



Murrindindi
Shire Council

***Adopted
Council Budget***

2010 – 11

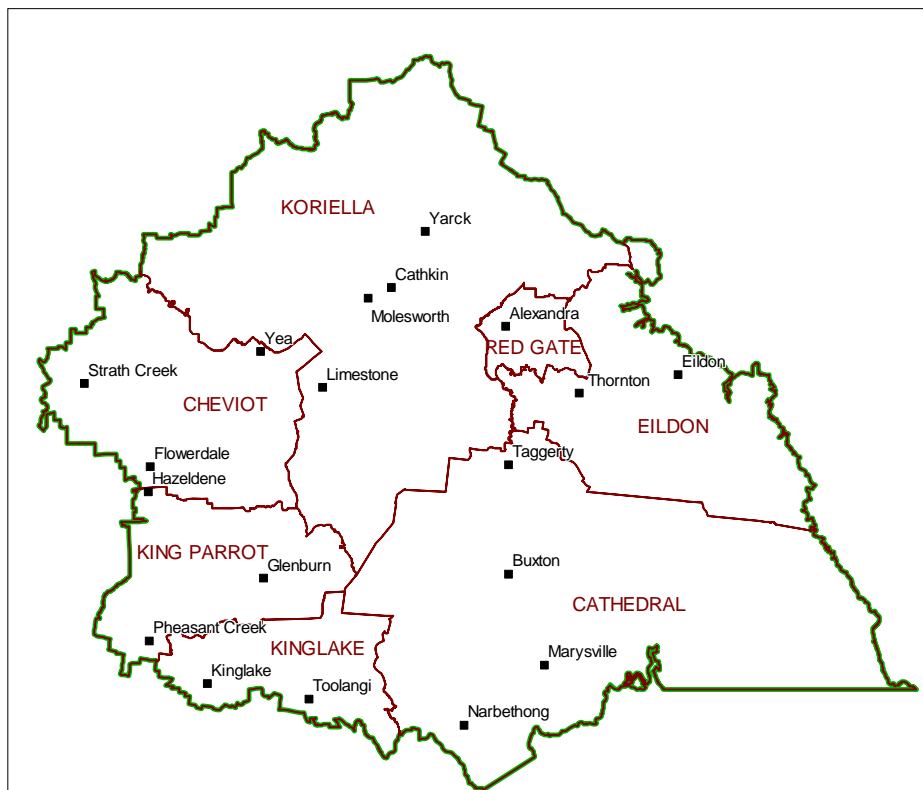
Approved by Council
22 September 2010

This Budget Report has been prepared with reference to The Institute of Chartered Accountants in Australia, *Victorian City Council Model Budget – 2010/11: a best practice guide for reporting local government budgets in Victoria*.

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COUNCILLORS 2010



MAYOR'S & CEO INTRODUCTION

The *2010-11 Budget* is prepared in response to the *Council Plan* that has an emphasis on continuing the efforts of restoring communities and facilities following the bushfires in February 2009. Bushfire recovery underpins the *2010-11 Budget* with recurrent expenditure and income remaining at significantly higher than “normal” levels as the restoration of Council and community facilities continues.

In total the expenditure identified in this budget totals **\$61.5 million**, operating expenditure of **\$43.7 million** and capital works at **\$17.81 million**.

The priorities in the Budget have been derived from the second year of the *Council Plan* approved in November 2009 (updated July 2010) and detailed herein are the activities and the performance measures and indicators the organisation will be accountable for during the financial year. These will be reported in Council's Performance Statement in its Annual Report at year end and will be reported to council on a quarterly basis.

Our community continues to recover from the devastation of the February 2009 bush fires and recovery, asset restoration and community development continue to be priorities for 2010-11. The current full cost of Bushfire Restoration is estimated to be \$114M with the estimated compensation from external agencies estimated to be \$109M, leaving a potential long term cost to Council of \$5M.

Council will increase municipal rates and municipal charge revenue collections to all rateable properties by **6 percent plus 0.5 percent** arising from supplementary valuations in the 2010-11 financial year. As all properties in the municipality were re-valued as at 1 January 2010, the actual change in rates paid by individual ratepayers will vary. **Council receives no additional revenue from a Municipal Revaluation.**

Assumptions have been formulated as a result of the fire – e.g. Rate of rebuild, rate of growth etc. Rate of rebuild is at **10 percent** of revenue received for **10 years**. Rates beyond 2010-11 have been increased by **6 percent plus 0.5 percent** except for years 2013-14 and 2104-15 where a **8.5 percent** increase in rate revenue is required to enable the Council to restore its pre bushfire long term revenue base. Council will review the long term strategy each year in conjunction with knowledge available regarding the rate of rebuild and the impact the rebuild will have on the long term financial sustainability.

Budgeted Capital Expenditure is **\$17.81 million** in 2010-11 made up of:

- Renewal investment of **\$9.43 million**;

Council Budget 2010-11

- Upgrade of **\$3.63 million**; and
- New assets of **\$4.73 million**.

Council's operating revenues and expenses for 2010-11 are **\$43.5 million** and **\$43.7 million** respectively.

Council will borrow **\$900,000** in 2010-11 with a further **\$500,000** per annum thereafter for the life of the Strategic Resource Plan (SRP) to assist funding of long term assets. The 2010-11 proposed borrowing includes **\$400,000** to fund the construction of a roof over the Yea Saleyards, which will be repaid from future Saleyard earnings.

A focus of the plan is a continued commitment to asset management and funding of the renewal gap to maintain safe and serviceable assets for our community and Maintenance of the current range and level of service provision.

The rate assistance package is an essential outcome to compensate for the revenue loss of council whilst the rebuild occurs. The rate of rebuild and restoration of councils valuation and revenue base will have a significant impact on council's long term ability to maintain the range and levels of services in the long term. The rate assistance package will assist in the short to medium term whilst the community re build lives and property.

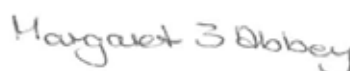
Given the increased size of the budget, council will be reviewing its procedures with a view to identifying and minimising risk to the community and organisation. Issues such as procurement, contract management and tendering will all be reviewed to address probity standards.

The 2010-11 Budget will present an extensive challenge to our organization, one that we will endeavour to meet.



Cr Peter Beales

Mayor



Margaret Abbey

Chief Executive Officer



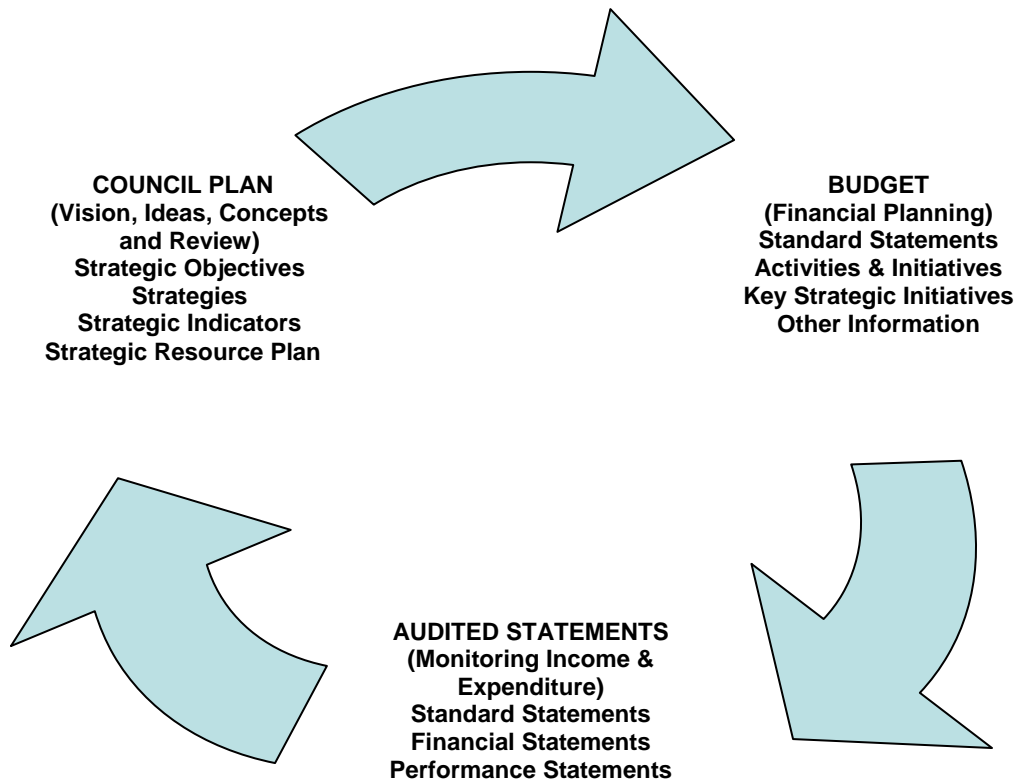
LINKING THE BUDGET TO THE COUNCIL PLAN

STRATEGIC PLANNING FRAMEWORK

The *Strategic Resource Plan* (long term financial plan) included in the *Council Plan 2009 – 2013* summarises the financial and non-financial impacts of the objectives and strategies of the *Council Plan* and determines the sustainability of these objectives and strategies.

The *Annual Budget 2010-11* has been framed within the *Strategic Resource Plan*. Activities and initiatives have been included in the *Annual Budget 2010-11* which contribute to achieving the strategic objectives specified in the *Council Plan*.

The diagram below depicts the strategic planning framework of Council.



The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The *Council Plan including the Strategic Resource Plan* must be completed within six months of the general election and it is reviewed each year by Council to ensure that the activities and initiatives contained in the original plan are still current. Those items detailed in Year 2 of the Council Plan will then be included 2010-11 Budget in draft form prior to commencement of the

Council Budget 2010-11

annual budget process. The completion of the 2010-11 Budget has been delayed as a result of the bushfires and an extension has been granted for the completion of the Budget until September 2010.

This budget has been prepared generally in accordance with *Local Government Act 1989* Financial Regulations, accepted accounting practices and the *Best practice guide for reporting local government budgets in Victoria*, which is reviewed and released annually by The Institute of Chartered Accountants in Australia in conjunction with the Municipal Association of Victoria, Finpro and LGPro.

OUR PURPOSE

Our Vision

Murrindindi Shire will be a vibrant and progressive place, with strong communities thriving within a healthy environment.

Our Mission

To care for, foster and promote the Murrindindi Shire in partnership with communities and other stakeholders.

Our Values

Our behaviour and actions will be guided by our values.

Honesty and Integrity

We will be open and truthful in our dealings

Accountability and Consistency

We will accept responsibility for our actions and be consistent in the application of our principles, policies and processes

Innovation and Excellence

We will consider new ideas, opportunities and better ways of doing things

Respect and Trust

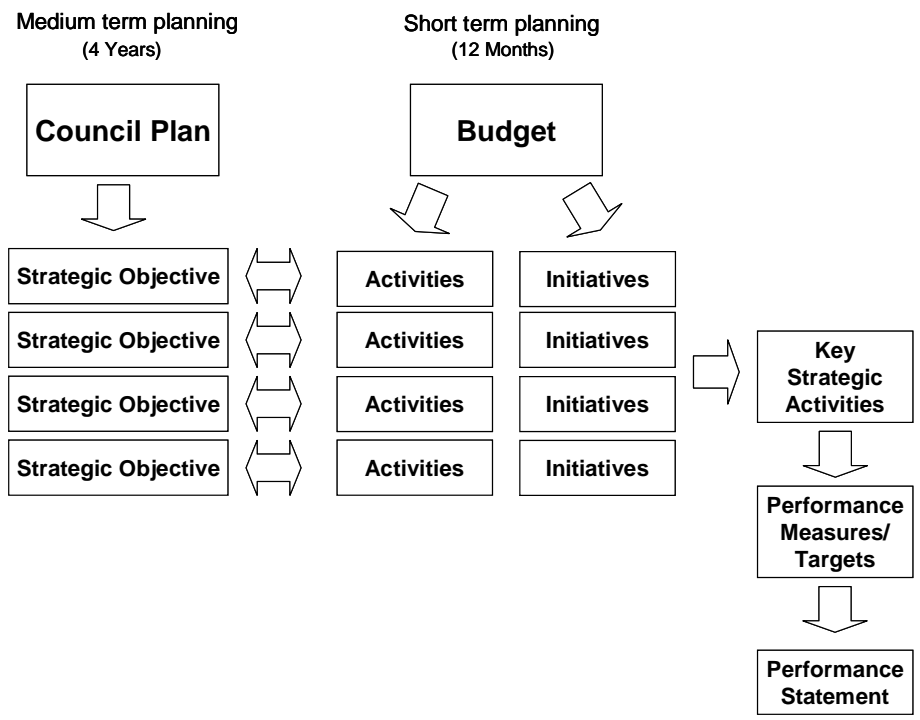
We will respect other people and their opinions and do as we way we will

STRATEGIC OBJECTIVES

| Strategic Objective | Description |
|--------------------------------|---|
| Governance | Effective leadership providing representation and advocacy for the community backed by a financially strong organisation. |
| Community | Communities enjoying good health and well being. |
| Local Economy | Sustainable growth in our local economy. |
| Environment and Climate Change | A natural environment that is diverse, healthy and cared for. |
| Planning and Land Use | Sustainable land use, development and growth |
| Infrastructure | To enhance the sustainability of our infrastructure, recognising the changing needs and expectations of our communities |
| Corporate Development | Improve systems and processes. |

ACTIVITIES, INITIATIVES AND KEY STRATEGIC ACTIVITIES

This section provides a description of the activities and initiatives to be funded in the *Annual Budget* for the 2010-11 year and how these will contribute to achieving the strategic objectives specified in the *Council Plan*. It also includes a number of key strategic activities and performance targets and measures in relation to these. The relationship between these components of the Budget and the Council Plan is shown below.



