

LODDON SHIRE COUNCIL

BUDGET FOR YEAR ENDED
30 JUNE 2014



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MAYOR'S INTRODUCTION

It is my pleasure to present the 2013/14 Budget to Loddon Shire ratepayers and residents.

There has been a number of major influences considered when developing this budget. These considerations have resulted in a 5.5% increase in the general rate and municipal charge in 2013/14 when compared to the budgeted figure in 2012/13.

Some of the major factors taken into consideration by Council were:

- the slightly improved climatic outlook
- the ongoing financial support provided by the Victorian Government
- the increasing demand for services from the community and an expectation that at least all services will be maintained at their present standard
- a careful analysis of the reserve funds available to Council to minimise the impact of any rate increases on the Loddon community
- the completion of the flood recovery restoration works as a result from the 2010/11 flood disasters
- Council's desire to continue to support Community Planning and to drive strategic outcomes from a community level.

Some of the highlights contained in the 2013/14 Budget include:

- full funding of Council's ongoing commitment to community planning of \$750k
- the continued commitment to investment in information technology
- strong investment in local road and related infrastructure maintenance
- revenue from the state government of \$1m for local road infrastructure
- a continued focus and investment of funds in township street improvement and streetscape projects with a total budget for 2013/14 of \$740k
- investment in Councils' caravan parks with renewal and safety works in Boort and Wedderburn totalling \$349k along with the continuation of the Bridgewater rebuild
- \$400k allocation for works associated with the Building Asset Management Plan
- Council continued support for both the Aged Services and Early Years programs.

Having overseen the preparation of the draft budget I wish to assure the people of Loddon that a rigorous and detailed process has been followed.

I am very satisfied that this budget is a sound and financially responsible budget which responds, to the extent possible, to the expectations and demands of the Loddon community, given the limited resources of this organisation. This budget however, also delivers on our responsibilities to provide effective infrastructure to our community.

This budget is now placed on public exhibition and I would value any comments that members of the community may wish to make.

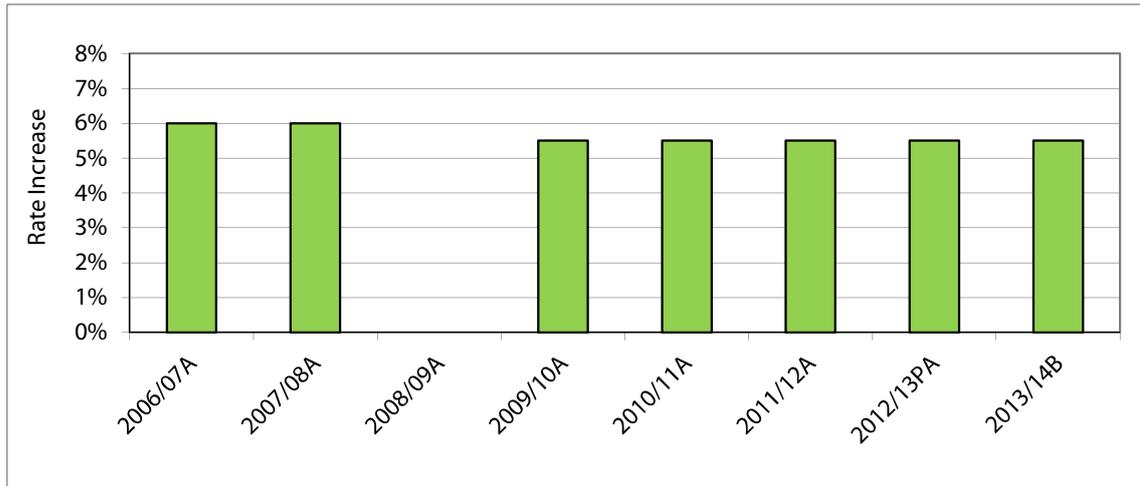
Cr. Geoff Curnow
Mayor

CHIEF EXECUTIVE OFFICER'S SUMMARY

The executive summary provides key information about the rate increase, operating result, service levels, cash and investments, capital works, financial position, financial sustainability and key strategic activities of the Council.

The graphs presented below show trends over a number of financial years. The years are marked with letters to indicate actual results (A), projected actuals for the current year (PA) and budgets (B).

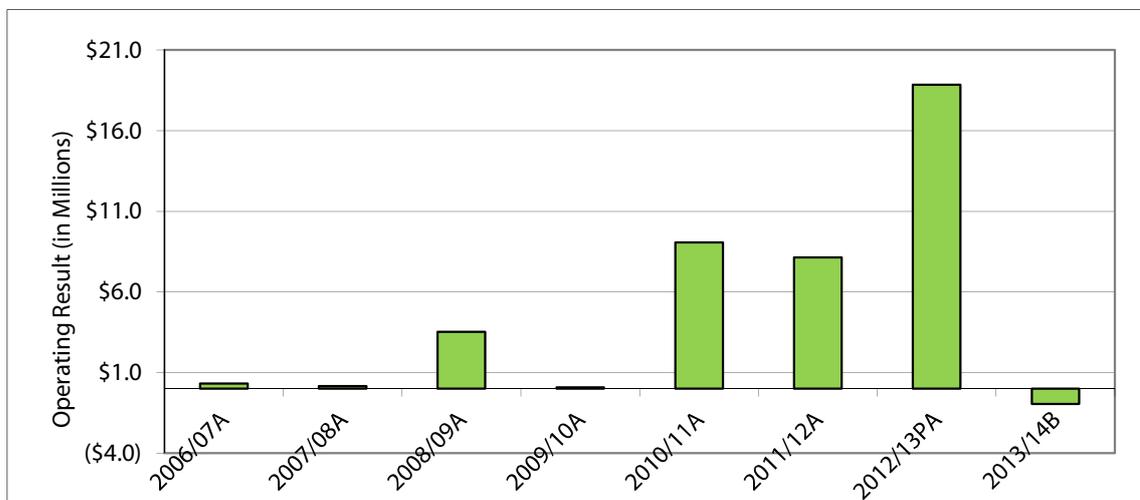
1. Rates



It is proposed that general rates increase by 5.5% for the 2013/14 year. Council has budgeted to use \$193k from its water unbundling reserve to fund the increase in revenue required by Council for the year. The full reserve amount will not be used in this financial year, so the balance will be placed in reserve for use in future years. This rate increase is in line with the level outlined in Council's previously agreed rating strategy. (The rate increase for the 2012/13 year was 5.5%).

Note: Council's Rates & Charges, as per Operating Revenue (Section 4 of the Executive Summary), is \$8.6m. (This figure includes Garbage and Kerbside Recycling Charges). A full analysis of rates and charges can be found in Section 9 - Rating Strategy.

2. Operating result

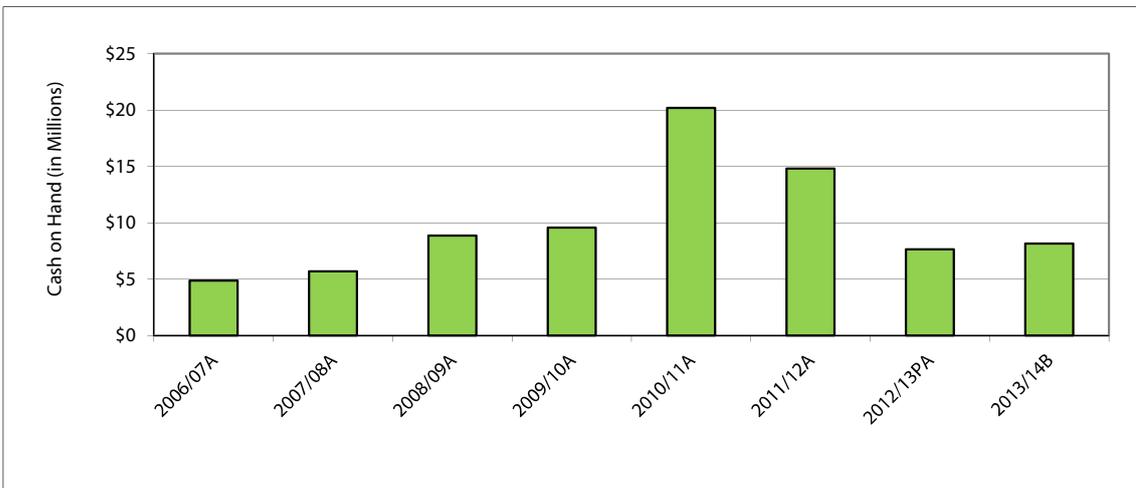


CHIEF EXECUTIVE OFFICER'S SUMMARY (Continued)

2. Operating result (continued)

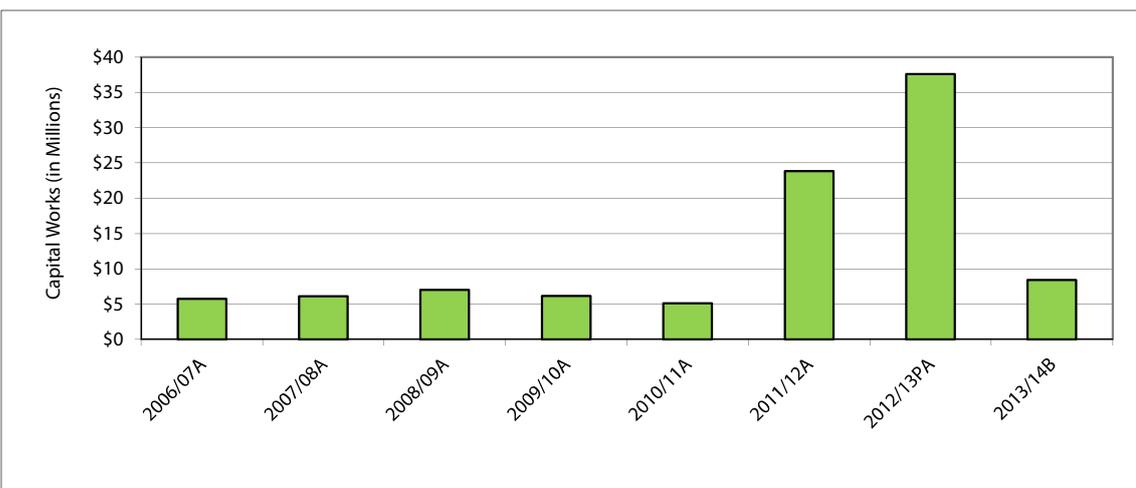
The expected operating result for the 2013/14 year is a deficit of \$947k compared to a projected actual surplus of \$18.84m in 2012/13. The notable changes in operating expenditure in 2013/14 is the change in community planning allocation which is now all recognised as capital works along with a decrease in materials and services due to the completion of the flood restoration program. The notable changes in operating income for 2013/14 include a large decrease in capital grants with the final claim for the Federal Flood Recovery Grant received during 2012/13 year. There is also the continued inclusion of \$1.0m additional State Government roads funding.

3. Cash & investments



Cash and investments is expected to increase by \$502k from \$7.65m at 30 June 2013 to \$8.16m at 30 June 2014.

4. Capital works

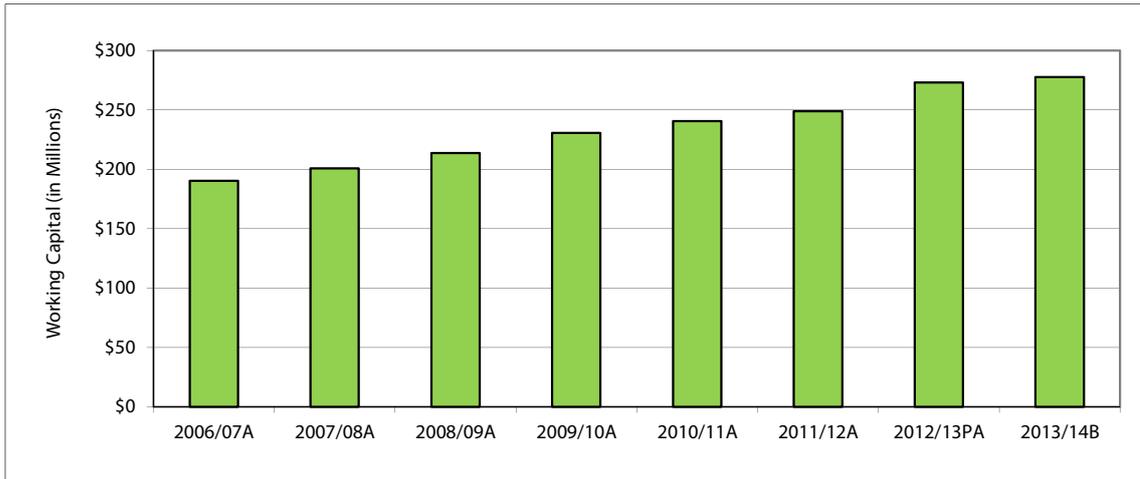


CHIEF EXECUTIVE OFFICER'S SUMMARY (Continued)

4. Capital works (continued)

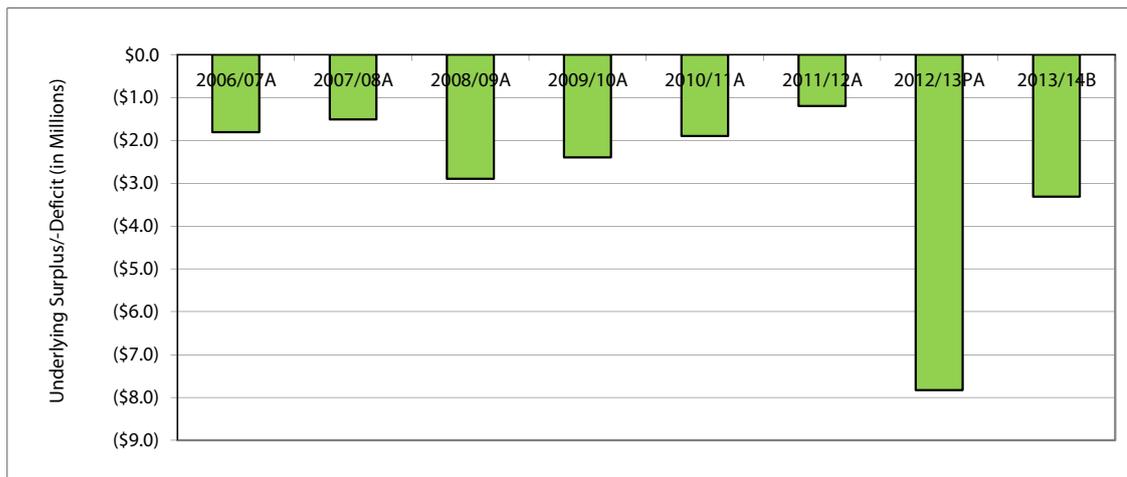
The capital works program for the 2012/13 year is projected to be \$37.6m while the capital works program for 2013/14 is expected to be \$8.42m. In 2013/14, of the capital funding required, \$3.85m will come from Council operations, \$2.56m from external grants and contributions, \$919k from the sale of assets, and the balance of \$1.09m from reserves.

5. Financial position



Net assets (the net worth of Council) is expected to increase by \$4.45m to \$277.5m during the 2013/14 financial year. Net current assets (current assets less current liabilities, otherwise known as working capital) is expected to increase by \$0.75m to \$5.6m. Net Current Assets outlines Council's ability to meet its commitments in the short term.

6. Financial sustainability



The underlying surplus/(deficit) is calculated by deducting capital grants & contributions and the net gain or loss on disposal of assets from the operating surplus/(deficit). By taking these items from the operating surplus/deficit those items which recur normally every year are isolated from those items which can occur in some years and not others.

Council's underlying deficit is budgeted to be \$3.3m in 2013/14.

John McLinden
Chief Executive Officer

BUDGET PROCESSES

The 2013/14 Budget, which is included in this report, is for the year 1 July 2013 to 30 June 2014 and is prepared in accordance with the Act and Regulations. The budget includes standard statements being a budgeted Income Statement, Balance Sheet, Cash Flows and Capital Works. These statements have been prepared for the year ended 30 June 2014 in accordance with the Act and Regulations, and consistent with the financial statements which are prepared in accordance with Accounting Standards. The budget also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

The preparation of the Budget begins with Officers preparing a Draft Budget in accordance with the Local Government Act 1989 and submitting the Draft Budget to Council for approval in principle. Council is then required to give public notice that it intends to adopt the Budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. Council also provides copies of the Draft Budget at post offices and neighbourhood houses/community resource centres within the municipality.

A person has a right to make a submission on any proposal contained in the Budget and any submission must be considered before adoption of the Budget by Council. The final step is for Council to adopt the Budget after receiving and considering any submissions from interested parties.

The Budget is required to be adopted and a copy submitted to the Minister by 31 August each year. The key dates for the budget process are summarised below:

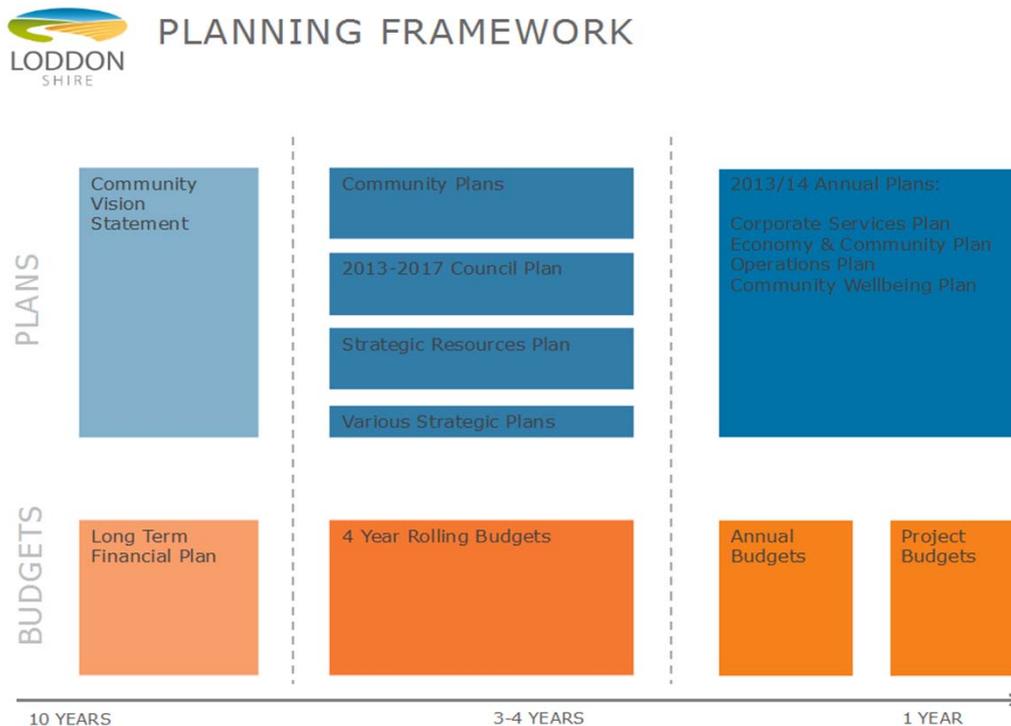
17 April - Draft Budget distributed to Councillors
23 April - Council meets to consider the Draft Budget
13 May - Council resolves to advertise the Draft Budget
15 May - (Loddon Times) & 18 May (Bendigo Advertiser) - Advertise "Draft Budget"
15 May to 11 June - Budget available for public inspection and comment
24 June - Council meets to consider Public Submissions and adopt the Budget
26 June (Bendigo Advertiser) & (Loddon Times) - Public Notice "Budget Adopted"
July - Copy of Budget submitted to Minister

1 LINKAGE TO THE COUNCIL PLAN

The Budget has been developed within an overall planning framework, which guides the Council in identifying community needs and aspirations over time. The long and medium term strategies are identified through the Community Vision and Council Plan. Short term objectives are defined in the Annual Budget, which is then assessed to ensure accountability is maintained (Audited Financial Statements).

1.1 Strategic planning framework

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



The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Local Government Act states that the Council Plan, including the Strategic Resource Plan, is required to be completed within a period of six months after each general election or by the next June 30 (whichever is later). These documents are reviewed each year to ensure that there is sufficient time for officers to develop their "Activities & Initiatives" and "Key Strategic Activities" in draft form prior to the commencement of the Annual Budget process in March. It also allows time for targets to be established during the Strategic Resource Planning process to guide the preparation of the Annual Budget.

1. LINKAGE TO THE COUNCIL PLAN (Continued)

1.2 Our purpose

Our Vision

"Strong communities proud of their individual identities"

Our Mission

"Deliver services that enhance the sustainability and liveability of our communities"

1.3 Core business of Council

In preparing the Council Plan, the Council has articulated the scope of its role in:

1 - Leadership
Providing vision and leadership in planning for our community's longer term future.
2 - Provision of well being services
Cost effectively providing for the basic needs of our communities.
3 - Planning for future needs
Anticipating and planning for demographic and economic shifts.
4 - Economic development
Supporting the growth and diversification of our economy, based on areas of competitive advantage.
5 - Providing quality infrastructure
Developing and maintaining both built and natural assets appropriate to community priorities.
6 - Financial stability
Planning and managing for long-term financial needs and keeping our rate payers informed about the financial situation.
7 - Education and life-long learning
Advocating for better youth engagement and life-long learning outcomes.
8 - Compliance
Ensuring we are compliant with all legislative reporting requirements.
9 - Regulation
Ensuring community compliance with local regulations.
10 - Advocacy and partnerships
Collaborating internally and externally to achieve our region's goals.
Promoting the interests and position of our Council.

1.4 Strategic platforms

In addition Council has identified 7 high level strategic platforms which are priority activities for the Council over the next 4 years. These are:

1 - Build a network of strong communities
2 - Grow our population through appropriate development
3 - Champion our agrifood enterprises
4 - Make our towns liveable & memorable
5 - Grow and diversify our economy
6 - Support our transitioning townships
7 - Connect with the next generation

The Budget includes 7 projects that sit under the strategic platforms that will be delivered in 2013/14. They are considered high priority projects in attempting to achieve the strategic platform objectives.

1 LINKAGE TO THE COUNCIL PLAN (Continued)

1.5 Reporting framework

Council has retained its current reporting structure, which includes 6 Key Direction Areas, as follows:

1 - Economic development & tourism
To promote economic growth through the retention and development of agriculture and business, and the development and promotion of tourism.
2 - Leadership
To provide Loddon Shire with strategic direction, representation and advocacy to promote good government, realisation of opportunities and to build confidence, pride and unity within the community.
3 - Works & infrastructure
Infrastructure to be provided in an efficient manner that meets the needs of the community.
4 - Good management
Ensure best practice management of human, physical and financial resources.
5 - Environment
To promote and enhance the natural and built environment for the enjoyment of future generations.
6 - Community services & recreation
To enhance the quality of life of all ages through the provision of community services and support of community organisations.

2 ACTIVITIES, INITIATIVES AND KEY STRATEGIC ACTIVITIES

This section provides a description of the key activities and initiatives to be funded in the Budget for the 2013/14 year and how these will contribute to achieving the strategic platform specified in the Council Plan. A summary of key activities defined in this section of the budget document is located in Appendix D - Key Strategic Activities. This section also includes performance targets and measures in relation to each activity.

2.1 Strategic platforms

The following provides a brief outline of the strategic platform areas outlined within the Council Plan.

2.1.1 Strategic platform 1 - build a network of strong communities

Objective:

Support our townships in preserving their individuality whilst leveraging their collective strength.

Key priorities:

- a) Build unique brand identities for each of our communities based on their geography, history and characteristics.
- b) Use community planning to allow our communities to create their own futures.
- c) Build a spirit of connectivity and mutual support amongst the communities of Loddon Shire.
- d) Leverage social media to better communicate with our residents.
- e) Promote a calendar of events across the region and support them.
- f) Drive improvement in life services including lobbying for assistance with child care short fall.
- g) Support volunteer organisations to remain active within the community.

2.1.2 Strategic platform 2 - grow our population through appropriate development

Objective:

Capitalise on the demand for lifestyle properties, without compromising premium agricultural land or our environment.

Key priorities:

- a) Implement planning strategies that accelerate growth in appropriate areas.
- b) Adopt a pro-development attitude to planning and stimulate investment needed to service the community's changing housing requirements.
- c) Improve our turnaround time on planning approvals for housing projects.
- d) Attract investors to develop infrastructure and services.

2.1.3 Strategic platform 3 - champion our agrifood enterprises

Objective:

Be an advocate for our agrifood sector and ensure it is adequately resourced to remain the backbone of our shire's economy.

Key priorities:

- a) Remove the road blocks for new agrifood enterprises or expansion of existing ones.
- b) Maintain planning protocols that protect prime agricultural land.
- c) Engage with the agribusiness sector in a regular and more formal way.
- d) Continue to seek out agrifood value-adding opportunities.

2 ACTIVITIES, INITIATIVES AND KEY STRATEGIC ACTIVITIES (Continued)

2.1 Strategic platforms (continued)

2.1.4 Strategic platform 4 - make our towns liveable and memorable

Objective:

Improve the liveability of our main townships by making them attractive to existing residents, prospective residents and tourists.

