



10 Skills for effective budgeting

Definitions

Effective budgeting

- Budgeting that gets the desired results

Budget

- An agreement between Council and their managers
- An agreement between the Nation and the provider of the funds

Effective budgeting

10 skills to remember

I will summarize at end

I will have hand out of 10 skills
available at the back



1. Start early

How early and why early

- Not too early to start your 2010/2011 budget
- Get more refined each year as they get closer
- Gives hope
- Gives time to identify real big problems

Multi year budgets

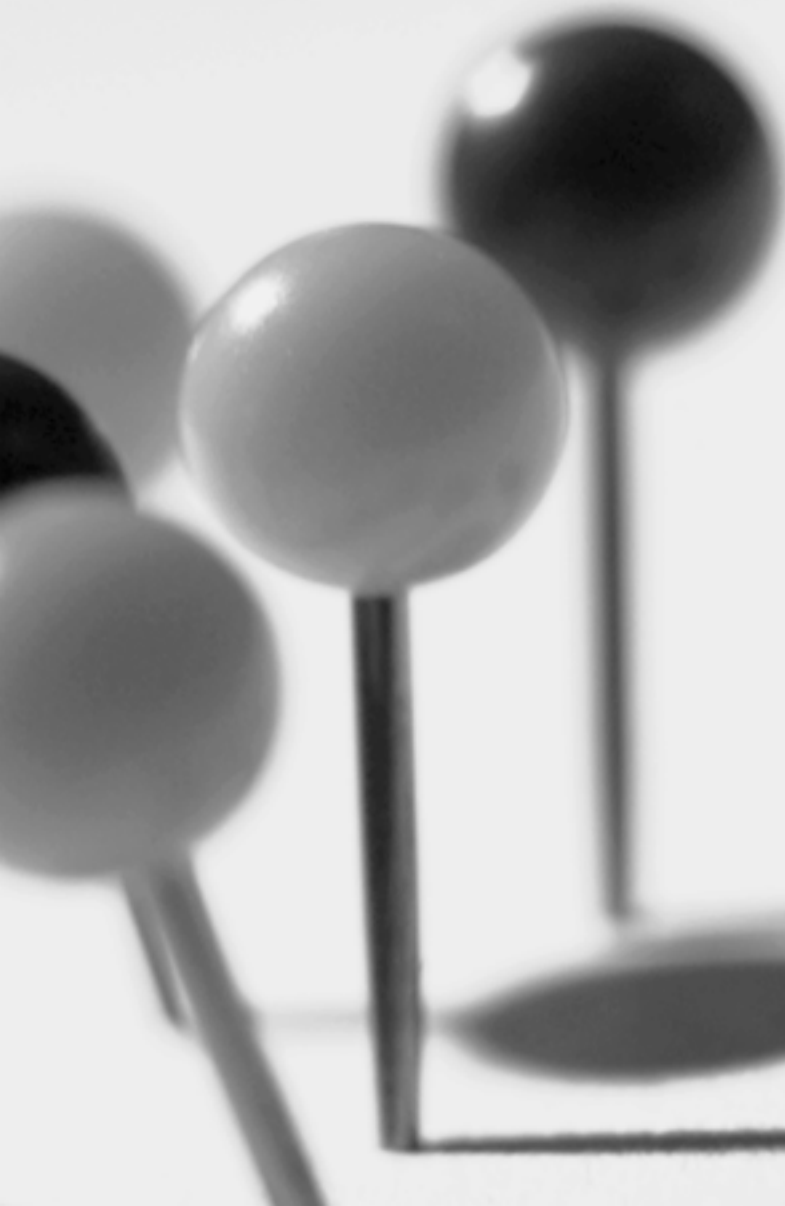
| Year | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 |
|----------------------|-------|-------|-------|-------|-------|
| Incomes | 5000 | 5100 | 5202 | 5306 | 5412 |
| Expenditures | 4800 | 5040 | 5292 | 5557 | 5834 |
| surplus (deficit) | 200 | 60 | -90 | -251 | -422 |

Don't have the marathon emergency sessions

- Allocate some time each meeting for budget presentations
- Schedule extra meetings
- Not numbers people
- End up with the desperate balancing act

Training

- Early start may include some training
- May include a strategy session
- May include a facilitator
- Budget is probably your most important planning session of the year



2. Hear the dreams

Dreams

- Ask what could extra \$\$ do?
- Don't know the possibilities that exists how can you ever create it
- Passionate managers have dreams
- Passionate politicians have dreams
- Identifying them is the first step to realizing them



