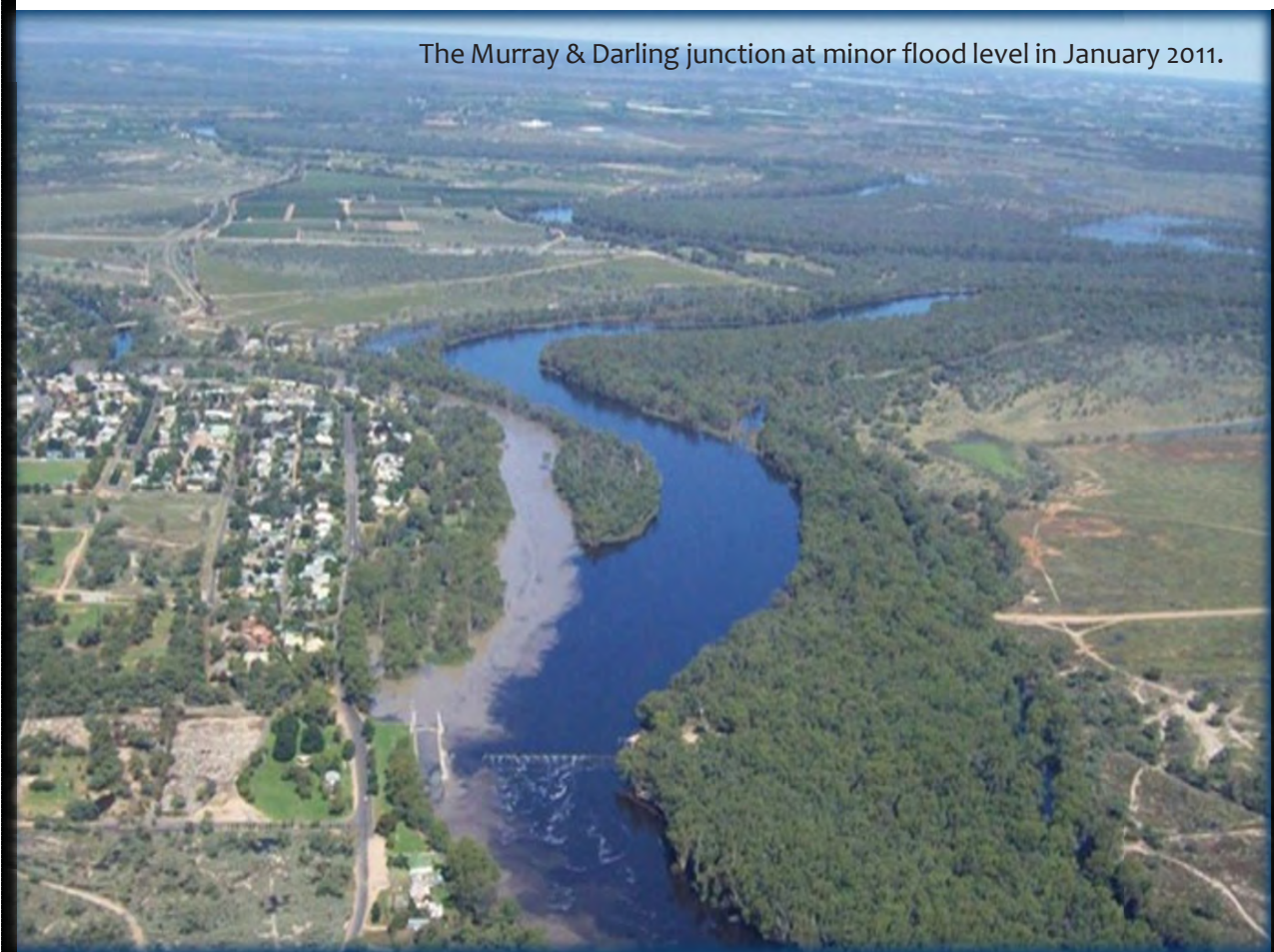


The Murray & Darling junction at minor flood level in January 2011.



2011—2015 Management Plan

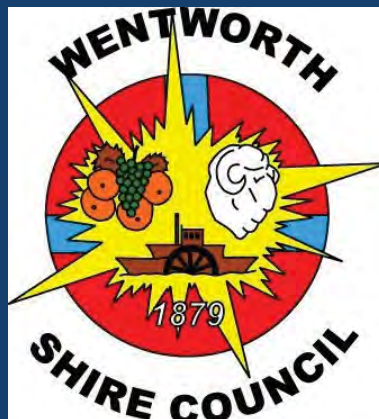


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REFERENCE MATERIAL

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Each of the above plans are to be read in conjunction with the adopted Management Plan 11/12 and become part of Council's Operational Plan (management working document)

Part 1 - INTRODUCTION

How to Read This Document

The Management Plan is broken down into a number of parts. Parts 2 and 3 provide an executive summary, an overview of the planning process, budget comments and long term financial strategies. Part 4 provides the program activities and the associated estimated funding. Part 5 contains the relevant budget and financial documents. Part 6 includes appendices that provide more detail and supporting information.

Step	Details	Section/Page
1	Part 1. This provides the reader with the basics of the document and how to move around it. The General Manager's comments are included.	White
2	Part 2. This provides comments about the strategic direction of the council, including the vision, mission and principal activities.	White
3	Part 3. This provides Council's budget overview and long term financial strategies.	White
4	Part 4. This provides details of Council's program activities, including objectives, actions (blue), and estimates of income and expenditure (white).	White
5	Part 5. This provides all relevant financial and budget documentation.	Blue
6	Part 6. Appendices provide background information for the reader.	Blue

It is suggested that the best way to read the document is to move from one part to the next and where more information is required refer to the appendices.

General Managers Comments

The Management Plan for the Financial Year 2011/12 is presented on the basis of consolidating Council's financial position and planning for a sustainable future within the context of challenging economic times.

The Management Plan (or Operational Plan) essentially provides the detail of one year's budget within the context of a four year focus. The Plan is the operational component of Council's long term 10 Year Plan. It contains Wentworth Shire Council's vision, goals and actions to be undertaken to meet the expectations of its communities in terms of service provision and capital projects.

The budget from ordinary activities before capital considerations including depreciation charges for plant shows an underlying surplus of \$4,109,838. In order to ensure that Council maintains a sustainable operation into the future, surpluses are necessary before capital. The estimated result from ordinary activities can fluctuate from year to year and for this council such variations usually relate to the increase or reduction in grants and the need to carry out one off expenditure without corresponding income. There are no substantial new revenue sources.

The Management Plan, after capital considerations, capital loan repayments and depreciation adjustments (plant), shows an estimated deficit of \$2,093,662. The deficit is necessary due to programmed works not completed, beyond Council control, in 10/11, capital loan repayments of \$218,340, additional defined benefit superannuation payments of \$175,000 and increased work cover premiums of \$191,300. The deficit will be funded by transfers from Reserves for unexpended grants received in previous years of \$1,736,700 and a transfer from retained earnings of \$356,962.