Key priorities:

- a) Renew the streetscape in our major towns.
- b) Enhance our overall amenities by offering improved, but rationalised facilities in line with financial resources.
- c) Work with our business community to foster a customer service culture.
- d) Lift local hospitality capability.
- e) Enforce a clean up of our towns.
- f) Improve storm and waste water management.
- g) Improve the appearance and functionality of recreation and public spaces.
- h) Take leadership in building infrastructure, amenities and services appropriate to town needs.
- i) Set the benchmark for RV friendly towns.

2.1.5 Strategic platform 5 - grow and diversify our economy

Objective:

Attract investment that introduces new industries, presents opportunity for existing businesses and grows our working population.

Key priorities:

- a) Exploit our existing strengths and areas of competitive advantage to grow and diversify the economy.
- b) Build our tourism sector product, capability and promotion appropriate to the different range of products in the north and south of the shire.
- c) Promote development of tourist accommodation.

2.1.6 Strategic platform 6 - support our transitioning townships

Objective:

Support small town communities to retain the best possible quality of life in the face of a declining population with increasing needs.

Key priorities:

- a) Support initiatives that assist community members who may be isolated or at risk.
- b) Rationalise community facilities to provide less but better facilities and amenities.
- c) Ensure that residents of small towns have access to a set of basic services.

2.1.7 Strategic platform 7 - connect with the next generation

Objective:

Engage with youth to equip them for a positive future and keep our communities young, vibrant and energised.

Key priorities:

- a) Identify the needs of young people and develop future leaders.
- b) Create an arts and culture youth engagement program.
- c) Support youth mentoring.

2 ACTIVITIES, INITIATIVES AND KEY STRATEGIC ACTIVITIES (Continued)

2.2 Key strategic activities

This section provides a description of the individual key activities and initiatives to be funded in the Budget for the 2013/14.

2.2.1 Strategic platform 1 - build a network of strong communities

Key priority

Leverage social media to better communicate with our residents.

Initiative	Performance Measure	Data Source	Target
Develop a social media plan	Social media plan adopted by Council	Council minutes	30 June 2014

2.2.2 Strategic platform 2 - grow our population through appropriate development

Key priority

Adopt a pro-development attitude to planning and stimulate investment needed to service the community's changing housing requirements.

Initiative	Performance Measure	Data Source	Target
Implement online planning application process for commercial development (SPEAR system)	SPEAR system implemented and functioning	Report from SPEAR system	31 December 2013

2.2.3 Strategic platform 2 - grow our population through appropriate development

Key priority

Improve our turnaround time on planning approvals for housing projects.

Initiative	Performance Measure	Data Source	Target
Implement a planning application progress tracking system	System developed and functioning	Report from system	30 June 2014

2.2.4 Strategic platform 2 - grow our population through appropriate development

Key priority

Attract investors to develop infrastructure and services.

Initiative	Performance Measure	Data Source	Target
Identify surplus Council properties and market them	Properties listed on Council's website	Copy of webpage	31 March 2014

2 ACTIVITIES, INITIATIVES AND KEY STRATEGIC ACTIVITIES (Continued)

2.2 Key strategic activities (continued)

2.2.5 Strategic platform 3 - champion our agrifood enterprises

Key priority

Engage with the agribusiness sector in a regular and more formal way.

Initiative	Performance Measure	Data Source	Target
Engage Agribusiness Development Officer	Officer engaged	Signed letter of offer	30 September 2013

2.2.6 Strategic platform 5 - grow and diversify our economy

Key priority

Exploit our existing strengths and areas of competitive advantage to grow and diversify the economy.

Initiative	Performance Measure	Data Source	Target
Develop new economic development strategy	Strategy adopted by Council	Council minutes	30 June 2014

2.2.7 Strategic platform 7 - connect with the next generation

Key priority

Identify the needs of young people and develop future leaders.

Initiative	Performance Measure	Data Source	Target
Explore the interest in a youth council	Report presented to Council	Council minutes	30 June 2014

2.3 Performance statement

The Key Direction Areas as detailed in the preceding pages are summarised again in Appendix D. The Key Strategic Areas, their performance measures, targets and results are audited at the end of each financial year and are reported in the Performance Statement of our Annual Report as required by Section 132 of the Act. Once the Annual Report for 2013/14 is completed it will be presented to the Minister for Local Government and the local community.

3 BUDGET INFLUENCES

In preparing the Budget it has been necessary to make a number of assumptions about the internal and external environment within which the Council operates. This section of the document highlights the various number of external and internal issues that have had an impact on the development of this budget.

3.1 Snapshot of Loddon Shire Council

Loddon Shire Council is located in Central Victoria approximately 40 minutes drive from the regional centre of Bendigo. The municipality covers an area of 6,700 square kilometres making it the 7th largest local government area in Victoria. The Council operates its main administrative office in the township of Wedderburn and conducts Council Meetings from its Community Services Office based in Serpentine. The Council also provides Maternal and Child Health, Waste Management, Road Maintenance and Home Care services throughout the municipality in the townships of Pyramid Hill, Boort, Inglewood, Tarnagulla, Bridgewater, Newbridge and Mitiamo.

3.1.1 Population

The municipality services a population of approximately 7,514 residents. Loddon is a rural municipality which is made up of fifteen small rural communities. Unlike many other local government areas, Loddon does not have a regional centre. Census data indicates that Loddon's population is ageing and has also been in steady decline in the past, although this decline is now slowing.

3.1.2 Ageing population

After the 2011 census was completed, an analysis was undertaken to assist in the development of the Loddon Aged and Disability Strategy Plan. The document highlights the following items:

- 1) People aged 50 and over account for 50.3% of Loddon's total population
- 2) This is expected to increase to 51.3% in the year 2021
- 3) People aged 50 years and over increased from 39% of the population in 2001 to 50.3% in 2011
- 4) Of the total population aged over 50, 35% are aged 50-59, 32% are 60-69, 20% are 70-79, 12% are 80-89 and 2% are 90-99.

3.1.3 Births

Statistics provided by the Council's Maternal and Child Health service indicate that the number of births in Loddon between April 2012 and March 2013 was 68. It is not anticipated that this number will vary considerably in 2013/14.

3.1.4 Workforce

The Council has a workforce of over 206 employees equating to an Effective Full Time (EFT) workforce of 135.5. The workforce is divided into three major categories with staff operating under the administrative, works and community services departments. These figures exclude the additional EFT staff employed during 2011/12, with the majority of these taken on over a two year fixed term which ended 30 June 2013 as part of the flood recovery program.

3 BUDGET INFLUENCES (Continued)

Items 3.2 and 3.3 highlight both the internal and external forces that have been taken into consideration when developing the budget document.

3.2 External influences

In preparing the 2013/14 Budget, a number of external influences have been taken into consideration, because they are likely to impact significantly on the services delivered by Council in the period. These include:

- Consumer Price Index increase of 2.2% from December 2011 to December 2012 (Source: ABS)
- An increase to Victorian Grants Commission funding of 2.5% for the Financial Assistance Grant and 2.5% to Local Roads Funding
- Ongoing commitment from the Federal Government's Roads to Recovery Program
- Cost Index, as calculated following the MAV model, showing an increase to local government materials and contracts costs of 3.3% per annum with an additional index increase of 0.6% for the impact of carbon pricing
- State Government grant funding of \$1.0m per annum for four years for Local Roads works.

3.3 Internal influences

As well as external influences, there were also a number of internal influences arising from the 2012/13 year which have had a significant impact on the setting of the budget for 2013/14. These include:

- A 4.0% increase to salaries and wages effective the first pay period after 1 August 2013. Council's existing Enterprise Bargaining Agreement will expire on 31 December 2013. For the purposes of the budget, wage escalation rates have been maintained in accordance with the EBA
- A 1.0% increase to salaries and wages is included, which relates to normal banding increases
- Ongoing loan repayments for the Bridgewater Industrial Estate Development and Wedderburn Office
- Funding of \$500k for Community Planning Strategic Fund along with a \$50k allocation to each of the 5 wards
- Continuation of Council's Rating Strategy
- A considerable amount of work has been undertaken in calculating historical costs over the past 5 years and where appropriate this indexation has been applied to the 2013/14 Budget.

3 BUDGET INFLUENCES (Continued)

3.4 Budget principles

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. Responsible Officers were then asked to present their budgets to the Management Executive Group prior to being approved for inclusion into the budget. The principles used to define this budget are as follows:

- Fees and Charges to be analysed and where possible adjusted to suit the increased cost to provide the service
- Grants to be based on confirmed funding levels
- Service levels to be maintained at the 2012/13 levels
- An ongoing commitment to the Community Planning process with an allocation of \$750k in addition to the provision of a Manager to assist community planning groups to deliver these projects
- Continuation of Council's Rating Strategy
- New initiatives to be justified with direct links to an endorsed Council Plan.

3.5 Legislative requirements

Under the Local Government Act 1989 ("the Act"), Council is required to prepare and adopt an annual budget for each financial year. The Budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Local Government (Finance and Reporting) Regulations 2004 ("the Regulations") which support the Act.

The 2013/14 Budget, which is included in this report, is for the year 1 July 2013 to 30 June 2014 and is prepared in accordance with the Act and Regulations. The Budget includes Standard Statements being budgeted Income Statement, Balance Sheet, Cash Flows and Capital Works Statements. These statements have been prepared for the Year Ended 30 June 2014 in accordance with Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations. It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

The Budget includes consideration of 2013/14 to 2016/17 (Section 8), Rating Strategy (Section 9) and Other Strategies (Section 10) including Borrowings and Reserves.

4 ANALYSIS OF OPERATING BUDGET

This section of the report analyses the expected revenues and expenses of the Council for the 2013/14 year.

4.1 Budgeted operating statement

	Ref.	2012/13 Projected Actual	2013/14 Budget	Variance
Operating revenue	4.2	\$47,689,725	\$24,306,046	(\$23,383,679)
Operating expenditure	4.3	(\$28,848,364)	(\$25,252,650)	\$3,595,714
Surplus(deficit) for the year		\$18,841,361	(\$946,604)	(\$19,787,965)
Net gain/ (loss) on disposal of property, infrastructure plant & equipment		(\$50,000)	\$200,000	\$250,000
Grants & contributions - capital		(\$26,620,544)	(\$2,569,289)	\$24,051,255
Underlying surplus (deficit)		(\$7,829,183)	(\$3,315,893)	\$4,513,290

4.1.1 Underlying deficit (\$4.53 million decrease)

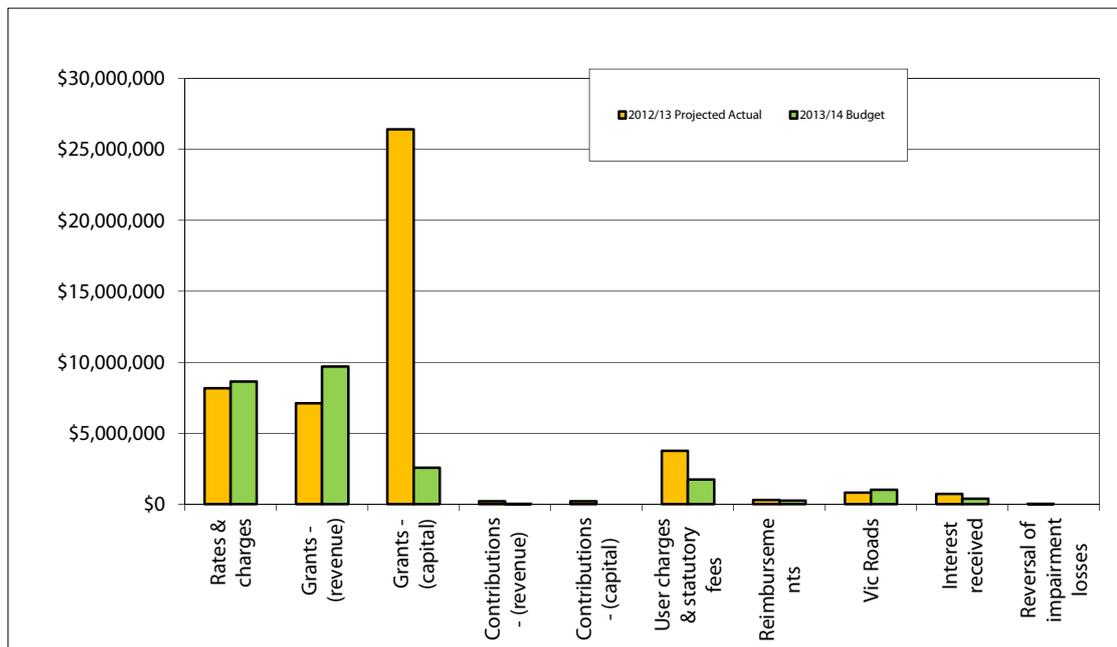
The underlying result is the net surplus or deficit for the year adjusted for capital contributions, gains or losses on disposal of non-operating assets sold and other one-off adjustments. It is a measure of financial sustainability as it is not impacted by non-recurring items of revenues and expenses which can potentially distort the operating result. The underlying result for the 2013/14 year is a deficit of \$3.3m which is an decrease of \$4.53m from the 2012/13 year.

4.2 Operating revenue

Revenue types	Ref.	2012/13 Projected Actual	2013/14 Budget	Variance
Rates & charges	4.2.1	\$8,164,629	\$8,632,465	\$467,836
Grants - (revenue)	4.2.2	\$7,120,398	\$9,709,095	\$2,588,697
Grants - (capital)	4.2.3	\$26,420,544	\$2,569,289	(\$23,851,255)
Contributions - (revenue)	4.2.4	\$203,297	\$25,000	(\$178,297)
Contributions - (capital)	4.2.5	\$200,000	\$0	(\$200,000)
User charges & statutory fees	4.2.6	\$3,750,210	\$1,734,339	(\$2,015,871)
Reimbursements	4.2.7	\$294,300	\$243,300	(\$51,000)
Vic Roads	4.2.8	\$814,062	\$1,016,558	\$202,496
Interest received	4.2.9	\$717,000	\$376,000	(\$341,000)
Reversal of impairment losses		\$5,285	\$0	(\$5,285)
Total operating revenue		\$47,689,725	\$24,306,046	(\$23,383,679)

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.2 Operating revenue (continued)



4.2.1 Rates & charges

\$467,836 Increase

It is proposed that general rate income and municipal charges be increased by 5.5% over the 2012/13 adopted budget amounts, with waste collection charges increasing by 7.0%. Section 9 - Rating Strategy includes a detailed analysis of the rates and charges to be levied for 2013/14.

4.2.2 Grants (revenue)

\$2,588,697 Increase

Operating Grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall the level of operating grants has increased by 36% or \$2.6m in 2013/14. Significant movements in grant funding are summarised below:-

Grant funding types	2012/13 Projected Actual	2013/14 Budget	Variance
Economic development & tourism			
Living with less water	\$120,000	\$0	(\$120,000)
Strategies and plans	\$37,514	\$0	(\$37,514)
Naturally Loddon festival	\$0	\$5,000	\$5,000
Leadership			
Community transportation	\$85,250	\$0	(\$85,250)
Flood community recovery activities	\$15,250	\$0	(\$15,250)
Good management			
Victorian Grants Commission - general revenue	\$1,814,406	\$3,994,425	\$2,180,019
Victorian Grants Commission - local roads	\$1,454,161	\$3,175,450	\$1,721,289
Local roads	\$1,000,000	\$1,000,000	\$0
Corporate training	\$19,500	\$3,000	(\$16,500)

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.2 Operating revenue (continued)

4.2.2 Grants (revenue) (continued)

Grant funding types (continued)	2012/13		2013/14 Budget	Variance
	Projected	Actual		
Environment				
Heritage adviser	\$0	\$3,000	\$3,000	\$3,000
Drum muster	\$7,681	\$5,000	\$5,000	(\$2,681)
CFA works	\$20,000	\$0	\$0	(\$20,000)
Strategies and plans	\$50,000	\$50,000	\$50,000	\$0
Community services & recreation				
Strategies and plans	\$46,000	\$0	\$0	(\$46,000)
Infant welfare services	\$110,500	\$110,500	\$110,500	\$0
Pre-schools	\$343,161	\$339,446	\$339,446	(\$3,715)
Tobacco reform	\$4,316	\$3,193	\$3,193	(\$1,123)
HACC services	\$787,018	\$770,856	\$770,856	(\$16,162)
Improving liveability project	\$20,000	\$0	\$0	(\$20,000)
Sport and Recreation Victoria sporting grants	\$125,500	\$0	\$0	(\$125,500)
Senior citizens	\$45,105	\$45,958	\$45,958	\$853
Drought proofing program	\$358,245	\$0	\$0	(\$358,245)
Youth initiatives	\$51,400	\$24,500	\$24,500	(\$26,900)
Regional Development Victoria projects	\$203,472	\$0	\$0	(\$203,472)
Community protection	\$21,289	\$21,822	\$21,822	\$533
Victoria flood program	\$232,704	\$0	\$0	(\$232,704)
Local government infrastructure program	\$147,926	\$156,945	\$156,945	\$9,019
Total	\$7,120,398	\$9,709,095	\$9,709,095	\$2,588,697

Increases are in respect of Victoria Grants Commission (VGC) funding, where the general revenue grant is anticipated to increase by \$2.18m and the local roads grant is expected to increase by \$1.72m, the budget for 2013/14 assumes four full payments occurring in the financial year, whereas the projected 2012/13 only includes 2 payments in the year. If adjusted for this amount the variation would be an increase of \$98k and \$77k.

The major decreases relates to projects which are expected to be completed by 30 June 2013. These include Regional Development Victoria (\$203k), Victorian flood program (\$233k), Sport and recreation grants of (\$125k) and living with less water project of (\$120k).

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.2 Operating revenue (continued)

4.2.3 Grants (capital)

\$23,851,255 Decrease

Capital Grants include all monies received from State and Federal government for the purpose of funding the capital works program. Capital grants are budgeted to decrease by \$23.85m in 2013/14. Significant movements in grant funding are summarised below:-

Grant Funding Types	2012/13 Projected Actual	2013/14 Budget	Variance
Economic development & tourism			
Industrial estates	\$0	\$198,500	\$198,500
Leadership			
Rural recovery	\$0	\$10,000	\$10,000
Works & infrastructure			\$0
Local road construction	\$427,365	\$0	(\$427,365)
Roads to Recovery	\$2,551,381	\$1,562,864	(\$988,517)
Town water & sewerage	\$22,621	\$0	(\$22,621)
Flood related			
Federal flood funding	\$21,323,877	\$0	(\$21,323,877)
Community services & recreation			
Halls & community centres	\$1,281,450	\$0	(\$1,281,450)
Local government infrastructure program	\$752,074	\$797,925	\$45,851
Regional Development Victoria program	\$39,839		(\$39,839)
Sport and Recreation Victoria programs	\$21,937		(\$21,937)
Total	\$26,420,544	\$2,569,289	(\$23,851,255)

The major decrease is the federal flood funding of \$21.3m, the balance of which is expected to be received by 30 June 2013. Other projects that have a decrease in capital grants include the Wedderburn Community Centre redevelopment, Inglewood Town Hall and Roads to Market projects.

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.2 Operating revenue (continued)

4.2.4 Contributions (revenue)

\$178,297 Decrease

Contributions (revenue) include amounts from community groups and external parties towards recurrent related projects. Contributions are budgeted to decrease by \$178k in 2013/14 due to the completion of major funding projects.

Contributions (revenue) types	2012/13 Projected Actual	2013/14 Budget	Variance
Economic development & tourism			
Naturally Loddon festival	\$1,400	\$0	(\$1,400)
Loddon business & tourism awards	\$12,950	\$2,000	(\$10,950)
Regional living expo	\$10,000	\$10,000	\$0
Works & infrastructure			
Dingee hospital car park	\$10,000	\$0	(\$10,000)
Staff training	\$35,000	\$10,000	(\$25,000)
Good management			
Valuations	\$81,024	\$2,000	(\$79,024)
Community services & recreation			
Drought proofing projects	\$11,923	\$0	(\$11,923)
Community protection	\$1,000	\$1,000	\$0
Halls & community centres	\$40,000	\$0	(\$40,000)
Total	\$203,297	\$25,000	(\$178,297)

4.2.5 Contributions (capital)

\$178,297 Decrease

Capital contributions include amounts from community groups and external parties towards capital works projects. Contributions are budgeted to decrease by \$178k in 2013/14. The amount budgeted in 2012/2013 relates to the Wedderburn Community Centre development.

4.2.6 User charges & statutory fees

\$2,015,871 Decrease

Statutory fees are levied under various Acts and their Regulations, such as the Public Health and Wellbeing Act 2008, Planning & Environment Act 1987, Building Act 1993, the Country Fire Authority Act 1958, and Domestic (Feral & Nuisance) Animals Act 1994. Increases in statutory fees are made in accordance with legislative requirements. Most other fees and charges will increase by 2.5%.

Council has many varied sources of user charges. The main sources are home and community care services, caravan park fees, gravel pit fees and royalties, Loddon Discovery Tour fees, rental from Council owned properties, and private works.

Fees and charges are budgeted to decrease by \$2.02m in 2013/14 and this is primarily due to a decrease in Councils' gravel pit usage.

A detailed listing of statutory fees and Council charges is available on Council's web site and can also be inspected at Council's customer service centre.

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.2 Operating revenue (continued)

4.2.6 User charges & statutory fees (continued)

Fees & charges	2012/13 Projected Actual	2013/14 Budget	Variance
Regulatory services			
Building control services	\$68,130	\$68,000	(\$130)
Animal control services	\$42,424	\$43,985	\$1,561
Local laws services	\$4,973	\$5,097	\$124
Town planning services	\$32,083	\$32,885	\$802
Health control services	\$25,414	\$25,939	\$525
Land information certificates	\$7,000	\$7,000	\$0
Economic development & tourism			
Tourism activities	\$96,000	\$96,000	\$0
Caravan parks	\$150,520	\$209,428	\$58,908
Loddon business & tourism awards	\$8,806	\$6,000	(\$2,806)
Commercial rental	\$45,682	\$40,871	(\$4,811)
Council residences	\$16,120	\$16,500	\$380
Economic development activities	\$4,308	\$0	(\$4,308)
Standpipes & truck washes	\$16,500	\$18,500	\$2,000
Leadership			
Fire protection	\$26,291	\$1,000	(\$25,291)
Council memberships	\$5,244	\$0	(\$5,244)
Works & infrastructure			
Gravel pits	\$2,279,207	\$225,500	(\$2,053,707)
Road openings	\$9,324	\$9,000	(\$324)
Good management			
Other miscellaneous income	\$7,934	\$8,400	\$466
Commercial rental	\$2,383	\$3,442	\$1,059
Environment			
Fire protection	\$14,500	\$18,500	\$4,000
Tips & recycling	\$75,611	\$71,024	(\$4,587)
Community services & recreation			
Elderly persons units	\$55,907	\$57,306	\$1,399
Other community	\$9,048	\$3,000	(\$6,048)
HACC services	\$161,995	\$209,999	\$48,004
LSC packaged care	\$431,077	\$418,865	(\$12,212)
Pre-schools	\$145,349	\$129,618	(\$15,731)
Senior citizens	\$8,380	\$8,480	\$100
Total	\$3,750,210	\$1,734,339	(\$2,015,871)

4.2.7 Reimbursements

\$51,000 Decrease

Reimbursements include diesel fuel rebates from the Taxation Office, insurance rebates, Workcover reimbursements, and training reimbursements. Reimbursements are budgeted to decline by \$51k during 2013/14 for diesel fuel rebates as lower plant and fleet usage is expected.

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.2 Operating revenue (continued)

Reimbursement types	2012/13 Projected Actual	2013/14 Budget	Variance
Works & infrastructure			
Private works	\$80,000	\$80,000	\$0
Diesel fuel rebate	\$118,000	\$67,000	(\$51,000)
Outdoor Workcover claims	\$92,000	\$92,000	\$0
Good management			
Other insurances	\$4,300	\$4,300	\$0
Total	\$294,300	\$243,300	(\$51,000)

4.2.8 Vic Roads

\$202,496 Increase

Council's contract with Vic Roads includes an "as of right" amount for routine maintenance works. Commensurate increases in expenditure budgets to deliver this programme have been budgeted in 2013/14.

Vic Roads types	2012/13 Projected Actual	2013/14 Budget	Variance
Works & infrastructure			
Routine maintenance	\$564,840	\$613,498	\$48,658
Provisional periodic maintenance	\$213,245	\$372,742	\$159,497
Provisional day works	\$35,977	\$30,318	(\$5,659)
Total	\$814,062	\$1,016,558	\$202,496

4.2.9 Interest received

\$341,000 Decrease

Interest is received for rate arrears and the investment of Council funds.

Council's rate arrears have been reducing consistently over the years, so it is anticipated that interest on rate arrears will be lower in 2013/14 to that it was in 2012/13.

It is anticipated that Council will have significantly lower cash on hand balances at the beginning of the 2013/14 year than was the case during the 2012/13 year due to the up-front receipt of the Federal Government Flood Recovery grant.