3. Identify discretionary funds

Discretionary funds

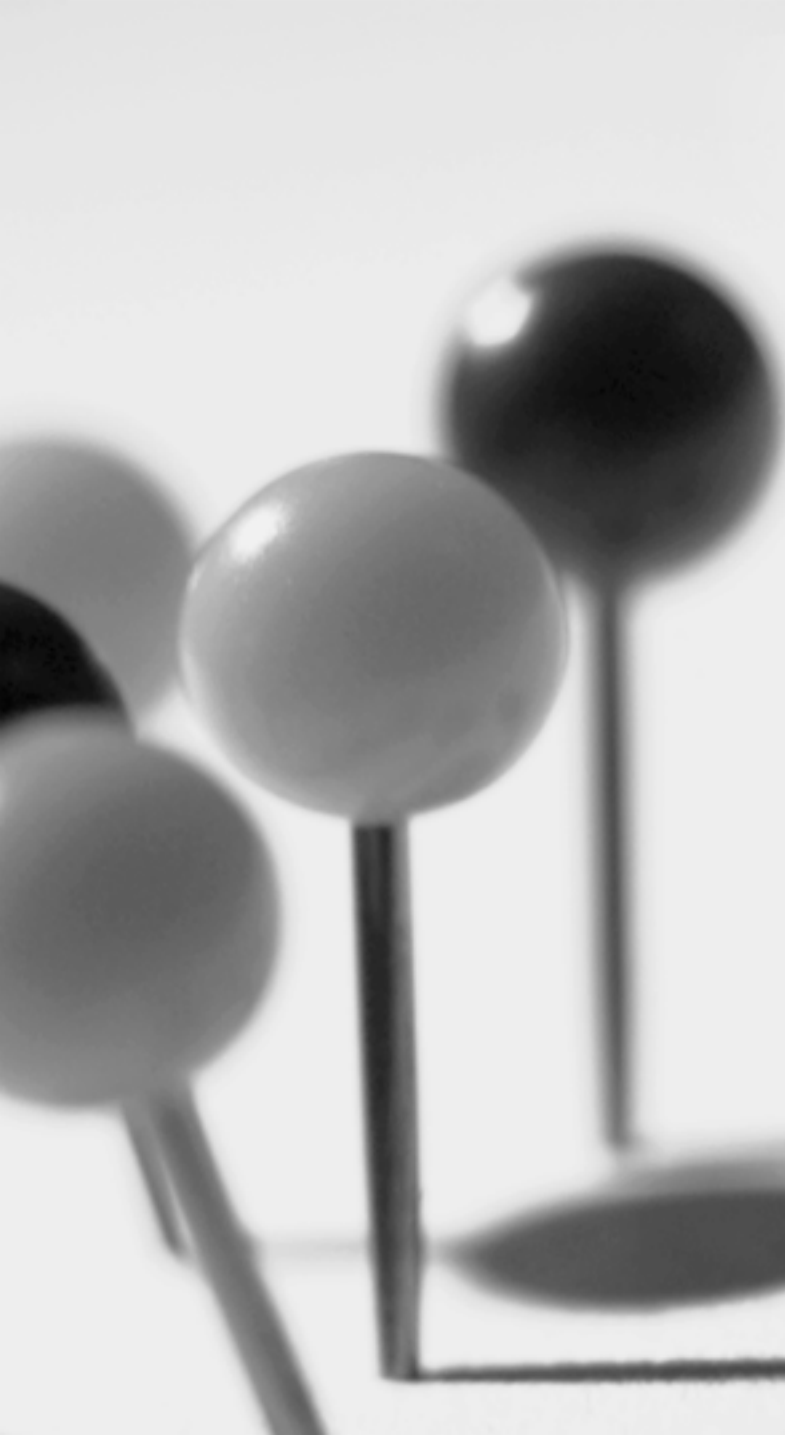
- Limited
- Often used to fund past mistakes
- Change the climate
- Knowledge is power
- Changes happen slowly



