strategy to Achieve	Program No.	Activity/Initiative	Significant Projects Included in Activity	Operating Expenditure	Capital Expenditure	Rates Impact
Economic Growth	Creating Population Growth	17	Lake Boga Tourism Strategy		30,000	-	-
					30,000	-	-
	Housing	195	Acquisition and Disposal of Council Properties	Land Acquisition (\$280,000), Clean up old Robinvale Council Depot (\$90,000)	120,710	280,000	(44,290)
		190	Tower Hill Estate	Barry Steggall Park - Stage 3 (\$1,308,880)	1,819,800	1,308,880	19,800
					<b>1,940,510</b>	<b>1,588,880</b>	<b>(24,490)</b>
	Employment	170	Project Officer, Economic Development & Tourism, Robinvale Swan Hill Economic Development Strategy		59,280	-	21,015
		170			11,230	-	-
							<b>70,510</b>
	Education/Skilling	145	Scholarship Program		16,000	-	16,000
					<b>16,000</b>	<b>-</b>	<b>16,000</b>
	Attracting New Business	170	Economic Development Unit Economic Development Initiatives		266,160	-	265,160
		170			43,500	-	43,500
							<b>309,660</b>
	Existing Business Support	180	Marketing and Information Services Pacific Seasonal Workers Pilot Scheme Stock Selling Complex		997,680	-	520,670
		170			88,215	-	-
		160		Construct Laneways to NSQA Standards (\$12,960)	271,255	12,960	(56,745)
					<b>1,357,150</b>	<b>12,960</b>	<b>463,925</b>
	Infrastructure	510	Aerodromes	Runway Lighting Upgrade	111,200	6,700	89,210
				Runway Lighting Upgrade and Refurbish & Sealed Runway	-	504,000	300,00
		600	Private Works		81,055	-	(16,210)
		320	Road Furniture, Linemarking and Carparks	Gateway Signage Project (\$66,750) Additional Traffic Safety Signs (\$20,000) Install Guide Posts - Sealed Roads (\$35,000) Install Guide Posts - Unsealed Roads (\$35,000) Gravel Resheet Program	379,440	66,750	446,190
		360	Unsealed Roads		846,440	748,200	985,725
		350	Sealed Roads		898,715	1,556,800	1,260,045
		090	Flood Damage Road Repairs		-	2,500,000	-
		370,340,330	Externally Funded Roadworks		-	1,173,435	-
		200	Engineering Services – Design and Investigation		622,205	-	605,705
		201	Engineering Services – Works Supervision		315,990	-	315,990
		202	Major Projects Management		21,650	-	21,650
		150-151	Caravan Parks (Lake Boga & Robinvale)	Lessee Capital Improvements, Robinvale (\$30,000)	64,690	30,000	(14,860)
152	Caravan Park (Swan Hill)	Renewal Works, Swan Hill (\$290,140)	11,600	290,140	(48,400)		
					<b>3,352,985</b>	<b>6,876,025</b>	<b>3,945,045</b>
<b>Total for Economic Growth</b>					<b>7,076,815</b>	<b>8,477,865</b>	<b>4,730,155</b>

Key Result Area	Strategy to Achieve	Program No.	Activity/Initiative	Significant Projects Included in Activity	Operating Expenditure	Capital Expenditure	Rates Impact	
Environmental Management	Contributing to good environmental outcomes for the Murray River, its environs and the lake systems	400	Drainage – Urban Stormwater	Enlarge Main Drain Outfall - Swan Hill (\$157,835) East Latje Road Drain - Robinvale (\$626,080) Robinvale Town Levee - Design (110,000) Pritchard Street Drainage Upgrade - Swan Hill (\$270,000) High & Pritchard Intersection, Swan Hill (\$65,000) Mulbar Street to Main Drain, Swan Hill (\$75,780)	285,960	1,304,695	395,960	
		440	Street Cleaning		347,555	-	347,555	
						<b>633,515</b>	<b>1,304,695</b>	<b>743,515</b>
	Contributing to good environmental outcomes for the Mallee and bushland reserves	210	Tree Maintenance			278,265	-	278,265
						<b>278,265</b>	-	<b>278,265</b>
	Promoting and advocating sound environmental practices	060 410	Natural Resource Management Waste Management	Boundary Bend Revegetation (\$6,610) EPA requirement to Audit Landfill (\$95,000) Waste Management Projects (\$50,000) Capital Improvements at Landfills (\$270,000)	6,610	-	-	
					1,873,885	320,000	(35,525)	
						<b>1,880,495</b>	<b>320,000</b>	<b>(35,525)</b>
	Protecting indigenous flora and fauna	060	No specific funding, however opportunities are encouraged and pursued across all Council programs			-	-	-
						-	-	-
Managing the built and natural environment	010 015	Planning Department Building Department			499,895	-	390,795	
					371,650	-	176,145	
					<b>871,545</b>	-	<b>566,940</b>	
Improving coordination between Council and other authorities on the environment	060	Natural Resource Management			214,635	-	214,635	
					<b>214,635</b>	-	<b>214,635</b>	
<b>Total for Environmental Management</b>					<b>3,878,455</b>	<b>1,624,695</b>	<b>1,767,830</b>	