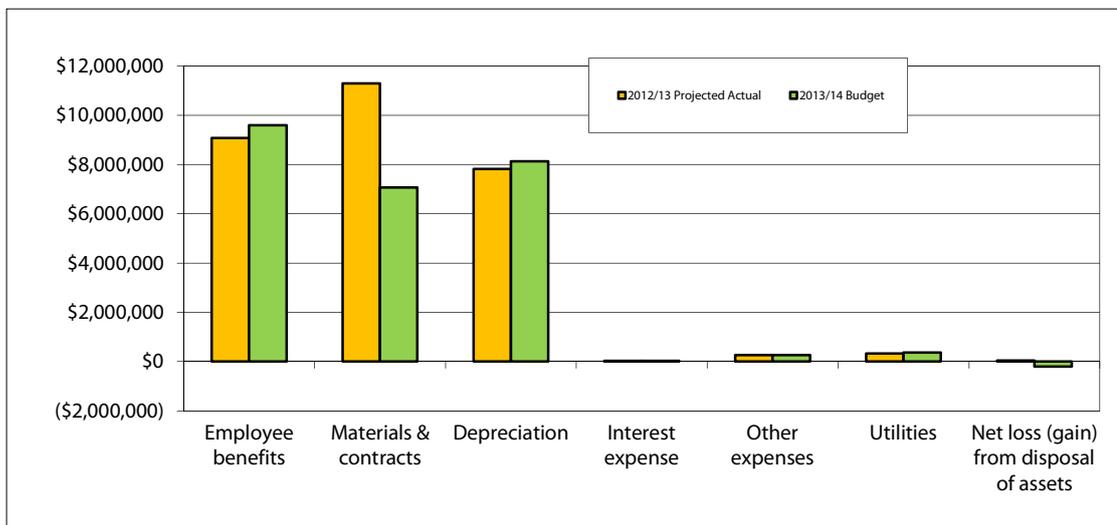
Interest earnings	2012/13 Projected Actual	2013/14 Budget	Variance
Good management			
Investment interest	\$525,089	\$344,000	(\$181,089)
Rates interest	\$42,000	\$32,000	(\$10,000)
Community services & recreation			
Interest earnings on funding	\$149,911	\$0	(\$149,911)
Total	\$717,000	\$376,000	(\$341,000)

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.3 Operating expenditure

Expenditure types		2012/13 Projected Actual	2013/14 Budget	Variance
Employee benefits	4.3.1	\$9,077,666	\$9,587,343	\$509,677
Materials & contracts	4.3.2	\$11,284,988	\$7,061,122	(\$4,223,866)
Depreciation	4.3.3	\$7,812,000	\$8,132,337	\$320,337
Interest expense	4.3.4	\$36,156	\$32,000	(\$4,156)
Other expenses	4.3.5	\$263,620	\$269,000	\$5,380
Utilities		\$323,934	\$370,848	\$46,914
Net loss (gain) from disposal of assets	4.3.6	\$50,000	(\$200,000)	(\$250,000)
Total		\$28,848,364	\$25,252,650	(\$3,595,714)

The following graph shows the change in expenditure from 2012/13 Projected Actuals to 2013/14 Budget.



4.3.1 Employee benefits

\$509,677 Increase

Employee costs include labour related expenditure such as wages and salaries and on-costs for operating expenditure of Council. **It does not include labour related to capital works projects.** It includes allowances, leave entitlements, employer superannuation, rostered days off, Workcover premiums and Fringe Benefits Tax for all salaries & wages.

Employee benefits are expected to increase by approximately \$510k from 2012/13 to 2013/14, an increase of 5.6%. The reasons for this increase is set out below:-

The impact on total operating salaries and wages in relation to the Enterprise Bargaining Agreement (EBA) and increase in banding have been built into the 2013/14 Budget including the EBA of 4.0%, effective August 2013. In 2013/14 there has been an change in Council's superannuation contribution from 9.0% up to 9.25% in line with legislation.

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.3 Operating expenditure (continued)

Expenditure types	2012/13 Projected Actual	2013/14 Budget	Variance
Salaries & wages	\$6,611,095	\$7,123,505	\$512,410
Annual leave & long service leave	\$947,999	\$1,014,086	\$66,087
Superannuation expense	\$901,142	\$934,219	\$33,077
Work cover	\$512,230	\$446,533	(\$65,697)
Fringe benefits tax	\$105,200	\$69,000	(\$36,200)
Total	\$9,077,666	\$9,587,343	\$509,677

The total 2013/14 Budget includes 206 staff or 135.5 EFT. The 2012/13 Budget included 227 staff or 157.8 EFT. The decrease in employee numbers mainly relates to the completion of the flood program. These positions will cease at 30 June 2013. There has been an increase in the pre-school hours to meet the universal access requirements.

4.3.2 Materials, services & contracts

\$4,223,866 Decrease

Materials and Services includes the purchase of goods, services, and consumables, payments to contractors for the provision of services, and utility costs. They relate to operating expenditure only, and do not include the purchase of goods, services, or consumables, or payments to contractors for capital works projects.

The most significant decreases relate to the operation of Councils' gravel pits of \$198k, various flood funded projects of \$2.25m and the community planning strategic fund of \$500k which has been classified as capital in the 2013/14 Budget.

The most significant increases relate to valuations of \$215k and the operations of Council's public facilities of \$121k with the cleaning services now contracted to an external supplier.

Expenditure types	2012/13 Projected Actual	2013/14 Budget	Variance
Economic development & tourism			
Economic development	\$227,879	\$139,400	(\$88,479)
Tourism	\$205,409	\$188,088	(\$17,321)
Caravan parks	\$131,676	\$109,457	(\$22,219)
Council residences & buildings	\$25,080	\$10,599	(\$14,481)
Building services	\$14,210	\$16,450	\$2,240
Commercial buildings	\$30,504	\$18,353	(\$12,151)
Plans & strategies	\$30,000	\$15,000	(\$15,000)
Leadership			
Councillor related expenditure	\$20,500	\$127,383	\$106,883
Community safety	\$13,500	\$4,500	(\$9,000)
Local laws	\$7,000	\$17,000	\$10,000
Records management	\$31,500	\$41,815	\$10,315
Plans & strategies	\$45,000	\$0	(\$45,000)
Transport connections project	\$55,129	\$0	(\$55,129)
Flood recovery projects	\$271,345	\$0	(\$271,345)
Memberships	\$13,244	\$8,000	(\$5,244)

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.3 Operating expenditure (continued)

4.3.2 Materials, services & contracts (continued)

Expenditure types	2012/13 Projected Actual	2013/14 Budget	Variance
Works & infrastructure			
Depots	\$52,468	\$51,141	(\$1,327)
Employee related expenditure	\$87,663	\$75,000	(\$12,663)
Infrastructure & road maintenance	\$535,405	\$1,337,310	\$801,905
Minor equipment purchases	\$52,911	\$29,459	(\$23,452)
Flood recovery projects	\$260,000	\$0	(\$260,000)
Gravel pits	\$816,049	\$617,287	(\$198,762)
Good management			
Advertising	\$40,000	\$50,000	\$10,000
Building maintenance	\$90,947	\$40,023	(\$50,924)
Council operations	\$76,754	\$77,131	\$377
Stationery & postage	\$118,204	\$115,846	(\$2,358)
Subscriptions & memberships	\$31,868	\$32,400	\$532
Information technology	\$403,097	\$358,400	(\$44,697)
Training & employee costs	\$101,750	\$98,000	(\$3,750)
Valuations	\$78,447	\$293,000	\$214,553
Insurance	\$141,151	\$157,571	\$16,420
Staff wellbeing	\$144,680	\$127,500	(\$17,180)
Community support	\$52,800	\$14,800	(\$38,000)
Election expenses	\$60,000	\$0	(\$60,000)
Legal and bank fees	\$110,000	\$49,000	(\$61,000)
Environment			
Fire protection	\$30,954	\$59,500	\$28,546
Planning control	\$21,000	\$26,500	\$5,500
Tree and weed management	\$68,000	\$59,000	(\$9,000)
Waste management	\$816,005	\$743,529	(\$72,476)
Community services & recreation			
Elderly persons units	\$36,437	\$35,621	(\$816)
Drought proofing projects	\$627,524	\$0	(\$627,524)
Senior citizens	\$48,115	\$54,224	\$6,109
Youth initiatives	\$65,269	\$25,500	(\$39,769)
Library services	\$167,972	\$176,371	\$8,399
Swimming pools	\$285,550	\$301,188	\$15,638
Home & community care	\$361,959	\$179,094	(\$182,865)
Community support & safety	\$348,718	\$269,277	(\$79,441)
Infant services	\$80,463	\$60,201	(\$20,262)
Parks & gardens	\$156,276	\$277,232	\$120,956
Regional Development Victoria grants	\$238,123	\$0	(\$238,123)
Building maintenance	\$117,941	\$45,900	(\$72,041)
Recreation reserves	\$529,752	\$292,245	(\$237,507)
Animal control	\$12,378	\$18,243	\$5,865
Community planning projects	\$760,612	\$0	(\$760,612)
Environmental health services	\$29,311	\$18,000	(\$11,311)
Flood recovery projects	\$1,720,477	\$0	(\$1,720,477)
Insurance	\$80,909	\$93,084	\$12,175
Plans & strategies	\$254,000	\$25,000	(\$229,000)
Waterways	\$51,073	\$81,500	\$30,427
Total	\$11,284,988	\$7,061,122	(\$4,223,866)

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.3 Operating expenditure (continued)

4.3.3 Depreciation

\$320,337 Increase

Depreciation is an accounting measure which attempts to assess the usage of Council's property, plant and equipment including infrastructure assets such as roads and drains in a given year. Property, plant and equipment assets have a rate of depreciation attached to them. That rate represents the useful life of the asset, as determined by the manager responsible for the asset. For example, an item of plant with a useful life of 5 years, has a depreciation rate of 20%.

Depreciation is required under Australian Accounting Standards to be re-assessed each year and where necessary adjusted to accurately represent the pattern of consumption of Council's assets.

Classification	2012/13 Projected Actual	2013/14 Budget	Variance
Road assets & other related infrastructure	\$4,817,400	\$5,027,005	\$209,605
Buildings	\$1,462,650	\$1,573,382	\$110,732
Plant & equipment	\$1,090,950	\$1,090,950	\$0
Urban drainage	\$202,650	\$202,650	\$0
Office furniture & equipment	\$94,500	\$94,500	\$0
Landfills	\$141,750	\$141,750	\$0
Quarries	\$2,100	\$2,100	\$0
Total	\$7,812,000	\$8,132,337	\$320,337

4.3.4 Interest Expense

\$4,156 Decrease

Interest expense relates to interest charged by financial institutions on borrowed funds. Currently Council has 2 loans; the first relates to the Bridgewater Industrial Estate Development, and the other relates to the Wedderburn Office construction.

As the loans age, and the balances of the loans reduce, the amount of interest incurred against the loans will reduce while the amount of principal applied to each repayment will increase.

Type of interest	2012/13 Projected Actual	2013/14 Budget	Variance
Loan interest	\$36,156	\$32,000	(\$4,156)
Total	\$36,156	\$32,000	(\$4,156)

4.3.5 Other Expenses

\$5,380 Increase

Other expenses include councillors' costs, and auditors' remuneration.

Expense type	2012/13 Projected Actual	2013/14 Budget	Variance
Councillors' costs	\$194,120	\$198,000	\$3,880
Auditors' remuneration	\$69,500	\$71,000	\$1,500
Total	\$263,620	\$269,000	\$5,380

4 ANALYSIS OF OPERATING BUDGET (Continued)

4.3 Operating expenditure (continued)

4.3.6 Net loss (profit) on disposal of assets *\$250,000 Decrease*

The net loss (or profit) on disposal of assets relates to the sale of Council vehicles, including large items of plant. It represents the difference between the amount received for an item of plant and the book value of that item in Council's accounts at the time of sale.

Although it is difficult to predict the result of these transactions, historically Council has made a loss on sale of plant, so allowance has been made in the 2012/13 Projected Actual for this. With a large number of plant items to be sold after the flood program is completed, a further calculation was undertaken and Council expects to receive a profit in 2013/14.

Classification	2012/13 Projected Actual	2013/14 Budget	Variance
Plant & equipment	\$50,000	(\$200,000)	(\$250,000)
Total	\$50,000	(\$200,000)	(\$250,000)

5 ANALYSIS OF BUDGETED CASH POSITION

This section of the report analyses the expected cash flows from the operating, investing and financing activities of Council for the 2013/14 year i.e. the budgeted cash flow position. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

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

Operating activities - Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.

Investing activities - Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.

Financing activities - Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

5.1 Budgeted cash flow statement

	2012/13 Projected Actual	2013/14 Budget	Variance
Cash flows from operating activities			
Receipts			
Rates & charges	\$8,148,938	\$8,641,822	\$492,884
Operating grants & contributions	\$7,523,695	\$9,734,095	\$2,210,400
Capital grants & contributions	\$32,820,015	\$2,569,289	(\$30,250,726)
Interest	\$732,233	\$376,000	(\$356,233)
User charges (including GST)	\$4,274,900	\$1,706,851	(\$2,568,049)
Reimbursements (including GST)	\$323,730	\$267,630	(\$56,100)
Vic Roads (including GST)	\$895,468	\$1,118,214	\$222,746
Net GST refund	\$5,386,871	\$1,453,012	(\$3,933,859)
	\$60,105,850	\$25,866,912	(\$34,238,938)
Payments			
Employee benefits	(\$8,725,183)	(\$9,462,343)	(\$737,160)
Materials & contracts (including GST)	(\$20,905,739)	(\$8,496,603)	\$12,409,136
Interest expense	(\$39,364)	(\$32,000)	\$7,364
	(\$29,670,286)	(\$17,990,946)	\$11,679,340
Net cash provided by operating activities	\$30,435,564	\$7,875,966	(\$22,559,598)
Cash flows from investing activities			
Proceeds from sales of property, plant & equipment	\$337,219	\$1,265,026	\$927,807
Payments for property, plant & equipment	(\$37,580,387)	(\$8,416,833)	\$29,163,554
Net cash used in investing activities	(\$37,243,168)	(\$7,151,807)	\$30,091,361
Cash flows from financing activities			
Trust funds & deposits	\$95,469	(\$77,200)	(\$172,669)
Repayment of borrowings	(\$135,417)	(\$144,500)	(\$9,083)
Net cash provided by (used in) financing activities	(\$39,948)	(\$221,700)	(\$181,752)
Net decrease in cash & cash equivalents	(\$6,847,552)	\$502,459	\$7,350,011
Cash & cash equivalents at the beginning of the year	\$14,500,865	\$7,653,313	(\$6,847,552)
Cash & cash equivalents at the end of the year	\$7,653,313	\$8,155,772	\$502,459

5 ANALYSIS OF BUDGETED CASH POSITION (Continued)

	2012/13 Projected Actual	2013/14 Budget	Variance
Surplus/(deficit) for the year	\$18,841,361	(\$946,604)	(\$19,787,965)
Depreciation	\$7,812,000	\$8,132,337	\$320,337
Loss/(gain) on sale of assets	\$50,000	(\$200,000)	(\$250,000)
Accrued loan interest	\$0	\$0	\$0
Net movement in current assets & liabilities	\$3,732,203	\$890,233	(\$2,841,970)
Cash flows available from operating activities	\$30,435,564	\$7,875,966	(\$22,559,598)
Proceeds from sale of assets	\$337,219	\$1,265,026	\$927,807
Trust funds & deposits	\$95,469	(\$77,200)	(\$172,669)
Repayment of borrowings	(\$135,417)	(\$144,500)	(\$9,083)
Net movement in loans & advances	\$0	\$0	\$0
Cash flows available for capital works	\$30,732,835	\$8,919,292	(\$21,813,543)
Capital expenditure	(\$37,580,387)	(\$8,416,833)	\$29,163,554
Net cash outflows	(\$6,847,552)	\$502,459	\$7,350,011
Cash & cash equivalents at the beginning of the year	\$14,500,865	\$7,653,313	(\$6,847,552)
Cash & cash equivalents at the end of the year	\$7,653,313	\$8,155,772	\$502,459

5.1.1 Operating activities

\$22,559,598 Decrease

Operating activities refer to the cash generated or used in normal service delivery functions of Council.

There can be significant variations between operating activities from year to year, particularly as some activities are undertaken with external funding which may be available one year but not the next. The most significant variations in operating activities from 2012/13 to 2013/14 are:

In the 2013/14 Budget all community plan monies are currently in the capital area of Council. In 2012/13 there were a number of capital works projects undertaken with community planning monies.

There has been a significant decrease of \$12.4m expenditure on materials & services as expected as a result of the completion of the flood works program and its affect on the recurrent works program. There is also budgeted to be a significant decrease in capital grants, of \$34m for the same reason outlined above.

5 ANALYSIS OF BUDGETED CASH POSITION (Continued)

5.1.2 Investing activities \$30,091,361 *Decrease*

Investing activities refer to cash generated or used in the enhancement or creation of infrastructure and other assets, and include the acquisition and sale of other assets such as vehicles, property, equipment, etc. Investing activities also include the advancement of loans to community groups and organisations, and the repayment of those advances.

The most significant factors in the decrease in investing activities in 2013/14 is in the area of capital expenditure relating to the flood recovery program.

5.1.3 Financing activities \$181,752 *Increase*

Financing activities refer to cash generated or used in the financing of Council functions and include borrowings from financial institutions. These activities also include repayment of the principal component of loan repayments for the year.

Council's projected borrowings balance for 2013/14 is expected to reduce with the repayment of amounts in relation to the Wedderburn Office and Bridgewater Industrial Estate loans, and no new are borrowings expected.

It is difficult to predict the movement of Trust Funds & Deposits, which include building sureties, contract retentions, and other minor trust amounts. The 2013/14 budget assumes a reduction of \$100k in this liability.

5.1.4 Cash & cash equivalents at the end of the year \$502,459 *Increase*

Overall, total cash and investments is forecast to increase by \$502k during 2013/14. Although the cash position will be determined by a number of factors (including collection of outstanding amounts during the year, payment cycle for Council's creditors, movement in trust funds).

5.2 Restricted and unrestricted cash and investments

Represented By:	2012/13 Projected Actual	2013/14 Budget	Variance
Restricted cash & investments:			
- Discretionary reserves, including unexpended grants	\$3,623,926	\$4,222,963	\$599,037
- Annual leave provisions	\$1,200,746	\$1,275,746	\$75,000
- Long service leave	\$1,716,021	\$1,766,021	\$50,000
- Trust funds	\$388,405	\$288,405	(\$100,000)
Working capital	\$724,215	\$602,637	(\$121,578)
Total cash & investments	\$7,653,313	\$8,155,772	\$502,459

5.2.1 Statutory reserves (\$3.3 million)

These funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. While these funds earn interest revenues for Council, they are not available for other purposes.

5 ANALYSIS OF BUDGETED CASH POSITION (Continued)

5.2 Restricted and unrestricted cash and investments (Continued)

5.2.2 Discretionary reserves (\$4.2 million)

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

Included in the Discretionary Reserves are Unexpended Grants – Council often receives grants which, due to the timing of receipt of them, cannot be spent in the year that they are received. These are considered grants in advance. The income is recognised in the year of receipt, and the grant is placed into the Unspent Grants Reserve until it is required to fund the project to which it relates. At 30 June 2014 Council expects to have nil balance in the Unexpended Grants Reserve.

5.2.3 Unrestricted cash and investments (\$0.6 million)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements and unexpected short term needs. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds. A high level of unrestricted cash and investments is desirable as 60% of Council's rate revenue is not received until February each year.

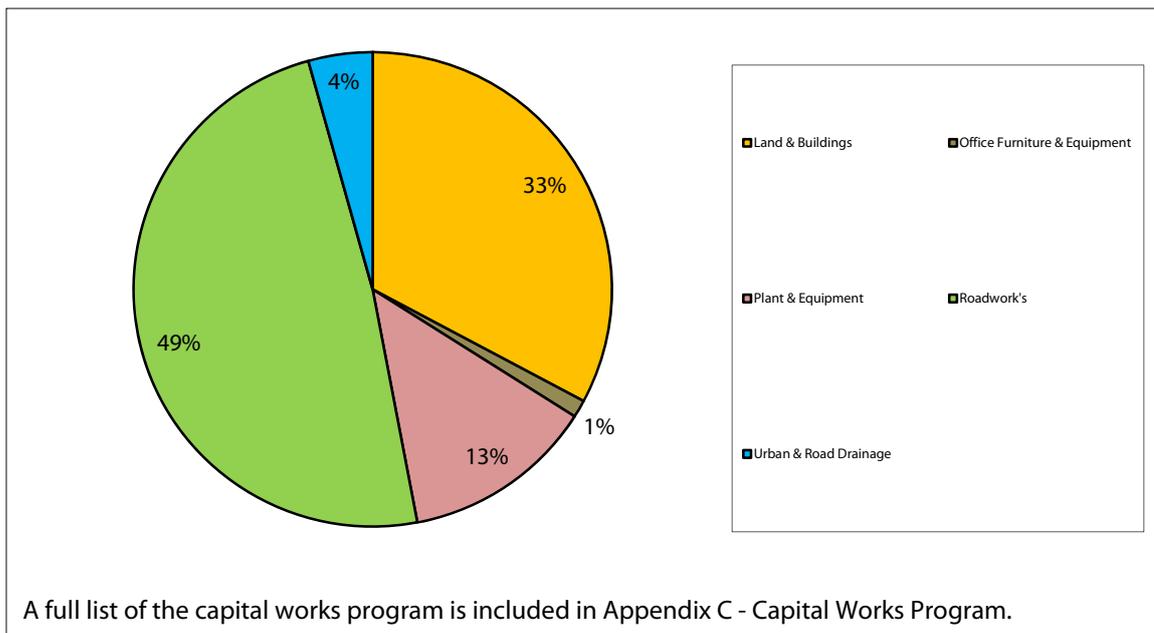
6 ANALYSIS OF CAPITAL BUDGET

This section of the report analyses the planned capital expenditure budget for the 2013/14 year and the sources of funding for the capital budget.

6.1 Capital works

Capital works area	2012/13 Projected Actual	2013/14 Budget	Variance
Works carried forward			
Land & buildings	\$6,629,607	\$1,269,925	(\$5,359,682)
Roadworks	\$1,767,479	\$0	(\$1,767,479)
Urban & road drainage	\$336,033	\$0	(\$336,033)
Total works carried forward	\$8,733,119	\$1,269,925	(\$7,463,194)
New works			
Land & buildings	\$783,777	\$1,491,253	\$707,476
Office furniture & equipment	\$113,660	\$100,000	(\$13,660)
Plant & equipment	\$610,315	\$1,095,020	\$484,705
Roadworks	\$26,932,543	\$4,094,885	(\$22,837,658)
Urban & road drainage	\$406,973	\$365,750	(\$41,223)
Total new works	\$28,847,268	\$7,146,908	(\$21,700,360)
Total capital works	\$37,580,387	\$8,416,833	(\$29,163,554)
Represented By:			
Asset renewal	\$28,560,022	\$4,044,885	(\$24,515,137)
New assets	\$735,975	\$1,779,520	\$1,043,545
Asset expansion/upgrade	\$8,284,390	\$2,592,428	(\$5,691,962)
Total Capital Works	\$37,580,387	\$8,416,833	(\$29,163,554)

The following graph shows the areas of capital works expenditure for 2013/14.



6 ANALYSIS OF CAPITAL BUDGET (Continued)

6.1.1 Carried forward works \$1,269,925

The carried forward projects from 2012/13 refer to works unfinished at the end of that year. The main component of this is the Local Government Infrastructure Program which has a carried forward amount of \$798k and the Inglewood industrial estate of \$420k, along with the Korong Vale educational package project of \$27k and Salathiels Pit clean up of \$25k.

6.1.2 Land & buildings \$1,491,253

The land & buildings capital expenditure for 2013/14 includes a budgeted amount of \$220k for upgrades at the Wedderburn Caravan Park and \$750k allocations to the community planning program. Other major projects include the livestock pound of \$152k and the Building Asset Management Plan allocation of \$168k.

6.1.3 Office furniture & equipment \$100,000

The Office furniture and equipment capital expenditure budget is made up of the PC replacement program of \$50k, the purchase of a photocopier for \$15k, server replacement of \$30k with the remaining \$5k relating to the purchase of various office furniture items.

6.1.4 Plant & equipment \$1,095,020

Fleet replacement has a capital budget of \$296k and plant replacement of \$779k. Other items include minor plant and equipment of \$20k.

6.1.5 Roadworks \$4,094,885

Roadworks capital expenditure items include capital works resulting from implementing Council's Asset Management Plans, as well as works under the Roads to Recovery program. This is made up of local road reseals of \$746k, local road construction of \$1.2m, local road resheets of \$972k shoulder sheets of \$328k bridge & culvert works of \$245k and township street improvements of \$431k. Other works include ALCAM rail signage of \$50k.

Of this total program \$1.56m is funded from Roads to Recovery.