Council's ability to raise income continues to be restricted by legislation. The Minister for Local Government has advised that the rate pegging limit for 11/12 is 2.8%. Council may seek variations above this amount but must go through a consultative process beforehand and must get approval from the Minister. No application for variation will apply in 2011/12.

The reason for raising rates by the full percentage increase is because of the limited ability of Council to raise alternative income bearing in mind that "rates" income represents only approximately 33 % of all income available. That means for every dollar Council spends about 33 cents is funded by rates. Other reasons are detailed later under external and internal factors affecting the budget.

Over the next four years increasing regulations, increased overheads, and reductions in grants will continue to place pressure on Council's recurrent expenditure. Income is likely to reduce because of reductions in grants as many are tied to population projections, and current projections are showing a drop in population. It is still unclear whether the Federal Government will increase or decrease previous grant commitments.

The above changes and their implications require a greater focus on reducing costs together with increased productivity, and an overall improvement in council's service efficiency and effectiveness. The organisation has adopted a continuous improvement model and will continue to review its services through this model.

The graph on the next page looks at the relationship between expenditure, income and monetary reserves, and the trends over the last 4 years. The graph indicates that there has been increasing pressure on capital expenditure, increased operational expenditure and limitations in relation to income sources.

Council's clear focus over the next four years is to maintain levels of service while ensuring that Council assets do not deteriorate further in the context of ongoing sustainability.

The 10 Year Plan is underpinned by a Financial Plan. All reserves are categorised as restricted (statutory) restricted (10 Year MPCAPEX) and discretionary (contingency). Statutory restrictions include funds for staff entitlements, loans, developer contributions and unexpended grants. Council requires investments to support these commitments. 10 Year MPCAPEX restrictions refers to Council's commitment to its capital and major projects expenditure over a 10 year period, and discretionary refers to the amount in reserves to support future opportunities for grants or where unforeseen expenditure may be required.

Operating Result

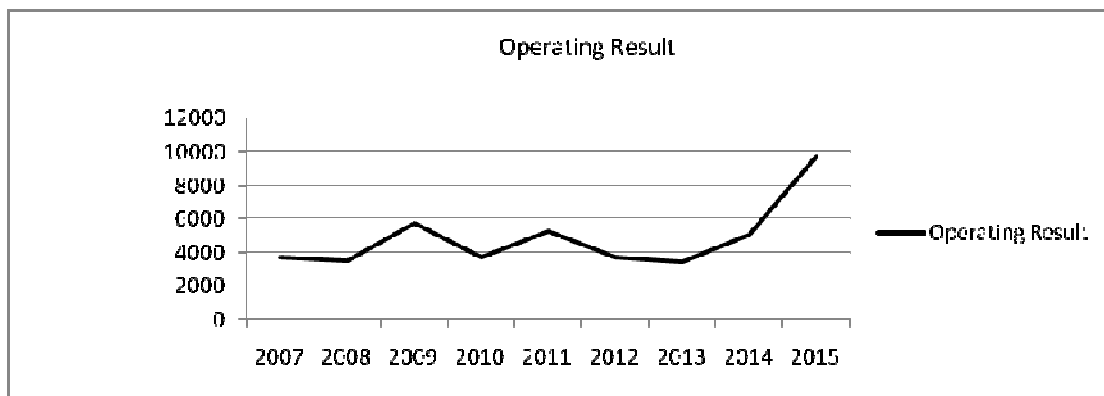
The underlying result for 2011/12 is estimated as a surplus of \$4,914,480. This result deals with expenditures and incomes, including capital grants and contributions.

The underlying surplus allows Council to finance many projects in the capital works program and reduce debt of \$1,156,734 by \$218,342 .

It will be important for Council and staff to be vigilant in the next few years to ensure that surpluses continue to enable Council to maintain, renew, upgrade or expand Council's Assets.

The budget has been prepared with the objective of balancing the demand for services and infrastructure with the community's capacity to pay.

Underlying Surplus (before capital transactions)



The trend for the underlying operating result varies significantly during this timeframe due to many factors such as receipt of grant funding for projects, expected revenue fluctuations as a result of the current economic climate affecting interest rates and additional expenditure due to compliance with statutory obligations.

Rates and Charges

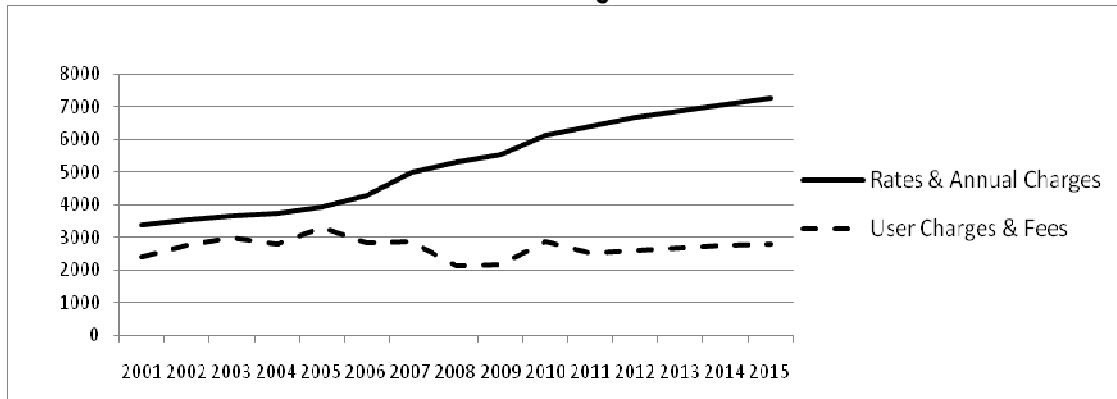
Council's decision making in terms of setting the level of rate increases is capped by the NSW State Government. This policy has been in operation for two decades. Other states are not subjected to a rate cap.

This budget includes a 2.8% rate increase, the maximum allowable by the rate cap. CPI is projected to be in the order of at least 3.0% in the coming year. \$4,183,780 will be raised in 2011/12 with

\$117,334.86 representing an increase on 10/11 rates including rates on new properties rated for the first time as well as the 2.8% rate pegged amount.

The overall increase of Shire rates is \$131,215. Council has assessed a series of different options and has endeavoured to make a rate that is fair and equitable.