4. Identify bleeders

Bleeders

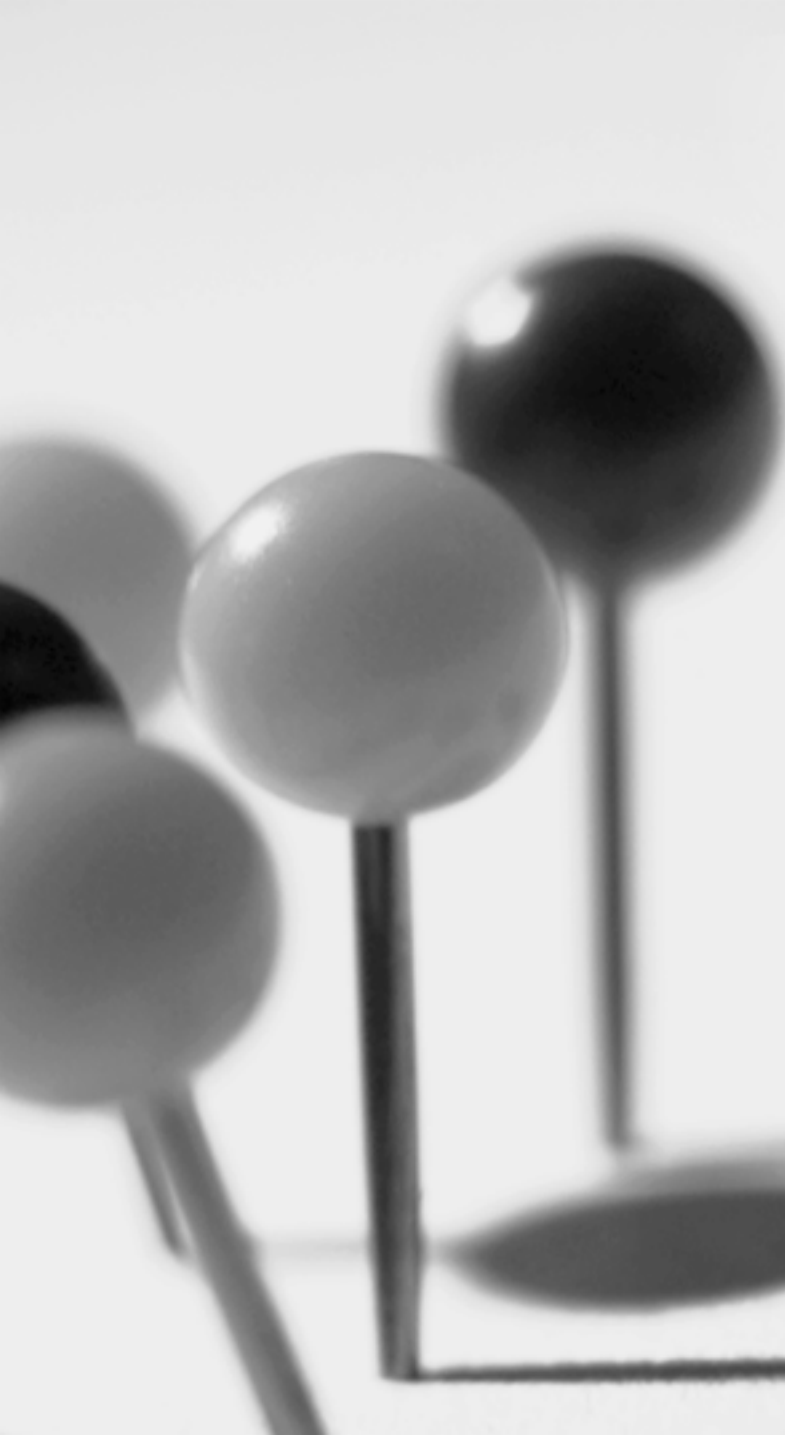
- Will kill you
- Everyone here has one??
- Need to address the problems
- These are the dream stealers
- These are the broken agreements



5. Don't reward
bad behaviour

Reward bad behaviour?

- Allow the same stupid budget in the next year
- Don't ask for accountability
- Keep the status quo
- Becomes disincentive for good behaviour



6. Don't believe everything you are told

Don't believe it all

- Have budgets vetted by finance before being presented
- Trust your instincts
- If it doesn't make sense to you it probably is nonsense



7. Know what
you want

What do you want?