6.1.5 Urban & road drainage \$365,750

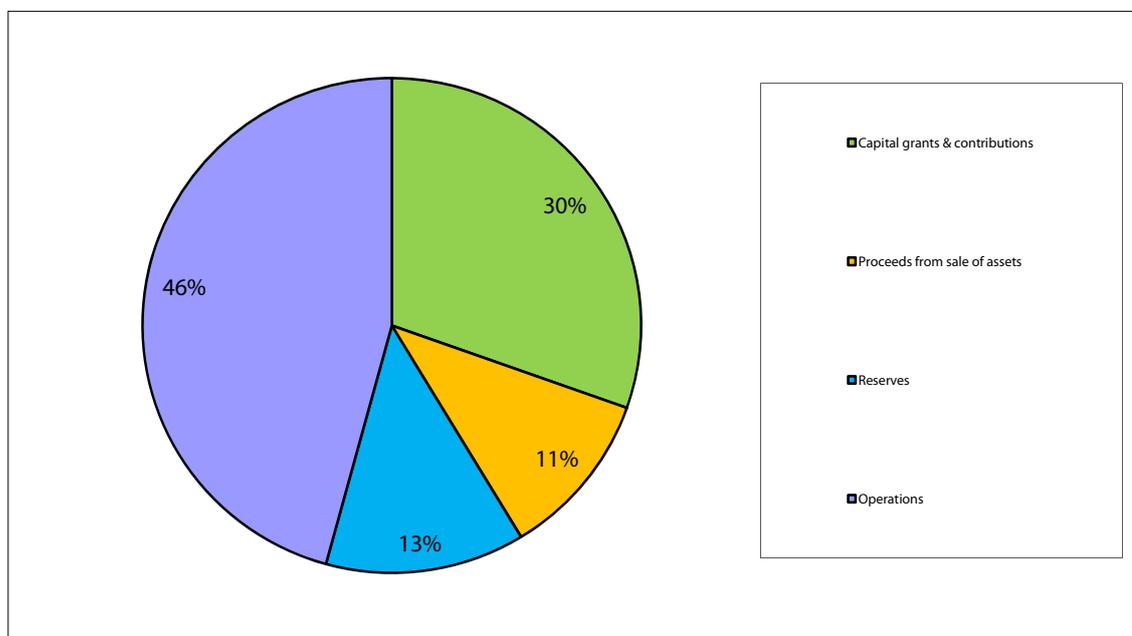
Council is investing \$366k in urban drainage capital expenditure for 2013/14.

6 ANALYSIS OF CAPITAL BUDGET (Continued)

6.2 Funding sources

Sources of funding	2012/13 Projected Actual	2013/14 Budget	Variance
Works carried forward			
<i>External</i>			
Capital grants & contributions	\$7,580,116	\$996,425	(\$6,583,691)
Proceeds from the sale of assets	\$0	\$0	\$0
<i>Internal</i>			
Reserves	\$336,033	\$246,500	(\$89,533)
Operations	\$816,970	\$27,000	(\$789,970)
Total works carried forward	\$8,733,119	\$1,269,925	(\$7,463,194)
New works			
<i>External</i>			
Capital grants & contributions	\$25,245,044	\$1,562,864	(\$23,682,180)
Proceeds from sale of assets	\$302,219	\$919,020	\$616,801
<i>Internal</i>			
Reserves	\$480,218	\$841,750	\$361,532
Operations	\$2,819,787	\$3,823,274	\$1,003,487
Total new works	\$28,847,268	\$7,146,908	(\$21,700,360)
Total funding sources	\$37,580,387	\$8,416,833	(\$29,163,554)

The following graph shows the funding sources for capital works for 2013/14:



7 ANALYSIS OF BUDGETED FINANCIAL POSITION

This section analyses the movements in assets, liabilities and equity between 2012/13 and 2013/14. It also considers a number of key performance indicators.

7.1 Budgeted balance sheet

	2012/13 Projected Actual	2013/14 Budget	Variance
Current assets 7.1.1			
Cash & cash equivalents	\$7,653,313	\$8,155,772	\$502,459
Trade & other receivables	\$363,293	\$372,649	\$9,356
Financial assets	\$86,524	\$86,524	\$0
Other assets	\$316,664	\$281,664	(\$35,000)
Total current assets	\$8,419,794	\$8,896,609	\$476,815
Non-current assets 7.1.3			
Non-current assets held for resale	\$0	\$0	\$0
Trade & other receivables	\$56,315	\$33,515	(\$22,800)
Property, infrastructure, plant & equipment	\$270,253,510	\$273,877,395	\$3,623,884
Other assets	\$919,951	\$919,951	\$0
Total non-current assets	\$271,229,776	\$274,830,861	\$3,601,084
Total assets	\$279,649,571	\$283,727,470	\$4,077,899
Current liabilities 7.1.2			
Trade & other payables	\$888,405	\$538,405	(\$350,000)
Interest bearing loans & borrowings	\$135,854	\$144,500	\$8,646
Employee benefits	\$2,529,473	\$2,604,473	\$75,000
Total current liabilities	\$3,553,732	\$3,287,378	(\$266,354)
Non-current liabilities 7.1.4			
Interest bearing loans & borrowings	\$306,562	\$153,416	(\$153,146)
Employee benefits	\$387,294	\$437,294	\$50,000
Provisions	\$2,345,933	\$2,345,933	\$0
Total non-current liabilities	\$3,039,789	\$2,936,643	(\$103,146)
Total liabilities	\$6,593,521	\$6,224,021	(\$369,500)
NET ASSETS	\$273,056,050	\$277,503,449	\$4,447,399
Equity 7.1.5			
Accumulated surplus	\$126,613,640	\$125,067,999	(\$1,545,641)
Asset revaluation reserve	\$142,818,484	\$148,212,487	\$5,394,003
Other reserves	\$3,623,926	\$4,222,963	\$599,037
TOTAL EQUITY	\$273,056,050	\$277,503,449	\$4,447,399

7 ANALYSIS OF BUDGETED FINANCIAL POSITION (Continued)

7.1.1 Current assets \$476,815 Increase

Current Assets are cash or other assets that can be converted to cash within one financial year.

Current Assets are budgeted to increase by \$0.5m during the financial year in the cash and investments component. This is mainly due to an increase in funding for significant capital works projects and the increases in cash backed reserves. Water Rights have been budgeted for no change due to the lack of quality data to predict the shift in values. Financial assets includes Inventories. These are also budgeted for no change due to the volatility of historical data.

7.1.2 Current liabilities \$266,354 Decrease

Current Liabilities are obligations which must be paid within one financial year.

Trade & Other Payables includes Trade Creditors, Accrued Loan Interest, and Trust Funds, all of which fall due in the coming financial year.

7.1.3 Non-current assets \$3,601,084 Increase

Non-Current Assets are those assets that are not expected to be converted to cash within one year.

Council's non-current assets are expected to increase by \$3.6m during the year. Trade & other receivables are interest free loans outstanding to Council and they are expected to decrease by \$23k during the financial year. Other assets represent Council's equity in the North Central Regional Goldfields Library. The change in equity has been inconsistent in the past with some years increasing and other years decreasing, so for budgeting purposes, the equity has not been changed. Non-current assets held for resale is land and/or buildings that Council can confidently state that it will be sold within a short period of time.

7.1.4 Non-current liabilities \$103,146 Decrease

Non-current liabilities are those obligations of Council that must be paid beyond next financial year (longer term obligations).

The overall decrease in Non-current liabilities is budgeted to be \$103k. There is no budgeted change in Provisions which are indexed in line with the landfills and quarries assets, there is an expected increase in employee benefits as staff periods of service increase, along with interest rates which affect the present value of future obligations. The major reduction is anticipated in the area of borrowings by \$153k, with the continuation of Council's repayment schedule, and no allowance for new borrowings in the budget.

7 ANALYSIS OF BUDGETED FINANCIAL POSITION (Continued)

7.1.5 Equity

\$4,447,399 Increase

The overall increase in equity is budgeted to be \$4.4m. Accumulated surplus is budgeted to decrease by \$1.5m, reflecting budgeted operating loss, coupled with the increase in discretionary reserves of \$0.6m. This is in line with Council's Reserves Policy and is outlined in more detail in Section 11 - Other Strategies. Additionally a 2% increase of \$5.4m is budgeted in the Asset Revaluation Reserve due to the revaluation of non current assets.

7.2 Key assumptions

In preparing the Budgeted Balance Sheet for the Year Ended 30 June 2014 it was necessary to make a number of assumptions about assets, liabilities, and equity balances. The key assumptions are as follows:

- Council will not collect all of its revenue in one financial year due to the time lag between invoices and payments, and these will be received in the next financial year
- Council will not collect all of its rate revenue in each financial year (2% is budgeted to remain outstanding)
- Council will not collect all monies from interest received and reimbursements in the one financial year
- Council will not pay all of its expenditure in one financial year due to the time lag between invoices and payments and the remaining invoices will be paid in the next financial year
- All capital works and carried forward projects will be completed in the financial year. Council has a capital works budget of \$8.42m
- Reserve transfers will be undertaken in line with Council's Reserves Policy
- Council's interest free loans owed by external parties will be repaid in accordance with existing repayment schedules
- Where applicable the Long Term Financial Plan forecasts have been stated
- No attempt has been made to forecast the movement in waterrights and library equity.

8 STRATEGIC RESOURCE PLAN & KEY FINANCIAL INDICATORS

Council is required by the Act to prepare a Strategic Resource Plan covering both financial and non-financial resources, and including key financial indicators for at least the next four financial years to support the Council Plan.

8.1 Plan Development

Council has prepared a Strategic Resource Plan for the four years 2012/13 to 2016/17 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The Plan takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

The key objective, which underlines the development of the Plan, is financial sustainability in the medium to long term, whilst still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the Strategic Resource Plan, are:

- Maintain existing service levels;
- Achieve a balanced budget on a cash basis;
- Maintain a capital expenditure program appropriate to cash flows;
- Include Asset Management Plans adopted by Council.

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

- Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information.

The Plan is updated annually through a rigorous process of consultation with Councillors and staff followed by a detailed sensitivity analysis to achieve the key financial objectives.

8.2 Financial resources

The following table summaries the key financial results for the next four years as set out in the Plan for years 2012/13 to 2016/17. Appendix A of the Executive Summary includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	2012/13 Projected Actual	2013/14 Budget	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Operating result	\$18,841,361	(\$946,604)	\$1,681,689	\$2,158,880	\$1,862,055
Underlying operating result	(\$7,829,183)	(\$3,315,893)	(\$2,219,911)	(\$2,368,720)	(\$2,110,582)
Cash & investments	\$7,653,313	\$8,155,772	\$6,778,409	\$6,086,113	\$7,170,808
Capital works	\$37,580,387	\$8,416,833	\$10,502,776	\$11,465,964	\$9,732,373

8 STRATEGIC RESOURCE PLAN & KEY FINANCIAL INDICATORS (Cont.)

8.2 Financial resources (continued)

Definitions of the indicators are as follows:

Operating result

The Operating Result is the Surplus/(Deficit) for the Year, as per the Budgeted Standard Income Statement (Appendix A).

Underlying operating result

The Underlying Operating Result is the Surplus/(Deficit) for the Year, as per the Budgeted Standard Income Statement (Appendix A) less Capital Grants and Contributions, and Net Gain/(Loss) on Sale of Assets.

Cash & investments

Cash & Investments are included under Current Assets in the Budgeted Balance Sheet (Appendix A).

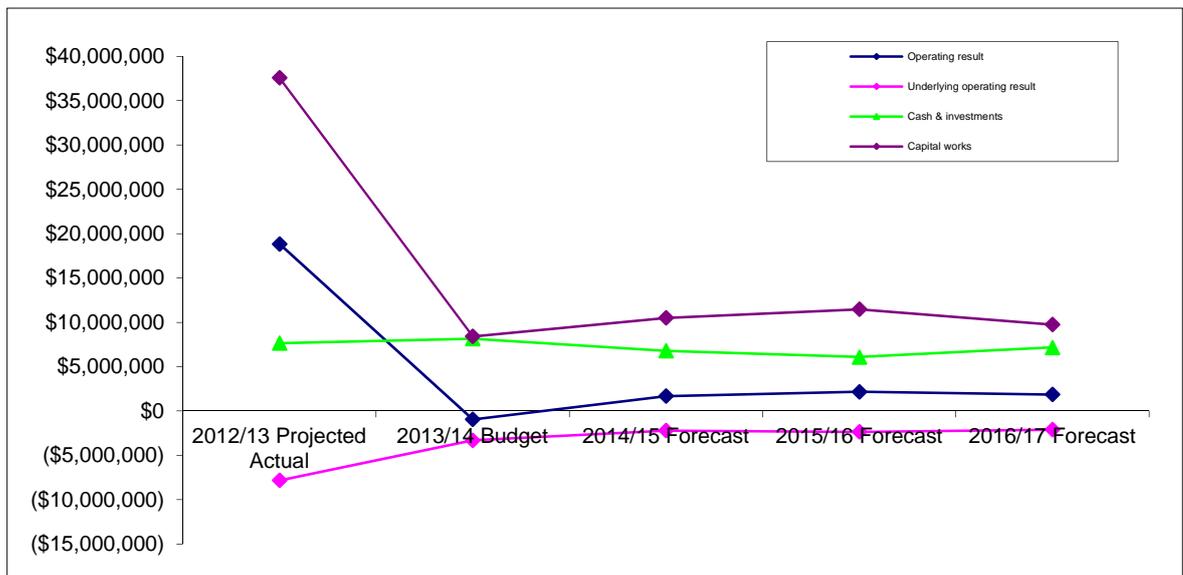
Cash flow from operations

Cash Flow from Operations are included in the Budgeted Standard Cash Flow Statement (Appendix A).

Capital works

Capital Works are included in the Budgeted Standard Capital Works Statement (Appendix A).

The following graph shows the general financial indicators over the four year period.



The key outcomes of the Plan are as follows:

- **Financial sustainability:** Although Cash and Investments reduce over the period of the Strategic Resource Plan, they remain in a positive financial position for the term. The reduction in Cash and Investments is indicative of Council preparing balanced budgets annually, and the reduction in Council reserves to fund capital works.
- **Rating strategy:** Rate increases have been applied to the Strategic Resource Plan at 5.5% per annum in 2013/14, 2014/15, 2015/16 and 2016/17.
- **Borrowing strategy:** The Strategic Resource Plan does not require any new borrowings as a funding source. The focus of borrowings will be to reduce the balance of borrowings originally undertaken in the 2005/06 and 2006/07 financial years.

8 STRATEGIC RESOURCE PLAN & KEY FINANCIAL INDICATORS (Cont.)

8.3 Key financial indicators

The following table highlights Council's current and projected performance across a range of key financial indicators. The indicators provide a useful analysis of Council's financial position and performance.

Ratio	2012/13 Projected Actual	2013/14 Budget	2014/2015 Forecast	2015/2016 Forecast	2016/2017 Forecast
Debt servicing	0.08%	0.13%	0.07%	0.03%	0.00%
Debt commitment	2.10%	2.04%	1.88%	1.58%	0.00%
Revenue	17.12%	35.52%	34.58%	34.79%	36.31%
Debt exposure	7.40%	4.49%	4.12%	1.30%	1.14%
Working capital	2.37:1	2.71:1	2.66:1	2.50:1	2.90:1

The following notes explain the purpose of the ratios and how they are calculated:

- Debt servicing ratio: Identifies the capacity of Council to service its outstanding debt.

$$= \frac{\text{Debt servicing costs}}{\text{Total revenue}}$$

- Debt commitment ratio: Identifies Council's debt redemption strategy.

$$= \frac{\text{Debt servicing \& debt redemption costs}}{\text{Rate revenue}}$$

- Revenue ratio: Identifies Council's dependence on non-rate income.

$$= \frac{\text{Rate revenue}}{\text{Total revenue}}$$

- Debt exposure ratio: Identifies Council's exposure to debt.

$$= \frac{\text{Total indebtedness}}{\text{Total realisable assets (Excludes Infrastructure \& Other Restricted Assets)}}$$

- Working capital ratio: Assesses Council's ability to meet current commitments.

$$= \frac{\text{Current assets}}{\text{Current liabilities}}$$

8.4 Non financial resources

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

Indicator	2012/13 Projected Actual	2013/14 Budget	2014/2015 Forecast	2015/2016 Forecast	2016/2017 Forecast
Employee costs	\$9,077,666	\$9,587,343	\$9,624,041	\$10,062,678	\$10,419,509
Employee numbers (EFT)*	157.8	135.5	135.5	135.5	135.5

* Equivalent Full Time

9 RATING STRATEGY

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

9.1 Strategy development

In developing the Strategic Resource Plan (Referred to in Section 8), rates and charges was identified as an important source of revenue, accounting for 17.1% of operating revenue in 2012/13 and 35.5% in 2013/14. Like many other rural municipalities, Council relies heavily on rate income and therefore planning for future rate increases has been an important component of the Strategic Resource Planning process.

However, it has been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly given the drought and floods.

9.2 General rating principles

The following principles need to be applied when giving consideration to the rating strategy to be adopted:

- Council has the ability to review the rating system each year and will apply principles of fairness and equity to the development of that system
- Council will capture new growth in the municipality so that the total income derived from rates can increase as a result of new development.

The Best Practice Valuation System, incorporating a two year revaluation cycle, will result in a redistribution of rating effort across different property types and areas of the municipality. The 2010 revaluation included the effect of water unbundling for the first time which has resulted in a significant decrease in the capital improved value of irrigation farmland.

Council's rating strategy since 2002/03 has targeted a rate distribution of 70:30 for Rural (70) and Urban (30) properties. Council considered this as a fair allocation of rates across property types. The 2012 revaluation data showed a slight movement in property values from Rural to Urban, which was captured in order to keep equity between property types. The proportion in the 2012/13 budget has been retained at 70:30.

9.3 Rating structure

Council has established a rating structure, which seeks to deliver the principle of rating as required by the Local Government Act 1989. This is to "ensure the equitable imposition of rates and charges".

Councils' rating structure comprises of:

- A municipal charge
- A general rate based on property value
- A differential rate which seeks to promote equity of rate burden across the municipality
- A schedule of user pays fees and charges.

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for general purposes (includes residential and commercial) or rural purposes.

In 2002 Council decided to apply Capital Improved Value as the basis of calculating rates, based on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure each year as part of the budget process.

9 RATING STRATEGY (Continued)

9.3 Rating structure (continued)

The existing rating structure comprises of one differential rate (rural properties) and a rate for general properties (residential and commercial). These rates are structured in accordance with the requirements of Section 161 "Differential Rates" of the Local Government Act.

Under the Cultural and Recreation Lands Act 1963 provision is made for a Council to grant a rating concession to any "recreational lands" which meet the test of being "rateable land" under the Local Government Act 1989. Council has exempted all rateable recreation land from the payment of rates.

Council has reaffirmed its intention to maintain the existing rating relativities. Council also has a municipal charge, garbage charge and a kerbside recycling collection charge as allowed under the Act.

9.4 General revaluation of properties

It is a requirement of the Valuation of Land Act 1960, that all rateable properties within a municipality be revalued every two years. At the time of each general revaluation it is necessary to determine the effects of any movements in property values on the total rate to be raised and accordingly the rate in the dollar of Capital Improved Value (CIV).

The 2012 revaluation was used in the 2012/13 financial year for the first time and will be used in the 2013/14 financial year also.

The following table shows the valuations of urban and rural properties over the past six years:

Financial Year	Rural	Urban/General	% Split
2007/08	\$984,613,000	\$320,881,800	\$1,305,494,800
	75.4%	24.6%	100.0%
2008/09	\$1,023,552,048	\$370,868,473	\$1,394,420,521
	73.4%	26.6%	100.0%
2009/10	\$1,007,723,048	\$373,422,273	\$1,381,145,321
	73.0%	27.0%	100.0%
2010/11	\$1,087,616,600	\$386,838,400	\$1,474,455,000
	73.8%	26.2%	100.0%
2011/12	\$1,075,905,600	\$388,588,300	\$1,464,493,900
	73.5%	26.5%	100.0%
2012/13	\$1,107,773,700	\$415,445,900	\$1,523,219,600
	72.7%	27.3%	100.0%
2013/14	\$1,102,582,700	\$418,602,400	\$1,521,185,100
	72.5%	27.5%	100.0%
The change in valuation from 2012/13 to 2013/14 is:			
	(0.47%)	0.76%	4.01%

9.5 Split of rates between rural & general

Council has attempted to maintain the revenue split at approximately 70:30 for rural and urban/general rates. The valuation split for 2013/14 was 73:27, and the budget retains the 70:30 split.

9 RATING STRATEGY (Continued)

9.6 Water unbundling

Using 2006 rating data, water unbundling was estimated to reduce the capital improved value of properties in Loddon Shire by approximately 12% of rate revenue. In 2007/08 Council introduced a reserve to assist with managing this issue. \$425k was placed into that reserve during 2007/08.

In 2007/2008 Council was advised that there would be a state government package awarded to Councils affected by water unbundling. This funding is as outlined below.

2008/2009	\$580,000
2009/2010	\$435,000
2010/2011	\$290,000
2011/2012	\$145,000
2012/2013	NIL
Total	\$1,450,000

The Council has undertaken extensive rate modelling to ensure that the state government package and Rates Reserve reduce fluctuations in the amount of rates Council will need to raise while maintaining its desired income level for rates over the next 10 years.

9.7 Rates & related income

The 2013/14 operating position is predicted to be impacted by wages growth, increases to fuel prices and funding asset management. It will therefore be necessary to achieve future revenue growth whilst containing costs in order to achieve financial stability as defined in the Strategic Resource Plan.

In order to achieve Council's objectives whilst maintaining service levels and a robust capital expenditure program, total rates and related income will increase by 5% in 2013/14 raising a total of \$7.9m.

The following table outlines the budget and forecast Rates & Related Income required for the next 5 years based on Council's Rating Strategy which has been updated to reflect current information.

Rating Year	% Rate Increase	Rates & Related Income Raised*
2013/14	5.00%	\$7,915,977
2014/15	5.00%	\$8,311,776
2015/16	5.00%	\$8,727,365
2016/17	5.00%	\$9,163,733
2017/18	5.00%	\$9,621,920

**Excludes Garbage Charges*

For the purpose of the budget and forecasts, it is important to note that "Rates and Related Income" are a combination of:

- 1 - Rates levied to property owners on rateable properties (general rates and municipal charges)
- 2 - The state government package
- 3 - Council's Rates Reserve.

A combination of these 3 sources of income will apply annually until the state government package and Council's Rates Reserve monies have been consumed.

9 RATING STRATEGY (Continued)

9.7.1 Rates income

There will be 5.5% increase to the 2012/13 budgeted rates income in the 2013/14 financial year.

2012/13 budgeted rate income	\$7,320,382
Additional income from objections and supplementals	\$0
Total 2012/13 rate income	\$7,320,382
Budgeted 2013/14 rate income - as per Rating Strategy	\$7,723,003
% Increase required to maintain Rating Strategy	5.5%

9.7.2 State government package

In 2013/14 the state government package will be used to support the rates income of \$7,723,003 in raising the required level of \$7,915,977. The amount of package to be used is:

Total amount to be raised	\$7,915,977
Rates to be raised	\$7,723,003
Total amount of package to be used	\$192,974

Council has not received any further funds from the state government package since 2011/12.

9.7.3 Council's rates reserve

In 2007/08 Council created a Rates Reserve to assist with water unbundling. The 2013/14 budget does not include any use of these funds. They will remain in the reserve for use in future years.

Appendix F of the Executive Summary outlines the Rates & Related Income to be raised over the next 5 years, along with rate increases to be levied to property owners, and the use of the state government package and Council's Rates Reserve.

9.7.4 Municipal charge

Section 159 (1) of the Local Government Act 1989 (as amended) states that "Council may declare a Municipal Charge to cover some of the administrative costs of the Council".

Other provisions relating to the municipal charge are that "the total revenue from a municipal charge in a financial year must not exceed 20 per cent of the sum total of Council's:

- Total revenue from a municipal charge, and;
- Total revenue from general rates – in that financial year S159(2)."

Single farm enterprise exemptions apply to the municipal charge, which means that where farmers own and farm more than one property as a single farm enterprise they can apply for exemption from **all but one** of the properties.

9 RATING STRATEGY (Continued)

9.7.4 Municipal charge (continued)

The effect of the use of the Municipal Charge is to redistribute some of the rates burden from higher valued properties to lower valued properties or from rural to residential. Approximately 45% of rural properties attract a municipal charge whereas all properties in an urban area pay the charge.

Municipal charges over the past seven financial years have been:

Financial Year	Municipal Charge
2006/07	\$130
2007/08	\$136
2008/09	\$136
2009/10	\$144
2010/11	\$152
2011/12	\$160
2012/13	\$169

The proposed Municipal Charge in 2013/14 is \$178.

9.8 Summary of rates & charges

The Budget proposes 5.5% increase in rates and municipal charges on the 2012/13 budgeted figure along with including any adjustments from objections and supplementals. This, along with the preferred split between rural and urban/general split of 70:30, results in the following rates in the dollar:

Rural	0.004283 Cents in the dollar
General	0.004834 Cents in the dollar

User charges such as garbage collection and kerbside recycling charges have a proposed increase of 7.0%.