Rate and User Charges and Fees

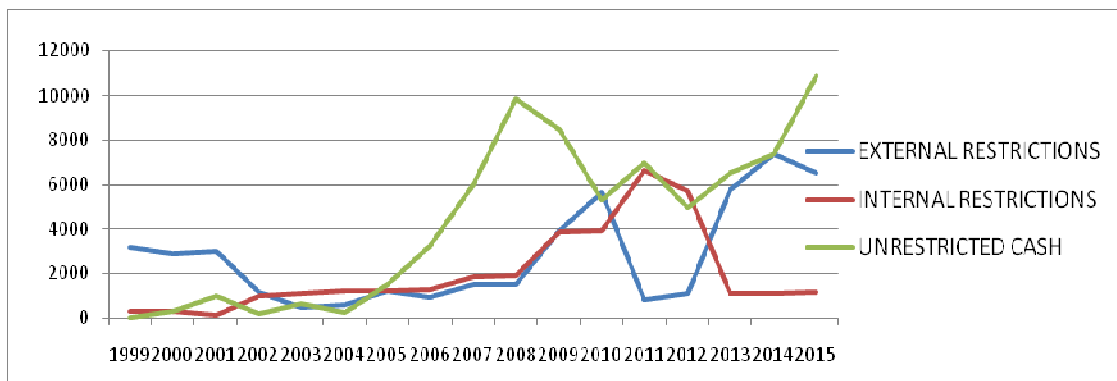


Consistent rate increases over the years have been necessary to counteract CPI increases on all goods, services and employee costs and to offset the expected decrease in grant funding. Rate increases over many years have not been in line with CPI increases.

Cash and Investments

The following graph details the cash and investments for the next four years. Cash and investments are expected to decrease during 2011/12. This will result from capital works being completed by unexpended grants, the diminishing cash available for investments and lower interest revenue. The Capital Works Program will also be a factor in the downward trend of cash investments. This is in line with Council’s financial plan projections.

Cash and Investments

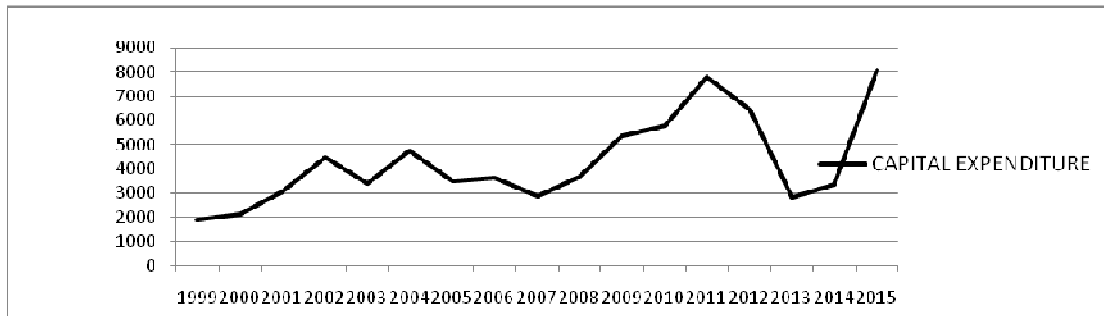


Cash and investments are broken down into restricted and non restricted components. \$1,087,410 is restricted due to external reasons such as unexpended grants and developer contributions, \$5,740,285 is restricted because of internal reasons such as leave entitlements, future development reserve and plant replacement reserve with the balance of \$4,955,000 not restricted and for use in daily operations and contingencies such as matching grant opportunities.

Capital Expenditure

The following graph details capital expenditure.

Major Projects & Capital Expenditure



The Major Projects and Capital Expenditure Program for 2011/12 will be \$6,203,500 with \$1,244,460 relating to projects carried forward from 2010/11. Operating major projects account for \$460,000 Capital expenditure accounts for \$5,525,158 with capital loan repayments of \$218,342.

Of the \$6,203,500 capital works funds required, \$2,623,350 will come from grants and contributions, \$500,000 from loans, \$299,500 from assets sales and the balance from Council operations.

It should be noted that a number of large capital projects are included in the above graph because they will need to be prioritised as part of the development of the Community Strategic Plan scheduled for completion by 30 June 2012

Capital Expenditure by Funding Sources

The challenge over the medium to long term is to achieve financial sustainability whilst still achieving the Council’s strategic objectives as specified in the 10 Year Corporate Plan. The challenge also is to adequately maintain existing assets before adding to the asset base, bearing in mind that new assets add to costs to ongoing operational costs.

The budget for 2011/12 has been developed through a process of consultation and review with Council and staff. The budget as presented has a four year focus and is financially responsible and contributes to the 10 Year Corporate Plan.

Part 2 – STRATEGIC DIRECTIONS

Wentworth Shire Profile

Our Location

Wentworth Shire Council is located in the south western corner of New South Wales approximately 1000 kilometres west of Sydney and 585 kilometres North West of Melbourne.

The Shire covers an area of approximately 26,000 square kilometres and has 5 urban centres including Wentworth, Dareton, Buronga , Gol Gol and Pooncarie.

Wentworth Shire is predominately a horticulture and dry land farming community, which is supported by unique tourism attractions including Mungo National Park and the junction of the Murray and Darling rivers.

Wentworth Shire's population is approximately 7159. The population has increased by 2.4% in the last 5 years. This is made up of by major growth in the township of Gol Gol.

A statistical profile of Wentworth Shire is included in appendix N.

Vision and Strategic Direction

The Management Plan is a result of combining corporate planning (long term direction) and short term budgeting (short term objectives and funding). Therefore, the Management Plan is the single most important document for Wentworth Shire Council in that it provides the direction in the long term and how it intends to get there in the short to medium term.

Over the last 12 months Council has made some strategic changes in the management team to take the organisation into the next decade. Council will review the way it does business and will continue to do so to ensure that it remains viable, strives for a meaningful and challenging vision and delivers sustainable programs as part of its mission.

Council's Vision:

“A caring Community with a friendly safe country lifestyle with opportunities for growth and development.”

The vision is a statement of where Council wants to be. It is the long term planning focus of council.

Council's mission reflects what we will do to achieve the vision:

“To represent and assist the community and the stakeholders of the Wentworth Shire in meeting their needs at an affordable cost.”

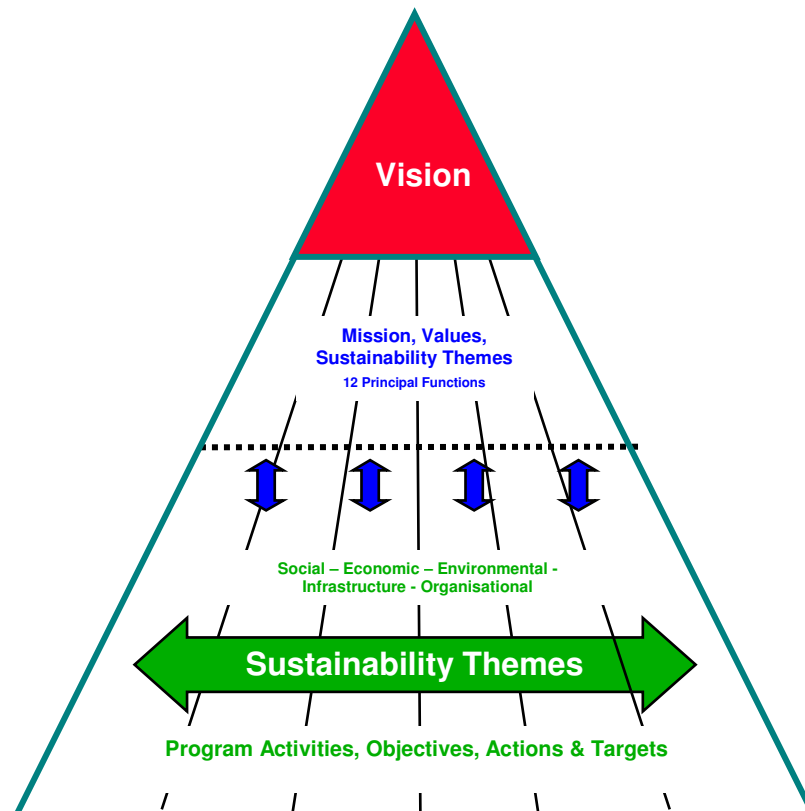
Council's mission is council's medium term planning focus. The principal values under which Council operates and underpins the vision and mission are detailed in appendix M.

