

**6.1 BUDGET REPORT 2021-2022**

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<b>Attachments:</b>	<b>1. Statement of Income and Expenditure</b> <b>2. Financial Position Budget 2021-22</b> <b>3. Changes in Equity Budget 2021-22</b> <b>4. Statement of Cash Flows Budget 2021-22</b> <b>5. Income and Expenditure 10 Year Forecast</b> <b>6. Financial Position 10 Year Forecast</b> <b>7. Measures of Sustainability</b>

**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 1<sup>st</sup> 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 any time during the financial year provided compliance with s 169 of the Regulation is adhered to.

**Rates and Charges**

In accordance with the Local Government Regulation 2012 s 169 (6) the budget must include the total value of the change, expressed as a percentage, in the rates and utility charges levied in the budget for the previous financial year.

The increase in the Differential rate was an average of 5% over all categories.

Differential rate category 7 (Cloncurry Residential Other) has been split between properties less than 4,000 m2 and those greater than 4,000 m2 to address an issue where too great a percentage of properties were on the minimum rate.

Utility charges increased overall by 5.0% :-

Rubbish collection 5.0%

Water services 5.0%

Sewerage services 5.0%

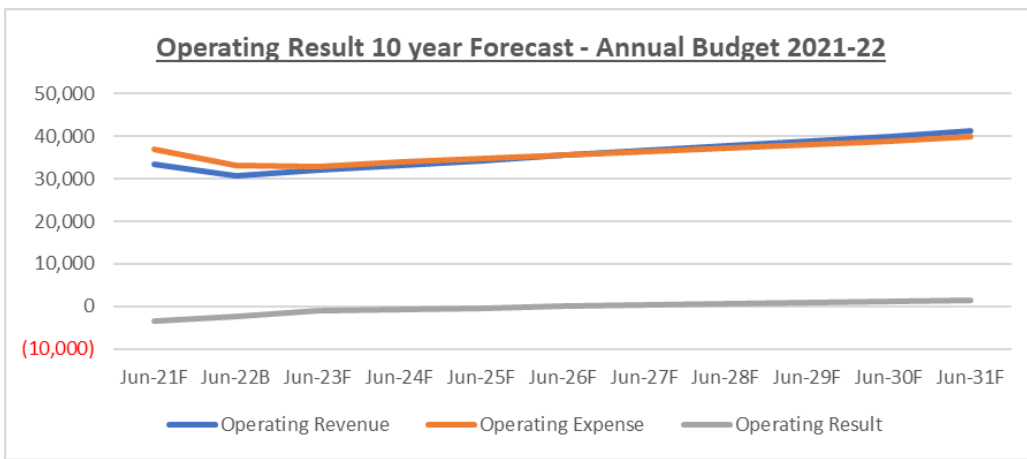
<b>Local Government Regulation 2012 section 169 (6)</b>				
<b>The budget must include the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the budget for the previous financial year.</b>				
	<b>Budget 2020-21</b>	<b>Proposed 2021-22</b>	<b>Year on Year Movement</b>	<b>Year on Year % Change</b>
<b>General Rates - All Categories</b>	10,864,250	11,785,500	921,250	8.5%
<b>Service Charges</b>				
Water	2,756,345	2,889,000	132,655	4.8%
Sewerage	934,114	982,600	48,486	5.2%
Waste Service	823,442	865,000	41,558	5.0%
<b>Sub-total Charges</b>	<b>4,513,901</b>	<b>4,736,600</b>	<b>222,699</b>	<b>15.1%</b>
<b>Total Rates and Service Charges</b>	<b>15,378,151</b>	<b>16,522,100</b>	<b>1,143,949</b>	<b>7.4%</b>