The following table shows the calculation for each source of rates and charges income:

Rates & Charges	Amount	Unit Price	Total
Rural rates	\$1,102,582,700	\$0.004283	\$4,721,924
Urban/general rates	\$418,602,400	\$0.004834	\$2,023,681
Total	\$1,521,185,100		\$6,745,605
Municipal charge	5,491	\$178	\$977,398
Garbage charge - 140 litre	2,890	\$201	\$580,890
Garbage charge - 240 litre	340	\$273	\$92,820
Kerbside recycling service	3,102	\$76	\$235,752
Total	11,823		\$1,886,860
Total rates & charges			\$8,632,465

9 RATING STRATEGY (Continued)

9.8 Summary of rates & charges (continued)

The following table details the overall calculation in greater detail showing the 65:35 split between rural and urban/general for rates and municipal charges:

Rates & Charges	General	Rural	Total
Rates	\$2,023,681	\$4,721,924	\$6,745,605
Municipal charge	\$677,824	\$299,574	\$977,398
Total rates & municipal charge	\$2,701,505	\$5,021,498	\$7,723,003
Total %	35.0%	65.0%	100.0%
Garbage charge			\$673,710
Kerbside recycling charge			\$235,752
Total of all rates & charges			\$8,632,465

The following table shows the proposed increase in rates and charges income in 2013/14 in comparison to the rates and charges income included in the 2012/13 Budget. The overall increase is 5.5%.

More specifically, the increase in rates and municipal charge is 5.5%, the increase in garbage charges is 7.0%, and the increase in kerbside recycling charges is 7.0%.

Both the garbage charge and kerbside recycling charge appear to have slightly different % increases than stated. This is due to both service types slightly changing in the number of units collected from 2012/13 to 2013/14.

Rates & Charges	2013/14 Budget	2012/13 Budget	Difference
Rates	\$6,745,605	\$6,398,994	\$346,611
Municipal charge	\$977,398	\$921,388	\$56,010
Total rates & municipal charge	\$7,723,003	\$7,320,382	\$402,621
% Change			5.50%
Garbage charge	\$673,710	\$625,132	\$48,578
% Change			7.77%
Kerbside recycling charge	\$235,752	\$217,970	\$17,782
% Change			8.16%
Total of all rates & charges	\$8,632,465	\$8,163,484	\$468,981
% Change			5.74%

The following table summarises the rates and charges to be applied for the 2012/13 year compared to those in the 2013/14 Budget.

Rate Type	Charge Type	2013/14	2012/13
General rate	Cents in \$ of CIV	0.4834	0.4621
Rural rate	Cents in \$ of CIV	0.4283	0.4044
Municipal charge	\$ Per property	\$178	\$169
Garbage collection 140 litre	\$ Per property	\$201	\$188
Garbage collection 240 litre	\$ Per property	\$273	\$255
Kerbside recycling 240 litre	\$ Per property	\$76	\$71

* Plus GST where applicable

9 RATING STRATEGY (Continued)

9.9 Summary of rate strategy

The following points summarise the rating strategy:

- There is 5.5 % increase to general rates and municipal charges proposed for 2013/14.
- Service charges such as garbage collection and kerbside recycling are proposed to increase by 7%.
- The state government package will be used to support rates raised in 2013/14, but funds from the Rates Reserve will not be required until 2014/15.

Rate increases over the past 13 years have been as follows:

Financial Year	Rates Increases
2000/01	2.50%
2001/02	4.00%
2002/03	4.40%
2003/04	5.00%
2004/05	7.87%
2005/06	4.03%
2006/07	6.00%
2007/08	6.00%
2008/09	0.00%
2009/10	5.50%
2010/11	5.50%
2011/12	5.50%
2012/13	5.50%

The proposed rate increase for 2013/14 is 5.5%.

9.10 Fire services property levy

A new fire levy will apply to all private property owners – including persons and organisations who do not currently pay council rates, such as churches, charities, private schools and RSL’s – from 1 July 2013. A number of Council properties will also be subject to the fire levy. Under new legislation, the Fire Services Property Levy Act 2012, introduced as a result of recommendations by the Victorian Bushfires Royal Commission (VBRC), the new Fire Services Property Levy (FSPL) will be collected by Council on behalf of the State government, to fund the operations of the MFB and CFA. All funds collected from the FSPL will be paid direct to the State Government.

9.10.1 Fixed charge

A fixed charge will be \$100 for residential properties and \$200 for other property types such as industrial, commercial and farms.

9.10.2 Variable charge

A variable component cents per \$1,000 of CIV under land category is provided in the table below:

Residential	11.5
Primary production	31.2
Commercial	109.2
Industrial	170.9
Public benefit	11.5
Vacant (excluding vacant residential land)	11.5

Pensioner discounts are available for current eligible recipients of council rate concessions. These rate payers will receive a \$50 reduction off the new FSPL.

10 OTHER STRATEGIES

In developing the Strategic Resource Plan, strategies have also been developed for borrowings and reserves.

10.1 Borrowings

In the year 2005/06, borrowing was an important funding source for delivering the construction of the Wedderburn Administrative Office, and purchase of land for the Bridgewater Industrial Estate. In general, Council has adopted a policy to remain debt free except for situations where funding was required to deliver significant capital projects. The Council has elected to not borrow any further funds at this time and will commit to reducing the debt associated with the loans for the office and industrial estate.

The 2013/14 budget includes loan repayments of \$145k, which will reduce the balance of borrowings to \$298k as at 30 June 2014.

The timing for purchase of the industrial estate and construction of the Wedderburn Administrative Office has meant that the borrowing payment cycles differ slightly. The Council drew down separate Local Government Loans for each activity with both loans having a repayment schedule every six months over a period of ten years. The interest payable on the industrial estate is fixed at 6.205% per annum and the rate for the Wedderburn Office is 6.631%.

Year	New Borrowings	Principal Due	Interest Due	Balance at 30th June
2010/2011	\$0	\$118,754	\$50,863	\$705,796
2011/2012	\$0	\$127,281	\$44,294	\$578,515
2012/2013	\$0	\$135,768	\$33,930	\$442,747
2013/2014	\$0	\$144,822	\$27,123	\$297,925
2014/2015	\$0	\$154,480	\$17,594	\$143,445
2015/2016	\$0	\$143,445	\$7,259	\$0

10.2 Reserves

Council undertakes Reserves budgeting in order to provide for future expenditure while reducing the impact of purchases on the current year budget.

The following reserves are currently in use by Council:

Land & buildings reserve

The Land & Buildings Reserve is used to fund the acquisition of land and buildings. Funds received from the sale of Council owned land and buildings are transferred to the reserve.

Professional development reserve

The Professional Development Reserve is used to fund professional development undertaken by executive officers of Council. An annual allocation is provided to each officer and that amount is transferred to the reserve annually, while the cost of professional development undertaken during the year is transferred from the reserve.

Unspent grants reserve

The Unspent Grants Reserve has been established for situations where Council has received funding via an external party and those funds remain unspent at the end of the financial year.

Capital expenditure reserve

The Capital Expenditure Reserve is used to set aside funds that have been budgeted for capital works projects in one financial year but will not be fully expended by the end of that year. The funds will be transferred to the reserve in the budget year, and transferred from the reserve in the following financial year, or in the year that the funds are expended for the specific project.

10 OTHER STRATEGIES (Continued)

10.2 Reserves (continued)

Rates reserve

The Rates Reserve has been established to offset the effect of unbundling of water rights from Council valuations from 1 July 2007, and the subsequent effect that this will have on Council's ability to raise rates on the affected properties in the 2009/10 and future rating periods.

Information technology reserve

The Information Technology Reserve is used to set aside monies for the purchase of information technology assets. The reserve is operated in conjunction with Council's Information Technology Asset Management Plan which outlines the annual cost of information technology for Council and the amounts required to be set aside in reserve for future asset purchases.

Valuations reserve

The Valuations Reserve is used to fund the cost of Council's bi-annual valuations for rating purposes. Council transfers from the reserve the net cost of valuations and transfers to the reserve an annual allocation to ensure the reserve remains high enough to fund future revaluations.

Units reserve

The Units Reserve is used to fund the purchase or improvement of Council owned elderly persons' units. The surplus generated from rental income is transferred to the reserve annually. The cost of major improvements is transferred from the reserve annually.

Economic development reserve

The Economic Development Reserve is used to set aside funds to assist with economic development initiatives that Council wishes to financially support. Council transfers to the reserve a set amount determined during the budget process and transfers from the reserve the cost of economic development initiatives within the year.

Skidders Flat water reserve

The Skidders Flat Water Reserve is used to fund major repairs and capital works at the Skidders Flat Water Supply. The surplus on operations of the water supply is transferred to reserve annually and the cost of major repairs and capital works is transferred from the reserve.

Community planning reserve

The Community Planning Reserve has been established for situations where projects are budgeted in one year but for various reasons are unable to be delivered and are therefore deferred until the following year. It is operated in accordance with policy ES15 - Community Planning Policies & Procedures.

Plant replacement reserve

The Plant Replacement Reserve is used to fund plant purchases. Council transfers to the reserve a fixed amount annually and transfers from the reserve the net cost of plant purchases for the year.

Fleet replacement reserve

The Fleet Replacement Reserve is used to fund the replacement of office vehicles. Council transfers to the reserve a fixed amount annually and transfers from the reserve the net cost of fleet purchases for the year.

GSP reserve

The GSP Reserve is used to fund the restoration of gravel sand pits used by Council for the extraction of gravel. The budgeted surplus on operations of the pits is transferred to the reserve annually and the cost of restoration of the pits is transferred from the reserve.

10 OTHER STRATEGIES (Continued)

10.2 Reserves (Continued)

Urban drainage reserve

The Urban Drainage Reserve is used to fund urban drainage works in the towns within the Shire. Council transfers to the reserve annually a budgeted amount, and transfers from the reserve the cost of urban drainage works for the year.

Landfill rehabilitation reserve

The Landfill Rehabilitation Reserve has been established to assist with the cost of rehabilitating Council's landfills. Council transfers to the reserve annually \$10 per kerbside collection levy (or a pro-rata amount for a pro-rata collection). Council transfers from the reserve the cost of landfill rehabilitation.

Councillors' initiatives reserve

The Councillors' Initiatives Reserve is used to set aside unused funds from the Councillors' Initiative Fund on an annual basis for use in future years. Council transfers to the reserve cumulative unspent, and transfers from the reserve the amount placed into reserve at the end of the previous financial year.

Reserves improvement reserve

The Reserves Improvement Reserve is an allocation of funds used to provide interest free loans to community groups. Usually there are no transfers to or from this reserve.

Water unbundling reserve

The Water Unbundling Reserve was established with state government funds as a result of the reduction in valuations associated with the unbundling of water. The reserve will be used over time to reduce the rating liability of landowners while maintaining the required level of rates income each year. The Rating strategy included in the annual budget will determine the amounts to be transferred from the reserve, while amounts received from the State Government for water unbundling plus interest earned on the balance will be transferred to the reserve.

Lake Boort water reserve

The Lake Boort Water Reserve was established with funds generated from sale of water allocations not required for immediate use in Little Lake Boort. The reserve will be used to purchase replacement water at an appropriate time, or may be used for other purposes specific to Lake Boort.

Caravan park development reserve

The Caravan Park Development Reserve has been established to assist with funding major projects at Council's caravan parks. Council transfers to the reserve annually the surplus on operations of its caravan parks, and transfers from the reserve the cost of major projects undertaken at Council's caravan parks during the year.

Unfunded superannuation liability reserve

The Unfunded Superannuation Liability Reserve is used to repay any potential unfunded superannuation liability arising from the LAS Defined Benefits Plan Scheme. Council transfers to the reserve amounts allocated in the budget, and transfers from the reserve payments made to Vision Super Pty. Ltd. for the unfunded superannuation liability.

Unspent contributions reserve

The Unspent Contributions Reserve is used to set aside contributions received for a specific purpose in one financial year that will not be expended until a later financial year. The funds will be transferred to the reserve in the year the funds are received, and transferred from the reserve in the year that the funds are expended for that purpose.

10 OTHER STRATEGIES (Continued)

10.2 Reserves (continued)

War memorial reserve

The War Memorial Reserve is used to fund the cost of maintaining and renewing War Memorials across the Shire. Council transfers funds to the reserve as required and transfers the cost of works to war memorials from the reserve.

10.2.1 Transfers to & from reserves

The following is a summary of the budgeted reserves position for the Year Ended 30 June 2013, including the projected figures for the Year Ending 30 June 2012:

NAME OF RESERVE	2012/13 RESERVES - AS PER PROJECTED ACTUALS			
	BALANCE AT 1ST JULY 2012	TRANSFERS TO RESERVES	TRANSFERS FROM RESERVES	BALANCE AT 30TH JUNE 2013
Land & buildings reserve	\$ 175,137	\$ 35,000	\$ 180,000	\$ 30,137
Professional development reserve	\$ 28,068	\$ 8,000	\$ -	\$ 36,068
Unspent grants reserve	\$ 9,591,527	\$ -	\$ 9,591,527	\$ -
Capital expenditure reserve	\$ 1,356,131	\$ -	\$ 1,356,131	\$ -
Rates reserve	\$ 22,103	\$ 774	\$ -	\$ 22,877
Information technology reserve	\$ 424,720	\$ 285,000	\$ 387,449	\$ 322,271
Valuation reserve	\$ 43,136	\$ 106,024	\$ 31,347	\$ 117,813
Units reserve	\$ -	\$ -	\$ -	\$ -
Economic development reserve	\$ 333,197	\$ 120,000	\$ 203,000	\$ 250,197
Skinner's Flat reserve	\$ 8,994	\$ 9,686	\$ -	\$ 18,680
Community planning reserve	\$ 969,985	\$ -	\$ 969,985	\$ -
Plant replacement reserve	\$ 1,514,369	\$ 1,482,000	\$ 2,172,056	\$ 824,313
Fleet replacement reserve	\$ 44,746	\$ 250,000	\$ 157,367	\$ 137,379
GSP restoration reserve	\$ 548,714	\$ 742,274	\$ 525,000	\$ 765,988
Urban drainage reserve	\$ 752,672	\$ 250,000	\$ 642,066	\$ 360,606
Landfill rehabilitation reserve	\$ 138,767	\$ 30,170	\$ 150,000	\$ 18,937
Councillors' initiative reserve	\$ 337,904	\$ 103,248	\$ -	\$ 441,152
Lake Boort water reserve	\$ -	\$ -	\$ -	\$ -
Reserves improvement reserve	\$ 100,000	\$ -	\$ -	\$ 100,000
Water unbundling reserve	\$ 187,544	\$ 50,662	\$ 218,644	\$ 19,562
Caravan park development reserve	\$ 125,274	\$ 69,672	\$ 40,000	\$ 154,946
Superannuation liability reserve	\$ 150,000	\$ 150,000	\$ 300,000	\$ -
Unspent contributions reserve	\$ 575,221	\$ -	\$ 575,221	\$ -
War memorial reserve	\$ 3,000	\$ -	\$ -	\$ 3,000
TOTAL	\$ 17,431,209	\$ 3,692,510	\$ 17,499,793	\$ 3,623,926

10 OTHER STRATEGIES (Continued)
10.2.1 Transfers to & from reserves (continued)

NAME OF RESERVE	2013/14 RESERVES - AS PER BUDGET			
	BALANCE AT 1ST JULY 2013	TRANSFERS TO RESERVES	TRANSFERS FROM RESERVES	BALANCE AT 30TH JUNE 2014
Land & buildings reserve	\$ 30,137	\$ 35,000	\$ -	\$ 65,137
Professional development reserve	\$ 36,068	\$ 8,000	\$ -	\$ 44,068
Unspent grants reserve	\$ -	\$ -	\$ -	\$ -
Capital expenditure reserve	\$ -	\$ -	\$ -	\$ -
Rates reserve	\$ 22,877	\$ 450,801	\$ -	\$ 473,678
Information technology reserve	\$ 322,271	\$ 385,000	\$ 210,991	\$ 496,280
Valuation reserve	\$ 117,813	\$ 77,000	\$ 150,000	\$ 44,813
Units reserve	\$ -	\$ 32,205	\$ -	\$ 32,205
Economic development reserve	\$ 250,197	\$ 120,000	\$ 369,500	\$ 697
Skinner's Flat reserve	\$ 18,680	\$ -	\$ -	\$ 18,680
Community planning reserve	\$ -	\$ -	\$ -	\$ -
Plant replacement reserve	\$ 824,313	\$ 650,000	\$ 373,994	\$ 1,100,319
Fleet replacement reserve	\$ 137,379	\$ 100,000	\$ 156,000	\$ 81,379
GSP restoration reserve	\$ 765,988	\$ 56,416	\$ 325,000	\$ 497,404
Urban drainage reserve	\$ 360,606	\$ 100,000	\$ 365,750	\$ 94,856
Landfill rehabilitation reserve	\$ 18,937	\$ 180,010	\$ -	\$ 198,947
Councillors' initiative reserve	\$ 441,152	\$ -	\$ -	\$ 441,152
Lake Boort water reserve	\$ -	\$ -	\$ -	\$ -
Reserves improvement reserve	\$ 100,000	\$ -	\$ -	\$ 100,000
Water unbundling reserve	\$ 19,562	\$ 200,931	\$ 192,974	\$ 27,519
Caravan park development reserve	\$ 154,946	\$ 67,883	\$ 220,000	\$ 2,829
Superannuation liability reserve	\$ -	\$ 500,000	\$ -	\$ 500,000
Unspent contributions reserve	\$ -	\$ -	\$ -	\$ -
War memorial reserve	\$ 3,000	\$ -	\$ -	\$ 3,000
TOTAL	\$ 3,623,926	\$ 2,963,246	\$ 2,364,209	\$ 4,222,963

By including the above transfers from reserves it is expected that reserve levels will increase by \$599k during 2013/14, leaving a balance of \$4.22m in the reserves account.

10.2.2 Details of reserves

The following schedule provides details of each of the reserve transfers for 2013/14:

Land & buildings reserve			
Opening balance			\$30,137
<u>ADD transfer to reserve</u>			
Ridge Street Wedderburn land sale	Activity 110	\$35,000	\$35,000
<u>LESS transfer from reserve</u>			
Nil	Activity 110	\$0	\$0
Closing balance			\$65,137

Professional development reserve			
Opening balance			\$36,068
<u>ADD transfer to reserve</u>			
Annual allocation	Activity 461	\$8,000	\$8,000
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$44,068

10 OTHER STRATEGIES (Continued)

10.2.2 Details of reserves (continued)

Unspent grants reserve			
Opening balance			\$0
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$0
Capital expenditure reserve			
Opening balance			\$0
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$0
Rates reserve			
Opening balance			\$22,877
<u>ADD transfer to reserve</u>			
Transfer from plant replacement	Activity 461	\$450,000	
Interest earned for 2013/14		\$801	\$450,801
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$473,678
Information technology reserve			
Opening balance			\$322,271
<u>ADD transfer to reserve</u>			
Transfer for unfunded super repayment		\$100,000	
Annual allocations for major purchases		\$285,000	\$385,000
<u>LESS transfer from reserve</u>			
Information technology expenditure	Activity 434	(\$140,991)	
Information technology expenditure	Activity 491	(\$70,000)	(\$210,991)
Closing balance			\$496,280
Valuation reserve			
Opening balance			\$117,813
<u>ADD transfer to reserve</u>			
Annual allocation		\$75,000	
Sale of data	Activity 436	\$2,000	\$77,000
<u>LESS transfer from reserve</u>			
Expenditure for 2012/2013	Activity 436	(\$150,000)	(\$150,000)
Closing balance			\$44,813

10 OTHER STRATEGIES (Continued)

10.2.2 Details of reserves (continued)

Units reserve			
Opening balance			\$0
<u>ADD transfer to reserve</u>			
Annual capital allocation	N/A	\$25,000	
Surplus for 2013/14	Activity 634	\$7,205	\$32,205
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$32,205
Economic development reserve			
Opening balance			\$250,197
<u>ADD transfer to reserve</u>			
Annual allocation		\$120,000	\$120,000
<u>LESS transfer from reserve</u>			
Inglewood industrial development	Activity 192	(\$221,500)	
GMW agribusiness initiative	Activity 131	(\$40,000)	
Poultry cluster	Activity 131	(\$15,000)	
Rural women's network operations	Activity 131	(\$5,000)	
Rural women's network	Activity 131	(\$3,000)	
Marketing & development	Activity 131	(\$5,000)	
Regional living expo	Activity 131	(\$10,000)	
Housing & industrial promotion	Activity 131	(\$20,000)	
Economic development strategy	Activity 110	(\$15,000)	
Loddon rural development	Activity 110	(\$20,000)	
Community development strategy	Activity 110	(\$15,000)	(\$369,500)
Closing balance			\$697
Skinner's flat reserve			
Opening balance			\$18,680
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$18,680
Community planning reserve			
Opening balance			\$0
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$0

10 OTHER STRATEGIES (Continued)

10.2.2 Details of reserves (continued)

Plant replacement reserve			
Opening balance			\$824,313
<u>ADD transfer to reserve</u>			
Net surplus of plant replacement	Activity 391	\$276,006	
Annual allocation to reserve		\$650,000	\$926,006
<u>LESS transfer from reserve</u>			
Transfer to water unbundling reserve	Activity 461	(\$200,000)	
Transfer to rates reserve	Activity 461	(\$450,000)	(\$650,000)
Closing balance			\$1,100,319
Fleet replacement reserve			
Opening balance			\$137,379
<u>ADD transfer to reserve</u>			
Annual allocation to reserve		\$100,000	\$100,000
<u>LESS transfer from reserve</u>			
Net cost of plant replacement	Activity 391	(\$156,000)	(\$156,000)
Closing balance			\$81,379
GSP restoration reserve			
Opening balance			\$765,988
<u>ADD transfer to reserve</u>			
Net income from gravel pits	Activity 380	\$56,416	\$56,416
<u>LESS transfer from reserve</u>			
Neivandts Quarry crushing contract	Activity 381	(\$300,000)	
Salathiels Pit clean up	Activity 381	(\$25,000)	(\$325,000)
Closing balance			\$497,404
Urban drainage reserve			
Opening balance			\$360,606
<u>ADD transfer to reserve</u>			
Annual allocation		\$100,000	\$100,000
<u>LESS transfer from reserve</u>			
Drainage program	Activity 371	(\$365,750)	(\$365,750)
Closing balance			\$94,856
Landfill rehabilitation reserve			
Opening balance			\$18,937
<u>ADD transfer to reserve</u>			
Transfer for unfunded super repayment		\$150,000	
Kerbside collection	Activity 512	\$30,010	\$180,010
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$198,947

10 OTHER STRATEGIES (Continued)

10.2.2 Details of reserves (continued)

Councillors' initiative reserve			
Opening balance			\$441,152
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$441,152
Reserves improvement reserve			
Opening balance			\$100,000
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$100,000
Lake Boort water reserve			
Opening balance			\$0
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$0
Water unbundling reserve			
Opening balance			\$19,562
<u>ADD transfer to reserve</u>			
Transfer from plant replacement reserve	Activity 461	\$200,000	
Interest earned		\$931	\$200,931
<u>LESS transfer from reserve</u>			
General rates income	Activity 411	(\$192,974)	(\$192,974)
Closing balance			\$27,519
Caravan park development reserve			
Opening balance			\$154,946
<u>ADD transfer to reserve</u>			
Surplus of caravan park operations	Activity 123	\$67,883	\$67,883
<u>LESS transfer from reserve</u>			
Fire services works	Activity 123	(\$100,000)	
Wedderburn caravan park capital works	Activity 123	(\$120,000)	(\$220,000)
Closing balance			\$2,829

10 OTHER STRATEGIES (Continued)

10.2.2 Details of reserves (continued)

Superannuation liability reserve			
Opening balance			\$0
<u>ADD transfer to reserve</u>			
Allocation for 2013/14	Activity 461	\$500,000	\$500,000
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$500,000

Unspent contributions reserve			
Opening balance			\$0
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil	N/A	\$0	\$0
Closing balance			\$0

War memorial reserve			
Opening balance			\$3,000
<u>ADD transfer to reserve</u>			
Nil	N/A	\$0	\$0
<u>LESS transfer from reserve</u>			
Nil		\$0	\$0
Closing balance			\$3,000

10.3 Future commitments

In 2012/13, Council approved a funding strategy for the payment of the 2012 unfunded superannuation liability. Repayments for these borrowings begin in the 2013/14 Budget, and will continue until 2015/16. A break down of the reserve payments are as follows:

- Landfill rehabilitation reserve - \$150k in 2013/14
- Information technology reserve - \$100k in 2013/14
- Land & buildings reserve - \$175k in 2014/15
- Economic development reserve - \$125k in 2014/15
- GSP restoration reserve - \$500k in 2015/16.

APPENDIX A - BUDGETED STANDARD STATEMENTS

This appendix presents information in regard to the Budgeted Standard Statements. The budget information for the years 2014/15 to 2017/18 has been extracted from the Long Term Financial Plan.