Sustainability Themes

Council's mission has been broken down into five sustainability themes.

- Sustainable organisation – delivering quality services
- Sustainable communities (social) – our people
- Sustainable communities (economic) – growing our wealth
- Sustainable environment – the place where we live
- Sustainable infrastructure – our assets

WSC Planning Framework



Contained within each theme is the related key focus areas (or principal activities) and under each principal activity a number of program activities are identified in order to achieve Council's desired outcomes.

Council's principal activities (and goals) reflect key service areas and provide the basis for resource allocation and performance reporting. These activities are broken down into four year's of objectives and actions within an overall context of a 10 year plan. The detailed objectives and actions for the next four years are contained in Appendix B.

Principal Activities and Program Activities (and Services)

Section 403(1)

The following statement of principal activities are those that Council intends to engage in. They represent a grouping of services in support of Council's mission. Key directions and strategies are formulated around these principal activities. Each principal activity listed below has a related goal.

Sustainable organisation – delivering quality servicesLeadership, Governance & Strategic Planning

To effectively and efficiently manage the Shire and provide leadership according to community needs within the resources available.

Financial Planning & Organisational Development

To provide effective support services for all of Council's operations.

Sustainable communities (social) – our peoplePublic Safety and Order

To provide services to the community that creates a safe environment and promotes confidence that their personal safety and quality of life is assured.

Healthy Communities (Health Services)

To administer health controls that provide a healthy environment.

Community Services

To support a range of community services, build community capacity, develop partnerships and improve community well being.

Housing & Community Amenities

To provide public amenities, ensure all uses of land are appropriate and that Council provides environmentally sensitive and effective services to meet the needs of the community.

Recreation & Culture

To provide learning, cultural, heritage, recreational environments and facilities on an equitable basis, enabling access by local residents and visitors.

Sustainable communities (economic) – growing our wealthStatutory and Strategic Planning

To provide statutory and strategic planning functions which administer and enhance the performance of the Local Environmental Plan and operate in context to the Environmental Planning and Assessment Act 1979.

Building Control

To encourage proper development and management of resources through provision of regulatory services for building and construction projects.

Sustainable Economic Development & Growth

To provide efficient, cost effective business undertakings which facilitate the economic development of the area. Ensure that tourist attractions within the Shire are promoted and maintained to maximum practical extent.

Build on the region's strengths to ensure local enterprise and residents have the opportunity to share in a sustainable future.

Promote a functional satisfied community who choose to live in the municipality.

Sustainable environment – the place where we live

Environmental Management

To manage activities which properly develop, protect, restore, enhance and conserve the environment in accordance with ecologically sustainable development principles.

Domestic Waste Management

To provide an efficient and effective collection and disposal service for garbage from domestic premises.

Sustainable infrastructure – our assets

Roads & Bridges (Infrastructure)

To provide a road network for safe and efficient access to the Shire for all residents and visitors.

Water Supplies

To provide economical, reliable and safe water supply systems to the townships of Wentworth, Dareton, Buronga, Gol Gol and Pooncarie. To ensure that the Water Supply Utility operates as a stand alone business unit within Council.

Waste Water Schemes

To provide an economical, reliable and environmentally safe sewerage system for the townships of Wentworth, Dareton, Buronga, and Gol Gol.

Key actions supporting the above goals are contained in appendix B.

Each principal activity is supported by a series of program activities.

Services to be Delivered by Council

Whilst program activities identify the main program areas for services there are other names used for service delivery such as those identified in appendix O. All current services will be retained. No new services are proposed.

Part 3 - BUDGET OVERVIEW

Section 404(1)

Introduction

Council is required to produce an estimate of income and expenditure that relates to all of its principal activities. The period for the budget is four years.

There have been some legislative changes during the past 12 months that significantly impact upon the 2011/12 draft Management Plan. The defined benefits scheme superannuation increases imposed on all Councils have a major impact on Council funds over the next ten year period. Additional statutory requirements such as the requirement to implement the Integrated Planning and Reporting Framework will also impact of Council from 2011/12.

Other internal and external factors affecting the budget are detailed later in this section.

Rating

A minimum rate will still apply on the Townships of Wentworth, Dareton and Pooncarie. These have been increased to \$330.00 per property which is still far below the minimum rate approved by the Minister of \$ 442 per annum.

The Waste Water Fund has experienced difficulties in the past with funding operational and proposed Capital spending required to maintain the Waste Water Infrastructure. It has been necessary to increase the Waste Water Fund by \$30 per property. Please note that this is still below the recommended charge by the Department of Commerce in the Long Term Financial Plan for this Fund. The increase includes the normal CPI increase that would apply to these charges.

Water Charges will be increasing by \$5 per property. This will be the first increase in four years

The Domestic Waste charge will increase by \$5 per annum to cope with the increasing cost of waste collection.

To ensure that services remain at 10/11 levels, Council will take up the full increase of 2.8% as advised by the Minister of Local Government.

The Process

The 2011/12 draft Management Plan includes an allowance of 3.0% for increases to wages and salaries.

The Management Plan contains the program activities, the short-term objectives, actions and performance indicators. Each program activity also identifies the associated income and expenditure.

The following process is followed to comply with the section 403 of the Local Government Act 1993.

Step 1	Production of a draft Management Plan
Step 2	Advertising the draft MP & invite submissions

Step 3	Hear submissions & adopt the MP In June 2011
Step 4	Adopted MP is operative 1 July 2011

The Draft Management Plan will be advertised for a 28-day period (commencing on 23 April 2011) and put on public exhibition. During this time submissions from the public will be received. Council will consider these submissions at the May 2011 Council Meeting. The Management Plan is to be adopted on 15 June 2011. The adopted Management Plan will come into effect as of 1 July 2011.

BUDGET INFLUENCES

The following **budget principles** have been used in the preparation of the Management Plan.