Key Result Area	Strategy to Achieve	Program No.	Activity/Initiative	Significant Projects Included in Activity	Operating Expenditure	Capital Expenditure	Rates Impact
Governance and Leadership	Developing open community relationships	875	Community Plan	Boundary Bend Recreation Facilities (\$10,000) Navigating Our Future Program (\$64,000) Implementation of Community Plan (\$347,675)	124,425	347,675	244,245
		005	Media & Events		247,050	-	247,050
					<b>371,475</b>	<b>347,675</b>	<b>491,295</b>
Councillor and Staff accountability		020	Elected Members	Meetings, Deputations & Receptions (\$17,000)	820,110	-	820,110
					<b>820,110</b>	-	<b>820,110</b>
Responsible management of resources		490	Municipal Offices	IT Computer Replacement and Upgrades & IT Strategy (\$434,025)  General Revaluation (\$163,675) (including General Insurances \$414,230)  Make Safe Disused Underground Fuel Tanks, Robinvale (\$10,000)	166,510	-	166,510
		495	Robinvale Resource Centre		337,180	-	250,780
		000	Corporate Management		851,650	-	851,650
		120	Financial Services		646,340	-	644,840
		125	Information Technology Services		656,330	434,025	881,210
		130	Information Management		316,640	-	315,440
		135	Customer Service and Revenue Control		960,215	-	790,435
		140	Commercial Services		887,290	-	854,290
		460	Asset Management		394,135	-	208,010
		570	Depots		91,405	-	87,960
		110	Financing Activities		424,255	-	(5,508,860)
		550	Plant and Fleet Management		(1,078,235)	1,732,690	(3,455)
		145,146	Staff Oncost Management		(490,955)	-	(446,285)
					<b>4,162,760</b>	<b>2,166,715</b>	<b>(907,475)</b>
Valuing our staff		001	Human Resource & Organisational Support		399,485	-	399,485
					<b>399,485</b>	-	<b>399,485</b>
Nurturing critical external relationships			No Specific funding, however opportunities are encouraged and pursued across all Council programs.		-	-	-
					-	-	-
<b>Total for Governance and Leadership</b>					<b>5,753,830</b>	<b>2,514,390</b>	<b>803,415</b>
<b>Total for all Activities and Initiatives funded in the Budget</b>					<b>37,100,175</b>	<b>20,284,745</b>	<b>18,292,155</b>

## APPENDIX E – STRATEGIC RESOURCE PLAN – PROJECTED FIVE YEAR FINANCIAL STATEMENTS

This section includes Council's projected income statement, balance sheet and cash flow statement for the years 2011/12 to 2015/16. Council's financial plan is prepared on a rolling basis whereby the plan always has a five year outlook period. Statements included in the Financial Plan are:

- Income Statement
- Balance Sheet
- Cash Flow Statement

### Projected Income Statement

*For Years Ending 30 June 2012-2016*

	2011/12 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000
<b>Revenues from Ordinary Activities</b>					
Rates & Garbage Charges	21,065	22,093	23,408	24,624	25,924
Statutory Fees & Fines	933	979	1,003	1,028	1,056
User Fees	4,172	4,227	4,493	4,545	4,830
Grants - Recurrent	12,502	12,556	12,870	13,192	13,555
Grants - Non Recurrent	9,505	5,929	1,864	985	2,020
Contributions - Cash	84	86	88	90	92
Contributions – Non Monetary Assets	915	751	770	789	811
Reimbursements	139	143	147	151	155
Interest	924	799	851	891	933
Net Gain (Loss) from Disposal of Assets	124	165	158	142	183
Other Revenue (net of cost of goods sold)	1,987	2,041	2,092	2,144	2,203
<b>Total Revenues</b>	<b>52,350</b>	<b>49,769</b>	<b>47,744</b>	<b>48,581</b>	<b>51,762</b>
<b>Expenses from Ordinary Activities</b>					
Employee Benefits	16,940	17,429	18,350	19,318	20,334
Contract Payments Materials & Services	14,181	12,864	13,148	13,279	13,947
Contributions Paid	5,012	5,155	5,289	5,427	5,583
Bad & Doubtful Debts	10	-	-	-	-
Depreciation and Amortisation	6,544	6,948	7,180	7,304	7,357
Finance Costs	357	403	381	366	343
Other Expenses	599	615	630	646	664
<b>Total Expenses</b>	<b>43,643</b>	<b>43,414</b>	<b>44,978</b>	<b>46,340</b>	<b>48,228</b>
<b>Surplus</b>	<b>8,707</b>	<b>6,355</b>	<b>2,766</b>	<b>2,241</b>	<b>3,534</b>
<b>Movements in Equity</b>					
Net Increase in Asset Revaluation Reserve	4,103	8,551	3,226	2,084	13,606
<b>Total Changes in Equity</b>	<b>12,810</b>	<b>14,906</b>	<b>5,992</b>	<b>4,325</b>	<b>17,140</b>

## Projected Balance Sheet

As at 30 June 2012 -2016

	2011/12 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000
<b><u>Current Assets</u></b>					
Cash & Cash Equivalents	7,984	8,141	8,702	9,732	10,456
Trade and Other Receivables	2,242	2,338	2,478	2,590	2,730
Inventories	295	266	268	290	232
Non Current Assets Classified as held for sale	105	105	105	105	105
Other Assets	227	228	236	241	250
<b>Total Current Assets</b>	<b>10,853</b>	<b>11,078</b>	<b>11,789</b>	<b>12,958</b>	<b>13,773</b>
<b><u>Non-Current Assets</u></b>					
Trade and Other Receivables	219	189	139	89	39
Land & Buildings	52,418	51,690	54,551	54,027	57,462
Cultural & Heritage Assets	13,243	17,422	17,451	17,927	17,860
Plant, Furniture & Equipment	5,613	5,613	5,647	5,467	5,617
Infrastructure	222,208	232,535	234,447	236,963	247,634
Waste Management Assets	3,549	3,799	4,044	4,821	7,100
Intangible Assets	763	763	763	763	763
<b>Total Non-Current Assets</b>	<b>298,013</b>	<b>312,011</b>	<b>317,042</b>	<b>320,057</b>	<b>336,475</b>
<b>Total Assets</b>	<b>308,866</b>	<b>323,089</b>	<b>328,831</b>	<b>333,015</b>	<b>350,248</b>
<b><u>Current Liabilities</u></b>					
Trade and Other Payables	2,442	2,040	1,933	1,945	2,126
Trust Funds and Deposits	230	230	230	230	230
Provisions	3,605	3,709	3,905	4,111	4,327
Interest Bearing Loans and Borrowings	1,145	1,107	878	824	860
<b>Total Current Liabilities</b>	<b>7,422</b>	<b>7,086</b>	<b>6,946</b>	<b>7,110</b>	<b>7,543</b>
<b><u>Non-Current Liabilities</u></b>					
Interest Bearing Loans and Borrowings	6,817	6,460	6,332	6,008	5,648
Provisions	1,304	1,314	1,332	1,351	1,371
<b>Total Non-Current Liabilities</b>	<b>8,121</b>	<b>7,774</b>	<b>7,664</b>	<b>7,359</b>	<b>7,019</b>
<b>Total Liabilities</b>	<b>15,543</b>	<b>14,860</b>	<b>14,610</b>	<b>14,469</b>	<b>14,562</b>
<b>Net Assets</b>	<b>293,323</b>	<b>308,229</b>	<b>314,221</b>	<b>318,546</b>	<b>335,686</b>
<b><u>Equity</u></b>					
Accumulated Surplus / Reserves	201,416	207,771	210,537	212,778	216,312
Asset Revaluation Reserve	91,907	100,458	103,684	105,768	119,374
<b>Total Equity</b>	<b>293,323</b>	<b>308,229</b>	<b>314,221</b>	<b>318,546</b>	<b>335,686</b>