THEME 1: GOVERNANCE

OBJECTIVES

- Effective leadership providing representation and advocacy for the community backed by a financially strong organisation.

Strategies the Council will use during the year to achieve the objectives above are:

- Facilitate and support recovery within fire affected communities
- Provide opportunity for open and responsive communication with the community
- Improve governance systems, processes and relationships
- Be consistent fair and transparent in our decision making
- Provide sound financial stewardship
- Advocate on issues of importance to our community

ACTIVITIES

The following represent the main activities of this Theme.

| Service Category | Description | Revenue (Expenditure) Net Cost \$'000 |
|--|---|--|
| Civic functions and events | These events and functions include Council meetings and the support of community functions including Australia Day event, citizenship ceremonies and support of local art shows | 0 (40) (40) |
| Communications and publications | Communications and publications include a regular Mayors chair and Councillor Comment to keep residents informed of council activities and what's happening across the shire. Regular radio spots are maintained and newsletters issued as well as annual reports and strategy documents | 0 (158) (158) |
| Councillors, Chief Executive and Executive Team | This area includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas General Operations of Council Administration including Councillors. Income relates to Victorian Grants Commission Annual Grant. | 1,950 (695) 1,255 |

INITIATIVES

1. Prepare and implement a Bushfire Recovery & Reform Plan
2. Clearly communicate the *Council Plan* to the community.
3. Development and mentoring for future leaders
4. Support the Rebuilding Murrindindi Committee to achieve collaborative recovery and reconstruction.
5. Ensure financial information is provided in a style which is understandable by the community
6. Complete Business Excellence and Best Value requirements

KEY STRATEGIC ACTIVITIES

| Key Strategic Activity | Activity | Performance measure | Performance Target |
|--|--|--|---------------------------|
| Provide Sound financial stewardship | Ensure financial information professionally acceptable and understood by the community | Number of serious/high audit issues raised in Management Letter for 2009-10 Financial Year | < 2 |

THEME 2: COMMUNITY

OBJECTIVES

- Communities enjoying good health and well being

Strategies the Council will use during the year to achieve the above objectives are:

- Facilitate and support recovery within fire affected communities.
- Foster a more resilient community by prompting diversity, inclusion, access and equity, and supporting community interaction
- Facilitate improved quality of life for the Murrindindi community.
- Advocate for and facilitate access to Arts and culture experiences and events.

In addition to the activities of the council, the new initiatives to be undertaken during the forthcoming year have also been described.

ACTIVITIES

The following represent the main activities of this Theme.

| Service Category | Description | Revenue (Expenditure) Net Cost \$'000 |
|--|--|--|
| Children and Family Services | This Unit provides family orientated support services including Maternal and Child Health, home and centre based childcare and youth support. | 1,045 <u>(1,601)</u> (556) |
| Aged & Disability Services | This Unit provides a range of services for the aged and people with disabilities including delivered and group meals, domestic support, personal care, social activities and outings, home maintenance and senior citizens clubs | 1,489 <u>(1,876)</u> (387) |
| Community Grants Initiatives and Gift Program | In 2009-10 Council received \$2.5M, part of which was expended in 2009-10, the balance 2010-11. | 738 <u>(1,910)</u> (1,172) |
| Community Services Administration | This includes general administration and the administration of Council's Community Properties. | 97 <u>(546)</u> (448) |
| Emergency Services | Funding of Council's Emergency Services obligations. | 36 <u>(64)</u> (28) |
| Library & Customer Services | This Unit provides Libraries in Alexandra, Yea and Kinglake and the mobile library visits Marysville, Buxton, Eildon, Flowerdale and Strath Creek. The service caters for cultural, recreational and educational needs of residents and provides a focal point for the community to meet, relax and enjoy the facilities and services offered. | 136 <u>(1,061)</u> (926) |
| Recreation Services | This Unit provides strategic planning to inform the development of recreation services and infrastructure and coordinates council services including swimming pools and the mobile skate ramp includes all recreation responsibilities in Shire including Swimming Pools, Sports Pavilions and Recreation centre. | 143 <u>(562)</u> (419) |
| Community Development | Development and undertaking feasibility studies of Community Facilities | 0 <u>(246)</u> (246) |

INITIATIVES

1. Continue to work with VBRRA, community recovery committees and fire affected communities to develop community based recovery plans based on active participation and strengthened community connectedness.
2. Develop and deliver additional youth support programs and activities including:
 - Youth web site
 - Youth leadership program
 - Youth providers committee
 - Youth development grants program
3. Facilitate community building initiative to support people impacted upon by the sugarloaf North South Pipeline.
4. Subject to external funding: develop leadership, mental health and wellbeing programs for drought affected communities, provide additional support to Community and Neighbourhood houses for additional programs, and assist people to re-establish gardens damaged or destroyed by fire.

KEY STRATEGIC ACTIVITIES

| Key Strategic Activity | Activity | Performance measure | Performance Target |
|--------------------------------|--------------------------|--|---------------------------|
| Funding Community Groups Needs | Community Grants program | That Community Grants Funds are expended to Community Groups | 100% |

THEME 3: LOCAL ECONOMY

OBJECTIVES

- Sustainable growth in our local economy

Strategies the Council will use during the year to achieve the above objectives are:

- Facilitate and support recovery of businesses within fire affected communities.
- Support and promote events and festivals across the Shire.
- Provide support to new and expanding businesses.
- Participate in cooperative marketing.
- Facilitate improved access to Information communication Technology and mobile phone services.
- Undertake or facilitate major economic development projects.

ACTIVITIES

The following represent the main activities of this Theme.

| Service Category | Description | Revenue (Expenditure) Net Cost \$'000 |
|--------------------------------------|--|--|
| Marysville Caravan Park Grant | Grant for restoration of Marysville Caravan Park following February 2009 Bushfires. | 300 <u>(0)</u> 300 |
| Tourism | Provides a framework for shire wide and cross council co-operation in visitor information services and destination marketing to maximise visitor numbers and economic yield. | 22 <u>(345)</u> (323) |
| Economic Development | This Unit assists business investment and growth and facilitates opportunities for local residents to improve their education and skill levels and access local employment | 36 <u>(381)</u> (345) |
| Yea Saleyards | This area covers the management and operations of the Yea Saleyards. | 177 <u>(121)</u> 56 |

INITIATIVES

1. Participate in the Mitchell Murrindindi destination marketing campaign
2. Revise the Economic Development Strategy to incorporate strategies for fire affected businesses
3. Determine Council's future role and possible structure of regional tourism industry support
4. Advocate for improved access to high speed affordable broadband and mobile phone services through Federal Government Initiatives
5. Construct and finance a roof for the Yea Saleyards

KEY STRATEGIC ACTIVITIES

| Key Strategic Activity | Activity | Performance measure | Performance Target |
|--|---|---------------------|--------------------|
| Support and promote Saleyards program | Finance and construct roof over Yea saleyards | Roof constructed | 30 June 2011 |

THEME 4: ENVIRONMENT AND CLIMATE CHANGE

OBJECTIVES

- A natural environment that is diverse, healthy and cared for

Strategies the Council will use during the year to achieve the above objectives are:

- Facilitate and support environmental recovery within fire affected communities
- Promote and advocate sustainable living, business practice and land use
- Reduce generation of waste by Council and the community
- Integrate environmental resource and land management across Council operations
- Reduce council and community carbon footprint
- Encourage the community to adapt to climate change

ACTIVITIES

The following represent the main activities of this Theme.

| Service Category | Description | Revenue (Expenditure) |
|---|--|------------------------------------|
| | | Net Cost \$'000 |
| Bushfire Recovery | Continue the Bushfire Recovery Program as funded. | 12,631 <u>(13,538)</u> (907) |
| Environmental Management | Managing the overall impact of Council's impact on the environment. | 0 <u>(179)</u> (179) |
| Roadside biodiversity and weed mapping | Aims to identify areas of significant roadside biodiversity and noxious weed infestation in order to protect the biodiversity and control further weed infestation on road sides and adjoining properties. | 143 <u>(382)</u> (239) |
| Waste Management Services | Provides kerbside rubbish and recycling collection, management of refuse recovery centres at Alexandra, Yea, Eildon Kinglake and Marysville and a landfill in Alexandra. The service also provides educational programs aimed at reducing the generation of waste. | 2,591 <u>(2,246)</u> 345 |

INITIATIVES

1. Complete a strategic assessment of significant flora, fauna and pests on Council managed land.
2. Develop biodiversity management protocols for Council managed roadsides.
3. Participate in a green procurement program
4. Finalise and commence implementation of the Council's waste management strategy
5. Implement stage two of the green and hard waste collection program.

KEY STRATEGIC ACTIVITIES

| Key Strategic Activity | Activity | Performance measure | Performance Target |
|-------------------------------|--|-----------------------------|---------------------------|
| Waste Management Program | Complete Council's Waste Management Strategy | Strategy adopted by Council | 30 June 2011 |

THEME 5: PLANNING AND LAND USE

OBJECTIVES

- Sustainable land use, development and growth

Strategies the Council will use during the year to achieve the above objectives are:

- Streamline approvals processes to encourage rebuilding in fire affected areas
- Use a strategic approach to land use planning to facilitate integrated residential and public facility construction
- Continue to strengthen partnerships with DSE, CFA.

ACTIVITIES

The following represent the main activities of this Theme.

| Service Category | Description | Revenue (Expenditure) Net Cost \$'000 |
|------------------------------|--|--|
| Building Control | Provides statutory building services to the council and community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works. | 198 <u>(284)</u> (86) |
| Local Laws | Facilitates a safer community through the provision of school crossing supervision, traffic management, domestic animal management, regulation and enforcement of local laws and community fire prevention | 108 <u>(433)</u> (325) |
| Development Approvals | Processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing council at the Victorian Civil and Administrative Tribunal where necessary. The service also monitors the Murrindindi Planning Scheme as well as preparing major policy documents shaping the future of the shire. It also prepares and processes amendments to the Murrindindi Planning Scheme. | 159 <u>(633)</u> (473) |
| Environmental Health | Protects the community's health and well being by coordinating food safety support programs and immunization. | 71 <u>(186)</u> (115) |

INITIATIVES

1. Amend the Planning Scheme to remove anomalies and improve planning processes
2. In partnership with VBRRRA and Dept of Planning and Community Development complete the development of a comprehensive strategic plan for Kinglake Ranges, Flowerdale and Toolangi
3. Investigate innovative water treatment options.
4. Review Council's fire management planning having regard to the State's response to the Bushfire Royal commission.
5. Progress strategic fire prevention programs that address an ongoing commitment to fire safety and community awareness

KEY STRATEGIC ACTIVITIES

| Key Strategic Activity | Activity | Performance measure | Performance Target |
|-------------------------------|---|----------------------------|---------------------------|
| Strategic planning | Complete development of a Kinglake Ranges, Flowerdale and Toolangi Strategic Plan | Plan adopted by Council | 30 June 2011 |

THEME 6: INFRASTRUCTURE

OBJECTIVES

- To enhance the sustainability of our infrastructure, recognizing the changing needs and expectations of our communities

Strategies the Council will use during the year to achieve the above objectives are:

- Rebuild community infrastructure damaged or destroyed by the February 2009 fires
- Work with the fire affected communities and other levels of government to assist the implementation of priority infrastructure projects
- Undertake a range of community infrastructure projects which enhance community amenity and foster civic pride
- Align infrastructure service delivery with community needs and expectations
- Improve and expand the network of footpaths and shared trails both within towns and linking communities
- Maintain and further develop a safe and efficient transport network
- Undertake whole-of –life costing analyses for all new assets, and commit to funding necessary operational, maintenance and renewal amounts
- Enhance the organisation’s asset knowledge and data

Activities set out below are those the Council undertakes to meet the needs of the community.

Large capital and recurrent grants and contributions are received under this theme. The details of the income are described under the analysis of the Operating Statement.

See section 6 and Appendix C for details of capital works projects.

ACTIVITIES

The following represent the main activities of this Theme.

| Service Category | Description | Revenue |
|--|---|-------------------------------------|
| | | (Expenditure) Net Cost \$'000 |
| Capital Income/ Minor Expenditure | Funding for Capital projects. Minor expenditure that does not meet strict Accounting definition of Capital Expenditure. | 5,186 (83) 5,103 |
| Parks & Gardens | Provide planning, development and maintenance to our public open space, road reserves and parks | 0 (1,081) (1,081) |
| Quarry operations | Operation of Council's Topsie Gully Quarry. | 488 (378) 110 |
| Engineering Services | Provision and project management of Council's capital works and major maintenance projects. | 65 (819) (754) |
| External Works | Work performed by Council's Infrastructure Team for other organisations. | 1,071 (869) 202 |
| Infrastructure Maintenance | Maintenance of Council's infrastructure assets including footpaths, roads, drains, buildings and bridges | 0 (2,088) (2,088) |
| Other Infrastructure Works | Includes other expenditure in Infrastructure Unit not directly associated with above categories. | 334 (1,864) (1,530) |
| Infrastructure Works | Cost of maintenance of Council's Infrastructure and built forms. | 1,470 (5,905) (4,434) |
| Street Lighting | Provision of street lighting for townships. | 0 (94) (94) |

INITIATIVES

1. Rebuild damaged and destroyed buildings and other infrastructure.
2. Complete refurbishment or repair of Hazeldene Store access Bridge
3. Develop a 5 year forward capital works plan (new & upgrade works) aligned to the SRP
4. Pursue funding for the replacement of the Ghin Ghin Bridge
5. Complete and publish Infrastructure Design Manual
6. Pursue funding for Alexandra to Eildon shared pathway
7. Finalise plans and project management for the completion of the Bollygum Park project

KEY STRATEGIC ACTIVITIES

| Key Strategic Activity | Activity | Performance measure | Performance Target |
|------------------------------------|------------------------|--|--|
| Complete the capital works program | Completion of program. | Report to Council on a quarterly basis | Minimum 70 percent of program completed. |

THEME 7: CORPORATE DEVELOPMENT

OBJECTIVES

- Improve systems and processes

Strategies the Council will use during the year to achieve the above objectives are:

- Improve systems and processes.
- Communicate well with our stakeholders
- Deliver excellent customer service
- Reduce organizational risk
- Be an employer of choice

Activities set out below are those the Council undertakes to meet the needs of the community.