- Existing fees and charges have been reviewed and increased by CPI or by amounts determined on potential usage.
- Rate increase at the rate cap level to minimise the effect on service delivery in the context of aiming for financial sustainability
- Grants are confirmed where possible & where not a conservative estimate has been used)
- New revenues are identified where possible
- Projects that are not completed in the 10/11 MP will be considered with the 11/12 projects, and where appropriate funds will be carried over
- Where there is no significant reason to increase an expenditure estimate the amount has been either remained at 10/11 levels or reduced
- No reliance on the proceeds of assets sales
- One new loan is required to help fund the Wentworth Sewer Ponds/Water re-use project.

The following **external influences** have been taken into consideration, as they are likely to have an impact on service delivery and service levels.

- The Consumer Price Index has decreased from 3.5% to 3.0%
- Grants Commission anticipates there will be a small increase (not in real terms)
- Minister's decision on rate pegging limits of 2.8%.
- Property Insurance premiums increase by approximately 33.33%
- Legislation for councillor training
- Major increases in material, contracts and service costs beyond CPI
- The implications of the Water and Sewerage Inquiry (not factored in at this stage – awaiting outcome)
- Changes in Accounting Practices
- Statutory Strategic Planning requirements

The Minister has not specified a percentage in terms of section 507 of the Act, by which the amounts of annual charges for domestic waste management services may be varied for the rating year. This has the effect that no Ministerial limitation is placed on variations to the charge. However, the amount of the charge remains subject to section 504(3) of the Act and councils will need to review their waste management operations in order to determine the appropriate current and future costs to be included as

part of the reasonable cost determination. Council will increase domestic waste charges by \$5 per annum in 11/12.

The following **internal influences** have had an impact on the setting of the budget for 11/12

- 3% increase in employee costs due to Award increases, recruitment expenditure and Council performance/skill recognition system
- Increased consultancy and staff replacement costs as a result of the need to address outstanding leave entitlements due to staff (the alternative of reducing service levels or services was considered not appropriate)
- Consultant costs as a result of vacancies and the need to maintain technical resources input to normal duties.
- Depreciating of Assets – significant increase as a result of the revaluation process.

BUDGET ANALYSIS

Includes Statement of Principal Activities
 Ref: Statement of Principal Activities S403(2)

This section provides comments on the main expenses and revenues, and capital expenditure for 2011/12

Operating Revenue

Extract of Operating Statement

Operating Revenue	*2010	2011	2012	2013	2014	2015
Rates & Annual Charges	6,147	6,413	6,666	6,866	7,072	7,284
User Charges & Fees	2,893	2,527	2,593	2,664	2,738	2,814
Interest	844	650	750	733	796	820
Grants & Contributions (Op)	5,667	8,159	9,311	8,191	9,529	14,198
Other Operating Revenue	490	419	526	483	487	523
Net gain/loss Disposal of Assets	102	100	100	100	100	100

* Actual Expenses for 2010 as per Audited Statements opposed to Estimated Expenses for all other financial years.

Hardship and Ability to Pay Rates

The ability of ratepayers to pay rates has been good in recent years. However, it is expected that there will be an increase in people who will be looking to pay by instalments or to defer payments under an agreement. These can be handled by the administration.

A hardship policy has been developed and has been implemented to address the issue.

Applications for Ministerial Approval for a Special Variation to General Income

This Council could apply for additional income through these provisions. Council applied in 2004/05 for a Special Variation to cover the cost of the Levee Bank around the Wentworth Township that will remain in place for a 20 year period until the \$1 million loan has been paid out.

The provision allows the raising of additional income over and above the rate cap for specific purposes and under strict guidelines. This option will be explored during 2011/12 if necessary.

Operating Expenditure

Extract of Operating Statement

Operating Expenses	*2010	2011	2012	2013	2014	2015
Employee Costs	5,865	5,855	6,060	6,272	6,492	6,719
Materials & Contracts	3,521	4,704	8,572	7,347	7,190	6,856
Interest Charges	234	192	135	115	95	483
Depreciation & Amortisation	3,068	3,042	7,106	7,167	7,208	7,250
Other Operating Expenses	1,648	1,643	1,802	1,910	1,897	1,945

* Actual Expenses for 2010 as per Audited Statements opposed to Estimated Expenses for all other financial years. Note: If permanent positions are filled by Contract expenses are reflected in Materials and Contracts.

Salaries and Skilled labour shortage

This Council has continued to experience difficulty in attracting staff and consequently the annual turnover is predicted to increase. This has been particularly difficult in the areas of engineering and planning. There have been a number of vacancies for significant periods of time during the last year. The gap of skilled staff has been filled to some extent by casual employment and increased consultancies. Therefore, Council has been operating with less than its authorised staff level which has directly impacted on some works being delayed.

Salaries have been estimated to increase beyond CPI as a result of Award increases, increased recruitment costs and ongoing performance increases as part of Council's salary system. All councils in NSW are subjected to this scenario.

Overtime payments are kept to a minimum and mostly applies to outdoor operations.

Organisational Structure

The 2011/12 Management Plan has proposed an effective fulltime equivalent level of 98.7. The EFT level is the same as for the previous year.

The organisational structure as proposed for 2011/12 is included in appendix J notwithstanding changes to legislative requirements.

No new positions are proposed.

Structural realignments will be made, if necessary, to better reflect the demands in service delivery and project management.

Human Resources Activities

The Human Resources section is responsible for a number of key areas including employee relations, risk management, training and development, occupational health and safety and industrial relations.

Council will be undertaking a range of activities as identified in the Human Resources Strategic Plan and Risk Management Strategic Plan to create an organisation that fosters a workplace which is committed to becoming an employer of choice by providing quality leadership, building staff capacity and creating a safe and healthy work environment.

The Human Resources Strategic Plan is detailed in appendix I

Equal Employment Opportunity (EEO) Activities

Council is committed to delivering a workplace of equality and diversity where all workers are valued and respected and have opportunities to develop to their full potential based on individual merit.

Council will undertake a number of activities during the next four years as outlined in its EEO Management Plan to help increase the awareness of EEO principles and practices and ensure that Council is operating within EEO legislative requirements.

Council's EEO Management Plan along with the EEO and Workplace Behaviors Policy are key documents to achieving this objective.

The Equal Employment Opportunity Strategic Plan is detailed in appendix I.

Road Traffic Authority & Roads to Recovery Contracts

These contracts continue to be significant in terms of Council's overall expenditure program. The organisation's focus is towards attracting further funds but is restricted by the difficulties of recruiting suitably qualified staff and staff turnover. In order to maintain the current proposed levels of expenditure it may be necessary to contract out some works during the year.

Plant and Fleet Replacement Program

The Wentworth Shire Council continues with its four year capital replacement program with the expenditure forming a major component of the 2011/12 budget. Appendix E details the program.

Public Liability Insurance and other Insurances

Minimal increases in Council's insurance policy for public liability insurance will not have any significant impact on the 2011/12 budget with the exception of property insurance where recent valuations have increased asset values resulting in increased premiums.