## Projected Cash Flow Statement

For the years ending 30 June 2012 - 2016

	2011/12 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000
<b>Cash flows from Operating Activities</b>					
Rates	20,983	21,997	23,268	24,512	25,784
Statutory fees and fines	933	979	1,003	1,028	1,056
User charges and other fines (inclusive of GST)	4,584	4,683	4,997	5,055	5,368
Grants (inclusive of GST)	22,007	18,485	14,734	14,177	15,575
Contributions (inclusive of GST)	92	95	97	99	101
Interest	924	799	851	891	933
Other receipts (inclusive of GST)	2,364	2,429	2,490	2,553	2,624
Net GST refund	1,296	1,244	1,228	1,235	1,261
Payments to suppliers (inclusive of GST)	(21,300)	(20,908)	(21,101)	(21,303)	(21,961)
Payments to employees (inclusive of GST)	(17,093)	(17,315)	(18,136)	(19,093)	(20,098)
<b>Net cash provided by operating activities</b>	<b>14,790</b>	<b>12,488</b>	<b>9,431</b>	<b>9,154</b>	<b>10,643</b>
<b>Cash flows from Investing Activities</b>					
Proceeds from sale of property, plant and equipment, infrastructure	729	973	932	837	1,078
Payment for property, plant and equipment, infrastructure	(20,095)	(12,506)	(9,064)	(8,217)	(10,330)
<b>Net Cash Outflow from Investing Activities</b>	<b>(19,366)</b>	<b>(11,533)</b>	<b>(8,132)</b>	<b>(7,380)</b>	<b>(9,252)</b>
<b>Cash flows from Financing Activities</b>					
Borrowing Costs	(357)	(403)	(381)	(366)	(343)
Proceeds from interest bearing loans and borrowings	1,700	750	750	500	500
Repayment of interest bearing loans and borrowings	(1,074)	(1,145)	(1,107)	(878)	(824)
<b>Net Cash Inflow (Outflow) from Financing Activities</b>	<b>269</b>	<b>(798)</b>	<b>(738)</b>	<b>(744)</b>	<b>(667)</b>
Net Increase/(Decrease) in Cash Held	(4,307)	157	561	1,030	724
Cash and cash equivalents at the beginning of the financial year	12,291	7,984	8,141	8,702	9,732
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7,984</b>	<b>8,141</b>	<b>8,702</b>	<b>9,732</b>	<b>10,456</b>

## GLOSSARY OF TERMS

<b>Act</b>	Local Government Act 1989, as amended by the Local Government (Democratic Reform) Act 2003.
<b>Annual Budget</b>	This document is framed within the Council's long-term financial plan and sets out the short-term goals and objectives as part of the overall strategic planning framework.
<b>Annual Operating Budget</b>	The budgeted statement of financial performance shows the expected operating result in the forthcoming year with the distinction made between revenue received for operating purposes and revenue received for capital purposes.
<b>Annual Reporting Requirements</b>	Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements.
<b>Australian Accounting Standards</b>	<p>Australian Accounting Standard AAS 27 – Financial Reporting by Local Governments, applicable to all general purpose financial reports prepared by Councils in respect to the reporting periods beginning on or after 1 July 1995. Currently the subject of review by the AASB with the release of Exposure Draft ED 125 – Financial Reporting by Local Governments.</p> <p>Australian Accounting Standard AAS 1 – Statement of Financial Performance, applicable in the preparation of all general purpose financial reports in respect to reporting periods beginning on or after 1 July 2000, effectively replaced the operating statement and is applicable in conjunction with Australian Accounting Standard AAS 27 – Financial Reporting by Local Governments.</p> <p>Australian Accounting Standard AAS 36 – Statement of Financial Position, applicable in the preparation of all general purpose financial reports in respect to reporting periods beginning on or after 1 July 2000, effectively replaced the statement of assets and liabilities (or balance sheet), and is applicable in conjunction with Australian Accounting Standard AAS 27.</p> <p>Australian Accounting Standard AAS 37 – Financial Report Presentation and Disclosure, applicable in the preparation of all general purpose financial reports in respect to reporting periods beginning on or after 1 July 2000, prescribes the presentation and disclosure requirements for financial reports and is applicable in conjunction with Australian Accounting Standard AAS 27.</p> <p>Corresponding Accounting Standards (AASBs) released by the Australian Accounting Standards Board are to replace the AASs.</p>
<b>Borrowing Strategy</b>	A borrowing strategy is the process by which the Council's current external funding requirements can be identified, existing funding arrangements managed and future requirements monitored.
<b>Budgeted Cash Position (Budgeted Statement of Cash Flows)</b>	<p>The budgeted statement of cash flows shows the expected net cash inflows and outflows in the forthcoming year in the form of reconciliation between opening and closing balances of total cash and investments for the year. Comparison is made to the current year's expected inflows and outflows.</p> <p>The budgeted statement of cash flows should be prepared in accordance with the requirements of AASB 1026 Statement of Cash Flows.</p>

**Budgeted Balance Sheet** The budgeted statement of financial position shows the expected net current asset, net non-current asset and net asset positions in the forthcoming year compared to the forecast actual in the current year.