#### **Key points of the 2020-2021 Annual Budget:**

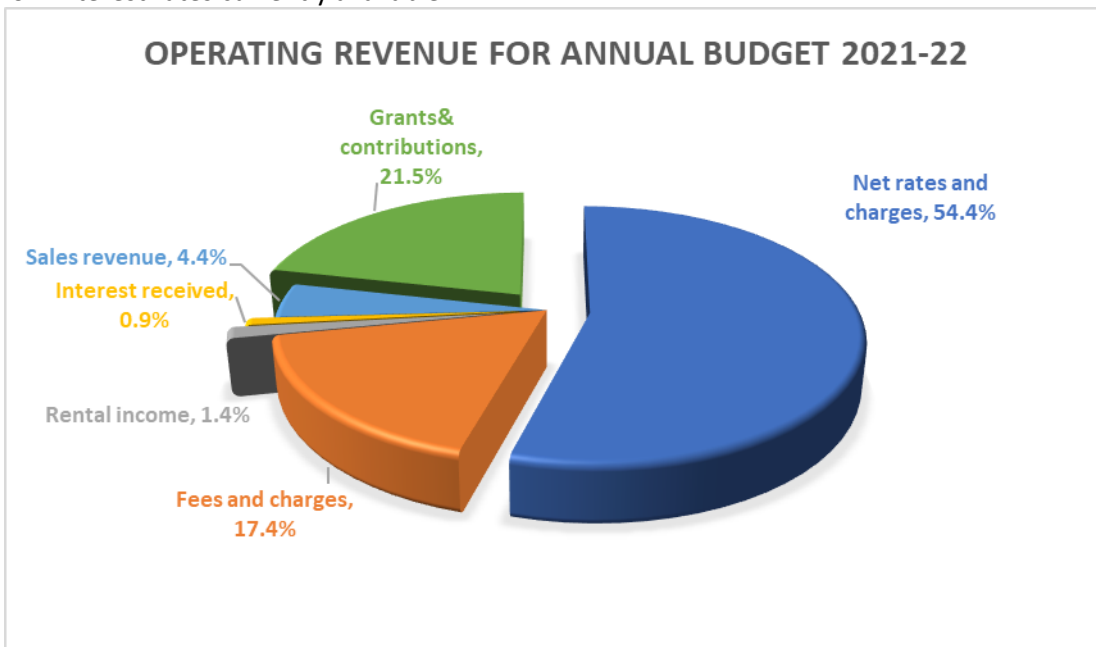
##### **Operating Result**

The 2021/22 Revenue and Expenditure budget provides for a net operating deficit \$2,279,750 from total operating revenue of \$30,781,700. The deficit is a result of an extra \$1,000,000 allocated to the 2021-22 Shire Road maintenance program and an increase in depreciation expenses of \$1,205,759 after inclusion of new infrastructure and the 2020-21 revaluations of council assets, council's total depreciation expense is \$11,221,650 or 33.9% of its total operating expenditure.