Local Government Reform and Resource Sharing

Resources will continue to be pursued notwithstanding the difficulties being involved.

Activities of a Business or Commercial Nature

Ref: Statement of Principal Activities S 403(2)

Council operates a number of commercial/business type activities. These include waste water and water supplies. Objectives and performance targets for these types of activities have been included in the Management Plan.

Environmental Activities

Ref: S 403(2) & cl 199(1)

Council has identified a number of environmental activities which properly develop, protect, restore, enhance and conserve the environment in a manner that is consistent with and promotes the principles of ecological sustainable development. Details are provided in appendix L and incorporated into Council's 10 year plan (4 year focus as depicted in Part 6).

Waste Management Control

Ref: Statement of Principal Activities S 403(2)

Council operates Waste Disposal Depots at Buronga, Dareton, Wentworth, Pomona, Pooncarie and Ellerslie. Operations and development costs are partly recovered from fee for service for items disposed. All green waste is free.

Water and Waste Water

The State Government are likely to consider recommendations from an Inquiry into water and sewer services undertaken by the previous government. The current budget has been predicated on the continued delivery of these services by this Council. It is understood that this Council may be involved in an 18 council alliance under the heading of Riverina and Murray Regional Organisation of Council (RAMROC).

Many of the actions listed in the 2011/12 Management Plan and the proposed Plan have been mindful of the State Government's reform considerations.

Water Supplies

Ref: Statement of Principal Activities S 403(2)

Council operates as a Category 2 Business in providing this service however, it must, of necessity, meet long run demand and capital infrastructure costs of supply as well as maintenance and operating costs.

Waste Water Costs

Ref: Statement of Principal Activities S 403(2)

Council operates as a Category 2 Business in providing this service however, it must, of necessity, meet long run demand and capital infrastructure costs of supply as well as maintenance and operating costs. Council is unable to meet all of the infrastructure costs from its resources.

Asset Replacement Program

Ref: Statement of Principal Activities S 403(2)

Council has a number of strategies and plans that detail Council's asset replacement strategy including the Asset Replacement Schedule, which covers plant, equipment, vehicles and machinery. The replacement schedule is included in the Asset Program.

Land Tenure Program

Ref: Statement of Principal Activities S 403(2)

The shire has acquired land in Murray Street, Wentworth for residential development and is currently preparing a business case for its future development. The program also includes a number of acquisitions and licensing requirements as a result of past and future strategic decisions.

Depreciation and Valuing Assets

The Management Plan includes \$ 422,000 of funded depreciation for Plant and Equipment. There is no requirement for NSW Council's to fully fund depreciation. Total depreciation for all classes of Council assets total \$7,106,000 as identified in Appendix A.

The valuation of non-current assets at “Fair Value” are progressively being valued either internally or by professional valuers. Other Assets (Structures etc.) being valued in 2010/11.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The fund has two types of memberships. Council contributes 9% of employee earnings to members of the Accumulation Fund in accordance with Superannuation Guarantee Legislation.

Council makes contributions to the defined benefits categories of the Scheme for 19 employees of Council. The rate is determined by the Scheme’s Trustee. The rate determined for 11/12 and for a further 9 years, has increased Council superannuation payments to this scheme by approximately \$175,000 per annum.

Capital Expenditure

Extract of Operating Statement

	*2010	2011	2012	2013	2014	2015
Total Expenses	14,336	15,436	23,676	22,811	22,882	23,254
CAPITAL EXPENDITURE	5134	7822	6,204	2,824	3,376	8,092

* Actual Expenses for 2010 as per Audited Statements opposed to Estimated Expenses for all other financial years

Capital Expenditure

Ref: Statement of Principal Activities S403(2)

The 10 Year Major Projects and Capital Expenditure Program identifies all major one off projects (whether they are operational or capital) and are backed by a 10 year financial plan. All capital expenditure is classified as new, renewals or upgrades.

The four year major projects and capital expenditure program is detailed in appendix H.

Funding Sources

Funding sources include grants from State and Federal Governments, proceeds from asset sales and Council operations (underlying surplus).

Grants represent approximately 47.50% of funds received by Council. The most significant grant is the Federal funded Financial Assistance Grant which is \$3,300,000 and represents 16.29% of the total income received. A quarter of the 2011/2012 Federal Assistance Grant (\$1,100,000) was paid in advance in June 2012 as required by 2011/12 Federal Budget. This reduced the grant from \$4,400,000 to \$3,300,000. While this has no effect on cash flows the timing of the grant payment has a major impact on our bottom line for both the 2010/11 and 2011/12 financial years. At this stage there is no indication as to whether we will receive the same advance payment in June 2012. Future years have been budgeted on the assumption that the grant will be received in full in that year.

There is no proposed sale of assets for 2011/12. Plant Trade-in's are estimated to be \$299,500

An important source of funds is from Council Operations (or Reserves). These are funds generated to cover future plans, possible funding opportunities when matching grants are being considered and contingency issues if necessary. This year \$1,794,160 will be used to fund projects identified in the 10MPCAPEX.

Contributions usually come from community groups and individuals as a result of agreements to deliver a project or service.

Loans are often used as a source of funds. There will be one new loan required in 2011/12 of \$500,000 to help fund the relocation of the Wentworth sewer ponds.

Cash and Investments

	2011	2012	2013	2014	2015
Total Cash & Investments	14,447	11,782	13,402	15,907	18,619

Cash and investments have been restricted as follows: Statutory reasons such as legislative and contractual obligations (\$3,447,410) Leave Entitlements (\$1,600,000), Council policy restrictions reflected by nominated reserves to fund capital works (\$2,099,295) and the balance being working capital to meet daily cash flow requirements and unexpected short term needs. A reasonable level of working capital is required as rate revenue is received in quarterly instalments.

Part 4 - THE FINANCIAL PLAN (Four Year Focus)

This section is a summary of the four year financial plan covering financial and non financial resources in support of the next four years of the Council Plan.

Basically this plan takes the next four year's of strategic objectives specified in the Council Plan and expresses them in financial terms.

What underpins this plan is financial sustainability whilst still achieving the objectives of the Council Plan. The key financial objectives are:

- Maintain existing services
- Achieve a breakeven underlying result where possible
- Maintain a capital works program that renews and expands assets.