ACTIVITIES

The following represent the main activities of this Theme.

| Service Category | Description | Revenue |
|-----------------------------------|---|---------------------------|
| | | (Expenditure) |
| | | Net Cost |
| | | \$'000 |
| Financial Services | Includes the management of council's finances, payment of salaries, procurement and contracting, raising and collection of rates and charges and valuation of properties throughout the municipality | 11,438 (249) 11,188 |
| Corporate Services | Provides statutory and corporate support services to council, including coordination of business papers for meetings of the council and its committees. It is responsible for the provision of document and information management support services to Council, including compliance with statutory obligations under freedom of information, public records and information privacy legislation. | 2,572 (3,321) (805) |
| Organisational Development | Has a focus on organisational well being and improving performance through the continuous development, improvement and implementation of our strategies, policies and procedures. | 0 (315) (315) |
| Depreciation | Depreciation of Council's physical and infrastructure assets. | 0 (4,135) (4,135) |
| Information Technology | Provides support, and maintains communications and computing systems, facilities and infrastructure to enable staff to deliver services in a smart, productive and efficient way | 0 (670) (670) |

INITIATIVES

Note: where not specified, services will be funded from net operating budget.

1. Implement Council and management reporting process
2. Review Mayor and General Manager executive support
3. Adopt the Communication Strategy
4. Support staff to achieve their best by using performance coaching
5. Participate in Shared Services Electronic Document Management System process.

KEY STRATEGIC ACTIVITIES

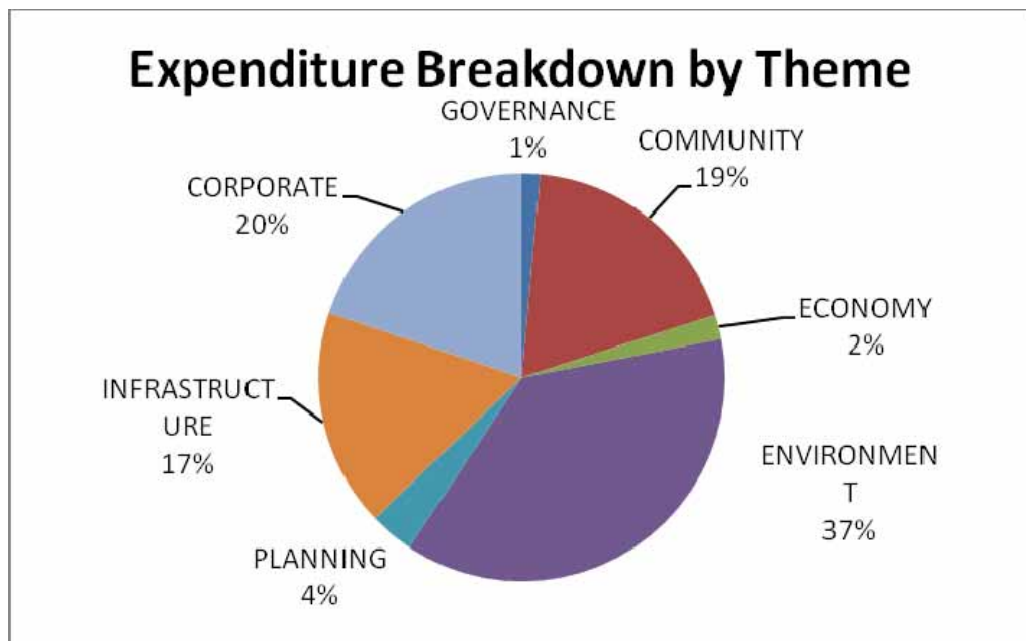
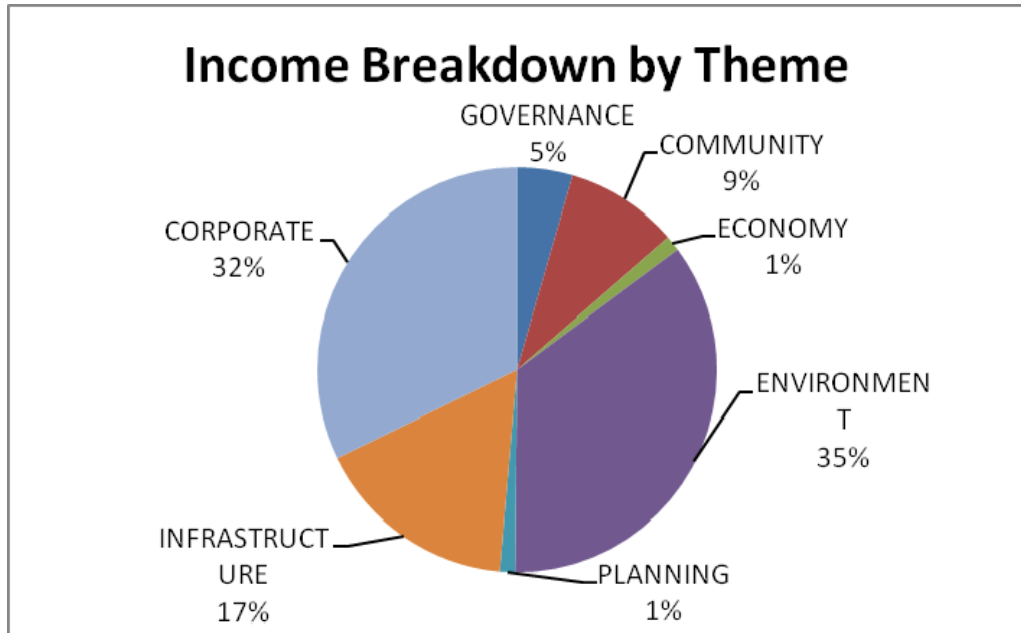
| Key Strategic Activity | Activity | Performance measure | Performance Target |
|-------------------------------|--|----------------------------------|-----------------------------------|
| Improve systems and processes | Implement procurement policies and processes | Policy reviewed and adopted | October 2010 |
| | | All delegated officers retrained | March 2011 |
| | | Compliance reporting | 90 percent compliant by June 2011 |

THEMATIC SUMMARY

| Theme | Income | Expenditure | Net |
|--------------------------------|-------------------|-------------------|------------------|
| Governance | 1,950,316 | 429,751 | 1,520,565 |
| Community | 3,847,404 | 8,053,025 | (4,025,621) |
| Local Economy | 534,093 | 847,133 | (313,040) |
| Environment and Climate Change | 15,506,400 | 16,907,262 | (1,400,862) |
| Planning and Land Use | 536,525 | 1,629,314 | (1,092,789) |
| Infrastructure | 7,144,152 | 7,446,322 | (302,170) |
| Corporate Development | 14,028,100 | 8,416,196 | 5,611,194 |
| TOTAL | 43,547,000 | 43,729,003 | (182,003) |

THEME BREAKDOWN – INCOME AND EXPENDITURE

The following two graphs show the Income and Expenditure of Council by Theme. The Environment Theme includes the Bushfire income and expenditure and is therefore accentuated.



BUDGET INFLUENCES

This section sets out the key influences on the *2010-11 Budget*.

EXTERNAL INFLUENCES

STATE GOVERNMENT BUSHFIRE RESPONSE

The *State Government Budget* has been a major contributor to the bushfire Recovery effort with government grants via Vic Roads and other agencies that will continue to flow to Murrindindi Shire in 2010-11 to restore facilities and services to affected communities.

ROADS TO RECOVERY ALLOCATIONS

In March 2009 the Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese announced individual council allocations for the next five years of the *Roads to Recovery Program* (2010-11 to 2013-14). The five year funding allocations are based on the recommendations of State/Territory Local Government Grants Commissions. Councils can use the funding they receive from the Program to make urgent repairs and upgrades to their local road networks. The funding is untied and can go towards the local priorities identified by local communities.

For the Shire of Murrindindi this means an allocation of **\$4,167,501** for the life of the program (2009-10 to 2013-14). The allocation for the year 2010-11 and for each of the next 3 years is an amount of \$833,500.

REGIONAL AND LOCAL COMMUNITY INFRASTRUCTURE PROGRAM

During 2009-10 the Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese advised Councils that they would be in receipt of two tranches of funding under the Regional & Local Community Infrastructure Program (RCLIP) of **\$416,000** and **\$161,000** each. In June 2010 the Minister announced a third and final allocation of **\$176,000**, which Council will allocate to specific projects.

LOCAL GOVERNMENT COST INDEX

A Municipal Association of Victoria media release on 22 May 2010 highlighted the main points of the annual Local Government Cost Index Report, June 2010.

The main thrust of the Cost Index Report was that the movements in Average Weekly Earnings (AWE) more closely aligned with the types of operating cost increases that the sector incurs, rather than the broader CPI. Based on this finding it is anticipated that the average cost increases that the sector will have to bear is in the region of 4%. This is driven by:

- Increased wages costs;
- Increased utilities costs;
- Increased borrowing costs (higher interest rates).

INTERNAL INFLUENCES

EMPLOYEE BENEFITS

New Enterprise Bargaining Agreement (EBA) came into effect in February 2010.

New increases include:

- Increments of 3.8 percent or \$36.00 (minimum)
- Additional Superannuation
- End of Band increases
- Maternity Leave

GENERAL VALUATION

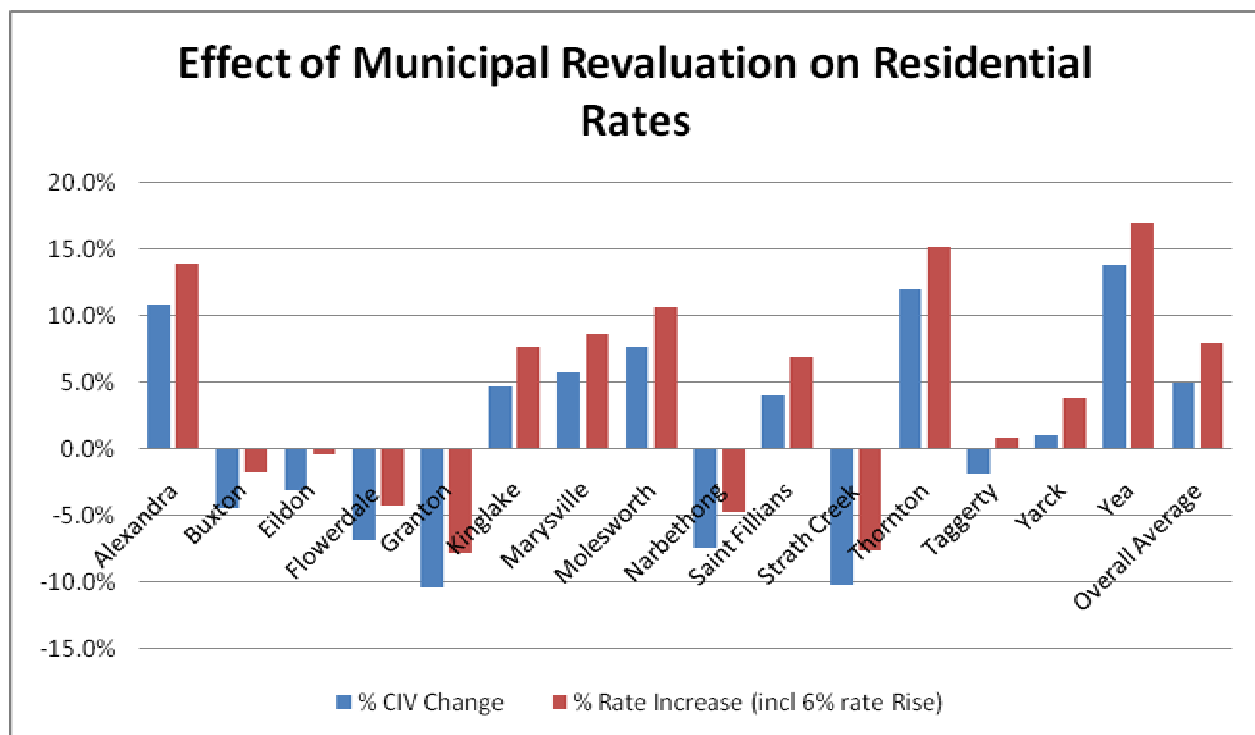
During the 2009-10 year, a revaluation of all properties within the municipality was carried out with an effective date of 1 January 2010 which will be first used for the 2010-11 year. The outcome of the general revaluation has seen moderate changes in property valuations throughout the municipality. The adoption of the valuation will redistribute the incidence of rates throughout the municipality in line with movements in the Capital Improved Value of properties. Total rate revenue will not be increased by the adoption of the general revaluation.