The budgeted income sheet should be prepared in accordance with the requirements of AASB 1040 – Balance Sheet.

**Capital Expansion** Capital expansion expenditure extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users.

It is discretionary expenditure which increased future operating and maintenance costs, because it increases Council's asset base, but may be associated with additional revenue from the new user group.

**Capital Expenditure** Capital expenditure is relatively large (material) expenditure which produces economic benefits expected to last for more than 12 months. A pre determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital expenditure is recorded in the statement of financial position (balance sheet) as additions to the value of the asset (that is, it is capitalised). This accounting treatment reflects the fact that this expenditure has resulted in the creation of additional value in an asset of discernable magnitude (materiality) which will benefit the community over several years and which has not been 'used up' in the year.

The asset value is then progressively 'expensed' or written off to the statement of financial performance (operating statement), as its life (or service potential) is used up through the depreciation charge. In this way the total cost or value of the asset is spread over the periods in which it is used and the operating result in each of those periods reflects the consumption of assets and service potential during that period.

These different expenditure types have different affects on the future resources of the Council as explained below. It is important therefore to distinguish between upgrades, expansions and renewals or replacements so that asset managers can predict and plan for their affects on the Council's resources in the future.

Exactly what is included in each of the above categories may vary between Councils depending on the specific policy set by each Council, how their assets have been defined and their asset management procedures. In particular what is material for each Council will differ due to the quantum of the Council's asset base.

**Capital Renewal** Capital renewal expenditure is expenditure on an existing asset, which returns the service potential or the life of the asset, up to, that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components of the asset being renewed.

As capital renewal expenditure reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

<b>Capital Upgrade</b>	<p>Capital upgrade expenditure enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally.</p> <p>Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the Council's asset base.</p>
<b>Capital Works Program</b>	<p>The capital works budget shows the expected internal and external funding for capital works program and the total proposed capital works program for the forthcoming year with a comparison with forecast actual for the current year.</p>
<b>Cash Performance Statement (Impact of Current Year on 2007/08 Budget)</b>	<p>This statement shows the expected net cash inflows and outflows as compared to the budget for the current year separating operating, investing and financing components of net inflows (outflows).</p>
<b>Council Plan</b>	<p>This document sets out the medium-term goals and objectives as part of the overall strategic planning framework and strategic resource plan.</p> <p>Prepared under Section 125 of the Act, the Council Plan is part of the overall strategic planning framework. The strategic planning framework includes: the rates and charges strategy; asset management plan; and other strategic documents. Whilst each of these detailed strategic planning documents are specific to their own purposes and can have different timeframes, the Council Plan brings together information from each of these documents, to report to the community in a concise form.</p> <p>The resources required to achieve the Council Plan are detailed in the strategic resource plan. As a minimum a Council Plan must include:</p> <ul style="list-style-type: none"><li>▪ The strategic objective of the Council</li><li>▪ Strategies for achieving those objectives for at least the next four years</li><li>▪ Strategic indicators for monitoring the achievement of those objectives</li><li>▪ Strategic resource plan.</li></ul>
<b>Current Year Rate Increase (Rating Strategy)</b>	<p>A statement included in the budget quantifying the amount of the rate change for the forthcoming year and disclosing any significant factors that have had an influence on the rate change.</p>
<b>Discretionary Reserves</b>	<p>Discretionary reserves are funds earmarked by Council for various purposes. Councils can by resolution change the purpose of these reserves.</p>
<b>External Funding Sources (Analysis of Capital Budget)</b>	<p>External funding sources relate to grants or contributions, which will be received from parties external to the Council. It also includes the proceeds of assets sold to fund the capital works program.</p>
<b>Financing Activities</b>	<p>Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.</p>
<b>Infrastructure</b>	<p>Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services.</p>