The appendix includes the following budgeted information:

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

BUDGETED STANDARD INCOME STATEMENT FOR THE FOUR YEARS ENDING 30 JUNE 2018

	2012/13 Projected Actual	2013/14 Budget	2014/15 Forecast - As per LTFP	2015/16 Forecast - As per LTFP	2016/17 Forecast - As per LTFP	2017/18 Forecast - As per LTFP
Revenues from ordinary activities						
Rates & charges	\$8,164,629	\$8,632,465	\$9,113,036	\$9,628,733	\$10,173,805	\$10,727,838
Operating grants & contributions	\$7,323,695	\$9,734,095	\$9,836,426	\$10,058,217	\$10,181,378	\$10,410,512
Capital grants & contributions	\$26,620,544	\$2,569,289	\$3,897,000	\$4,487,000	\$3,997,000	\$4,313,667
User charges	\$3,750,210	\$1,734,339	\$1,806,789	\$1,852,659	\$1,899,689	\$1,947,921
Reimbursements	\$294,300	\$243,300	\$310,589	\$233,152	\$326,259	\$244,853
Vic Roads	\$814,062	\$1,016,558	\$1,014,142	\$1,039,496	\$1,065,483	\$1,092,120
Interest	\$717,000	\$376,000	\$374,188	\$375,883	\$377,588	\$379,301
Reversal of impairment losses	\$5,285	\$0	\$0	\$0	\$0	\$0
Total revenues	\$47,689,725	\$24,306,046	\$26,352,170	\$27,675,140	\$28,021,202	\$29,116,212
Expenses from ordinary activities						
Employee benefits	\$9,077,666	\$9,587,343	\$9,624,041	\$10,062,678	\$10,419,509	\$10,895,429
Materials, services & contracts	\$11,284,988	\$7,061,122	\$6,108,852	\$6,384,100	\$6,429,758	\$6,637,295
Depreciation	\$7,812,000	\$8,132,337	\$8,274,653	\$8,419,458	\$8,566,801	\$8,716,718
Interest expense	\$36,156	\$32,000	\$17,494	\$7,259	\$0	\$0
Utility expenses	\$323,934	\$370,848	\$379,379	\$405,936	\$434,352	\$464,756
Other expenses	\$263,620	\$269,000	\$270,662	\$277,429	\$284,364	\$291,474
Total expenses	\$28,798,364	\$25,452,650	\$24,675,081	\$25,556,860	\$26,134,784	\$27,005,672
Net gain (loss) on sale of assets	(\$50,000)	\$200,000	\$4,600	\$40,600	(\$24,363)	(\$30,837)
Surplus/-deficit for the year	\$18,841,361	(\$946,604)	\$1,681,689	\$2,158,880	\$1,862,055	\$2,079,703

APPENDIX A - BUDGETED STANDARD STATEMENTS (Continued)
**BUDGETED STANDARD BALANCE SHEET
FOR THE FOUR YEARS ENDING 30 JUNE 2018**

	2012/13 Projected Actual	2013/14 Budget	2014/15 Forecast - As per LTFP	2015/16 Forecast - As per LTFP	2016/17 Forecast - As per LTFP	2017/18 Forecast - As per LTFP
Current assets						
Cash & cash equivalents	\$7,653,313	\$8,155,772	\$6,778,409	\$6,086,113	\$7,170,808	\$7,092,977
Trade & other receivables	\$363,293	\$372,649	\$91,130	\$96,287	\$101,738	\$107,278
Financial assets	\$86,524	\$86,524	\$0	\$0	\$0	\$0
Inventories	\$281,664	\$281,664	\$359,777	\$359,777	\$359,777	\$359,777
Non-current assets held for resale	\$35,000	\$0	\$207,475	\$207,475	\$207,475	\$207,475
Total current assets	\$8,419,794	\$8,896,609	\$7,436,791	\$6,749,652	\$7,839,798	\$7,767,507
Current liabilities						
Trade & other payables	\$500,000	\$250,000	\$0	\$0	\$0	\$0
Trust funds and deposits	\$388,405	\$288,405	\$200,000	\$100,000	\$100,000	\$100,000
Interest bearing loans & borrowings	\$135,854	\$144,500	\$0	\$0	\$0	\$0
Employee benefits	\$2,529,473	\$2,604,473	\$2,599,660	\$2,599,660	\$2,599,660	\$2,599,660
Total current liabilities	\$3,553,732	\$3,287,378	\$2,799,660	\$2,699,660	\$2,699,660	\$2,699,660
Non-current assets						
Non-current assets held for resale	\$0	\$0	\$0	\$0	\$0	\$0
Trade & other receivables	\$56,315	\$33,515	\$22,600	\$9,800	\$1,000	\$0
Property, infrastructure, plant & equipment	\$270,253,510	\$273,877,395	\$268,110,045	\$270,724,026	\$271,504,735	\$273,657,729
Other assets	\$919,951	\$919,951	\$919,951	\$919,951	\$919,951	\$919,951
Total non-current assets	\$271,229,776	\$274,830,861	\$269,052,596	\$271,653,777	\$272,425,686	\$274,577,680
Non-current liabilities						
Interest bearing loans & borrowings	\$306,562	\$153,416	\$144,838	\$0	\$0	\$0
Employee benefits	\$387,294	\$437,294	\$267,333	\$267,333	\$267,333	\$267,333
Provisions	\$2,345,933	\$2,345,933	\$2,470,933	\$2,470,933	\$2,738,266	\$2,738,266
Total non-current liabilities	\$3,039,789	\$2,936,643	\$2,883,104	\$2,738,266	\$3,005,599	\$3,005,599
NET ASSETS	\$273,056,050	\$277,503,449	\$270,806,623	\$272,965,503	\$274,560,225	\$276,639,928
Equity						
Accumulated surplus	\$126,613,640	\$125,067,999	\$129,420,567	\$131,346,153	\$132,047,466	\$133,912,009
Asset revaluation reserve	\$142,818,484	\$148,212,487	\$137,519,396	\$137,519,396	\$137,519,396	\$137,519,396
Other reserves	\$3,623,926	\$4,222,963	\$3,866,690	\$4,099,954	\$4,993,363	\$5,208,523
TOTAL EQUITY	\$273,056,050	\$277,503,449	\$270,806,653	\$272,965,503	\$274,560,225	\$276,639,928

APPENDIX A - BUDGETED STANDARD STATEMENTS (Continued)
**BUDGETED STANDARD CASH FLOW STATEMENT
FOR THE FOUR YEARS ENDING 30 JUNE 2018**

	2012/13 Projected Actual	2013/14 Budget	2014/15 Forecast - As per LTFP	2015/16 Forecast - As per LTFP	2016/17 Forecast - As per LTFP	2017/18 Forecast - As per LTFP
Cash flows from operating activities						
Receipts						
Rates & charges (inclusive of GST)	\$8,148,938	\$8,641,822	\$9,110,596	\$9,626,155	\$10,171,080	\$10,725,068
Operating grants & contributions (inclusive of GST)	\$7,523,695	\$9,734,095	\$10,104,726	\$10,058,217	\$10,181,378	\$10,410,512
Capital grants & contributions (inclusive of GST)	\$32,820,015	\$2,569,289	\$3,628,700	\$4,487,000	\$3,997,000	\$4,313,667
Interest	\$732,233	\$376,000	\$374,188	\$375,883	\$377,588	\$379,301
User charges (inclusive of GST)	\$4,274,900	\$1,706,851	\$1,987,468	\$2,037,925	\$2,089,658	\$2,142,713
Reimbursements (inclusive of GST)	\$323,730	\$267,630	\$341,648	\$256,467	\$358,885	\$269,338
Vic Roads (inclusive of GST)	\$895,468	\$1,118,214	\$1,115,556	\$1,143,446	\$1,172,031	\$1,201,332
Net GST refund	\$5,386,871	\$1,453,012	\$1,472,395	\$1,621,846	\$1,457,449	\$1,643,662
	\$60,105,850	\$25,866,912	\$28,135,277	\$29,606,939	\$29,805,069	\$31,085,593
Payments						
Employee benefits	(\$8,725,183)	(\$9,462,343)	(\$8,223,328)	(\$8,550,835)	(\$8,799,031)	(\$9,149,455)
Materials & contracts	(\$20,905,739)	(\$8,496,603)	(\$8,955,803)	(\$9,416,980)	(\$9,625,083)	(\$10,032,165)
Interest expense	(\$39,364)	(\$32,000)	(\$17,494)	(\$7,259)	\$0	\$0
	(\$29,670,286)	(\$17,990,946)	(\$17,196,625)	(\$17,975,074)	(\$18,424,114)	(\$19,181,620)
Net cash provided by operating activities	\$30,435,564	\$7,875,966	\$10,938,652	\$11,631,865	\$11,380,955	\$11,903,973
Cash flows from investing activities						
Proceeds from sales of property, plant & equipment	\$337,219	\$1,265,026	\$643,363	\$520,438	\$396,550	\$439,574
Net advances/-repayment of loans	\$0	\$0	\$12,800	\$12,800	\$12,800	\$8,800
Payments for property, plant & equipment (inclusive of GST)	(\$37,580,387)	(\$8,416,833)	(\$11,553,053)	(\$12,612,561)	(\$10,705,610)	(\$12,430,178)
Net cash used in investing activities	(\$37,243,168)	(\$7,151,807)	(\$10,896,890)	(\$12,079,323)	(\$10,296,260)	(\$11,981,804)
Cash flows from financing activities						
Trust funds & deposits	\$95,469	(\$77,200)	(\$100,000)	(\$100,000)	\$0	\$0
Repayment of borrowings	(\$135,417)	(\$144,500)	(\$154,080)	(\$144,838)	\$0	\$0
Net cash provided by (used in) financing activities	(\$39,948)	(\$221,700)	(\$254,080)	(\$244,838)	\$0	\$0
Net decrease in cash & cash equivalents	(\$6,847,552)	\$502,459	(\$212,318)	(\$692,296)	\$1,084,695	(\$77,831)
Cash & cash equivalents at the beginning of the year	\$14,500,865	\$7,653,313	\$6,990,727	\$6,778,409	\$6,086,113	\$7,170,808
Cash & cash equivalents at the end of the year	\$7,653,313	\$8,155,772	\$6,778,409	\$6,086,113	\$7,170,808	\$7,092,977

APPENDIX A - BUDGETED STANDARD STATEMENTS (Continued)
**BUDGETED STANDARD CAPITAL WORKS STATEMENT
FOR THE FOUR YEARS ENDING 30 JUNE 2018**

	2012/13 Projected Actual	2013/14 Budget	2014/15 Forecast - As per LTFP	2015/16 Forecast - As per LTFP	2016/17 Forecast - As per LTFP	2017/18 Forecast - As per LTFP
Capital works areas						
Land & buildings	\$7,413,384	\$2,761,178	\$3,852,020	\$4,113,060	\$3,304,122	\$4,521,871
Office furniture & equipment	\$113,660	\$100,000	\$115,628	\$867,856	\$143,891	\$148,208
Plant & equipment	\$610,315	\$1,095,020	\$1,812,025	\$1,553,076	\$1,134,153	\$1,251,857
Roadwork's	\$28,700,022	\$4,094,885	\$4,340,894	\$4,532,564	\$4,734,823	\$4,942,062
Urban drainage	\$743,006	\$365,750	\$382,209	\$399,408	\$415,384	\$436,164
Total capital works	\$37,580,387	\$8,416,833	\$10,502,776	\$11,465,964	\$9,732,373	\$11,300,162
Represented by:						
Renewal & upgrade	\$36,844,412	\$6,637,313	\$8,575,123	\$9,045,032	\$8,454,329	\$9,900,097
New assets	\$735,975	\$1,779,520	\$1,927,653	\$2,420,932	\$1,278,044	\$1,400,065
Total capital works	\$37,580,387	\$8,416,833	\$10,502,776	\$11,465,964	\$9,732,373	\$11,300,162

APPENDIX A - BUDGETED STANDARD STATEMENTS (Continued)
**BUDGETED STANDARD STATEMENT OF INVESTMENT RESERVES
FOR THE FOUR YEARS ENDING 30 JUNE 2018**

	2012/13 Projected Actual	2013/14 Budget	2014/15 Forecast - As per LTFP	2015/16 Forecast - As per LTFP	2016/17 Forecast - As per LTFP	2017/18 Forecast - As per LTFP
Discretionary						
Land & buildings reserve	\$30,137	\$65,137	\$205,137	\$205,137	\$205,137	\$205,137
Professional development reserve	\$36,068	\$44,068	\$56,068	\$66,068	\$76,068	\$86,068
Unspent grants reserve	\$0	\$0	\$0	\$0	\$0	\$0
Capital expenditure reserve	\$0	\$0	\$0	\$0	\$0	\$0
Rates reserve	\$22,877	\$473,678	\$353,767	\$234,679	\$147,829	\$98,529
Information technology reserve	\$322,271	\$496,280	\$573,095	\$12,094	\$713	\$690
Valuations reserve	\$117,813	\$44,813	\$126,385	\$44,898	\$113,677	\$32,153
Units reserve	\$0	\$32,205	\$50,000	\$75,000	\$100,000	\$125,000
Economic development reserve	\$250,197	\$697	\$120,797	\$257,822	\$352,822	\$91,572
Skinner's flat reserve	\$18,680	\$18,680	\$12,994	\$14,994	\$16,994	\$18,994
Community planning reserve	\$0	\$0	\$0	\$0	\$0	\$0
Plant replacement reserve	\$824,313	\$1,100,319	\$811,644	\$608,168	\$785,115	\$851,658
Fleet replacement reserve	\$137,379	\$81,379	\$32,100	\$68,600	\$73,000	\$65,463
GSP restoration reserve	\$765,988	\$497,404	\$75,167	\$598,281	\$621,973	\$646,257
Urban drainage reserve	\$360,606	\$94,856	\$0	\$0	\$0	\$0
Landfill rehabilitation reserve	\$18,937	\$198,947	\$236,845	\$270,799	\$304,753	\$338,707
Councillors' initiative reserve	\$441,152	\$441,152	\$0	\$0	\$0	\$0
Lake Boort water reserve	\$0	\$0	\$0	\$0	\$0	\$0
Reserves improvement reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Water unbundling reserve	\$19,562	\$27,519	\$0	\$0	\$0	\$0
Caravan park development reserve	\$154,946	\$2,829	\$109,721	\$40,444	\$92,312	\$45,325
Superannuation liability reserve	\$0	\$500,000	\$1,000,000	\$1,500,000	\$2,000,000	\$2,500,000
Unspent contributions reserve	\$0	\$0	\$0	\$0	\$0	\$0
War memorial reserve	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Total discretionary reserves	\$3,623,926	\$4,222,963	\$3,866,720	\$4,099,984	\$4,993,393	\$5,208,553

APPENDIX B - STATUTORY DISCLOSURES

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

The appendix includes the following budgeted information:

- Borrowings
- Rates and charges
- Differential rates

1. BORROWINGS

	2013/14	2012/13
New borrowings (other than refinancing)	\$ -	\$ -
Debt redemption	\$ 144,448	\$ 135,417

2. RATES AND CHARGES

2.1 Rate in the dollar

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

Type of property	2013/14 Cents/\$CIV	2012/13 Cents/\$CIV
Rural	0.4283	0.4044
General	0.4834	0.4621

2.2 Estimate of each type of rate

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

Type of property	2013/14	2012/13
Rural	\$4,721,924	\$4,479,296
General	\$2,023,681	\$1,919,698

2.3 Total estimated amount of rates

The estimated total amount to be raised by rates is:

	2013/14	2012/13
Total Rates to be Raised	\$6,745,605	\$6,398,994

2.4 Proposed percentage change

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

Type of property	2013/14 Change	2012/13 Change
Rural	5.50%	6.29%
General	5.50%	6.29%

APPENDIX B - STATUTORY DISCLOSURES (Continued)

2.5 Number of assessments

The number of assessments for each type of rate to be levied compared to the previous year is:

Type of property	2013/14	2012/13
Rural	3,782	3,783
General	3,837	3,813
Total	7,619	7,596

2.6 Basis of valuation

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

2.7 Estimated value of land

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

Type of property	2013/14	2012/13
Rural	1,102,582,700	1,107,773,700
General	418,602,400	415,445,900
Total	1,521,185,100	1,523,219,600

2.8 Proposed charges

The proposed unit amount to be levied for each type of charge under Section 162 of the Act is:

Type of charge * Plus GST where applicable	2013/14	2012/13
Municipal charge	\$178	\$169
Residential garbage charge*	\$201	\$188
Commercial garbage charge*	\$273	\$255
Kerbside recycling charge*	\$76	\$71

2.9 Estimated amount to be raised by charges

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

Type of charge * Plus GST where applicable	2013/14	2012/13
Municipal charge	\$977,398	\$921,388
Residential garbage charge*	\$579,684	\$538,432
Commercial garbage charge*	\$94,026	\$86,700
Kerbside recycling charge*	\$235,752	\$217,970

2.10 Total estimated amount of rates & charges

The estimated total amount to be raised by rates and charges is:

	2013/14	2012/13
Total rates & charges to be raised	\$8,632,465	\$8,163,484

APPENDIX B - STATUTORY DISCLOSURES (Continued)

2.11 Significant changes

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,
- Changes to use of land such that rateable land becomes non-rateable land and vice versa.

3. DIFFERENTIAL RATES

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

- Rural Rates of 0.4282603% (or 0.004283 cents in the dollar of CIV) for rural properties, and
- General Rates of 0.4834375% (or 0.004834375 cents in the dollar of CIV) for all other rateable properties.

Council considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions.

APPENDIX C - CAPITAL WORKS PROGRAM

This appendix presents a listing of the capital works projects that will be undertaken for the 2013/14 financial year.

C1. Capital works by key direction area

The following table shows capital expenditure by key direction area, as per the Council Plan, and shows how the capital works have been funded.

Project	External funding			Internal funding			Total funding sources
	Grants & contrib.	Sale of assets	Loan funds	Reserves	Working capital	Operating activities	
Economic development & tourism							
Tourism signage						\$12,000	\$12,000
Wedderburn caravan park residence				\$120,000			\$120,000
Wedderburn caravan park fire services				\$100,000			\$100,000
Inglewood industrial estate	\$198,500			\$221,500			\$420,000
Works & infrastructure							
Local roads reseals						\$745,986	\$745,986
Local road construction amenity program						\$150,000	\$150,000
Local road construction	\$1,173,000						\$1,173,000
Local road resheets	\$389,864					\$582,136	\$972,000
Local road shoulder sheets						\$328,000	\$328,000
Local bridges & culverts						\$245,255	\$245,255
Township street improvements						\$430,644	\$430,644
Urban drainage				\$365,750			\$365,750
Korong Vale educational package						\$27,000	\$27,000
Salathiels Pit clean up				\$25,000			\$25,000
ALCAM rail signage						\$50,000	\$50,000
Minor plant & equipment						\$20,000	\$20,000
Municipal signage						\$5,000	\$5,000
Boundary entrance signage						\$26,000	\$26,000
Fleet replacement		\$140,000		\$156,000			\$296,000
Plant replacement		\$779,020					\$779,020

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C1. Capital works by key direction area (continued)

Project	External funding			Internal funding			Total funding sources
	Grants & contrib.	Sale of assets	Loan funds	Reserves	Working capital	Operating activities	
Good management							
Office furniture & equipment				\$2,500			\$2,500
Server replacement				\$30,000			\$30,000
PC replacement				\$50,000			\$50,000
Photocopier/scanner				\$15,000			\$15,000
Printers				\$2,500			\$2,500
Building Asset Management Plan allocation						\$168,000	\$168,000
Community services & recreation							
Parks & gardens strategy						\$25,000	\$25,000
Community planning strategic fund						\$500,000	\$500,000
Community planning ward allocations						\$250,000	\$250,000
Vegetation works on Wedderburn reservoir						\$20,000	\$20,000
LGIP Inglewood Town Hall	\$205,916						\$205,916
LGIP Wedderburn streetscape	\$257,395						\$257,395
LGIP Bridgewater foreshore	\$51,478						\$51,478
LGIP Boort Caravan Park	\$128,698						\$128,698
LGIP Pyramid Hill streetscape	\$51,478						\$51,478
LGIP Boort Park pavilion	\$102,960						\$102,960
Public toilets						\$14,000	\$14,000
Livestock pound						\$152,500	\$152,500
Boort irrigation works						\$98,753	\$98,753
Total	\$2,559,289	\$919,020	\$0	\$1,088,250	\$0	\$3,850,274	\$8,416,833

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C2. Capital expenditure by classification

This table shows the projects by classification, and shows whether the works are for asset renewal or provide Council with new assets.

Project	Asset renewal / expansion	New asset	Carried forward	Total project
Land & buildings				
Tourism signage		\$12,000		\$12,000
Wedderburn caravan park residence	\$120,000			\$120,000
Wedderburn caravan park fire services	\$100,000			\$100,000
Inglewood industrial estate			\$420,000	\$420,000
Korong Vale educational package			\$27,000	\$27,000
Salathiels pit clean up			\$25,000	\$25,000
Municipal signage	\$5,000			\$5,000
Boundary entrance signage	\$26,000			\$26,000
Building Asset Management Plan allocation	\$168,000			\$168,000
Parks and gardens strategy	\$25,000			\$25,000
Community planning strategic fund	\$500,000			\$500,000
Community planning ward allocations	\$250,000			\$250,000
Vegetation works on Wedderburn reservoir	\$20,000			\$20,000
LGIP Inglewood Town Hall			\$205,916	\$205,916
LGIP Wedderburn streetscape			\$257,395	\$257,395
LGIP Bridgewater foreshore			\$51,478	\$51,478
LGIP Boort Caravan Park			\$128,698	\$128,698
LGIP Pyramid Hill streetscape			\$51,478	\$51,478
LGIP Boort Park pavilion			\$102,960	\$102,960
Public toilets	\$14,000			\$14,000
Livestock pound		\$152,500		\$152,500
Boort irrigation works	\$98,753			\$98,753
Total land & buildings	\$1,326,753	\$164,500	\$1,269,925	\$2,761,178
Office furniture & equipment				
Office furniture & equipment		\$2,500		\$2,500
Server replacement		\$30,000		\$30,000
PC replacement		\$50,000		\$50,000
Photocopier/scanner		\$15,000		\$15,000
Printers		\$2,500		\$2,500
Total office furniture & equipment	\$0	\$100,000	\$0	\$100,000
Plant & equipment				
Minor plant & equipment		\$20,000		\$20,000
Fleet replacement		\$296,000		\$296,000
Plant replacement		\$779,020		\$779,020
Total plant & equipment	\$0	\$1,095,020	\$0	\$1,095,020

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C2. Capital expenditure by classification (continued)

Project	Asset renewal / expansion	New asset	Carried forward	Total project
Roadwork's				
Local road reseals	\$745,986			\$745,986
Local road construction amenity program	\$150,000			\$150,000
Local road construction	\$1,173,000			\$1,173,000
Local road resheets	\$972,000			\$972,000
Local road shoulder sheets	\$328,000			\$328,000
Local bridges & culverts	\$245,255			\$245,255
Township street improvements	\$430,644			\$430,644
ALCAM rail signs	\$50,000			\$50,000
Total roadwork's	\$4,094,885	\$0	\$0	\$4,094,885
Drainage				
Urban drainage program	\$365,750			\$365,750
Total drainage	\$365,750	\$0	\$0	\$365,750
Total	\$5,787,388	\$1,359,520	\$1,269,925	\$8,416,833

C3. Capital funding in detail

C3.1 Grants & contributions

Program	Type or source of grant or contribution	Amount
Local road construction	Roads to Recovery	\$1,173,000
Local road gravel resheets	Roads to Recovery	\$389,864
Inglewood industrial estate	Small towns development fund	\$198,500
LGIP Inglewood Town Hall	Local government infrastructure program	\$205,916
LGIP Wedderburn streetscape	Local government infrastructure program	\$257,395
LGIP Bridgewater foreshore	Local government infrastructure program	\$51,478
LGIP Boort Caravan Park	Local government infrastructure program	\$128,698
LGIP Pyramid Hill streetscape	Local government infrastructure program	\$51,478
LGIP Boort Park pavilion	Local government infrastructure program	\$102,960
Total		\$2,559,289

C3.2 Sale of assets

Key direction area	Asset classification	Amount
Works & Infrastructure	Fleet/Plant	\$919,020
Total		\$919,020

C3.3 Loans

Key direction area	Source of income & project	Amount
Nil		\$0
Total		\$0

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C3.4 Reserves

Program	Type of reserve	Amount
Inglewood industrial estate	Economic development reserve	\$221,500
Wedderburn caravan park residence	Caravan parks reserve	\$120,000
Wedderburn caravan park fire services	Caravan parks reserve	\$100,000
Urban drainage	Urban Drainage Reserve	\$365,750
Fleet replacement	Fleet replacement reserve	\$156,000
Server upgrade	Information technology reserve	\$30,000
PC replacement	Information technology reserve	\$50,000
Photocopier purchase	Information technology reserve	\$15,000
Office equipment	Information technology reserve	\$2,500
Printer purchases	Information technology reserve	\$2,500
Salathiels pit clean up	GSP reserve	\$25,000
Total		\$1,088,250

C3.5 Working capital

Key direction area	Source of income & project	Amount
Nil		\$0
Total		\$0

C3.6 Operating activities

All other capital works projects, that have not been funded externally or from another internal source of income, are funded from operating activities.