The 2010 municipal revaluation showed an overall Capital Improved Value increase of 2.65% over the 2008 values. The tables below identify the valuations change in percentages across the Shire, which is spread widely across all property types, sectors and towns.

The Table below shows the average percentage (%) increase by property type across the Shire.

| Increase in CIV Valuations 2008 – 2010 By Sector | |
|--|--------------|
| Property Type | % Increase |
| Residential | 4.96% |
| Commercial | 0.85% |
| Rural | 1.10% |
| Overall Average | 2.65% |

The higher increase in valuations experienced in the Residential Sector means that this sector will bear an increased % of the rates burden over the other two sectors. The Graph below shows the movements in Residential CIV's and Rates payable for each major community in Murrindindi Shire.



OTHER INFLUENCES

VICTORIA GRANTS COMMISSION

The amount included in the 2010-11 Budget is for three quarterly instalments rather than the normal four instalments. This is because in June 2009 the Victorian Grants Commission prepaid the first 2009-10 instalment and repeated this process again in June 2010. As there has been no indication that this practice will continue, Council has only included three instalments in 2010-11.

BUSHFIRE REBUILDING AND COMMUNITY MEMORIALS

June 2009 the State Government announced three new dedicated rebuilding services for bushfire-affected communities and A State-wide total of \$2.5 million for community memorials in 19 municipalities. New Rebuilding Advisory Services will be built in Marysville and Kinglake to operate as one-stop shops for communities to access a full range of information on the rebuilding process. The Victorian Minister for Community Development has advised that Murrindindi Shire has been allocated \$628,588 for the creation of memorials and commemorative events from the community recovery fund. This was received in 2009-10 and will be spent in 2010-11.

Funding was also announced for new Men's Shed to be built in five bushfire- affected communities. In addition 15 councils will receive funds to meet growing demand for maternal and child health services for families return home following the bushfires. 10 local government areas will get funds to provide further support through playgroups and parent groups.

MURRINDINDI SHIRE COUNCIL BUDGET PRINCIPLES

Guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets.

The principles included:

- Existing fees and charges to be increased in line with CPI or market levels
- Grants to be based on confirmed funding levels
- New revenue sources to be identified where possible
- Salaries and wages to be increased in line with Council's *Enterprise Bargaining Agreement*
- Operating revenues and expenses arising from completed 2009-10 capital projects to be included.

LEGISLATIVE REQUIREMENTS

The *2010-11 Budget*, which is included in this report, is for the year 1 July 2010 to 30 June 2011 and is prepared in accordance with the *Local Government Act 1989* 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 2011 in accordance with Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations. 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 that Council requires in order to make an informed decision about the adoption of the budget.

BUDGET OVERVIEW

BUDGETED STANDARD INCOME STATEMENT

| | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|--------------------------------|-------------------------------|-----------------------------|--------------------|
| Revenue Types | | | |
| Revenue – Ordinary Activities | 23,923 | 24,120 | 197 |
| Revenue – Non-Recurrent Grants | 46,946 | 19,427 | (27,519) |
| Total Revenue | 70,869 | 43,547 | (27,322) |
| Operating Expenditure | 64,109 | 43,729 | 20,380 |
| Surplus/(Deficit) | 6,760 | (182) | (6,942) |

BUDGETED STANDARD CASHFLOW STATEMENT

| | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|----------------------------------|-------------------------------|-----------------------------|--------------------|
| Cashflows | | | |
| Operating | 16,512 | 7,955 | (8,557) |
| Investing | (8,620) | (12,106) | (3,486) |
| Financing | (21) | (1,040) | (1,019) |
| Net Movement in Cash held | 7,871 | (5,191) | (13,062) |
| Cash at beginning of Year | 8,826 | 16,697 | 7,871 |
| Cash at End of Year | 16,697 | 11,506 | (5,191) |

BUDGETED STANDARD BALANCE SHEET

| | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|--------------------------|-------------------------------|-----------------------------|--------------------|
| Assets | | | |
| Current Assets | 23,990 | 13,626 | (10,364) |
| Non-Current Assets | 204,241 | 211,387 | 7,146 |
| Total Assets | 228,231 | 225,013 | (3,218) |
| Liabilities | | | |
| Current Liabilities | 9,808 | 6,474 | (3,334) |
| Non-Current Liabilities | 5,075 | 5,379 | 304 |
| Total Liabilities | 14,883 | 11,853 | (3,030) |
| NET ASSETS | 213,348 | 213,160 | (188) |
| | | | |
| Equity | 213,348 | 213,160 | (188) |
| TOTAL EQUITY | 213,348 | 213,160 | (188) |

BUDGETED STANDARD STATEMENT OF CAPITAL WORKS

| | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|--------------|--|--------------------------------------|----------------------------|
| Renewal | 3,301 | 9,433 | 6,132 |
| New | 3,149 | 3,638 | 489 |
| Upgrade | 2,460 | 4,736 | 2,276 |
| Total | 8,910 | 17,807 | 8,897 |

BUDGET ANALYSIS

REVENUE FROM ORDINARY ACTIVITIES

| Revenue Types | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|---------------------------------|--|--------------------------------------|----------------------------|
| Rates and charges | 11,419 | 12,348 | 929 |
| Rate Assistance Package | 646 | 691 | 45 |
| Special Charge Scheme | 0 | 105 | 105 |
| Statutory fees and fines | 1,040 | 558 | (482) |
| User fees | 2,535 | 4,113 | 1,578 |
| Grants – Recurrent | 5,682 | 4,925 | (757) |
| Grants – Non-Recurrent | 46,946 | 19,427 | (27,519) |
| Interest | 415 | 340 | (75) |
| Other revenue | 644 | 658 | 14 |
| Contributions Cash | 255 | 297 | 42 |
| Reimbursements | 1,286 | 81 | (1,205) |
| Total operating revenue | 70,870 | 43,547 | (27,322) |

RATES AND CHARGES

Revenue from Rates & Charges has been budgeted to increase by 6% in 2010-11. As detailed earlier as 2010-11 is a Revaluation year the % increase for each property will vary from this amount. Garbage and Recycling Charges have been increased to reflect increased costs including the additional State Government levy estimated to cost of \$34 per resident.

See Appendix B (Statutory Disclosures) for a more detailed analysis of the rates and charges to be levied for 2010-11.

RATES ASSISTANCE PACKAGE

Due to the February 2009 bushfires the State Government has provided an amount of **\$691,000** to reflect the Rates Revenue that Council lost as a result of the decrease in private property Capital improved Value. This package (total value **\$3.085M**) will be received by Council over the four year period ending 2012-13.

SPECIAL CHARGE SCHEMES

Green Street Alexandra special charge scheme is expected to raise revenue of \$105,000. This was originally budgeted to occur in 2009-10 however was delayed.

STATUTORY FEES AND FINES

Statutory fees are levied in accordance with legislation and include animal registrations, Health Act registrations, building permits and certificates, septic tank inspections and planning and building inspection fees. Where legislation does not dictate the size of an increase the budget principle of 3 percent has been applied. Income from Fees and Fines is significantly lower in 2010-11 than 2009-10 due to the once-off effect of the Bushfires on Building Inspection Fees (**\$327K**), Septic Tank Inspection Fees (**\$60K**) and Planning Fees (**\$40K**).

USER FEES

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include external works, use of leisure and other community facilities, and the provision of human services such as child care, and home and community care services. The significant change between the 2009-10 forecast outcome and the 2010-11 relates to use of Council's landfill site for bushfire cleanup. This has been an ongoing dispute, which is anticipated to be resolved in 2010-11.

Other user fees have been estimated to increase at 3 percent for the budget period.

GRANTS – OPERATING

Recurrent grants include all monies received from state and federal sources for the purposes of funding the delivery of Council's recurrent services to ratepayers. Contributions from other parties towards property development costs are also included. Operating grants have decreased in total since last year largely due to an advance payment from the Victorian Grants Commission. Significant movements in grant funding are summarized below:

| Grant Funding - Recurrent | Forecast 2009-10 \$ | Budget 2010-11 \$ | Variance \$ |
|--------------------------------------|---------------------------|-------------------------|------------------|
| HUMAN SERVICES | | | |
| Children Services Funding | 500 | 500 | 0 |
| Family Day Care | 244,000 | 246,850 | 2,850 |
| In Home Child Care | 24,939 | 25,855 | 916 |
| Kinglake Early Learning Centre | 194,748 | 224,748 | 30,000 |
| Maternal & Child Health | 123,951 | 135,219 | 11,268 |
| Respite Care | 76,650 | 76,650 | 0 |
| Community Aged Care Packages | 65,154 | 100,238 | 35,084 |
| Assessment and Care Management | 126,346 | 134,223 | 7,877 |
| Health Care & Delivered Meals | 20,378 | 18,417 | (1,961) |
| Home Care | 311,744 | 314,657 | 2,913 |
| Personal Care | 50,124 | 50,585 | 461 |
| Planned Activity Group (Core & High) | 170,447 | 171,791 | 1,344 |
| Property Maintenance | 37,371 | 35,081 | (2,290) |
| Respite Home and Community | 36,420 | 36,871 | 451 |
| Service System Resourcing | 46,604 | 47,012 | 408 |
| Volunteer Co-ordination | 10,779 | 10,793 | 14 |
| | 1,540,155 | 1,629,490 | 89,335 |
| RECREATION & CULTURE | | | |
| Murrindindi Library Service | 121,328 | 121,363 | 35 |
| WASTE & ENVIRONMENT | | | |
| State Emergency Service | 35,022 | 36,000 | 978 |
| PLANNING & ENVIRONMENT | | | |
| School Crossing Supervision | 10,420 | 10,420 | 0 |
| Immunizations | 13,500 | 10,500 | (3,000) |
| | 23,920 | 20,920 | (3,000) |
| GRANTS COMMISSION | | | |
| General Allocation | 2,472,941 | 1,949,316 | (523,625) |
| Local Roads Allocation | 1,488,832 | 1,168,189 | (320,643) |
| | 3,961,773 | 3,117,505 | (844,268) |
| TOTAL RECURRENT | 5,681,958 | 4,925,278 | (756,680) |

GRANTS – NON-RECURRENT

Non-recurrent grants include all state and federal sources for one-off capital works or major projects. Overall, the level of non-recurrent grants has increased significantly over “normal” levels as a result of the February 2009 bushfire reconstruction. The table below lists the non-recurrent grants that will be managed and finalised during the coming year:

| | Forecast 2009-10 \$ | Budget 2010-11 \$ | Variance \$ |
|---|---------------------------|-------------------------|---------------------|
| Grant Funding - Non Recurrent | | | |
| Natural Disaster Funding | | | |
| Natural Disaster Payments | 31,008,327 | 10,654,015 | (20,354,312) |
| Community Assistance Gift | 2,500,000 | 0 | (2,500,000) |
| Community Projects Initiative | 99,340 | 737,880 | 638,540 |
| VBRRRA General Support | 644,854 | 264,448 | (380,406) |
| MAV Bushfire Funding | 157,690 | 0 | (157,690) |
| Bushfire Memorials | 565,730 | 62,858 | (502,872) |
| Storm Damage | 3,425,097 | 35,000 | (3,390,097) |
| Grants Commission | 0 | 35,000 | 35,000 |
| Murrindindi Assistance Package | 569,682 | 2,180,318 | 1,610,636 |
| Boundary Fencing | 27,273 | 0 | (27,273) |
| Bushfire Commemorative Events | 145,000 | 0 | (145,000) |
| Community Development Officer | 427,662 | 200,000 | (227,662) |
| Land Purchase/Leases | 1,383,103 | 310,078 | (1,073,025) |
| Other Bushfire Recovery | 150,502 | 35,000 | (115,502) |
| TOTAL NATURAL DISASTER FUNDING | 41,104,260 | 14,514,597 | (26,589,663) |
| Council Buildings | | | |
| Yea Shire Hall | 0 | 203,636 | 203,636 |
| CJ Dennis Hall Toolangi | 70,000 | 0 | (70,000) |
| | 70,000 | 203,636 | 133,636 |
| Economic Development & Tourism | 3,350 | 9,091 | 5,741 |
| Human Services | | | |
| Children’s Services | 76,875 | 0 | (76,875) |
| Community Care & Support | 18,137 | 1,000 | (17,137) |
| Murrindindi Transport Connections | 103,094 | 52,990 | (50,104) |
| Alexandra Community Kitchen & Garden | 25,000 | 25,000 | 0 |
| Youth Bushfire Response Gift | 239,205 | 239,204 | (1) |
| Youth Leadership Development | 54,375 | 18,125 | (36,250) |
| Learner Driver Support Project | 31,440 | 20,960 | (10,480) |
| Youth Concerts | 19,450 | 19,450 | 0 |
| Other | 15,000 | 0 | (15,000) |
| | 582,576 | 376,729 | (205,847) |