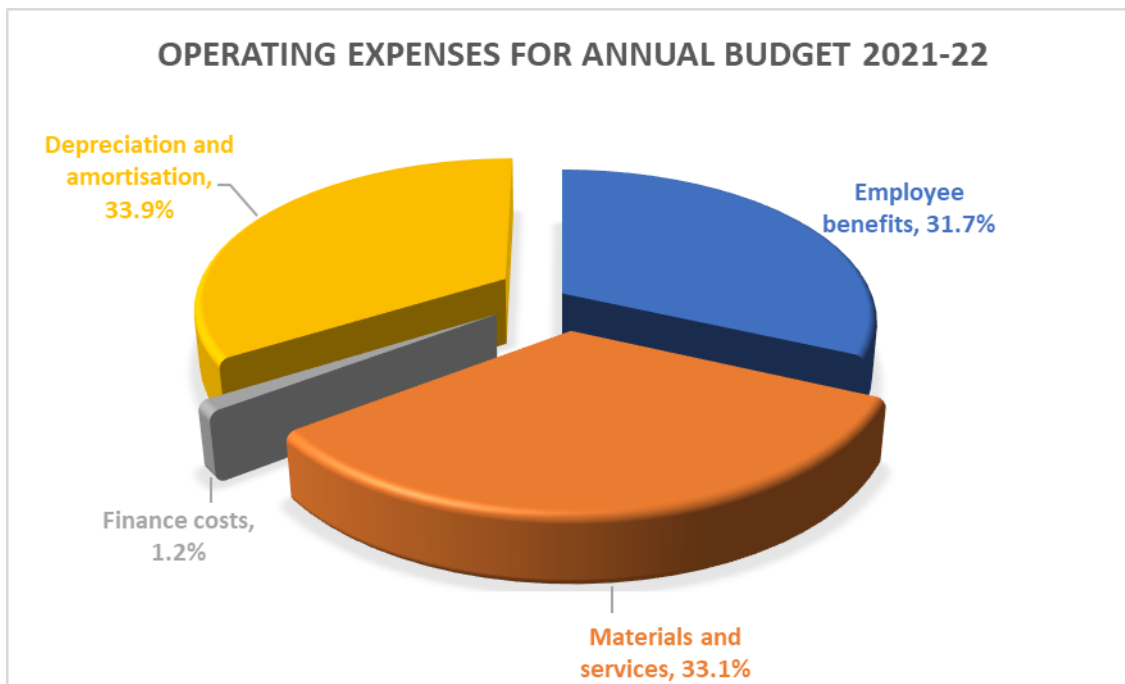
Council's long-term financial forecasting model shows a reduction from the next financial year and an expected return to surplus within four years, the return to a surplus budget is a priority for Council and will be achieved from productivity gains and cost savings from the water, sewage and tip operations once the current reliance on contract labour is removed.



The Operating Revenue increased substantially in 2020-21 after council secured a large private works contract from the Department of Transport and Main Roads (TMR), Council has not budgeted for a similar project in 2021-22, interest income is also below the 2020-21 budget amount after taking into account the low interest rates currently available.



There is an estimated reduction in operating expenses from the previous years result that included the large TMR private works project, also noticeable is the increase in depreciation expense, previously 30% of total expenses now 33.9%, the construction of new assets and revaluation of existing assets has seen the gross value of council assets increase significantly over the past two years.