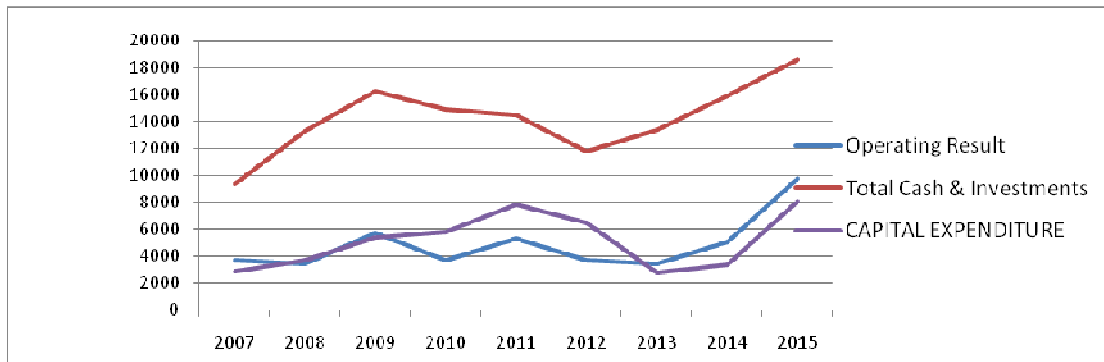
Key financial principles in the Plan are:

- Provide full and complete disclosure of financial information
- Consider financial effects on future generations
- Manage finances prudently in terms of debt, assets and liabilities

This plan is updated annually.

The following graphs summarises the key financial indicators over the next four years in terms of operating result, capital works, cash and investments. Appendix C- will provide greater detail in terms of the financial plan.

Financial Indicators



Key performance indicators are detailed below.

In addition to financial resources over the next four years the following table summarises the non financial resources needed. These include the benefits to employees and projected staff numbers.

	2010	2011	2012	2013	2014	2015
Employee Costs	5,865*	5,855	6,060	6,272	6,492	6,719
EFTs	98.7	98.7	98.7	98.7	98.7	98.7

* Note: 2010 indicates actual Employee Costs. All other years are estimates. Contract positions are not included in 2010 employee costs.

Part 5 - THE RATING AND BORROWING STRATEGIES

Annual Statement of Revenue Policy

Section 404(1)(2)(4)

Under normal circumstances determining the level of a rate increase is a key component of the Council's Corporate Plan. However, this determination is made in the first instance by the NSW State Government and is usually aligned with CPI increases.

For well over a decade councils in NSW have been restricted to a rate cap and this has made it increasingly difficult to achieve financial sustainability for Western Division Councils. Most of these councils have rates as a percentage of total revenue below 25%. It is interesting to note that councils in Victoria have increased their rates annually above CPI increases.

Rate increases over the last six years are detailed in the following table.

Table of years and rate increases and % of total revenue

Rating Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
%	3.6	3.4	3.2	3.5	2.6	2.8
Rateable Value	284,585,210	294,344,600	299,160,310	478,464,140	479,589,970	479,323,070
Total General Rate Income \$	2,604,921	3,111,201	3,275,386	3,953,463	4,052,568	4,069,318
\$ Increase (\$)	93,777	105,781	101,499	127,352	99,105	113941

The Way Rates Are Calculated

Rates, under various categories, are levied for all properties. Essentially the way rates are calculated is by multiplying the value of the property (unimproved capital value) by an ad valorem factor (decided by Council) to give the rates levied.

$$\text{Property Valuation} \times \text{Ad Valorem Factor} = \text{Rates}$$

Council may use a number of different categories to levy rates. In each category a different ad valorem factor is used. Council's categories are detailed further in this section.

A Minimum rate has been set for the townships of Wentworth, Dareton and Pooncarie. If calculations above are less than the minimum rate, then the minimum rate applicable.

Valuations

As from 2010/11, Council has opted to go to a three year cycle for property valuations for every property by the NSW Valuer General (previously on a four year cycle) The current rates are based on valuations determined in 2008 to commence on 1 July 2009 unless supplementary valuation were issued during the previous year. The next valuation will be carried out in 2011 and will be effective on 1 July 2012.

Rate Levy 2011/2012

Council has received advice from the Minister for Local Government of the rate pegging limit for 2011/12 of 2.8%. The maximum increase has been proposed.

The rating structure proposed is considered to be fair and equitable for the majority of ratepayers.

The Tourism Special Rate will remain at \$10 per Assessment.

A special rate was structured for the Levee Bank surrounding the Wentworth Township to facilitate the payment of the Loan. The total project cost was in excess of \$4,000,000 and the contribution to be recovered from the Community will be \$1,000,000 plus interest over a period of twenty years and commenced in 2004/2005. The current outstanding balance is \$684,522.

The Levy for the payment of the \$1,000,000 Loan for the Levee Bank plus interest has been spread across all Ratepayers within the Shire of Wentworth at a cost of approximately \$30 per property.

It is necessary to increase Waste Water by \$30 per property in 2011/12 to cope with the cost of operational and proposed capital costs required to provide this service to the ratepayers.

Water charges will increase by \$ 5 per property in 2011/12. This is the first increase in four years

Domestic Waste collection charges will increase by \$5 per annum to cope with the increased cost of collection.

Statement containing a detailed estimate of the council's income and expenditure:

Council's General Fund estimates for 2011/12 and general estimates for the following three years are contained in the budget papers provided in the Management Plan. As presented, the 2011/12 General Fund estimates show an estimated deficit of \$2,995,742 after capital. The factors contributing to the deficit are programmed works for 10/11 that were not completed and will be finalised in 2011/2012 where grant funding was received in previous years, a reduction of investment funds and lower interest rates and increased superannuation contributions for employees in the defined benefits superannuation scheme.

The estimates have been provided in accordance with the Local Government (Financial Management) Regulations, Australian Accounting Standard No. 27 and the Local Government Code of Accounting Practice and Financial Reporting.

Statement with respect to each ordinary and each special rate proposed to be levied:

No special Rates are proposed for 2011/12.

Council's proposed 2011/12 rate structure can be summarised as follows:

- Farmland – Dry Land Grazing
- Farmland – General
- Farmland – Licence/Pump Site/Pipeline
- Residential Category
 - Wentworth
 - Buronga

- Gol Gol
- Gol Gol East
- Pooncarie
- Dareton
- Rural Residential
- Business Category
 - Business – General
 - Business - Wentworth
 - Business – Winery
 - Business – Fruit Block Winery
 - Business – Gravel/Loam Extraction
 - Business – Bentonite Extraction
 - Business – Mineral Sands Extraction

In accordance with Section 532 of the Local Government Act 1993, Council will adopt its rates and charges after public notice is given and after due consideration of submissions received.

Statement of the types of fees to be charged by the Council and the amounts of each such fee:

Section 612 of the Local Government Act 1993 prohibits Council from determining a fee until it has given public notice of its draft management plan for the year in which the fee is to be made and has considered any submissions received. Council will adopt the 2011/12 fees & charges schedule on 15 June 2011, after consideration of all written submissions by residents and ratepayers.

Refer to appendix **D** for the fees and charges schedule.

Statement of Council's pricing policy with respect to the goods and services provided by it:

Reference is made to Council's Pricing Policy in its Schedule of Fees for 2011/12. The Pricing Policy is related to the degree of cost recovery, having regard to the following factors:

- Equity objectives
- User pays principle
- Cross subsidisation objectives
- Financial objectives
- Customer objectives
- Resource use objectives
- GST

Council's broad policies on revenue are:

- Council will ensure all rates, fees and charges will be levied equitably
- Council supports the user pays principle in assessing the levying of fees and charges and the amount to which they are set, while considering the needs of those in the community who are unable to meet their own needs
- Council will pursue all cost effective opportunities to maximise its revenue base.