Council Budget 2010-11

| | Forecast 2009-10 \$ | Budget 2010-11 \$ | Variance \$ |
|--|---------------------------|-------------------------|--------------------|
| Grant Funding - Non Recurrent | | | |
| Planning & Environment | | | |
| Roadside Weeds | 1,500 | 96,368 | 94,868 |
| Environment strategy | 28,000 | 2,000 | (26,000) |
| Pests Grants Program | 29,500 | 45,000 | 15,500 |
| Local Laws – Fire Prevention | 6,500 | 20,000 | 13,500 |
| Environmental Health | 1,000 | 1,000 | 0 |
| Other | 41,634 | 0 | (41,634) |
| | 108,134 | 164,368 | 56,234 |
| Recreation & Culture | | | |
| Rotary Park Upgrade Project | 81,000 | 81,000 | 0 |
| Eildon Basketball Club – SRV | 0 | 33,468 | 33,468 |
| Kinglake Memorial Reserve – SRV | 80,000 | 76,000 | (4,000) |
| Bushfire Relief Community Sports | 180,000 | 120,000 | (60,000) |
| Yea Football/Netball Club – Pipeline | 0 | 227,273 | 227,273 |
| Yea Tennis Club – Pipeline | 0 | 272,727 | 272,727 |
| Yea Men’s Shed – Pipeline | 0 | 72,727 | 72,727 |
| Friends of Yea Railway - Pipeline | 0 | 94,545 | 94,545 |
| Marysville Skate Park | 120,000 | 30,000 | (90,000) |
| Bollygum Reserve | 606,100 | 690,921 | 84,821 |
| Eildon Pathway | 300,000 | 0 | (300,000) |
| Marysville Golf & Bowling Club | 198,000 | 0 | (198,000) |
| Flowerdale Tennis Courts | 0 | 60,000 | 60,000 |
| Yea Cemetery Memorial Grounds | 0 | 80,909 | 80,909 |
| Marysville Caravan Park | 225,310 | 300,000 | 74,690 |
| Library Books | 10,262 | 6,626 | (3,636) |
| Alexandra Community Leisure Centre Feasibility Study | 0 | 10,000 | 10,000 |
| Stage 1, 2 & 3 RLCIP | 0 | 407,364 | 407,364 |
| Other | 136,597 | 0 | (136,597) |
| | 1,937,269 | 2,563,560 | 626,291 |
| Transport | | | |
| Roads to Recovery | 815,655 | 833,500 | 17,845 |
| Vic Forest Roads Funding | 0 | 415,806 | 415,806 |
| Toolangi District Pathway | 22,727 | 113,637 | 90,910 |
| Flowerdale Ranges Pathway | 129,455 | 32,363 | (97,092) |
| Kinglake Ranges Pathway | 234,182 | 58,545 | (175,637) |
| Blackspot Funding | 1,586,502 | 0 | (1,586,502) |
| TIRES Funding | 237,885 | 0 | (237,885) |
| | 3,026,406 | 1,453,851 | (1,572,555) |
| Waste & Environment | 14,000 | 0 | (14,000) |
| Corporate Services – Financial Modelling | 19,000 | 0 | (19,000) |

| | Forecast 2009-10 \$ | Budget 2010-11 \$ | Variance \$ |
|--------------------------------------|---------------------------|-------------------------|---------------------|
| Grant Funding - Non Recurrent | | | |
| Community Development | | | |
| Urban Design Framework - Kinglake | 0 | 20,000 | 20,000 |
| Kinglake Ranges Community Building | 32,873 | 73,782 | 40,909 |
| Spring Valley Recreation Reserve | 22,500 | 22,500 | 0 |
| Kinglake Aquatic Study | 25,000 | 25,000 | 0 |
| Other | 1,000 | 0 | (1,000) |
| | 81,373 | 141,282 | 59,909 |
| TOTAL NON RECURRENT GRANTS | 46,946,368 | 19,427,114 | (27,519,254) |

INTEREST

Interest earned is forecast to decline compared to the 2009-10 actual result due to utilisation of Grant and Insurance Funds received in 2009-10 causing cash balances to decrease.

See Appendix A - Budgeted Standard Cash Flow Statement for further detail.

OTHER REVENUE

Other revenue relates to rental income, leases, cost recoupment, and other miscellaneous income items. The major impact on this revenue stream is due to taking up a new revenue stream for the sale of scrap through the transfer stations.

CONTRIBUTIONS

Contributions relate to monies paid by in accordance with public open space, cost sharing of projects, sponsorships and joint ventures.

Revenue from roads, footpaths and cycle ways and parking and infrastructure development is not anticipated during the 2010-11 financial year as normal development projects may be impaired as a result of the fires.

REIMBURSEMENTS

In the 2009-10 financial year the revenue received for reimbursements was inflated due to the recovery of expenses incurred by responding to the bushfires. In the 2010-11 financial year this program has largely been completed.

The base budget for reimbursements relates to recovery of legal costs associated with rates, reimbursements from Veteran's Affairs for provision of services and sundry small reimbursements. It is expected that historical levels of revenue from these sources will remain static at around \$81,000 pa.

NET GAIN ON SALE OF ASSETS

This relates to plant and equipment items traded in during the year. Council budgets to recover the net book value of assets disposed.

EXPENSES FROM ORDINARY ACTIVITIES

| Expenditure Types | Actual 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------|
| Employee benefits | 11,652 | 14,301 | 2,649 |
| Materials & Services | 47,344 | 23,918 | (23,426) |
| Depreciation and amortisation | 4,522 | 4,918 | 396 |
| Other expenses | 230 | 243 | 13 |
| Interest / Finance costs | 360 | 360 | (10) |
| Total operating expenditure | 64,109 | 43,729 | (20,379) |

See Appendix A for detailed information.

EMPLOYEE BENEFITS

Employee costs include all labour-related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements and superannuation. Employee costs do not include any motor vehicle costs associated with or attributed to the employment of staff.

Employee costs increased significantly in 2010-11 compared to 2009-10. This increase is mainly due to the need to increase the number of grant funded fixed term employees required to manage the impact of the bushfire recovery process. Key factors include:

- Salary increase in line with Council’s Enterprise Bargaining Agreement (EBA), plus increments
- Increase in fixed term staff for grant-funded projects, both related to the February 2009 bushfires and other Government programs.
- Extra resources for funding an Environmental Coordinator and a Procurement Coordinator and partial EFT increases in a number of areas.

MATERIALS AND SERVICES

Materials and services include the purchase of consumables and payments to contractors for the provision of services. Utility costs are also recorded in this section.

Materials and services are forecast to increase as a result of responding to the grant funded bushfire recovery. This is consistent with the Strategic Resource Plan.

The table below summarises the types of expenses reported in Materials and Contractors.

| Materials & Services Expenditure Type | Forecast 2009-10 \$ | Budget 2010-11 \$ | Variance \$ |
|--|-------------------------------|-----------------------------|-----------------------|
| Utilities | 513 | 515 | 2 |
| Contractors | 43,054 | 20,075 | (22,979) |
| Legal Expenses | 128 | 112 | (16) |
| Insurance | 310 | 324 | 14 |
| Materials | 2,272 | 1,884 | (388) |
| Contributions | 300 | 419 | 119 |
| Consultancies | 766 | 588 | (178) |
| Total Materials & Services | 47,344 | 23,918 | (23,426) |

Utility costs relate to telecommunications, including usage of telephones and other services such as water, gas and electricity. Contractors relate to works or services contracted by the Murrindindi Shire Council. Some of these works and services include the provision of maintenance services, garbage recycling, meal production, software maintenance, valuation services, and systems development.

Extraordinary increases in the budgets for Contractors, Contributions and Consultancies are linked to grant funded bushfire recovery projects.

FINANCE COSTS

Finance costs relate to financial institution charges on borrowed funds.

The decrease in borrowing costs results from repayment of loans in 2009-10 exceeding planned net new borrowings as outlined in the *Strategic Resource Plan* in the 2010-11 financial year. Repayments of loan principal are set out in the Budgeted Standard Balance Sheet in Appendix A and the Analysis of Budgeted Cash Position in Section 5 of this document.

DEPRECIATION AND AMORTISATION

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant, equipment and infrastructure assets. Investments in new assets and increasing value of assets will raise the base amount from which the depreciation is calculated, therefore as Council continues to improve assets and infrastructure this figure will continue to increase.

OTHER EXPENSES

Other expenditure relates to rates and charges waived for charitable and not-for-profit organisations, auditor's remuneration and Councillor's allowances.

ANALYSIS OF BUDGETED STANDARD CASH FLOW STATEMENT

This section analyses the expected cash flows from the operating, investing and financing activities of council for the 2010-11 year. Budgeted cash flows are a key factor for the council in setting the level of rates and guiding the level of sustainable capital expenditure.

BUDGETED STANDARD CASH FLOW STATEMENT

| | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|--|-------------------------------|-----------------------------|--------------------|
| Cash flows from operating activities | | | |
| <i>Receipts</i> | | | |
| Receipts from ratepayers | 11,783 | 12,454 | 671 |
| Rate Assistance Package | 645 | 691 | 46 |
| User Charges including Statutory Fees and Fines | 11,985 | 10,813 | (1,172) |
| Grants | 50,337 | 24,353 | (25,984) |
| Other Revenue | 458 | 445 | (13) |
| | 75,208 | 48,756 | (26,452) |
| <i>Payments</i> | | | |
| Payments to suppliers | (47,114) | (26,844) | 20,270 |
| Payments to employees | (11,582) | (13,957) | (2,375) |
| | (58,696) | (41,051) | 17,645 |
| Net cash provided by operating activities | 16,512 | 7,955 | (8,557) |
| Cash flows from investing activities | | | |
| Payment for fixed assets | (8,910) | (12,466) | (3,556) |
| Proceeds from sale of fixed assets | 290 | 360 | 70 |
| Net cash used in investing activities | (8,620) | (12,106) | (3,486) |
| Cash flows from financing activities | | | |
| Trust funds and Deposits | 968 | (1,051) | (2,019) |
| Finance Costs | 500 | 900 | 400 |
| Proceeds from Borrowings | (1,175) | (595) | 580 |
| Payment of Borrowings | (314) | (294) | 20 |
| Net cash used in financing activities | (21) | (1,040) | (1,019) |
| Net decrease in cash and cash equivalents | 7,871 | (5,191) | (13,062) |
| Cash and cash equivalents at the beginning of the period | 8,826 | 16,697 | 7,871 |
| Cash and cash equivalents at end of the year | 16,697 | 11,506 | (5,191) |

See Appendix A for details

CASH FLOWS FROM OPERATING ACTIVITIES

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.

CASH FLOWS FROM INVESTING ACTIVITIES

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.

See Appendix C for a summary of the Capital Works Program.

CASH FLOWS FROM FINANCING ACTIVITIES

The change is due to **\$900,000** in new borrowings in 2010-11, offset by the repayment of **\$595,000** in loan principal repayments. In 2009-10 funds were received and held in trust related to the Marysville retirement Village being destroyed in the February 2009 bushfires. This money has been held in trust and is expected to be disbursed in 2010-11.

CASH AND CASH EQUIVALENTS AT END OF THE YEAR

RESTRICTED AND UNRESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement indicates that at 30 June 2011 Council will have cash and investments of **\$11,506K**, which is restricted as shown in the following table:

| | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|--|--|--------------------------------------|----------------------------|
| Total cash and investments | 16,697 | 11,506 | (5,191) |
| Restricted cash and investments | | | |
| Statutory reserves | 2,029 | 911 | (1,119) |
| Discretionary reserves | 3,164 | 2,654 | (510) |
| Long service leave | 1,588 | 1,809 | 221 |
| Quarry Bank Guarantees | 112 | 112 | 0 |
| | 6,894 | 5,486 | (1,408) |
| Total unrestricted cash and investments | 9,803 | 6,020 | (3,783) |

See Appendix A for Budgeted Statement of Investment Reserves.

All reserve funds are backed by cash. Council sets the level of cash required when determining the budget to include other non-discretionary funds such as deposits, trust funds, investment funds held as security and provision for employee entitlements (balance of investment required under *Local Government Long Service Leave Regulations*) and a nominal amount (25 percent) of Employee Annual Leave Entitlements. As employees do not all take leave at the same time, experience has demonstrated that holding 25 percent of leave entitlements is adequate for any given year.

STATUTORY RESERVES BALANCE

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.

DISCRETIONARY RESERVES BALANCE

The Council has previously made decisions on the purpose of the discretionary reserve. Auditors have suggested in the past that these reserves form part of Council's equity which can be applied to its capital program.

LONG SERVICE LEAVE BALANCE

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

QUARRY BANK GUARANTEES

These funds relate to bank securities in favour of the Minister of Resources for works authorities relating to Drysdale's Quarry and Topsy Gully Quarry. The securities relate to mining licences and are tied funds.

ANALYSIS OF BUDGETED STANDARD CAPITAL WORKS STATEMENT

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

CAPITAL WORKS

| Capital Works Areas | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|----------------------------|-------------------------------|-----------------------------|--------------------|
| Land | 75 | 243 | 168 |
| Buildings | 1,453 | 9,737 | 8,284 |
| Plant & Machinery | 1,321 | 1,214 | (107) |
| Roads Streets & Bridges | 5,714 | 5,969 | 255 |
| Drainage | 102 | 238 | 136 |
| Historical Assets | 15 | 0 | (15) |
| Furniture & Equipment | 120 | 117 | (3) |
| Library book stock | 110 | 113 | 3 |
| Unspecified | 0 | 176 | 176 |
| Total new works | 8,910 | 17,807 | 8,897 |
| Represented by: | | | |
| Renewal | 3,301 | 9,433 | 6,132 |
| Upgrade | 3,149 | 3,638 | 489 |
| New assets | 2,460 | 4,736 | 2,276 |
| Total capital works | 8,910 | 17,807 | 8,897 |
| FUNDED BY | | | |
| Carry over from 2009-10 | | 7,153 | |
| Grants | | 5,051 | |
| Contributions | | 267 | |
| Reserves | | 567 | |
| Loan | | 900 | |
| Asset Sales | | 360 | |
| Insurance Payouts | | 715 | |
| Rates | | 2,794 | |
| TOTAL | | 17,807 | |

See Appendix C for a more detailed listing of the capital works program.