- Why are you here?
- What dream spoke to you
- This is the time to be political
- You speak for the community

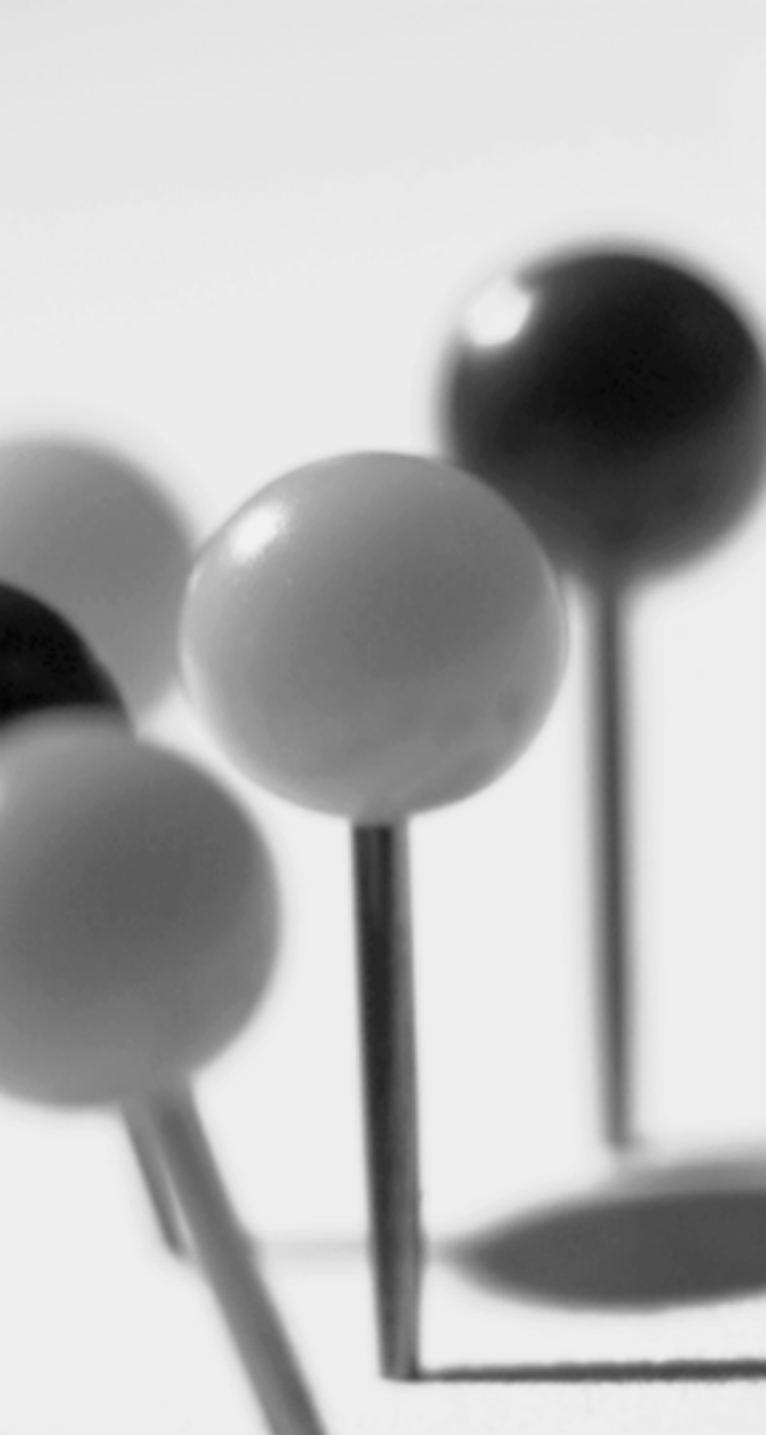
- Time for fence sitting to stop
- Give your managers direction



8. Deal with the
easy 90%
quickly

Down to business

- Not as many choices as you would like.
- Most of the budget is dictated by funders or circumstances
- Don't dwell on what you know must be
- Give finance directions so they can catch errors for you



9. Spend 90% of your time on the 10% that matters

90/10 rule

- Focus on what you do have control over
- Spend the number time where you can add value, make decisions and set strategic direction
- Don't avoid the unpleasant jobs



10. Approve a budget that you are proud of

It feels good!



Summary

1. Start early

- Multi year budgets
- Adequate time, no marathon sessions
- Training/facilitation

2. Hear the dreams

- If you don't know what is possible difficult to ever have it

Summary

3. Identify discretionary funds

- By seeing what they are and where they go it will improve your decision making

4. Identify bleeders

- Hopefully stop the bleeding
- Make decisions

Summary

5. Don't reward bad behaviour

- Make your managers accountable and be accountable yourself
- Don't ignore these problems they won't go away

6. Don't believe everything you are told

- Use finance
- Trust your instincts

Summary

7. Know what you want

- Time for fencing sitting is over

8. Deal with the easy 90% quickly

- Majority of the budget is mandated

9. Spend 90% of your time on the 10% that matters

- Here is where you can make things happen

Summary

10. Approve a budget that you are proud of

Know that you have done the best you could for the community



Questions??