The pricing policy referred to in the Schedule of Fees for 2011/12 is based on a selection of one of the following choices:

- The pursuit of full cost recovery (100% of identified costs)

- The application of partial cost recovery (reflecting the impact of public good constraints and/or community service obligations)
- The application of zero cost recovery (reflecting an inability to charge a fee)
- The application of a reference price (a fee or charge set by statute or regulation)
- The pursuit of a commercial rate of return on capital invested (to reflect the capital risks involved in the provision of a particular service).

Statements of the amounts or rates proposed to be charged for the carrying out by the Council of work on private land:

The Council may by agreement with the owner or occupier of any private land, carry out on the land any kind of work that may lawfully be carried out on the land (Section 67(1) Local Government Act 1993).

Examples of private works are:

- Paving and road making
- Kerbing and guttering
- Fencing and ditching
- Tree planting and maintenance
- Demolition and excavation
- Land clearing and tree felling
- Water, sewerage and drainage connections

This type of work is to be charged at cost with a percentage charge of 10% added for profit purposes. All profit is returned to Council's General Fund income.

Statement of Proposed Borrowings

The Wentworth Shire Council is proposing borrowing \$500,000 in 2011/2012 to help fund the relocation of the Wentworth sewer ponds.

The current loan schedule is provided as appendix P.

Part 6 – PROGRAM ACTIVITIES (EXPENDITURE AND INCOME)

This part will follow the main goals under the five corporate planning themes. All operational income and expenditure together with capital items are detailed in Appendix A. Essentially this part provides the income and expenditure associated with individual programs.

Part 7 – WSC 10 YEAR PLAN

Appendix B provides the detailed Council Ten Year Plan with a four year focus. This plan details the goals, objectives and actions within the corporate planning framework and the five sustainability themes adopted by Council.

APPENDIX N

WENTWORTH SHIRE PROFILE

Councils profile is depicted in Appendix N.

APPENDIX O**SERVICES TO BE DELIVERED BY COUNCIL**

Whilst program activities identify the main program areas for services there are other names used for service delivery such as those identified in appendix O

- Water Supply
- Waste Water Services
- Roads and Bridges
- Public Library
- Community Buildings
- Swimming Pools
- Parks and Gardens
- Caravan Parks and Camping Areas
- Economic Development & Tourist Promotion
- Bush Fire Prevention
- Cemeteries
- Community Halls
- Health & Building Services
- Planning Services
- Animal Control
- Weed Eradication
- Customer and Information Services
- Aerodromes
- Home and Community Care

All current services will be retained. No new services are proposed.

APPENDIX H**2011-15 MAJOR PROJECTS AND CAPITAL EXPENDITURE PROGRAM (4MPCAPEX)**

Council undertakes a significant capital works program. The program has been developed from analysis, inspection and prioritisation of needs across the local government area.

Appendix H summarises Council's Capital Works Program.

APPENDIX J**OUR ORGANISATION STRUCTURE**

Council will be undertaking a range of Human Resource activities to improve individual and organisation performance. The organisational structure as proposed in this Management Plan is depicted in Appendix J.

APPENDIX I**HUMAN RESOURCES STRATEGIC PLAN**

In order to effectively meet the objectives of this Management Plan, Council must have a well trained and skilled workforce able to deliver quality services to customers. Council is committed to providing its employees with quality leadership, job satisfaction and effective training and development within a safe and healthy working environment with equity and fairness. Human resources activities to be undertaken during the next four years are outlined in Appendix I

APPENDIX I**EQUAL EMPLOYMENT OPPORTUNITY ACTIVITIES**

Council's EEO Program will again be reviewed during 2011/12. Council is committed to ensuring the absence of discrimination in employment on the grounds of race, sex, marital status, sexuality, age and physical impairment. It will not tolerate any form of harassment or bullying within the workforce.

APPENDIX K

ACCESS AND EQUITY ACTIVITY STATEMENT

In accordance with the Regulation, a statement is required setting forth council's access and equity activities to be undertaken to meet the needs of our residents as identified by our Social and Community Plan 2009 to 2014.

Social Planning is the process of investigating and responding to the needs and aspirations of the people who live and work in our community.

Social planning is underpinned by the principles of Social Justice:

- Equity – fairness in resource distribution
- Access – fairer access for everyone to the resources and services essential to meet basic needs and improve their quality of life that affect their daily lives
- Rights – recognition and promotion of civil rights
- Participation – better opportunities for everyone to participate in decisions

The 2009/2014 Social Plan considers and plans how to improve the need and demand for community facilities and human services, community interactions and identity and inspire a sense of community.

Through community consultation, the Social Plan provides:

- A profile of the local community
- Identification of needs and service gaps
- Social Planning initiatives

A Social Plan for Buronga/Gol Gol has been developed in conjunction with the LEP to cope with future expected growth.

Access and Equity Activities to be undertaken include:

Activity	Strategy
<ul style="list-style-type: none"> • Community safety and security 	<ul style="list-style-type: none"> • Actively encourage the implementation of initiatives in the Community Compact Plan • Increased liaison with community individuals, businesses and organizations
<ul style="list-style-type: none"> • Increase access to education and employment for disadvantaged groups 	<ul style="list-style-type: none"> • Continue to support programs for education and employment for disadvantaged groups
<ul style="list-style-type: none"> • Support a range of Community Health programs and services that promote community well-being 	<ul style="list-style-type: none"> • Support the Men in a Shed program • Support for aged and disabled • Maintain facilities for monitoring children's health and development
<ul style="list-style-type: none"> • Improve access to public transport 	<ul style="list-style-type: none"> • Lobby for increased transportation for disadvantaged groups
<ul style="list-style-type: none"> • Actively promote the implementation of the Youth Strategy and foster a positive climate for youth development 	<ul style="list-style-type: none"> • Support the Dareton Youth Action Program (MFC) • Support Youth Week • Support the McLeod Oval Youth Centre.
<ul style="list-style-type: none"> • Encourage and support the establishment and/or continuation of programs for women 	<ul style="list-style-type: none"> • Provide facilities for the Indigenous Family Violence Prevention Legal Service • Attend interagency meetings with health professionals to advance this strategy • Assistance with promotion of women's activities in the Shire
<ul style="list-style-type: none"> • Develop a comprehensive social strategy to support the Aboriginal and Torres Strait Islander population in social, environmental, economic and cultural areas 	<ul style="list-style-type: none"> • Attend Community Working Party meetings (CWP) to advance indigenous issues in the municipality • Continue to host regular meetings with for the Barkindji elders

APPENDIX D

FEES AND CHARGES

APPENDIX L

CONSERVATION OF THE ENVIRONMENT

APPENDIX R

GLOSSARY