CARRIED FORWARD WORKS

At the end of each financial year there are projects that are either incomplete or not commenced due to unexpected factors such as planning issues, weather delays or extended consultation.

See Appendix C – Capital Works Program for details.

LAND

Council plans to complete the purchase of a parcel of land that has been funded by the State Government.

BUILDINGS

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

For the 2010-11 year **\$9,737,000** will be expended on building projects. Details of these projects are available in Appendix C.

PLANT AND EQUIPMENT

Plant and equipment refers to major plant and machinery purchases. For the 2010-11 year it is anticipated that **\$758,137** will be expended on the replacement of plant and equipment and vehicles as listed in Appendix C.

PASSENGER VEHICLES

Passenger vehicles relate to sedans and utilities acquired to enable delivery of service. Some vehicles are available to senior officers for private use. For the 2010-11 year it is anticipated that **\$456,362** will be expended on the replacement of passenger vehicles.

ROADS, STREETS AND BRIDGES

During the 2010-11 year **\$5,969,235** will be expended on capital projects (including local roads, car parks, footpaths, bike paths, bridges and culverts, declared main roads, traffic devices, street lighting and traffic signals).

See Appendix C – Capital Works Program for a detailed list of these allocations.

DRAINS

For the 2010-11 year **\$237,510** will be expended on drainage projects. Drains include drains in road reserves, retarding basins and waterways.

See Appendix C – Capital Works Program for a detailed list of these allocations.

HISTORICAL ASSETS

Historical assets refer to purchases of local artwork through the local Rotary Art Shows.

These are now funded through operating grants to Arts Shows rather than via an Acquisition process.

FURNITURE & EQUIPMENT

Furniture and equipment refers to the purchase of replacement computers and other information technology equipment including the provision for upgrade of telephone system, and replacement of minor capital equipment for pools. In 2010-11 **\$117,000** has been allocated to this category.

LIBRARY BOOK STOCK

In 2010-11 **\$113,106** has been allocated for the purchase of library book stock that is partly supported by grant funds of \$6,626.

See Appendix C – Capital Works Program for further information.

CAPITAL WORKS EXPENDITURE TYPE (ENHANCEMENT, NEW, RENEWAL AND UPGRADE)

A distinction is made between spending to acquire new assets, upgrade existing assets and renewing of existing assets to extend the serviceable life to that which it had originally. Expenditure on new assets may result in an additional responsibility for future operation, maintenance and capital renewal.

See Appendix C - Capital Works Program which groups all proposed projects into these four expenditure types.

FUNDING SOURCES

Appendix C provides full details of the funding sources for each capital project

CARRIED FORWARD

This includes Capital projects that were included in prior year's budgets and funded from that year.

GRANTS - CAPITAL

Capital grants include all monies received from state, federal and community sources for the purposes of funding capital works or major projects on a one off basis.

See section 4.1.6 for a list of significant grants included in the *2010-11 Budget*.

CONTRIBUTIONS

Contributions include monies received from community sources and special charge schemes raised to fund infrastructure works.

LOANS

\$900,000 will be borrowed to support Council's *Capital Works Program* as determined by our plant replacement strategy, draft *Borrowing Strategy* and the *Strategic Resource Plan*. Of this **\$400,000** will be used to construct a roof over the Yea Saleyards, which will be repaid from future earnings from the Yea saleyards.

PROCEEDS FROM SALE OF ASSETS

Proceeds from sale of assets includes motor vehicle and plant sales at the time of replacement as determined by council's plant replacement strategy, fleet management company, and *Strategic Resource Plan*.

RESERVE INVESTMENTS

Reserve cash and investments include monies set aside for specific purposes.

See Appendix A - Statement of Investment Reserves for more detailed information.

RATES

The net amount of any capital projects after the above categories are funded from Council Rates. It is forecast that **\$2,794,224** will be generated from operations to fund the 2010-11 capital works program.

ANALYSIS OF BUDGETED STANDARD BALANCE SHEET

This section analyses the movements in assets, liabilities and equity between 2009-10 and 2010-11. It also considers a number of key performance indicators (KPIs).

KEY ASSUMPTIONS

In preparing the budgeted Balance Sheet for the year ended 30 June 2010 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- All rates and charges will be collected in the 2010-11 year
- Employee entitlements to be increased in line with Enterprise Bargaining Agreement. No increase in the average rates of leave taken is expected
- Repayment of loan principal is to be \$595,000
- Total capital expenditure to be \$17,807,386

BUDGETED BALANCE SHEET

| | Forecast 2009-10 \$'000 | Budget 2010-11 \$'000 | Variance \$'000 |
|---|-------------------------------|-----------------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 16,697 | 11,506 | (5,191) |
| Trade and other receivables | 6,938 | 1,788 | (5,150) |
| Accrued Income | 60 | 40 | (20) |
| Prepayments | 155 | 152 | (3) |
| Inventories | 140 | 140 | 0 |
| Total current assets | 23,990 | 13,626 | (10,364) |
| Non-current assets | | | |
| Property, infrastructure, plant and equipment | 204,175 | 211,357 | 7,182 |
| Trade and other receivables | 66 | 30 | (36) |
| Total non-current assets | 204,241 | 211,387 | 7,146 |
| Total assets | 228,231 | 225,013 | (3,218) |
| Current liabilities | | | |
| Trade and other payables | 5,011 | 2,328 | (2,683) |
| Trust funds and deposits | 1,713 | 662 | (1,051) |
| Provisions – Employee benefits | 2,506 | 2,761 | 255 |
| Interest-bearing loans and borrowings | 578 | 723 | 145 |
| Total current liabilities | 9,808 | 6,474 | (3,334) |
| Non-current liabilities | | | |
| Provisions | 1,449 | 1,593 | 144 |
| Interest-bearing loans and borrowings | 3,626 | 3,786 | 160 |
| Total non-current liabilities | 5,075 | 5,379 | 304 |
| Total liabilities | 14,883 | 11,853 | (3,030) |
| Net assets | 213,348 | 213,160 | (188) |
| Equity | | | |
| Accumulated surplus | 89,972 | 96,157 | 6,185 |
| Surplus for year | 6,795 | (182) | (6,977) |
| Reserves General | 1,917 | 2,521 | 604 |
| Reserves – Asset Revaluation | 114,664 | 114,664 | 0 |
| Total equity | 213,348 | 213,160 | (188) |

CURRENT ASSETS AND NON-CURRENT ASSETS

Cash and cash equivalents includes cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less

Trade and other receivables are monies owed to council by ratepayers and others.

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

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles and equipment which has been built up by the Council over many years.

CURRENT LIABILITIES AND NON-CURRENT LIABILITIES

Trade and other payables are those to whom Council owes money as at 30 June each year.

Provisions include accrued long service leave, annual leave and rostered days off which are owed to employees. These employee entitlements are only expected to increase marginally due to more active management of entitlements.

Interest-bearing loans and borrowings are borrowings of Council.

NET ASSETS

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

The change in net assets (equity) is due to Government Natural Disaster Funding being utilised to rectify issues created by the February 2009 bushfires.

EQUITY

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

Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations.

Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed.

LONG TERM STRATEGIES

STRATEGIC RESOURCE PLAN AND KEY FINANCIAL INDICATORS

Council's Strategic Resource Plan is attached the Council Plan that was readopted by Council in August 2010.

APPENDICES

APPENDIX A BUDGETED STANDARD STATEMENTS

This appendix presents information in regard to the Budgeted Standard Statements. The budget information for the 2010-11 Financial year.

Appendix A includes the following 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 year ending 30 June 2011**

| | Forecast 2009-10 | Budget 2010-11 | Variance |
|---|-----------------------------|---------------------------|-----------------|
| | \$000 | \$000 | \$000 |
| Operating REVENUE | | | |
| Rate and charge Revenue | 11,419 | 12,349 | 930 |
| Rate Assistance Package | 646 | 691 | 45 |
| Special Rates | 0 | 105 | 105 |
| Statutory Fees and Fines | 1,040 | 558 | (482) |
| User Charges | 2,536 | 4,114 | 1,578 |
| Operating Grants | 5,682 | 4,926 | (756) |
| Non Recurrent Grants | 46,946 | 19,427 | (27,519) |
| Contributions (cash) | 256 | 297 | 41 |
| Reimbursements and Subsidies | 1,285 | 81 | (1204) |
| Interest | 490 | 425 | (65) |
| Other Revenue | 569 | 574 | 5 |
| Total Revenue | 70,869 | 43,547 | (25,322) |
| Operating EXPENSES | | | |
| Employee Benefits | 11,652 | 14,301 | 2,649 |
| Materials & Consumables | 47,344 | 23,918 | (23,426) |
| Depreciation | 4,522 | 4,918 | 396 |
| Other | 230 | 243 | 13 |
| Interest on Borrowings (Finance Costs) | 360 | 349 | (11) |
| Total Expenses | 64,108 | 43,729 | (20,379) |
| Net Gain/(Loss) on Disposal of Property, Plant & Equipment | | | |
| Share of Net Profit/(Loss) of Associated Entity | 34 | 0 | (34) |
| Net Surplus / (Deficit) from Operations | 6,795 | (182) | (4,943) |

**Budgeted Standard Balance Sheet
for the year ending 30 June 2011**

| | Forecast 2009-10 | Budget 2010-11 | Variance |
|---------------------------------------|-----------------------------|---------------------------|-----------------|
| | \$000 | \$000 | \$000 |
| Current Assets | | | |
| Cash Assets | 16,697 | 11,506 | (5,191) |
| Receivables | 6,938 | 1,788 | (5,150) |
| Inventories | 60 | 40 | (20) |
| Accrued Income | 155 | 152 | (3) |
| Prepayments | 140 | 140 | 0 |
| Total Current Assets | 23,990 | 13,626 | (10,364) |
| Non-Current Assets | | | |
| Receivables | 66 | 30 | (36) |
| Property Plant and Equipment | 204,175 | 211,357 | 7,182 |
| Total Non-Current Assets | 204,241 | 211,387 | 7,146 |
| TOTAL ASSETS | 228,231 | 225,013 | (3,218) |
| Current Liabilities | | | |
| Payables | 5,011 | 2,328 | (2,683) |
| Trust Funds | 1,713 | 662 | (1,051) |
| Provisions – Employee benefits | 2,506 | 2,761 | 255 |
| Interest Bearing Liabilities | 578 | 723 | 145 |
| Total Current Liabilities | 9,808 | 6,474 | (3,334) |
| Non-Current Liabilities | | | |
| Employee | 382 | 471 | 89 |
| Provisions | 1,067 | 1,122 | 55 |
| Interest-bearing loans and borrowings | 3,626 | 3,786 | 160 |
| Total Non-Current Liabilities | 5,075 | 5,379 | 304 |
| TOTAL LIABILITIES | 14,883 | 11,853 | (3,030) |
| NET ASSETS | 213,348 | 213,160 | (188) |
| EQUITY | | | |
| Accumulated Surplus | 89,972 | 96,157 | 6,185 |
| Surplus for Year | 6,795 | (182) | (6,977) |
| Statutory Reserves | 1,917 | 2,521 | 604 |
| Asset Revaluation Reserve | 114,664 | 114,664 | 0 |
| TOTAL EQUITY | 213,348 | 213,160 | (188) |

**Budgeted Standard Cash Flow Statement
for the year ending 30 June 2011**

| | Forecast 2009-10 | Budget 2010-11 | Variance |
|---|-----------------------------|---------------------------|-----------------|
| | \$000 | \$000 | \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Rates | 11,783 | 12,454 | 671 |
| Rate assistance package | 645 | 691 | 46 |
| User charges and other fines | 11,985 | 10,813 | (1,172) |
| Grants | 50,337 | 24,353 | (25,984) |
| Interest | 458 | 445 | (13) |
| Payments to suppliers | (47,114) | (26,844) | 20,270 |
| Payments to employees | (11,582) | (13,957) | (2,375) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 16,512 | 7,955 | (8,557) |
| CASHFLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment, infrastructure | (8,910) | (12,466) | (3,556) |
| Proceeds from sale of property, plant and equipment, infrastructure | 290 | 360 | 70 |
| NET CASHFLOWS FROM INVESTING ACTIVITIES | (8,620) | (12,106) | (3,486) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Trust funds and deposits | 968 | (1,051) | (2,019) |
| Proceeds from interest bearing loans | 500 | 900 | 400 |
| Repayments of interest bearing loans | (1,175) | (595) | 580 |
| Finance costs | (314) | (294) | 20 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | (21) | (1,040) | (1,019) |
| NET CHANGE IN CASH HELD | 7,871 | (5,191) | (13,062) |
| Cash at Beginning of Financial Year | 8,826 | 16,697 | 7,871 |
| CASH AT END FINANCIAL YEAR | 16,697 | 11,506 | (5,191) |

Budgeted Standard Statement of Capital Works for the year ended 30 June 2011

| | Forecast 2009-10 \$000 | Budget 2010-11 \$000 | Variance \$000 |
|----------------------------|------------------------------|----------------------------|-------------------|
| Land | 75 | 243 | 168 |
| Buildings | 1,453 | 9,737 | 8,284 |
| Plant & Machinery | 1,321 | 1,214 | (107) |
| Roads Streets & Bridges | 5,714 | 5,969 | 255 |
| Drainage | 102 | 238 | 136 |
| Heritage Assets | 15 | 0 | (15) |
| Furniture & Equipment | 120 | 117 | (3) |
| Library Book stock | 110 | 113 | 3 |
| Unspecified | 0 | 176 | 176 |
| Total capital works | 8,910 | 17,807 | 8,897 |
| Represented by: | | | |
| Renewal Investment | 3,301 | 9,433 | 6,132 |
| Upgrade Investment | 3,149 | 3,638 | 489 |
| New Assets Investment | 2,460 | 4,736 | 2,276 |
| Total capital works | 8,910 | 17,807 | 8,897 |