<b>Infrastructure Strategy</b>	<p>An infrastructure strategy is the process by which the Council's current infrastructure and ongoing maintenance requirements can be identified, budgeted capital works implemented and future developments monitored.</p> <p>The key objective of an infrastructure strategy is to maintain or preserve Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.</p> <p>The purpose of the infrastructure strategy section of an annual budget is to provide the reader with a longer term view of the capital requirements of the Council and the level of capital works that is sustainable. Reference to the infrastructure strategy in an annual budget should include as a minimum, comments on strategy development, key influences for the current year, future capital works and funding sources for capital works (cash and investments).</p>
<b>Investing Activities</b>	<p>Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.</p>
<b>Key Budget Outcomes</b>	<p>The key activities and initiatives that will be achieved in line with the Council Plan.</p>
<b>Legislative Framework</b>	<p>The Act, Regulations and other laws and statutes under which Council governance and reporting requirements are set.</p>
<b>Local Government (Democratic Reform) Act 2003</b>	<p>Legislation amending the Local Government Act 1989 and passed by Parliament in 2003, introduces the concept of "Standard Statements", being the statements of financial performance, financial position, cash flows and capital works.</p>
<b>Local Government (Long Service Leave Regulations) 2002</b>	<p>These Regulations require sufficient cash and investments to maintained to meet the total liability for long service leave calculated in accordance with these Regulations.</p>
<b>New Capital Expenditure</b>	<p>New capital expenditure does not have any element of expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal.</p>
<b>Operating Activities</b>	<p>Operating activities means those activities that relate to the provision of goods and services.</p>
<b>Operating Expenditure</b>	<p>Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that results in a decrease in equity during the reporting period.</p>
<b>Operating Performance (Impact of Current Year on 2007/08 Budget)</b>	<p>This statement shows the expected operating result as compared to the budget result in the current year separating operating and capital components of revenue and expenditure.</p>
<b>Operating Revenue</b>	<p>Operating revenue is defined as inflows or other enhancements, or savings in outflows of future economic benefits, in the form of increases in assets or reductions in liabilities; and that results in an increase in equity during the reporting period.</p>

<b>Prudential Ratios and Thresholds (Borrowing Strategy)</b>	Used by the Department of Victorian Communities in assessing a Council's borrowing capacity as part of the annual Australian Loan Council borrowing allocation.
<b>Rate Structure (Rating Strategy)</b>	Site value (SIV) capital improved value (CIV or net annual value (NAV) are the main bases upon which rates will be levied. These should be detailed in the budget statement.
<b>Rating Strategy</b>	A rating strategy is the process by which the Council's rate structure is established and how the quantum of rate change has been determined, taking into consideration longer term philosophy issues and framework.
<b>Reconciliation of Cash and Operating Results (Impact of Current Year on 2007/08 Budget)</b>	This statement shows the items which make up the difference between the operating result and net cash flows for the forecast actual and budget for the current year. The items are of a no cash or capital nature, such as depreciation, repayment of borrowings, movements in provisions and capital expenditure.
<b>Reserve Investments</b>	Monies set aside for statutory and discretionary reserves.
<b>Standard Statements</b>	<p>Prepared under section(s) 126(2)9a), 127(2)(a) and/or 131(1)(b) of the Act, standard statements are required in the:</p> <ul style="list-style-type: none"><li>▪ Strategic resource plan</li><li>▪ Budget</li><li>▪ Annual report</li></ul> <p>Whilst the same set of statements (detailed below) is required in each of these reports, they have different focuses due to the differing purposes of each report. The formats of these statements therefore need to reflect these different focuses being strategic, management and reporting, whilst remaining comparable.</p> <p>The standard statements are the:</p> <ul style="list-style-type: none"><li>▪ Statement of Financial Performance</li><li>▪ Statement of Financial Position</li><li>▪ Statement of Cash Flows</li><li>▪ Statement of Capital Works</li></ul>
<b>Statutory Disclosures</b>	Section 144 of the Act and the Regulations require certain information relating to projected results, borrowings, capital works and rates and taxes to be disclosed within the budget.
<b>Statutory Reserves</b>	Statutory reserves are funds set aside for special statutory purposes in accordance with various legislative and contractual requirements. These reserves are not available for other purposes.
<b>Strategic Planning Framework</b>	A "community owned" document or process which identifies the long-term needs and aspirations of the Council, and the medium and short-term goals and objectives which are framed within the long-term plan.
<b>Sustainability Index (Infrastructure Strategy)</b>	The sustainability index is a means of measuring a Council's performance in the area of infrastructure preservation. This is the proportion of a total asset value consumed compared to the amount spent in preserving the asset on an annual basis.
<b>Working Capital</b>	Working capital is the balance of cash and investments not set aside for statutory and discretionary reserves.