APPENDIX D - KEY STRATEGIC ACTIVITIES

Key direction area	Strategic platform	Strategy	Initiative	Performance measure	Data source	Target
Good management	Build a network of strong communities	Leverage social media to better communicate with our residents	Develop a social media plan	Social media plan adopted by Council	Council minutes	30 June 2014
Environment	Grow our population through appropriate development	Adopt a pro-development attitude to planning and stimulate investment needed to service the community's changing housing requirements	Implement online planning application process for commercial development (SPEAR system)	SPEAR system implemented and functioning	Report from SPEAR system	31 December 2013
Environment	Grow our population through appropriate development	Improve our turnaround time on planning approvals for housing projects	Implement a planning application progress tracking system	System developed and functioning	Report from system	30 June 2014
Economic development	Grow our population through appropriate development	Attract investors to develop infrastructure and services	Identify surplus council properties and market them	Properties listed on Council's website	Copy of webpage	31 March 2014
Economic development	Champion our agrifood enterprises	Engage with the agribusiness sector in a regular and more formal way	Engage Agribusiness Development Officer	Officer engaged	Signed letter of offer	30 September 2013
Economic development	Grow and diversify our economy	Exploit our existing strengths and areas of competitive advantage to grow and diversify the economy	Develop new economic development strategy	Strategy adopted by Council	Council minutes	30 June 2014
Community services & recreation	Connect with the next generation	Identify the needs of young people and develop future leaders	Explore the interest in a youth council	Report presented to Council	Council minutes	30 June 2014

APPENDIX E - AUDIT COMMITTEE FINANCIALS

In 2002 Council's Internal Audit Committee created a reporting format that it considered appropriate for reporting Council's results on a monthly basis. That format has been used by Council since then.

The following reports show the 2012/13 Projected Actuals, the 2013/14 Budgets, and the variance between the two.

The reports include:

- Budgeted Income Statement by expense type
- Budgeted Income Statement by key direction area
- Budgeted Capital Expenditure Statement

BUDGETED INCOME STATEMENT BY EXPENSE TYPE

	2012/13 Projected Actual	2013/14 Budget	Variance
Revenues from ordinary activities			
Rates & charges	\$8,164,629	\$8,632,465	\$467,836
Operating grants	\$7,120,398	\$9,709,095	\$2,588,697
Capital grants	\$26,420,544	\$2,569,289	(\$23,851,255)
Operating contributions	\$203,297	\$25,000	(\$178,297)
Capital contributions	\$200,000	\$0	(\$200,000)
User charges	\$3,750,210	\$1,734,339	(\$2,015,871)
Reimbursements	\$294,300	\$243,300	(\$51,000)
Vic Roads	\$814,062	\$1,016,558	\$202,496
Reversal of impairment losses	\$5,285	\$0	(\$5,285)
Interest	\$717,000	\$376,000	(\$341,000)
Total revenues	\$47,689,725	\$24,306,046	(\$23,383,679)
Expenses from ordinary activities			
Labour	\$9,077,666	\$9,587,343	\$509,677
Materials & services	\$8,337,946	\$5,801,366	(\$2,536,580)
Contracts	\$2,947,042	\$1,259,756	(\$1,687,286)
Utilities	\$323,934	\$370,848	\$46,914
Depreciation	\$7,812,000	\$8,132,337	\$320,337
Interest expense	\$36,156	\$32,000	(\$4,156)
Other expenses	\$263,620	\$269,000	\$5,380
Total expenses	\$28,798,364	\$25,452,650	(\$3,345,714)
Net (gain)/loss on sale of assets	\$50,000	(\$200,000)	(\$250,000)
Surplus/(deficit) for the year	\$18,841,361	(\$946,604)	\$3,595,714

APPENDIX E - AUDIT COMMITTEE FINANCIALS (Continued)

BUDGETED INCOME STATEMENT BY KEY DIRECTION AREA

	2012/13 Projected Actual	2013/14 Budget	Variance
Revenues from ordinary activities			
Rates & charges	\$8,164,629	\$8,632,465	\$467,836
Operating grants	\$7,120,398	\$9,709,095	\$2,588,697
Capital grants	\$26,420,544	\$2,569,289	(\$23,851,255)
Operating contributions	\$203,297	\$25,000	(\$178,297)
Capital contributions	\$200,000	\$0	(\$200,000)
User charges	\$3,750,210	\$1,734,339	(\$2,015,871)
Reimbursements	\$294,300	\$243,300	(\$51,000)
Vic Roads	\$814,062	\$1,016,558	\$202,496
Reversal of impairment losses	\$5,285	\$0	(\$5,285)
Interest	\$717,000	\$376,000	(\$341,000)
Total revenues	\$47,689,725	\$24,306,046	(\$23,383,679)
Expenses from ordinary activities			
Economic development & tourism	\$1,334,906	\$1,174,512	(\$160,394)
Leadership	\$1,277,643	\$727,802	(\$549,841)
Works & infrastructure	\$9,901,667	\$11,092,201	\$1,190,534
Good management	\$4,618,959	\$4,699,230	\$80,271
Environment	\$1,869,424	\$1,780,025	(\$89,399)
Community services & recreation	\$9,795,765	\$5,978,880	(\$3,816,885)
Total expenses	\$28,798,364	\$25,452,650	(\$3,345,714)
Net (gain/loss on sale of assets)	\$50,000	(\$200,000)	(\$250,000)
Surplus/(deficit) for the Year	\$18,841,361	(\$946,604)	(\$19,787,965)

APPENDIX E - AUDIT COMMITTEE FINANCIALS (Continued)

CAPITAL EXPENDITURE STATEMENT

	2012/13 Projected Actual	2013/14 Budget	Variance
Surplus/(deficit) for the year-as per income statement	\$18,841,361	(\$946,604)	(\$19,787,965)
less NON-CASH INCOME			
Reversal of impairment losses	(\$5,285)	\$0	\$5,285
Add NON-CASH EXPENDITURE			
Net gain on sale of assets	\$50,000	(\$200,000)	(\$250,000)
Depreciation	\$7,812,000	\$8,132,337	\$320,337
Total funds available for capital expenditure	\$26,698,076	\$6,985,733	(\$19,712,343)
CAPITAL EXPENDITURE, TRANSFERS, AND LOANS			
Economic development & tourism	\$57,000	\$652,000	\$595,000
Works & infrastructure	\$30,234,375	\$5,638,655	(\$24,595,720)
Good management	\$136,133	\$268,000	\$131,867
Environment	\$118,000	\$0	(\$118,000)
Community services & recreation	\$7,034,879	\$1,858,178	(\$5,176,701)
Total capital works	\$37,580,387	\$8,416,833	(\$29,163,554)
Transfers to reserves	\$3,692,510	\$2,963,246	(\$729,264)
Loan interest accrued	(\$522)	(\$5,000)	(\$4,478)
Loan repayments	\$135,417	\$144,500	\$9,083
Total capital, transfers & loans	\$41,407,792	\$11,519,579	(\$29,888,213)
CAPITAL EXPENDITURE, TRANSFERS, AND LOANS WILL BE FINANCED BY:-			
Asset sales	\$337,220	\$1,230,030	\$892,810
Transfers from reserves	\$17,499,793	\$2,364,209	(\$15,135,584)
Accumulated cash surplus brought forward from previous year	(\$1,860,935)	\$966,362	\$0
Total financing of capital, transfers, & loans	\$15,976,078	\$4,560,601	(\$11,415,477)
Total accumulated cash surplus	\$1,266,362	\$26,755	(\$1,239,607)

APPENDIX F - RATES & RELATED INCOME

This appendix presents information regarding the Rates & Related Income, which is represented by:

- Rates levied on property owners
- State government package for water unbundling
- Council's Rates Reserve

The following table shows the total rates & related income to be raised over the next 5 years based on Council's previously agreed rating strategy, and its relationship to the amount of rates to be raised, the use of the state government package, and Council's Rates Reserve.

It also shows a summary of the state government package and Rates Reserve over the 5-year period, showing usage, interest earned on the balance, and the amount remaining.

	2012/13	2013/14	2014/15	2015/16	2016/17
Total revenue rates & related income based Council rating strategy	\$7,539,026	\$7,915,977	\$8,311,776	\$8,727,365	\$9,163,733
Total rates to be raised	\$7,320,382	\$7,723,003	\$8,147,768	\$8,595,895	\$9,068,669
Income from objections and supplementals	\$0	\$0	\$0	\$0	\$0
Rates income after objections and supplementals	\$7,320,382	\$7,723,003	\$8,147,768	\$8,595,895	\$9,068,669
<i>Increase in rates to property owners</i>	\$0	\$0	\$0	\$0	\$0
Total State Government package to be used	\$218,644	\$192,974	\$27,518	\$0	\$0
Total rates reserve to be used	\$0	\$0	\$136,490	\$131,470	\$95,064
Total rates & related income	\$7,539,026	\$7,915,977	\$8,311,776	\$8,727,365	\$9,163,733
Summary of State Government package:					
Opening balance	\$187,544	\$19,562	\$27,519	\$0	\$0
Received during the year	\$0	\$0	\$0	\$0	\$0
Used during the year	(\$218,644)	(\$192,974)	(\$27,518)	\$0	\$0
Transferred (to)/from plant replacement reserve	\$50,000	\$200,000	\$0	\$0	\$0
Interest earned on balance	\$662	\$931	\$0	\$0	\$0
Closing balance	\$19,562	\$27,519	\$0	\$0	\$0
Summary of Council's Rates Reserve:					
Opening balance	\$22,103	\$22,877	\$473,678	\$351,397	\$230,469
Received during the year	\$0	\$0	\$0	\$0	\$0
Used during the year	\$0	\$0	(\$136,490)	(\$131,470)	(\$95,064)
Transferred (to)/from plant replacement reserve	\$0	\$450,000	\$0	\$0	\$0
Interest earned on Balance	\$774	\$801	\$14,210	\$10,542	\$6,914
Closing balance	\$22,877	\$473,678	\$351,397	\$230,469	\$142,319

The state government package and Council's rates reserve balances will be invested into interest earning accounts. The interest earned on the accounts will be used to extend the life of the package and reserve.

The projections above show a 5-year window. On the basis of a 5.5% increase in rates to property owners, the state government package is consumed fully in 2014/15, whilst the Rates Reserve will remain in place for a number of years to follow.

APPENDIX G - COMMUNITY PLANNING PROJECTS

This appendix presents information regarding to the Community Planning program, which commenced in the 2004/05 financial year.

At that time Council had 6 wards (Boort, East Loddon, Inglewood, Pyramid Hill, Tarnagulla and Wedderburn), and the community planning allocations were provided under those wards. However, after the Victorian Electoral Commission restructure, and subsequent reduction of wards to 5, allocations and reporting have been provided under the restructured wards of Boort, Inglewood, Tarnagulla, Terricks, and Wedderburn.

This Budget assumes that all of the current year projects will be fully delivered by 30 June 2013 and this is reflected in the 2012/13 Projected Actual. There have been some allocations to the Community Planning Reserve for expected under expenditure in specific projects, however a more detailed analysis will be required. This will be undertaken as part of the end of financial year process.

At 31 March 2013 the amount available in each of the wards was as follows:

Boort	\$159,593
Inglewood	\$296,921
Tarnagulla	\$79,888
Terricks	\$213,419
Wedderburn	\$127,233

As outlined above, income and expenditure will be updated on the schedules as part of the end of financial year process and the official 30 June 2013 amount available from each ward placed into the Community Planning Reserve.

Projects will continue to be delivered until the end of the financial year, so it is expected that these balances will reduce. There are some wards with committed expenditure, and this also needs to be taken into account when planning projects for the 2013/14 financial year.

The 2013/14, the total allocation for community planning is \$750k. This is made up of the strategic fund amount of \$500k, an allocation to the Boort, Terricks, Inglewood, Tarnagulla and Wedderburn Wards of \$50k each.

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT COST CENTRE LEVEL

Cost centre	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
01. PARKS & TOWNSHIPS (1)	809,611	852,518	969,501
02. HACC (2)	689,680	652,417	516,541
03. EARLY YEARS SERVICES (3)	193,686	189,713	215,744
04. LOCAL ROADS (4)	8,207,572	6,319,707	6,561,594
05. MAIN ROADS (5)	(77,597)	(153,833)	(118,544)
06. LODDON WORKS - OTHER (6)	0	(5,000)	(5,000)
07. ROADS TO RECOVERY 2 (7)	0	174,740	0
08. FLOOD RECOVERY (8)	2,098,078	2,454,071	0
09. COUNCIL (9)	(11,889,243)	(13,611,630)	(7,200,229)
10. (SURPLUS)/DEFICIT C/F (10)	(59,378)	1,860,935	(966,362)
Grand Total	(27,589)	(1,266,362)	(26,755)

Element	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
01. Labour	10,037,282	9,468,429	9,008,682
02. Oncost	1,905,962	1,610,953	1,551,515
03. Plant	6,493,910	6,233,787	3,710,505
04. Creditors	19,116,007	21,414,952	12,480,165
05. Stores	2,437,788	2,059,755	649,481
07. Contractors	21,643,700	24,666,047	2,650,111
09. Utilities	331,365	324,268	371,573
10. Loan Repayments	135,417	135,417	144,500
12. Loan Int Cash	35,634	35,634	27,000
17. Reserves	3,068,694	3,951,414	3,167,375
21. CACP Internal Charges (Exp)	349,860	349,860	357,555
25. Grants Expenditure	328,200	338,240	341,000
46. Internal Expenditure	54,000	96,000	54,000
49. Community Plan Internal Charge (Exp)	260,600	681,354	0
51. Community Plan Internal Charge (Inc)	(260,600)	(681,354)	0
56. Internal Income	(54,000)	(96,000)	(54,000)
70. Fees & Charges	(2,613,807)	(3,750,210)	(1,734,339)
71. Contributions	(192,870)	(203,297)	(25,000)
72. Capital Works Contributions	(200,000)	(200,000)	0
73. Interest	(710,000)	(717,000)	(376,000)
74. Asset Sales (Capital)	(148,000)	(337,219)	(1,230,026)
76. Carried Forward Surplus	(59,378)	1,860,935	(966,362)
77. Reimbursements	(264,170)	(294,300)	(243,300)
80. Rates	(8,163,484)	(8,164,629)	(8,632,465)
81. Grants (Capital)	(21,464,818)	(26,420,544)	(2,569,289)
82. Grants (Revenue)	(10,718,867)	(7,120,398)	(9,709,095)
86. Oncost Income	(1,905,962)	(1,610,953)	(1,551,515)
87. Plant Income	(6,493,910)	(6,233,787)	(3,710,505)
88. Reserves (Capital)	(6,025,217)	(7,705,266)	(1,994,709)
89. Reserves (Operating)	(5,267,806)	(9,794,527)	(369,500)
90. Vic Roads	(1,333,257)	(814,062)	(1,016,558)
91. CACP Internal Charges (Inc)	(349,860)	(349,860)	(357,555)
Grand Total	(27,589)	(1,266,362)	(26,755)

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT PROGRAM LEVEL

Activity details by program

Activity	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
1 Eco Dev & Tourism	999,987	767,671	1,212,686
110. ECO DEV & TOURISM STRATEGIES	(35,000)	(35,000)	(5,000)
111. ECONOMIC DEVELOPMENT	203,930	203,645	211,445
121. TOURISM	184,049	183,805	184,757
122. TOURISM INITIATIVES	98,562	124,024	105,098
123. CARAVAN PARKS	5,447	(29,672)	152,117
125. LODDON DISCOVERY TOURS	(15,000)	(15,010)	(15,000)
131. PROMOTIONAL INITIATIVES	113,540	119,209	157,000
132. INDUSTRIAL SITES	1,269	331	(4,300)
141. CONTRIBUTIONS	4,400	4,400	4,400
142. ECONOMIC DEVELOPMENT	(5,931)	(15,375)	(14,280)
151. BUILDING CONTROL	56,574	51,966	56,408
161. COUNCIL RESIDENCES	35,658	16,860	2,500
181. STANDPIPES & TRUCKWASHES	(1,913)	(1,913)	(2,000)
191. ACQUISITION & DISPOSAL	0	5,000	0
192. CONSTRUCTION/IMPROVE	199,000	0	221,500
193. DEPRECIATION	155,400	155,400	158,042

Element details by program

Element	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
1 Eco Dev & Tourism	999,987	767,671	1,212,686
01. Labour	389,868	402,647	400,413
02. Oncost	6,611	6,726	6,496
03. Plant	62,450	63,100	61,650
04. Creditors	475,635	599,969	725,399
05. Stores	518	518	529
07. Contractors	673,712	184,712	485,292
08. Depreciation	155,400	155,400	158,042
09. Utilities	25,725	28,005	36,266
25. Grants Expenditure	4,400	4,400	4,400
46. Internal Expenditure	40,000	40,000	40,000
51. Community Plan Internal Charge (Inc)	0	(94,877)	0
70. Fees & Charges	(371,383)	(406,066)	(455,299)
71. Contributions	(12,950)	(24,350)	(12,000)
74. Asset Sales (Capital)	(35,000)	(35,000)	(35,000)
81. Grants (Capital)	(290,000)	0	(198,500)
82. Grants (Revenue)	(125,000)	(157,514)	(5,000)

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT PROGRAM LEVEL (Continued)

Activity details by program

Activity	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
2 Leadership	1,232,707	1,523,634	878,667
211. COUNCILLOR COSTS	314,085	252,085	318,010
214. UNFUNDED SUPERANNUATION LIABILITY	0	24,286	0
216. LOANS	171,573	171,573	176,500
221. LOCAL LAWS	110,474	100,353	113,866
232. COMMUNITY LEADERSHIP	25,000	20,000	20,000
251. RECORDS MANAGEMENT	186,040	185,809	168,788
261. COMMUNITY TRANSPORTATION	20,000	51,680	0
281. MUN EMERGENCY MAN	102,791	54,910	81,502
282. FLOOD RECOVERY INSURANCE	292,744	503,039	0
283. LODDON FLOOD RECOVERY COMMITTEE	0	159,899	0
291. ACQUISITION & DISPOSAL	10,000	0	0

Element details by program

Element	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
2 Leadership	1,232,707	1,523,634	878,667
01. Labour	343,217	335,773	274,414
02. Oncost	3,949	0	4,310
03. Plant	81,089	72,000	60,877
04. Creditors	742,851	708,874	418,663
10. Loan Repayments	135,417	135,417	144,500
11. Loan Int Accrued	522	522	5,000
12. Loan Int Cash	35,634	35,634	27,000
46. Internal Expenditure	0	22,000	0
49. Community Plan Internal Charge (Exp)	0	390,421	0
56. Internal Income	(40,000)	(40,000)	(40,000)
70. Fees & Charges	(4,973)	(36,508)	(6,098)
81. Grants (Capital)	0	0	(10,000)
82. Grants (Revenue)	(65,000)	(100,500)	0

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT PROGRAM LEVEL (Continued)

Activity details by program

Activity	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
3 Works Infrastructure	13,959,395	11,132,567	11,137,235
311. STAFF ONCOSTS	53,322	9,553	(13,005)
321. PLANT OPERATING	(3,380,485)	(3,408,200)	(1,679,613)
322. FLEET	(336,244)	(359,321)	(277,472)
330. LODDON FLOOD REPAIRS	(17,126,501)	(20,660,337)	0
331. LOCAL ROADS MAINT	3,641,628	3,284,573	3,682,823
333. RESEALS	542,000	542,004	745,986
339. ROADS TO RECOVERY	(2,033,018)	(2,551,381)	(1,562,864)
341. MAIN RDS ROUTINE PAVEMENT MAINT	(77,597)	(153,833)	(118,544)
349. LOCAL RD AMENITY PROGRAM	354,300	356,262	150,000
350. LOCAL ROAD SAFETY PROGRAM	197,805	281,962	0
351. LOCAL RD CONSTRUCTION	3,031,894	3,868,513	1,173,000
352. LOCAL RD GRAVEL RESHEETS	17,255,758	18,439,432	972,000
353. LOCAL RD SHOULDER SHEETS	1,095,814	2,260,530	328,000
354. LOCAL BRIDGES/CULVERTS	690,215	1,093,113	245,255
356. TOWNSHIP/STREETS IMP	970,192	707,868	430,644
359. LOCAL FLOODWAY CULVERT CONSTRUCTION	170,564	298,231	0
360. LOCAL ROAD GRADING	491,074	284,742	0
371. URBAN DRAINAGE WORKS	1,133,251	910,067	392,750
372. URBAN DRAINAGE SURVEY	0	1,424	0
380. GRAVEL STOCKPILES	52,899	(40,144)	(916)
381. GRAVEL PITS	(34,802)	(677,130)	269,500
383. DEPOTS	173,946	83,823	142,315
384. ROAD OPENINGS ETC	(2,033)	15,980	(2,000)
385. TRAFFIC CONTROL	65,500	60,500	142,000
386. PRIVATE WORKS	0	(5,000)	(5,000)
391. ACQUISITION & DISPOSAL	1,037,562	486,986	(198,222)
392. CONSTRUCTION/IMPROVE	0	10,000	0
393. DEPRECIATION	5,992,350	5,992,350	6,320,599

Element details by program

Element	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
3 Works Infrastructure	13,959,395	11,132,567	11,137,235
01. Labour	4,151,220	3,735,838	3,030,858
02. Oncost	1,415,725	1,233,913	1,164,553
03. Plant	5,602,381	5,340,616	2,877,254
04. Creditors	11,142,367	11,555,382	5,783,389
05. Stores	2,428,234	2,051,723	639,439
07. Contractors	14,169,581	16,852,784	785,755
08. Depreciation	5,992,350	5,992,350	6,320,599
09. Utilities	91,666	83,410	99,283
70. Fees & Charges	(1,168,752)	(2,288,531)	(234,500)
71. Contributions	(27,500)	(45,000)	(10,000)
74. Asset Sales (Capital)	(113,000)	(302,219)	(1,195,026)
77. Reimbursements	(260,000)	(290,000)	(239,000)
81. Grants (Capital)	(20,023,009)	(24,325,244)	(1,562,864)
86. Oncost Income	(1,664,700)	(1,464,605)	(1,395,442)
87. Plant Income	(6,493,910)	(6,233,787)	(3,710,505)
90. Vic Roads	(1,333,257)	(814,062)	(1,016,558)
98. Profit/(Loss) Sale of Assets	50,000	50,000	(200,000)

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT PROGRAM LEVEL (Continued)

Activity details by program

Activity	2012/13		2013/14
	Original Budget	Revised Budget	Budget
4 Good Management	(19,790,541)	(20,966,704)	(10,404,499)
410. GOOD MANAGEMENT STRATEGIES	0	0	168,000
411. RATES INCOME	(7,320,382)	(7,317,069)	(7,723,003)
421. VGC INCOME	(7,997,700)	(4,268,567)	(8,169,875)
431. INTEREST INCOME	(710,000)	(567,089)	(376,000)
432. OTHER INCOME	(2,116)	(7,547)	(7,561)
434. INFORMATION TECHNOLOGY	347,239	428,328	394,610
435. PRINTING & STATIONERY	60,204	60,204	56,845
436. ADMINISTRATION	373,400	474,373	561,500
437. INSURANCE	128,818	132,041	152,489
441. CORPORATE SERVICES	1,751,877	1,843,320	1,876,585
442. OPERATIONS	1,251,022	1,250,889	1,353,902
443. OCC HEALTH & SAFETY	53,475	42,380	48,200
451. WEDDERBURN OFFICE	141,403	135,715	148,200
452. SERPENTINE OFFICE	46,607	66,733	42,505
453. BOORT OFFICE	42,270	35,487	7,500
461. RESERVE TRANSFERS	(8,483,233)	(13,807,283)	599,037
462. LONG SERVICE LEAVE PROV	250,715	250,715	195,866
471. SUBSCRIPTIONS, DONATIONS, & MEMBERSHIPS	74,100	54,383	70,200
491. ACQUISITION & DISPOSAL	77,000	83,990	77,000
492. CONSTRUCTION/IMPROVE	9,260	26,792	0
493. DEPRECIATION	115,500	115,500	119,500

Element details by program

Element	2012/13		2013/14
	Original Budget	Revised Budget	Budget
4 Good Management	(19,790,541)	(20,966,704)	(10,404,499)
01. Labour	2,229,555	2,303,407	2,456,662
02. Oncost	5,848	6,727	5,028
03. Plant	186,600	188,535	186,500
04. Creditors	1,835,626	2,037,549	1,826,891
05. Stores	1,040	1,040	500
07. Contractors	124,479	135,637	408,000
08. Depreciation	115,500	115,500	119,500
09. Utilities	89,320	78,820	91,737
17. Reserves	3,060,505	3,943,225	3,159,112
25. Grants Expenditure	2,800	2,800	2,800
63. Reversal of Impairment Losses	0	(5,285)	0
70. Fees & Charges	(25,538)	(17,317)	(18,842)
71. Contributions	(75,000)	(81,024)	(2,000)
73. Interest	(710,000)	(567,089)	(376,000)
77. Reimbursements	(4,170)	(4,300)	(4,300)
80. Rates	(7,320,382)	(7,317,069)	(7,723,003)
82. Grants (Revenue)	(8,013,700)	(4,288,067)	(8,172,875)
88. Reserves (Capital)	(6,025,217)	(7,705,266)	(1,994,709)
89. Reserves (Operating)	(5,267,806)	(9,794,527)	(369,500)

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT PROGRAM LEVEL (Continued)

Activity details by program

Activity	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
5 Environment	1,137,533	1,122,525	858,783
511. TIPS	355,644	405,963	326,853
512. GARBAGE COLLECTION	(243,209)	(246,173)	(288,479)
513. RECYCLING	93,406	91,865	(10,463)
521. TREE PLANTING	9,000	18,000	9,000
532. TOWN PLANNING	279,209	278,794	261,717
541. HERITAGE & CULTURE	3,000	500	3,000
561. FIRE PROTECTION	106,034	39,126	54,500
593. DEPRECIATION	534,450	534,450	502,654