**Budgeted Statement of Investment reserves
as at 30 June 2011**

| | Forecast | Budget | |
|--|-------------------|-------------------|--------------------|
| | 2009-10 | 2010-11 | Variance |
| | \$ | \$ | \$ |
| Total cash and investments | 16,697,000 | 11,506,000 | (5,191,000) |
| Restricted cash and investments | | | |
| Statutory reserves | | | |
| Public Open Space | 372,455 | 312,455 | (60,000) |
| Deposits | 391,750 | 440,550 | 48,800 |
| General Trust Accounts | 1,265,010 | 157,510 | (1,107,500) |
| Total Statutory Reserves | 2,029,215 | 910,515 | (1,118,700) |
| Discretionary reserves | | | |
| Infrastructure Contributions - Parking | 44,080 | 44,080 | 0 |
| Garbage Reserve | 714,190 | 1,986,250 | 1,272,060 |
| Coster Street Units Reserve | 13,748 | 18,443 | 4,695 |
| Shaw Avenue Redevelopment Reserve | 43,752 | 43,752 | 0 |
| Alexandra Community Leisure Centre | 0 | 600 | 600 |
| Road Maintenance Reserve | 16,044 | 16,044 | 0 |
| Yea Saleyards Reserve | 405,457 | 61,834 | (343,623) |
| Alexandra Saleyards Reserve | 32,385 | 31,665 | (720) |
| Yea Caravan Park Reserve | 42,810 | 6,278 | (36,532) |
| Marysville Caravan Park Reserve | 231,959 | 539 | 231,420 |
| Provision for Employee Entitlement - A/L | 237,094 | 254,764 | 17,670 |
| Building & B Planning Fees | 360,000 | 190,000 | (170,000) |
| VGC | 1,022,660 | 0 | (1,022,660) |
| Provision for Employee Entitlement - LSL | 1,587,794 | 1,809,556 | 221,762 |
| Total Discretionary Reserves | 4,751,973 | 4,463,805 | 174,672 |
| Quarry Security ANZ | 112,500 | 112,500 | 0 |
| TOTAL RESTRICTED CASH AND INVESTMENTS | 6,893,688 | 5,486,820 | (1,406,868) |
| UNRESTRICTED CASH | 9,803,312 | 6,019,180 | (3,784,132) |

APPENDIX B STATUTORY DISCLOSURES

Appendix B presents information that the Act and the Regulations require to be disclosed in the Council's annual budget.

The Appendix includes the following budgeted information:

Rates and Charges Statutory Information

Statutory disclosures

1. Borrowings
2. Rates and charges
3. Differential rates

**Murrindindi Shire Council
Rates and Charges Statutory Information**

| ITEMS | Rate in the \$/cost per assessment | | Variance | | Amount raised \$ | | Variance | |
|--|------------------------------------|------------|------------|--------|---------------------|---------------------|--------------------|--------------|
| | 2009/10 | 2010/11 | \$ | % | 2009/10 | 2010/11 | \$ | % |
| | | | | | Forecast | Budget | | |
| General | \$0.002825 | \$0.002904 | \$0.000079 | 2.80% | \$3,392,662 | \$3,726,715 | \$334,053 | 9.85% |
| Commercial | \$0.002825 | \$0.002904 | \$0.000079 | 2.80% | \$413,286 | \$431,058 | \$17,772 | 4.30% |
| Rural 1 | \$0.002119 | \$0.002178 | \$0.000059 | 2.78% | \$2,150,902 | \$2,247,870 | \$96,968 | 4.51% |
| Rural 2 | \$0.002825 | \$0.002904 | \$0.000079 | 2.80% | \$1,844,067 | \$1,914,587 | \$70,520 | 3.82% |
| Municipal Charge | \$217.00 | \$230.00 | \$13.00 | 5.99% | \$1,954,085 | \$2,080,120 | \$126,035 | 6.45% |
| Agreement in Lieu of Rates | | | | | \$52,621 | \$54,095 | \$1,474 | 2.80% |
| Supplementary Valuation - (pro-rata within year) | | | | | \$54,171 | \$104,106 | \$49,935 | 92.18% |
| SUB TOTAL | | | | | \$9,861,794 | \$10,558,551 | \$696,757 | 7.07% |
| Garbage | \$222.00 | \$256.00 | \$34.00 | 15.32% | \$1,210,443 | \$1,424,815 | \$214,372 | 17.71% |
| Recycling | \$65.00 | \$67.00 | \$2.00 | 3.08% | \$347,259 | \$364,748 | \$17,489 | 5.04% |
| TOTAL General Rates & Charges | | | | | \$11,419,496 | \$12,348,114 | \$928,618 | 8.13% |
| Other - Special Charge Projects | | | | | | | | |
| Marks & Pratts Road | n/a | n/a | n/a | n/a | \$0 | \$0 | \$0 | 0.00% |
| Greens Street | n/a | n/a | n/a | n/a | \$0 | \$105,000 | \$105,000 | 0.00% |
| Taylor Bay Left Arm | n/a | n/a | n/a | n/a | \$0 | \$0 | \$0 | 0.00% |
| TOTAL - Special Charge Projects | | | | | \$0 | \$105,000 | \$105,000 | 0.00% |
| TOTAL ALL RATES & CHARGES | | | | | \$11,419,496 | \$12,453,114 | \$1,033,618 | 9.05% |

| ITEMS | Number of assessment | | Variance | | Valuation Base \$ CIV | | Variance | |
|--------------|----------------------|-------------|-----------|--------------|------------------------|------------------------|---------------------|--------------|
| | 2009/10 | 2010/11 | No. | % | 2009/10 | 2010/11 | \$ | % |
| | | | | | | | | |
| General | 5884 | 5914 | 30 | 0.51% | \$1,222,660,100 | \$1,283,304,100 | \$60,644,000 | 4.96% |
| Commercial | 482 | 478 | -4 | -0.83% | \$147,177,800 | \$148,436,000 | \$1,258,200 | 0.85% |
| Rural 1 | 1254 | 1270 | 16 | 1.28% | \$1,016,666,000 | \$1,032,080,000 | \$15,414,000 | 1.52% |
| Rural 2 | 1720 | 1723 | 3 | 0.17% | \$655,958,000 | \$659,293,000 | \$3,335,000 | 0.51% |
| TOTAL | 9340 | 9385 | 45 | 0.48% | \$3,042,461,900 | \$3,123,113,100 | \$80,651,200 | 2.65% |

BORROWINGS

| ITEMS | 2010/11 |
|---|--------------------|
| Total amount borrowed by Council as at 30th June 2010 | \$4,204,649 |
| Add proposed borrowings for the year | \$900,000 |
| Deduct amount proposed to be redeemed | (\$596,066) |
| Projected closing balance as at 30th June 2011 | \$4,508,583 |
| Cost of Debt Servicing | \$293,761 |

plus Landfill Rehab interest \$55,383 total \$349,144.

STATUTORY DISCLOSURES

BORROWINGS

| | 2009-10 | 2010-11 |
|-----------------|-----------|---------|
| | \$ | \$ |
| New borrowings | 500,000 | 900,000 |
| Debt redemption | 1,175,409 | 596,066 |

New borrowings for 2010-11 include a \$400,000 loan for the construction of a roof over the Yea Saleyards facility.

THE PROPOSED RATE IN THE DOLLAR FOR EACH TYPE OF RATE TO BE LEVIED

| Type of Property | 2009-10 cents/\$CIV | 2010-11 cents/\$CIV |
|---|------------------------|------------------------|
| General rate for rateable residential properties | 0.2825 | 0.2904 |
| General rate for rateable business properties | 0.2825 | 0.2904 |
| Differential rate for rateable Rural 1 properties | 0.2119 | 0.2178 |
| General rate for rateable Rural 2 properties | 0.2825 | 0.2904 |

THE ESTIMATED AMOUNT TO BE RAISED BY EACH TYPE OF RATE TO BE LEVIED

| Type of Property | 2009-10 \$ | 2010-11 \$ |
|--|---------------|---------------|
| Residential | 3,392,662 | 3,726,715 |
| Commercial | 413,286 | 431,058 |
| Rural 1 | 2,150,902 | 2,247,870 |
| Rural 2 | 1,844,067 | 1,914,587 |
| Agreement in Lieu of Rates (Power Station) | 52,621 | 54,095 |

THE ESTIMATED TOTAL AMOUNT TO BE RAISED BY RATES

| | 2009-10 \$ | 2010-11 \$ |
|--------------------------|---------------|---------------|
| Total rates to be raised | 7,853,538 | 8,374,325 |

THE PROPOSED PERCENTAGE CHANGE IN THE RATE IN THE DOLLAR FOR EACH TYPE OF RATE TO BE LEVIED, COMPARED TO THAT OF THE PREVIOUS FINANCIAL YEAR

| Type of Property | 2009-10 Change % | 2010-11 Change % |
|------------------|------------------------|------------------------|
| Residential | 6.00 | 2.80 |
| Commercial | 6.00 | 2.80 |
| Rural 1 | 6.00 | 2.78 |
| Rural 2 | 6.00 | 2.80 |

THE NUMBER OF ASSESSMENTS FOR EACH TYPE OF RATE TO BE LEVIED, COMPARED TO THE PREVIOUS YEAR

| Type of Property | 2009-10 | 2010-11 |
|------------------------------------|--------------|--------------|
| Residential | 5,884 | 5,914 |
| Commercial | 482 | 478 |
| Rural 1 | 1,254 | 1,270 |
| Rural 2 | 1,720 | 1,723 |
| Total number of assessments | 9,340 | 9,385 |

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

THE ESTIMATED TOTAL VALUE OF LAND IN RESPECT OF WHICH EACH TYPE OF RATE IS TO BE LEVIED, COMPARED WITH THE PREVIOUS YEAR

| Type of Property | 2009-10 \$ | 2010-11 \$ |
|------------------|----------------------|----------------------|
| Residential | 1,222,660,100 | 1,283,304,100 |
| Commercial | 147,177,800 | 148,436,000 |
| Rural 1 | 1,016,666,000 | 1,032,080,000 |
| Rural 2 | 655,958,000 | 659,293,000 |
| Total | 3,042,461,900 | 3,123,113,100 |

THE PROPOSED UNIT AMOUNT TO BE LEVIED FOR EACH TYPE OF CHARGE UNDER SECTION 162 OF THE ACT

| Type of Charge | Per Rateable Property 2009-10 \$ | Per Rateable Property 2010-11 \$ |
|-------------------------------|--|--|
| Municipal | 217.00 | 230.00 |
| Garbage - Kerbside collection | 222.00 | 256.00 |
| Recycling | 65.00 | 67.00 |
| Total | 504.00 | 553.00 |

THE ESTIMATED AMOUNTS TO BE RAISED FOR EACH TYPE OF CHARGE TO BE LEVIED, COMPARED TO THE PREVIOUS YEAR

| Type of Charge | 2009-10 \$ | 2010-11 \$ |
|-------------------------------|------------------|------------------|
| Municipal | 1,954,085 | 2,080,120 |
| Garbage - Kerbside collection | 1,210,443 | 1,424,815 |
| Recycling | 347,259 | 364,748 |
| Total | 3,511,787 | 3,869,683 |

THE ESTIMATED TOTAL AMOUNT TO BE RAISED BY RATES AND CHARGES

| | 2009-10 \$ | 2010-11 \$ |
|---|-------------------|-------------------|
| Rates and charges | 11,365,325 | 12,244,008 |
| Supplementary rates (pro-rata within year) | 54,171 | 104,106 |
| Total | 11,419,496 | 12,348,114 |

CHANGES WHICH MAY AFFECT ESTIMATED AMOUNTS RAISED BY RATES AND CHARGES

There are no known significant changes predicted. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations
- The variation of returned levels of value (e.g. valuation appeals)
- Changes in use of land such that rateable land becomes non-rateable land and vice versa
- Changes in use of land such that residential land becomes business land and vice versa.

DIFFERENTIAL RATES

RATES TO BE LEVIED

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

- A general rate of 0.2904 percent (0.2904 cents in the dollar of CIV) for all rateable residential properties, commercial properties and Rural 2 properties.
- A differential rate of 0.2178 percent (0.2178 cents in the dollar of CIV) for all rateable Rural 1 properties (75 percent of general rate)

The differential rate will be determined by multiplying the Capital Improved Value of rateable land (categorised by the characteristics described below) by the relevant percentages indicated above. Murrindindi Shire Council believes the differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

RURAL 1 LAND

Rural 1 land is any rateable land which is not less than 40 hectares in area and shall include non-contiguous assessments within the Shire operated as a single farm enterprise.

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

- Construction and maintenance of infrastructure assets
- Development and provision of health and community services
- Provision of general support services
- Recognition of the capital intensive nature of farming within the Shire and limited access to some services

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

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

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

RURAL 2 LAND

There is no rating differential for land classified as Rural 2 land. Rural 2 land is any rural land that does not meet the criteria for Rural 1 land and is between 4 and 40 hectares in size.

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APPENDIX C CAPITAL WORKS PROGRAM

Appendix C presents a listing of the capital works projects that are scheduled to be undertaken during the 2010-11 financial year.

The capital works projects include works carried forward from the 2009-10 year and new works for 2010-11.

