

8.5 BUDGET REPORT 2020-2021

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Attachments:	1. Local Government Regulation for Annual Budget 2. Operational Plan 2020-21 3. 10 year forecast for 2020-21 Budget 4. Ratios for 2020-21 Budget 10 year 5. Statement of Income and Expenditure 6. Statement of Financial Position 7. Statement of Cashflow 8. Statement of Changes in Equity

EXECUTIVE SUMMARY

In accordance with Sections 169 and 170 of the *Local Government Regulation 2012*, Council is required to prepare a budget for each financial year, it must be prepared on an accrual basis and adopted after May 31 and prior to August 1st each year.

BACKGROUND

The budget must comply with s169 of the Regulation and requires that the required financial statements include the budget year and the next two financial years:

- Income and expenditure
- Financial position
- Cash flow
- Changes in equity.

Furthermore, the budget must contain:

- a long-term financial forecast
- relevant measures of financial sustainability - 10 year financial ratios
- revenue statement
- revenue policy
- value of the change as a percentage in rates and utility charges (excluding discount and rebates)

The budget must be consistent with the Council's Five Year Corporate Plan and its Annual Operational Plan.

The budget may be amended at anytime during the financial year provided compliance with s 169 of the Regulation is adhered to.

Key points of the 2020-2021 Annual Budget:

Rates and Charges

The change in rates and utility charges as a percentage from the previous budget is 4.1%.

The increase in General rates is 3.9%, while the increase in Residential and Commercial properties will be 2.0% in 2020-21.

Utility charges increased overall by 4.5% :-

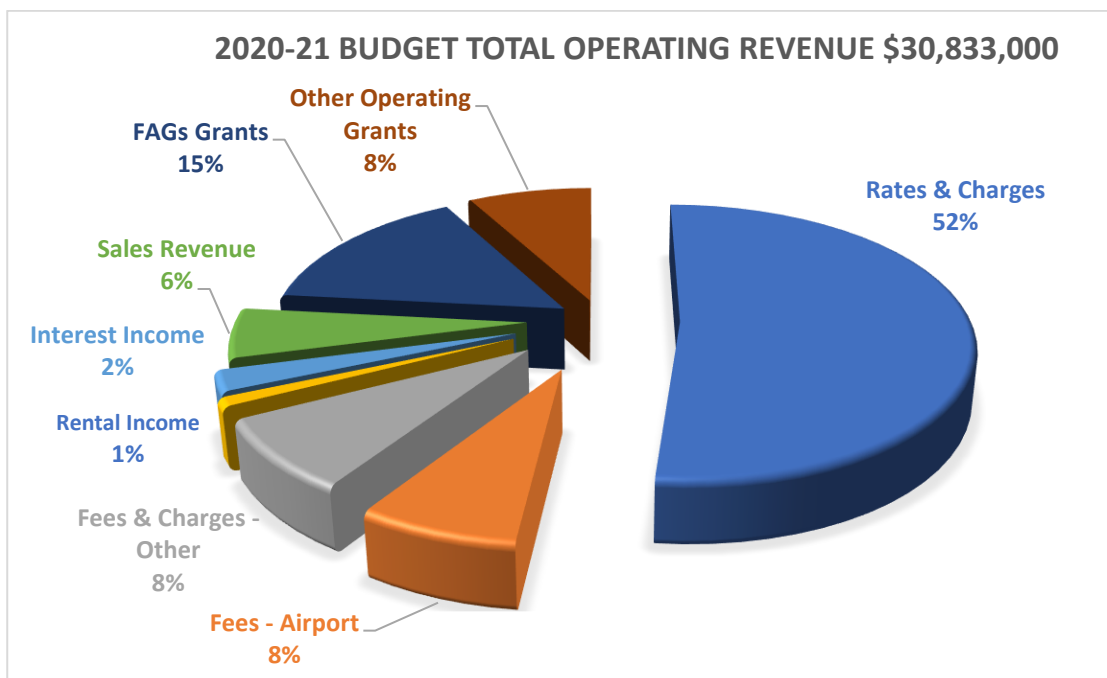
- Rubbish collection 4.9%
- Water services 4.9%
- Sewerage services 2.8%