Element details by program

Element	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
5 Environment	1,137,533	1,122,525	858,783
01. Labour	361,483	367,547	340,755
02. Oncost	64,524	67,692	61,810
03. Plant	142,613	158,113	108,613
04. Creditors	321,663	374,300	338,693
05. Stores	3,666	972	2,616
07. Contractors	696,111	666,886	593,513
08. Depreciation	534,450	534,450	502,654
70. Fees & Charges	(120,875)	(122,194)	(122,409)
80. Rates	(843,102)	(847,560)	(909,462)
82. Grants (Revenue)	(23,000)	(77,681)	(58,000)

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT PROGRAM LEVEL (Continued)

Activity details by program

Activity	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
6 Community Recreation	10,355,230	11,150,248	5,194,072
610. COMM SERVICES & REC STRATEGIES	237,000	239,000	50,000
611. INFANT WELFARE CENTRES	144,459	123,296	136,969
614. PRE-SCHOOL MAINTENANCE	37,374	29,047	38,677
615. EDUCATION	50,760	67,951	80,274
616. BOORT PRE-SCHOOL	(0)	0	0
617. DINGEE PRE-SCHOOL	0	0	(0)
618. INGLEWOOD PRE-SCHOOL	0	(0)	0
619. WEDDERBURN PRE-SCHOOL	(0)	(0)	0
620. DISABILITY ACCESS PROGRAMS	12,000	0	12,000
621. HEALTH CONTROL	80,874	120,782	108,951
622. PYRAMID HILL PRE-SCHOOL	(0)	(0)	0
623. OTHER HEALTH	5,000	5,000	5,000
631. HACC SERVICES	169,364	99,047	(24,203)
632. COMMUNITY SERVICES	193,511	190,981	219,588
633. SENIOR CITIZENS' CENTRES	56,493	47,047	71,962
634. ELDERLY PERSON'S UNITS	(6,728)	(3,284)	(7,205)
635. HACC ONCOSTS	23,604	120,962	40,526
636. EXTERNALLY BROKERED SERVICES	7,129	(5,635)	(6,254)
637. LSC PACKAGED CARE PROGRAM	42,803	(76,318)	(19,268)
641. RECREATION & COMMUNITY DEVELOPMENT	132,154	131,864	136,458
642. RECREATION RESERVES	168,019	174,783	155,642
643. SWIMMING POOLS	395,124	394,303	395,252
644. BEACHES	44,500	46,511	41,500
645. PARKS & GARDENS	777,611	820,518	937,501
648. DROUGHT PROOFING PROGRAM	192,356	192,356	0
649. OTHER RECREATION	82,817	82,817	61,720
650. MAJOR EVENTS GRANTS	20,000	20,000	20,000
651. COMMUNITY GRANTS	200,000	200,000	200,000
652. REGIONAL LIBRARY	167,972	167,972	176,371
653. PUBLIC HALLS	65,677	61,659	67,311
655. YOUTH INITIATIVES	15,000	18,069	15,000
661. DOMESTIC ANIMALS	(21,100)	(27,020)	(22,592)
662. LIVESTOCK	26,083	30,228	32,616
670. COMMUNITY PLAN MANAGER	611,643	615,110	614,700
671. BOORT COMMUNITY PLANS	277,409	323,383	50,000
676. WEDDERBURN COMMUNITY PLANS	136,000	213,926	50,000
677. INGLEWOOD COMMUNITY PLANS	219,500	305,800	50,000
678. TERRICK COMMUNITY PLANS	77,400	247,619	50,000
679. TARNAGULLA COMMUNITY PLANS	50,000	129,257	50,000
681. COMMUNITY PROTECTION	23,514	23,433	24,449
682. OTHER COMMUNITY	9,102	10,705	69,330
689. FLOOD RECOVERY LAND & BUILDING WORKS	4,281,003	4,422,689	0
690. FUNDED COMMUNITY PROJECTS	115,000	157,580	0
691. ACQUISITION & DISPOSAL	15,000	9,912	15,000
692. CONSTRUCTION/IMPROVE	205,500	404,598	265,253
693. DEPRECIATION	1,014,300	1,014,300	1,031,542

APPENDIX H - FINANCIAL STATEMENTS

BUDGET REPORT AT PROGRAM LEVEL (Continued)

Element details by program

Element	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
6 Community Recreation	10,355,230	11,150,248	5,194,072
01. Labour	2,561,938	2,323,217	2,505,580
02. Oncost	409,306	295,896	309,318
03. Plant	418,777	411,423	415,611
04. Creditors	4,597,864	6,138,878	3,387,130
05. Stores	4,330	5,501	6,398
07. Contractors	5,979,817	6,826,028	377,551
08. Depreciation	1,014,300	1,014,300	1,031,542
09. Utilities	124,654	134,033	144,288
17. Reserves	8,189	8,189	8,263
21. CACP Internal Charges (Exp)	349,860	349,860	357,555
25. Grants Expenditure	321,000	331,040	333,800
46. Internal Expenditure	14,000	34,000	14,000
49. Community Plan Internal Charge (Exp)	260,600	290,933	0
51. Community Plan Internal Charge (Inc)	(260,600)	(586,477)	0
56. Internal Income	(14,000)	(56,000)	(14,000)
70. Fees & Charges	(922,286)	(879,595)	(897,191)
71. Contributions	(77,420)	(52,923)	(1,000)
72. Capital Works Contributions	(200,000)	(200,000)	0
73. Interest	0	(149,911)	0
81. Grants (Capital)	(1,151,809)	(2,095,300)	(797,925)
82. Grants (Revenue)	(2,492,167)	(2,496,636)	(1,473,220)
86. Oncost Income	(241,262)	(146,348)	(156,073)
91. CACP Internal Charges (Inc)	(349,860)	(349,860)	(357,555)

Activity details by program

Activity	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
9 (Surplus) Deficit CF	(59,378)	1,860,935	(966,362)
998. (SURPLUS)/DEFICIT C/F	(59,378)	1,860,935	(966,362)

Element details by program

Element	2012/13	2012/13	2013/14
	Original Budget	Revised Budget	Budget
9 (Surplus) Deficit CF	(59,378)	1,860,935	(966,362)
76. Carried Forward Surplus	(59,378)	1,860,935	(966,362)

APPENDIX I - STRATEGIC PLANS

Economic development strategy			
Description	Income	Expenditure	Net
Facilitate collaboration amongst primary producers to establish value adding ventures and activities	\$0	\$5,000	\$5,000
Encourage all primary producers to adopt a market driven approach to business in order to remain viable and to exploit premium and niche opportunities	\$0	\$5,000	\$5,000
Support expansion and investment in intensive animal industries, particularly poultry, pigs and sheep	\$0	\$15,000	\$15,000
Actively seek new and expanding innovative manufacturing businesses which have close links to the Shire's agricultural or environmental base	\$0	\$5,000	\$5,000
Monitor the potential for positive economic impact from carbon trading and facilitate access to a carbon trading system for Loddon communities and businesses	\$0	\$2,000	\$2,000
Ensure the Shire's business community has access to suitable local and non-local professional, trades, communications, machinery and equipment, maintenance, financial and advisory business services	\$10,000	\$2,000	-\$8,000
Support the emerging home based micro and small business sector through a network which will provide opportunities for interaction, personal development and business improvement	\$0	\$5,000	\$5,000
Facilitate the provision of a range of housing options, to support growth and social change in Loddon	\$0	\$2,000	\$2,000
Encourage business diversification in retailing and wholesaling in order to offset potential threats to viability caused by reducing market size	\$0	\$20,000	\$20,000
Facilitate retail (and other commercial sector) business skills improvement	\$0	\$2,000	\$2,000
Provide flexible industrial, residential and commercial land options, and physical infrastructure, to meet expected demand - Included in Activity 192	\$0	\$20,000	\$20,000
Build Industrial Estate Inglewood	\$198,500	\$420,000	\$221,500
TOTAL COST	\$208,500	\$503,000	\$294,500
Budget documentation			
Activity 110 - 10102 Economic development strategy	\$0	\$15,000	\$15,000
Activity 131 - Housing and industrial promotion	\$0	\$20,000	\$20,000
Activity 192 - 24645 Inglewood Industrial Estate	\$198,500	\$420,000	\$221,500
Activity 131 - 14884 Poultry cluster	\$0	\$15,000	\$15,000
Activity 131 - 10125 Rural women's network operations	\$0	\$5,000	\$5,000
Activity 131 - 14889 Rural women's network	\$0	\$3,000	\$3,000
Activity 131 - 14603 Marketing and development	\$0	\$5,000	\$5,000
Activity 131 - 14876 Regional living expo	\$10,000	\$20,000	\$10,000
TOTAL ALLOCATION	\$208,500	\$503,000	\$294,500

APPENDIX I - STRATEGIC PLANS

Recreation strategy			
Description	Income	Expenditure	Net
Infrastructure Upgrade - Action: Identify an annual budget allocation for the upgrade/renewal/replacement of recreation infrastructure that addressed the priorities established in the asset and usage audit.	\$0	\$15,000	\$15,000
Young people - action: implement the recommendations of the 2003 (youth) recreation/skate strategy	\$0	\$15,000	\$15,000
TOTAL COST	\$0	\$30,000	\$30,000
Budget documentation			
Activity 655 - 16705 Youth development	\$0	\$15,000	\$15,000
Activity 691 - 26740 Playground development	\$0	\$15,000	\$15,000
TOTAL ALLOCATION	\$0	\$30,000	\$30,000

Swimming pools strategy			
Description	Income	Expenditure	Net
Boort swimming pool - completed 2012/13	\$0	\$0	\$0
Inglewood swimming pool - completed 2012/13	\$0	\$0	\$0
Mitiamo swimming pool - completed 2012/13	\$0	\$0	\$0
Pyramid Hill swimming pool - completed 2012/13	\$0	\$0	\$0
Wedderburn swimming pool - completed 2012/13	\$0	\$0	\$0
TOTAL COST	\$0	\$0	\$0
Budget documentation			
Activity 610 - 10105 Swimming pools strategy	\$0	\$0	\$0
TOTAL ALLOCATION	\$0	\$0	\$0

Netball courts safety audit			
Description	Income	Expenditure	Net
Upgrade of Loddon netball courts - dependant on grant funding	\$65,000	\$65,000	\$0
TOTAL COST	\$65,000	\$65,000	\$0
Budget documentation			
Activity 610 - 20101 Netball courts safety audit capital	\$0	\$0	\$0
TOTAL ALLOCATION	\$0	\$0	\$0

Parks & gardens strategy			
Description	Income	Expenditure	Net
An annual allocation of \$25,000 will minimise the accumulated gap over a 20 year period	\$0	\$25,000	\$25,000
TOTAL COST	\$0	\$25,000	\$25,000
Budget documentation			
Activity 610 - 20116 Parks & gardens strategy	\$0	\$25,000	\$25,000
TOTAL ALLOCATION	\$0	\$25,000	\$25,000

Municipal early years plan			
Description	Income	Expenditure	Net
Enhancement of kindergarten cluster management model	\$0	\$10,000	\$10,000
TOTAL COST	\$0	\$10,000	\$10,000
Budget documentation			
Activity 610 - 10108 Municipal early years plan	\$0	\$10,000	\$10,000
TOTAL ALLOCATION	\$0	\$10,000	\$10,000

Glossary

Term	Definition
Act	Local Government Act 1989
Accounting Standards	Accounting standards are issued from time to time by the professional accounting bodies and are applicable to the preparation of general purpose financial reports. Standards issued by the Australian Accounting Standards Board (AASB) which are specifically relevant to local government include: AASB 1051 - Land Under Roads AASB 1052 - Disaggregated Disclosures.
Activities and initiatives	Section 127 of the Act requires a budget to contain a description of the activities and initiatives to be funded by the budget, along with a statement as to how they will contribute to the achievement of the Council's strategic objectives as specified in the Council Plan. The activities of Council are those services which it undertakes to meet the needs of the community as reflected in the Council plan. They tend to be ongoing in nature and have internal and external customers. Initiatives are tasks or actions that are once-off in nature and lead to improvements in services and service levels.
Annual budget	This document is framed within the Council's strategic resource plan and sets out the short term goals and objectives as part of the overall strategic planning framework.
Annual operating budget (Budgeted income statement)	The budgeted income statement shows the expected operating result in the forthcoming year with a distinction made between revenue received for operating purposes and revenue received for capital purposes.
Annual report	The annual report prepared by Council under section 131 of the Act.
Annual reporting requirements	Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements.
Asset renewal	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 it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.
Asset upgrade	Expenditure which 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. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase the operating and maintenance expenditure in the future because of the increase in the asset base.
Asset expansion	Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. Expansion expenditure is discretionary which increases the future operating and maintenance costs because it increases Council's asset base, but may be associated with additional revenue from the new user group.
Borrowing strategy	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.
Budgeted balance sheet (Budgeted balance sheet)	The budgeted balance sheet 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 balance sheet should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements.
Budget cash position (Budgeted cash flow statement)	The budgeted cash flow statement shows the expected net cash inflows and outflows for 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. The budgeted cash flow statement should be prepared in accordance with the requirements of AASB 107 Statement of Cash Flows.

Glossary

Budgeted Income Statement	The budgeted income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year. The budgeted income statement should be prepared in accordance with the requirements of AASB 101 Presentation of Financial Statements.
Budgeted preparation requirement	Under the Act, a Council is required to prepare and adopt an annual budget by 31 August each year.
Capital expenditure	Capital expenditure is relatively large (material) expenditure that 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 works budget (Budgeted capital works statement)	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.
Capital works program	Capital works projects that will be undertaken during the 2013/14 year.
Carry forward capital works	Carry forward capital works are those that are incomplete in the current budget year due to unavoidable delays and will be completed in the following budget year.
Carry forward surpluses	Inappropriately recognised by many councils at the end of the current year as the critical starting point in the development of the budget for the following year.
Council plan	The document sets out the medium term goals and objectives as part of the overall strategic planning framework and strategic resource plan and is prepared under section 125 of the Act.
Community satisfaction survey	A survey conducted on an annual basis by every Council.
Current year rate increase (Rating information)	A statement included in the budget quantifying the amount of the rate change for the forthcoming year and disclosing any significant factors influencing the rate change.
Differential rates	When a Council intends to declare a differential rate (eg business and residential), information prescribed by the Act under section 161 must be disclosed in the Council budget.
Discretionary reserves	Discretionary reserves are funds earmarked by Council for various purposes. Council can by resolution change the purpose of these reserves.
Executive summary	Opening section of report designed to give the reader an overview and high level "snapshot" of the information provided in the report.
External funding sources (Analysis of capital budget)	External funding sources relate to capital 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.
External influences in the preparation of a budget	Matters arising from third party actions over which the Council has little or no control eg, change in legislation.
Financial sustainability	A key outcome of the strategic resource plan. Longer term planning is essential in ensuring that a Council remains financially sustainable in the long term.

Glossary

Financing activities	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.
Infrastructure	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.
Infrastructure strategy	An infrastructure strategy is the process by which current infrastructure and ongoing maintenance requirements can be identified, budgeted capital works implemented and future developments monitored. 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.
Internal funding sources (Analysis of capital budget)	Internal sources relate to cash and investments held in reserves or which are uncommitted and cash that can be generated from the operations of the Council during the budget year. The latter should equate to the cash inflows from operating activities less capital revenue.
Internal influences in the preparation of a budget	Matters arising from Council actions over which there is some element of control (eg approval of unbudgeted capital expenditure)..
Investing activities	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.
Key assumptions	When preparing a budgeted balance sheet of financial position, key assumptions upon which the statement has been based should be disclosed in the budget to assist the reader when comparing movements in assets, liabilities and equity between budget years.
Key budget outcomes	The key activities and initiatives that will be achieved in line with the Council plan.
Key financial indicators	A range of ratios and comparisons of critical financial data over a period of years allowing a reader to gain a better understanding of key measures, such as indebtedness and liquidity which are often undisclosed when financial information is presented in the standard statement format.
	<i>Operating expenses/Assessment</i>
	This ratio measures the average operational spending (as drawn from the income statement) on a per assessment basis. It should be noted that for this ratio to be meaningful, operational expenditure should be adjusted to remove non-operational items such as granted assets from developers and budgeted revaluation income.
	<i>Rate revenue/Total revenue</i>
	This ratio measures Council's reliance on rate revenue as its principal source of funding. Increasing trends in this ratio will highlight that growth in rate revenue is frequently higher than what is able to be achieved in Fees and Grant revenue.
	<i>Rate revenue/Assessment</i>
	This ratio provides an illustration of the average rates paid on a per assessment basis across the municipality. This measure does not differentiate between residential and commercial ratepayers and does not represent either an average residential or commercial rate.
	<i>Debt servicing/Total revenue</i>
	This ratio contrasts the amount of interest expense that Council is incurring on its interest bearing liabilities as a percentage of the total revenue base.
	<i>Grants/Total revenue</i>

Glossary

This ratio provides an indication of the percentage of total revenue that is comprised of grant income. Falling percentages will indicate that grant revenue is not keeping pace with growth in total revenue and will most probably link to increasing reliance on rate revenue..

Fees and charges/Total revenue

This ratio provides an indication of the percentage of total revenue that is comprised of fees and charges income. Falling percentages will indicate that fees and charges revenue is not keeping pace with growth in total revenue and will most probably link to increasing reliance on rate revenue..

Indebtedness/Rate revenue

This ratio measures the total amount of interest bearing liabilities compared to the annual rates levy.

Underlying operating result/Total assets

This ratio indicates the contribution the underlying operational position makes to the net asset base of Council. Deficit ratios will highlight the percentage of total assets that is being eroded on an annual basis by the operational activities of Council. Surplus ratios will highlight the additional contribution that is made to the net asset base.

Total assets/Assessment

This ratio expresses the total assets that Council holds on a per assessment basis.

Current assets/Current liabilities

Otherwise known as the working capital ratio, this indicator expresses Council's short-term ability to meet its liquidity requirements within the current financial year. Ratio's below or nearing 100% indicate that Council may not be able to meet short-term liabilities.

An alternative measure is to reduce the long service leave that is shown as a current liability to that which is expected to be paid in the next twelve months rather than where there is an unconditional entitlement. This will have the effect of improving the working capital ratio and is considered to be a better indication of liquidity as it is unlikely that all employees will take their entitlement when it falls due.

Total liabilities/Assessment

This ratio expresses the sum total of current liabilities and non-current liabilities expressed on a per assessment basis.

Capital outlays/Total cash outflows

This ratio draws the amount of projected cash outflows from the cash flow statement to be expended on the acquisition of property, plant and equipment (inclusive of infrastructure expenditure) as a percentage of all cash outflows. Declining trends may indicate that Council is not or will not in the future be able to adequately fund asset renewal as required or deliver required new facilities.

Capital outlays/Rate revenue

This ratio represents the capital outlays as a percentage of rate revenue and therefore Council's relative ability to convert rate revenue into capital works. The outcomes of this ratio will be influenced by capital grants.

Capital renewal expenditure/Total depreciation

As distinct from other capital ratios, this indicator looks solely at capital renewal expenditure and excludes capital spending on new assets and expansion/upgrade. By contrasting this ratio against total depreciation, the outcome provides a broad level overview on whether Council is able to achieve a result in excess of 100%. This is a useful indicator but given depreciation may not always represent asset consumption on an annual basis care should be used in its interpretation.

Glossary

Key strategic activities	<p>Section 127 of the Act requires the budget to separately identify the Key Strategic Activities (KSAs) to be undertaken during the financial year and performance targets and measures in relation to each of the KSAs. Section 132 of the Act states that the KSAs and performance targets and measures specified under Section 127 of the Act must be included in the Performance Statement in the Annual Report and be subject to audit.</p> <p>KSAs are those significant activities and/or initiatives which will directly contribute to the achievement of the Council plan during the current year. KSA's can be major new initiatives over and above normal service delivery or a combination of activities and initiatives which have a major focus for the budget year and lead to significant outcomes for the organisation and community.</p>
Legislative framework	The Act, Regulations and other laws and statutes which set a Council's governance and reporting requirements.
Local government asset investment guidelines	A publication, released in 2006 by the Department of Planning and Community Development (DPCD) that provides a framework for the development of capital works programs.
Local Government (Finance and Reporting) Regulations 2004	<p>The objective of these regulations, made under section 243 of the Local Government Act 1989 and which came into consideration on 20 April 2004, is to prescribe for the purposes of the Local Government Act 1989:</p> <p>(a) The manner in which the standard statements and financial statements of a Council are to be prepared and their contents</p> <p>(b) The information to be included in a Council Plan, budget, revised budget and annual report</p> <p>(c) Other matters required to be prescribed under Parts 6 and 7 of the Act.</p>
New assets	New assets do 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.
Non-financial resources	Resources of a non-financial nature (such as human resources, information systems and processes, asset management systems) which are consumed by a Council in the achievement of its strategic resource plan goals.
Operating activities	Operating activities means those activities that relate to the provision of goods and services.
Operating expenditure	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 result in a decrease in equity during the reporting period.
Operating performance (Impact of current year on 2013/14 budget)	This statements shows the expected operating result as compared to the budget result in the current year separating operating and capital components of revenue and expenditure.
Operating revenue	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 result in an increase in equity during the reporting period.
Performance statement	<p>Required by section 132 of the Act, a performance statement must be included in the annual report of a Council and include:</p> <p>(a) The key strategic activities and performance measures specified in the budget under section 127 for that financial year</p> <p>(b) The actual results achieved for that financial year having regard to the performance targets and measures.</p>

Glossary

Rate structure (Rating information)	Site value (SV), 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.
Rating strategy	A rating strategy is the process by which the Council's rate structure is established and how the total income generated through rates and charges is allocated across properties of the municipality. Decisions regarding the quantum of rate levels and increases from year to year are made as part of Council's long term financial planning processes and with consideration of Council's other sources of income and the planned expenditure on services and works to be undertaken for its community.
Regulations	Local Government (Finance and Reporting) Regulations 2004.
Restricted funds and discretionary reserves	Monies set aside for statutory and discretionary purposes.
Revised budget	Section 128 of the Act permits a Council to prepare a revised budget if circumstances arise which cause a material change in the budget and which affects the financial operations and position of Council.
Road Management Act	The purpose of this Act which operates from 1 July 2004 is to reform the law relating to road management in Victoria and to make relating amendments to certain Acts, including the local Government Act 1989.
Service delivery (in strategic resource plan)	A key outcome of a strategic resource plan, service delivery must be linked with performance strategies in order to assess the adequacy of service delivery and the impact on long term budget preparation.
Standard statements	Prepared under section(s) 126(2)(a), 127(2)(a) and/or 131(1)(b) of the Act, standard statements are required in the: <ul style="list-style-type: none"> - Strategic resource plan - Budget - Annual report <p>While 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, while remaining comparable.</p> <p>The standards statements are:</p> <ul style="list-style-type: none"> - Standard Income Statement - Standard Balance Sheet - Standard Cash Flow Statement - Standard Capital Works Statement
"Standard Statements, A Guide"	Publication by the Department of Planning and Community Development (DPCD) released in 2004 which provides guidance on the preparation of the four standard statements as required by the Act.
Statutory disclosures	Section 127 of the Act and regulations require certain information relating to projected results, borrowings, capital works and rates and taxes to be disclosed within the budget.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.
Strategic planning framework	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.

Glossary

Strategic resource plan (SRP)	The Act requires that the Council plan should include a strategic resource plan that includes financial and non-financial resources including human resources.
	The strategic resource plan outlines the resources required to achieve the Council plan. As a minimum a strategic resource plan must include in respect of at least the next four years:
	(a) Standard statements describing the required financial resources
	(b) Statements describing the required non-financial resources including human resources.
	Such planning is essential in ensuring that an organisation remains financially sustainable in the long term. The annual budget should be consistent with the first projected year of a strategic resource plan.
Sustainability index (infrastructure strategy)	The sustainability index is a means of measuring a Council's performance in the area of infrastructure preservation. This is the proportion of the total asset value consumed compared to the amount spent in preserving the asset on an annual basis.
Three way budgeting methodology (strategic resource plan)	The linking of the income statement, balance sheet and cash flow statement to produce forecast financial statements based on assumptions about future movements in key revenues, expenses, assets and liabilities.
Underlying result	The underlying result is a measure of financial sustainability of the Council which can be masked in the net surplus (deficit) by non-recurring or capital related items. It is equal to the net surplus (deficit) adjusted for capital grants, non-monetary contributions and other once-off adjustments.
	This definition differs from the underlying surplus as determined by the Victorian Auditor General in his report "Local Government; Results of the 2011-12 Audits" issued in November 2012 which includes capital contributions in the calculation. In this Guide, capital grants are excluded from the definition on the basis that they are recorded as income but are reflected in assets capitalised on Council's balance sheet and depreciated in later years.
Unrestricted cash and investments	Unrestricted cash and investments represents funds that are free of all specific Council commitments and are available to meet daily cash flow requirements and unexpected short term needs.
Valuation of Land Act 1960	The Valuations of Land Act 1960 requires a Council to revalue rateable properties every two years.