The capital works projects are grouped as follows:

1. Renewal
2. New works and
3. Upgrade

Council Budget 2010-11

CAPITAL WORKS PROGRAM - 2010-11

| Project Details | 2010-11 Proposed Budget | C/fwd | Grant | Cont. | Reserve | Loan | Asset Sales | Insurance | Rates |
|--|-------------------------|------------------|----------------|----------|----------|----------|-------------|----------------|----------------|
| RENEWAL PROJECTS | | | | | | | | | |
| Buildings | | | | | | | | | |
| Marysville M & CH - Rebuild | 409,412 | 409,412 | | | | | | | 0 |
| Kinglake Early Learning Centre - Rebuild | 1,073,269 | 835,000 | | | | | 238,269 | | 0 |
| Kinglake M & CH Rebuild | 166,424 | 125,968 | | | | | 40,456 | | 0 |
| Flowerdale Community Centre - Rebuild | 438,998 | 294,000 | | | | | 144,998 | | 0 |
| Gallipoli Park Pavillion - Rebuild | 698,872 | 698,872 | | | | | 0 | | 0 |
| Marysville Retirement Village - Rebuild | 483,025 | 483,025 | | | | | 0 | | 0 |
| Marysville Information Centre - Rebuild | 320,881 | 264,000 | | | | | 56,881 | | 0 |
| Kinglake Comm Centre (Rebuild) | 500,852 | 419,563 | | | | | 81,289 | | 0 |
| Kinglake Memorial Park Tennis Club | 278,000 | 144,000 | | | | | 134,000 | | 0 |
| Alexandra Transfer Station | 25,000 | | | | | | | | 25,000 |
| Eildon Transfer Station | 10,000 | | | | | | | | 10,000 |
| Kinglake Transfer Station | 15,000 | | | | | | | | 15,000 |
| Marysville Transfer Station | 5,000 | | | | | | | | 5,000 |
| Yea Transfer Station Works | 10,000 | | | | | | | | 10,000 |
| Marysville Caravan Park - Reinstatement | 481,580 | 181,580 | 300,000 | | | | | | 0 |
| Alexandra Swimming Pool | 5,000 | | | | | | | | 5,000 |
| Yea Swimming Pool | 5,000 | | | | | | | | 5,000 |
| Eildon Swimming Pool | 81,000 | | | | | | | | 81,000 |
| Marysville Swimming Pool | 15,000 | | | | | | | | 15,000 |
| | 5,022,313 | 3,855,420 | 300,000 | 0 | 0 | 0 | 0 | 695,893 | 171,000 |

Council Budget 2010-11

CAPITAL WORKS PROGRAM - 2010-11

| Project Details | 2010-11 Proposed Budget | C/fwd | Grant | Cont. | Reserve | Loan | Asset Sales | Insurance | Rates |
|-------------------------------------|-------------------------|------------------|------------------|----------|----------|----------|-------------|----------------|------------------|
| Roads, Streets & Bridges | | | | | | | | | |
| Wilhelmina Falls Road | 284,548 | | 243,898 | | | | | | 40,650 |
| Banbury Road | 200,559 | | 171,908 | | | | | | 28,651 |
| NDF Bridge Rebuild Program | 725,000 | | 725,000 | | | | | | 0 |
| Gravel Roads - Resheeting | 895,455 | | 833,500 | | | | | | 61,955 |
| Sealed Roads - Reseals | 732,877 | | | | | | | | 732,877 |
| Sealed Roads - Pavement Renewal | 270,122 | | | | | | | | 270,122 |
| Snobs Creek Rd | 47,292 | 47,292 | | | | | | | 0 |
| Bridge / Component Renewal | 813,341 | 326,159 | | | | | | | 487,182 |
| Load Capacity Upgrades | 48,742 | 48,742 | | | | | | | 0 |
| Kerb Renewal | 137,882 | 72,602 | | | | | | | 65,280 |
| Footpath Renewal | 47,271 | | | | | | | | 47,271 |
| | 4,203,089 | 494,795 | 1,974,306 | 0 | 0 | 0 | 0 | 0 | 1,733,988 |
| Drains | | | | | | | | | |
| Drainage Renewal | 207,510 | 132,101 | | | | | | | 75,409 |
| TOTAL RENEWAL PROJECTS | 9,432,912 | 4,482,316 | 2,274,306 | 0 | 0 | 0 | 0 | 695,893 | 1,980,397 |

Council Budget 2010-11

| CAPITAL WORKS PROGRAM - 2010-11 | | | | | | | | | |
|---|-------------------------|----------------|------------------|----------------|----------------|----------|-------------|---------------|---------------|
| Project Details | 2010-11 Proposed Budget | C/fwd | Grant | Cont. | Reserve | Loan | Asset Sales | Insurance | Rates |
| NEW PROJECTS | | | | | | | | | |
| Buildings | | | | | | | | | |
| Buildings - Community Project Initiatives | 400,000 | | 400,000 | | | | | | 0 |
| Kinglake Memorial Reserve - Football | 47,400 | 28,000 | | | | | | 19,400 | 0 |
| Aitken Crescent Bus Shelter (RCLIP) | 23,000 | | 23,000 | | | | | | 0 |
| Marysville Caravan Park Amenities | 45,310 | 25,310 | | | 20,000 | | | | 0 |
| Rotary Park Upgrade Project | 153,000 | 52,000 | 81,000 | 20,000 | | | | | 0 |
| Alexandra Public Convenience | 10,000 | 10,000 | | | | | | | 0 |
| Bollygum DPCD | 233,595 | 30,000 | 118,320 | 85,275 | | | | | 0 |
| Bollygum RDV | 110,000 | 30,000 | 30,000 | | 50,000 | | | | 0 |
| Bollygum Skate Park | 156,375 | 28,000 | 12,000 | 56,375 | 60,000 | | | | 0 |
| Bollygum- Jobs Fund (DEEWR) | 968,701 | 436,100 | 532,601 | | | | | | 0 |
| Marysville Skate Park | 150,000 | 120,000 | 30,000 | | | | | | 0 |
| | 2,297,381 | 759,410 | 1,226,921 | 161,650 | 130,000 | 0 | 0 | 19,400 | 0 |
| Drainage | | | | | | | | | |
| Drainage - Network Expansion | 30,000 | | | | | | | | 30,000 |
| | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Furniture & Equipment | | | | | | | | | |
| Furniture & Equipment | 112,436 | 42,660 | | | | | | | 69,776 |
| Alexandra Council Chamber - New Furniture | 5,000 | | | | | | | | 5,000 |
| | 117,436 | 42,660 | 0 | 0 | 0 | 0 | 0 | 0 | 74,776 |

Council Budget 2010-11

CAPITAL WORKS PROGRAM - 2010-11

| Project Details | 2010-11 Proposed Budget | C/fwd | Grant | Cont. | Reserve | Loan | Asset Sales | Insurance | Rates |
|--|-------------------------|------------------|------------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Land | | | | | | | | | |
| Land Purchase - 2950 Heidelberg- Rd Kinglake | 240,078 | 225,000 | 15,078 | | | | | | 0 |
| Land Purchase 69 Extons Roads | 3,000 | | | | | | | | 3,000 |
| | 243,078 | 225,000 | 15,078 | 0 | 0 | 0 | 0 | 0 | 3,000 |
| Library Bookstock | | | | | | | | | |
| Library Bookstock - Adult | 80,901 | | 6,626 | | | | | | 74,275 |
| Library Bookstock - Junior | 32,205 | | | | | | | | 32,205 |
| | 113,106 | 0 | 6,626 | 0 | 0 | 0 | 0 | 0 | 106,480 |
| Plant & Equipment | | | | | | | | | |
| Purchase Major Plant & Machinery | 758,137 | 200,023 | | | | 350,000 | 142,686 | | 65,428 |
| Purchase of Passenger Vehicles | 456,362 | | | | | 150,000 | 217,939 | | 88,423 |
| | 1,214,499 | 200,023 | 0 | 0 | 0 | 500,000 | 360,625 | 0 | 153,851 |
| Roads, Streets & Bridges | | | | | | | | | |
| Bus Shelter Construction | 32,645 | 14,645 | | | | | | | 18,000 |
| Footpaths - Missing Links | 138,698 | 68,698 | | | | | | | 70,000 |
| Flowerdale Ranges Pathways Project | 126,818 | 94,455 | 32,363 | | | | | | 0 |
| Kinglake Ranges Pathways Project | 286,727 | 228,182 | 58,545 | | | | | | 0 |
| Toolangi District House - Walking | 136,364 | 22,727 | 113,637 | | | | | | 0 |
| | 721,252 | 428,707 | 204,545 | 0 | 0 | 0 | 0 | 0 | 88,000 |
| TOTAL NEW PROJECTS | 4,736,752 | 1,655,800 | 1,453,170 | 161,650 | 130,000 | 500,000 | 360,625 | 19,400 | 456,107 |

Council Budget 2010-11

| CAPITAL WORKS PROGRAM - 2010-11 | | | | | | | | | |
|---|-------------------------|----------------|----------------|----------|----------------|----------------|-------------|-----------|---------------|
| Project Details | 2010-11 Proposed Budget | C/fwd | Grant | Cont. | Reserve | Loan | Asset Sales | Insurance | Rates |
| UPGRADE PROJECTS | | | | | | | | | |
| Buildings | | | | | | | | | |
| Alexandra Shire Office - Air Conditioning replacement | 90,000 | 90,000 | | | | | | | 0 |
| Yea Saleyards Development | 800,000 | | | | 400,000 | 400,000 | | | 0 |
| Yea Shire Hall - Upgrade | 265,356 | 40,000 | 203,636 | | | | | | 21,720 |
| Yea Caravan Park - Toilet Upgrade | 36,532 | | | | 36,532 | | | | 0 |
| Kinglake Memorial Recreation Reserve | 340,000 | 264,000 | 76,000 | | | | | | 0 |
| Public Convenience Upgrades | 60,000 | 60,000 | | | | | | | 0 |
| Marysville Cricket Club Redevelopment | 100,000 | 80,000 | 20,000 | | | | | | 0 |
| Friends of Yea Railway - Pipeline Funding | 94,545 | | 94,545 | | | | | | 0 |
| Yea Men's Shed - Pipeline Funding | 72,727 | | 72,727 | | | | | | 0 |
| Yea Football Netball Club - Pipeline Funding | 227,273 | | 227,273 | | | | | | 0 |
| Yea Tennis Club - Pipeline Funding | 270,927 | | 270,927 | | | | | | 0 |
| Eildon Community Basketball Court | 49,468 | | 33,468 | | | | | | 16,000 |
| Drainage Upgrade- trouble spots | 10,000 | | | | | | | | 10,000 |
| | 2,416,828 | 534,000 | 998,576 | 0 | 436,532 | 400,000 | 0 | 0 | 47,720 |
| Unspecified | | | | | | | | | |
| RCLIP3 2010-11 - Budget Purposes | 176,000 | | 176,000 | | | | | | 0 |
| | 176,000 | 0 | 176,000 | 0 | 0 | 0 | 0 | 0 | 0 |

Council Budget 2010-11

| CAPITAL WORKS PROGRAM - 2010-11 | | | | | | | | | |
|-------------------------------------|-------------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Project Details | 2010-11 Proposed Budget | C/fwd | Grant | Cont. | Reserve | Loan | Asset Sales | Insurance | Rates |
| Roads, Streets & Bridges | | | | | | | | | |
| Narbethong Streetscape | 37,500 | | 37,500 | | | | | | 0 |
| Murchison Gap Observation Platform | 37,000 | 3,000 | 34,000 | | | | | | 0 |
| Buxton Township Landscaping (RLCIP) | 11,500 | | 11,500 | | | | | | 0 |
| Bakers Lane (RLCIP-2) | 23,000 | | 23,000 | | | | | | 0 |
| Eildon Streetscape (RLCIP-2) | 23,000 | | 23,000 | | | | | | 0 |
| Hazeldene Precinct (RLCIP-2) | 23,000 | | 23,000 | | | | | | 0 |
| Narbethong Streetscape (RLCIP-2) | 11,500 | | 11,500 | | | | | | 0 |
| Final Seals | 65,000 | | | | | | | | 65,000 |
| Pendlebury Street | 30,000 | 30,000 | | | | | | | 0 |
| Minor Capital Works - UDF | 168,474 | 168,474 | | | | | | | 0 |
| Urban Access Improvements | 51,751 | 31,751 | | | | | | | 20,000 |
| Spring Creek Road - pavement/seal | 110,000 | | | | | | | | 110,000 |
| Bayley Street - seal / car parking | 8,000 | | | | | | | | 8,000 |
| Green Street | 210,505 | 105,505 | | 105,000 | | | | | 0 |
| Lamont St / Station St Intersection | 15,000 | 15,000 | | | | | | | 0 |
| Yea Saleyards Intersection | 127,664 | 127,664 | | | | | | | 0 |
| Topsie Gully Road | 70,000 | | | | | | | | 70,000 |
| Vickery St / Green St Intersection | 10,000 | | | | | | | | 10,000 |
| Craigie St / Nolan St Intersection | 12,000 | | | | | | | | 12,000 |
| TOTAL UPGRADE | 3,637,722 | 1,015,394 | 1,323,076 | 105,000 | 436,532 | 400,000 | 0 | 0 | 357,720 |
| TOTAL CAPITAL WORKS | 17,807,386 | 7,153,510 | 5,050,552 | 266,650 | 566,532 | 900,000 | 360,625 | 715,293 | 2,794,224 |

End of Murrindindi Shire Council Budget Report