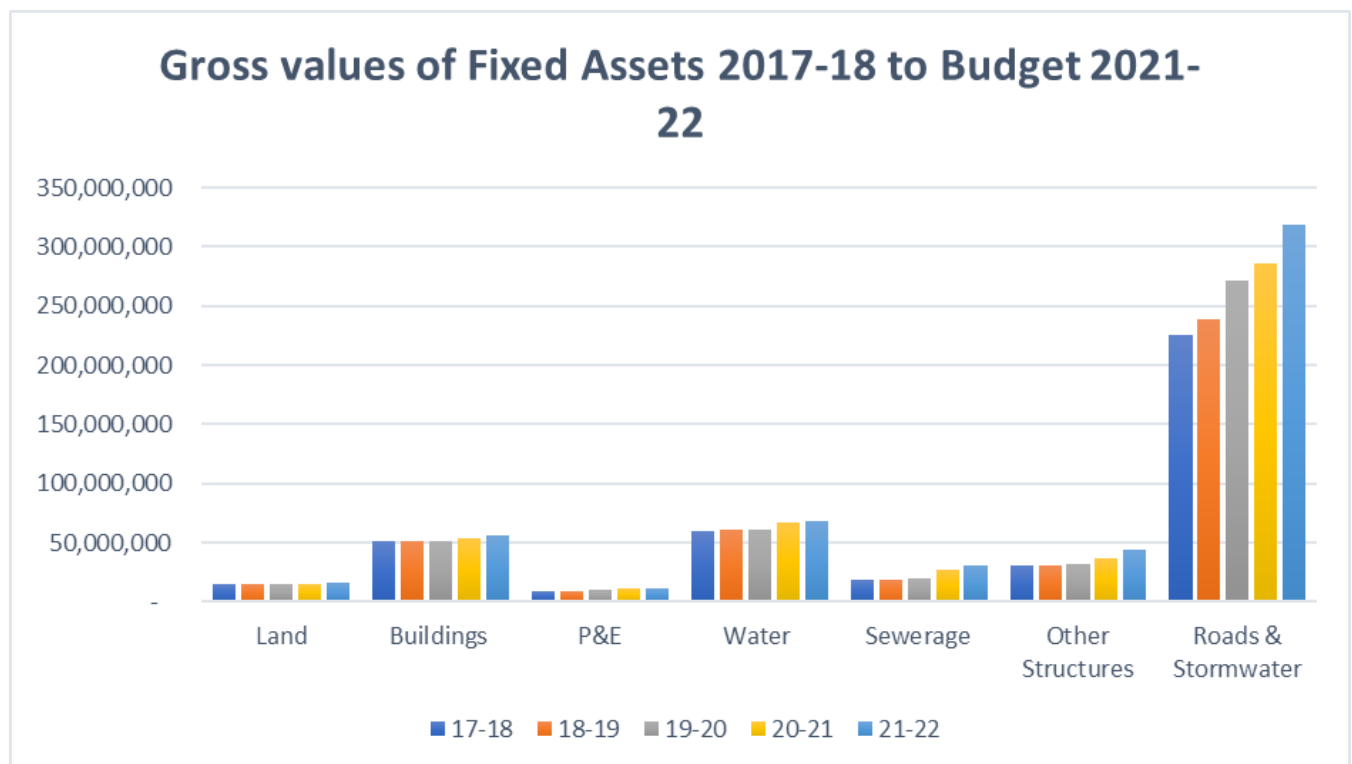


### Capital Works Program

The total 2021-22 program is budgeted to cost \$25,289,205 of which 56% is funded from grants, the list of projects include:-

- Sir Hudson Fysh Drive Widening
- Coppermine Bridge Widening
- Waste Management Strategy – Implementation
- Chinaman Creek Dam recreation area masterplan and upgrade (W4Q grant)
- Main Well Replacement
- Dajarra Airstrip Resealing
- Dajarra Water Treatment Plant Upgrades
- Lawn Cemetery Upgrade
- Saleyards Bull Pens
- Perkins Street subdivision – Subject to Grant Funding
- Flood Damage works (2019-20 & 2020/2021)

The plant replacement budget totals \$1,296,000 and includes replacement of Water Tanker and new camp accommodation.



#### 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.

Summarised below are the Community Service Obligations for the 2021/22 Annual Budget.

Community Service	Revenue 2021-22	Expenses 2021-22 (Excl Depreciation)	Depreciation Cost	Net Cost Bgt 2021-22
Recreation Reserve	10,000	183,000	79,970	252,970
Mary Kathleen Park	110,000	368,200	68,188	326,388
John Flynn Place	66,000	198,650	82,088	214,738
Florence Clark Park	0	354,000	125,959	479,959
Equestrian Centre	22,000	157,000	109,095	244,095
Library	60,200	194,800	742	135,342
Community Grants		150,000	0	150,000
Flinders Medical Centre		104,055	0	104,055
CWA-Charlotte Scott House	12,758	13,300	84,185	84,727
Aged Care - STAGs	222,000	267,010	86,930	131,940
Child Care - Curry Kids	786,000	967,800	56,270	238,070
PCYC		43,600	0	43,600
School Chaplaincy		30,000	0	30,000
<b>Totals</b>	<b>1,288,958</b>	<b>3,031,415</b>	<b>693,427</b>	<b>2,435,884</b>

**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 2021-2022

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**RECOMMENDATION**

That in accordance with the *Local Government Regulation 2012 s169* Council resolves to adopt the 2021/2022 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 relevant measures of financial sustainability; and
7. 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.