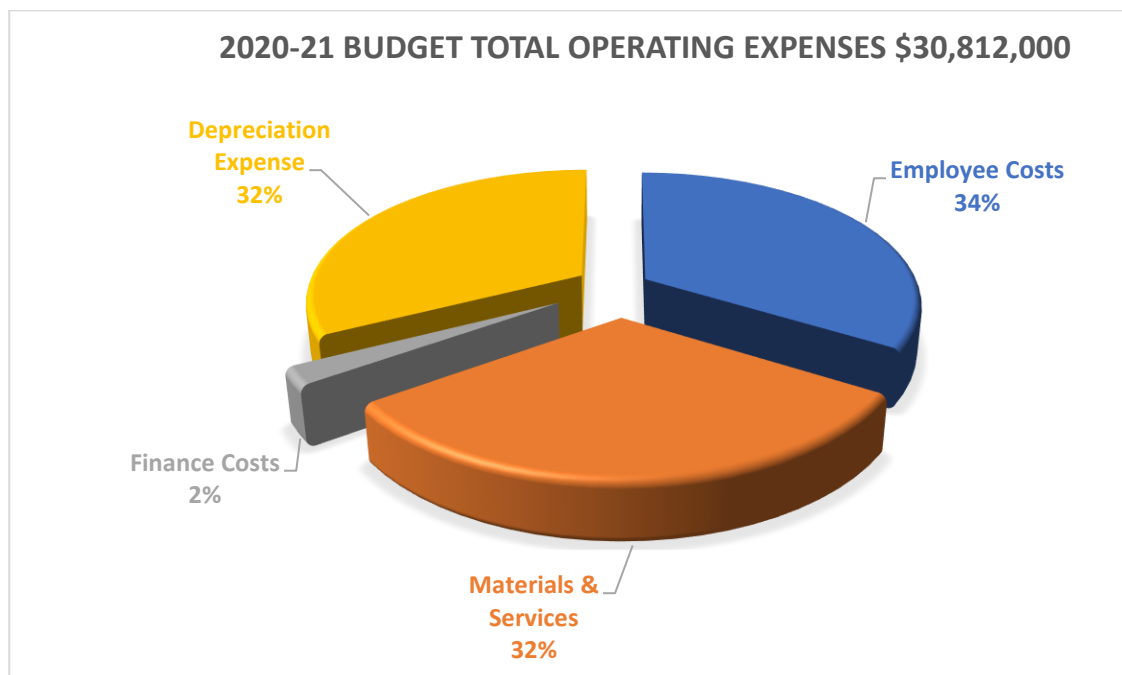
The Department of Natural Resources, Mines and Energy conducted a valuation of land in Cloncurry Shire and this will result in some variations in the differential rate applied to properties within rating categories.

Operating Result

The 2020/21 Revenue and Expenditure budget provides for a net operating surplus of \$21,000 from total operating revenue of \$30,833,000, capital revenue is an additional \$27,541,000 which will fund flood damage works and capital projects.

Council's long-term forecasting model is showing a surplus for the next ten years based on current staffing levels and operating revenue remaining steady. This budget does allow for a reduction in airport revenue due to the reduction in flights expected to continue during 2020-21 and there is an extra \$684,000 allowed in salaries for additional staff including the new Projects Director. Significant savings are expected with reduction in contractors costs when council staff the water, sewerage and tip operations.





Capital Works Program

The total program is \$40,127,917 of which 69% is funded from grants:-

Flood Damage works (2019-20 & 2020/2021)	\$21,008,449
Reseal of Dajarra airstrip – supported with \$338,75 from the RAUP grant.	\$ 677,500
Realignment of Cloncurry airstrip lighting to comply with new CASA standards.	\$ 500,000
Renovations and upgrades of Council housing stock	\$ 400,000
Footpath program – including Sir Hudson Fysh Drive and Scarr St	\$ 783,000
Chinaman Creek Dam recreation area masterplan and upgrade (W4Q grant)	\$ 1,180,000
Widening of Sir Hudson Fysh Drive	\$ 1,000,000
Upgrade of the road at the Clean Yards	\$ 880,000
Widening of Henry Street	\$ 750,000
Completion of the Sewerage Treatment Plant upgrade	\$ 2,000,000
Water Treatment Plant upgrade stage 1	\$ 700,000

Plant replacement total of \$1 mil includes the replacement of Grader GD6555-5 and the camp kitchen.

Community Service Obligations:-

Council supports various programs and services throughout the Shire to provide an inviting place for people to raise their families in our rural setting in accordance with Council’s Corporate Plan Vision Statement.

There is a reduction in expenditure due to a fewer events and tourism activity due to the COVID-19 protocols currently in place, the budget reflects that some activities may proceed in the new year.

Summarised below are the Community Service Obligations for the 2020/21 Annual Budget,

Community Service	Revenue 2020-21	Expenses 2020-21	Net Cost Bgt 2020-21	Act 2019- 20
Recreation Reserve	10,000	246,234	236,234	284,950
Mary Kathleen Park	75,000	361,737	286,737	322,226
John Flynn Place	52,000	257,135	205,135	236,908
Swimming Pool	-	203,373	203,373	214,737
Equestrian Centre	22,000	212,684	190,684	228,451
Library	9,903	202,347	192,444	209,565
Community Grants		150,000	150,000	126,400
Flinders Medical centre		104,055	104,055	101,086
CWA-Charlotte Scott House	12,758	128,561	115,803	85,436
STAGS – Aged Care	222,000	267,010	45,010	82,605
PCYC		60,050	60,050	51,946
School Chaplaincy		30,000	30,000	30,000
Totals	403,661	2,223,186	1,819,525	1,974,310

COUNCIL POLICY

Corporate Plan 5.3 - Ensure decision making is inclusive and transparent, that decisions are communicated to the broader community and based on sound community engagement policies and strategies.

LEGAL IMPLICATIONS

Local Government Act 107A

Local Government Regulation s 169 and s 170

FINANCIAL IMPLICATIONS

As presented in the Annual Budget 2020-2021

RECOMMENDATION

That in accordance with the *Local Government Regulation 2012 s169* Council adopt the 2020/2021 Annual Budget, incorporating:

1. **The statement of income and expenditure;**
2. **The statement of financial position;**
3. **The statement of cash flow;**
4. **The statement of changes in equity;**
5. **The long term financial forecast;**
6. **The revenue statement;**
7. **The revenue policy (adopted by Council resolution on 16 June 2020);**
8. **The relevant measures of financial sustainability; and**
9. **The total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget.**