

6. Estimates for 1 July 2009 to 30 June 2010

The draft estimates for the period 1 July 2009 to 30 June 2010 covering the General (including Waste), Water and Sewer operations of Council are presented for consideration and placing on public exhibition as part of the draft management plan.

Finance Manager

BACKGROUND

10 In accordance with the Local Government Act 1993 Council cannot adopt the detailed annual estimates until after the Draft Management Plan, upon which the estimates are based, has been publicly exhibited for a minimum period of 28 days and submissions considered by Council.

The draft estimates are presented to allow their consideration and to enable inclusion in the management plan prior to it being placed on public exhibition.

The draft estimates have been based on total income yields for each Fund. Council may still vary the rates and charges following consideration of public submissions arising from the advertising of the Draft Management Plan up until the meeting of Council on 16 June 2009 when the rates and charges are proposed to be made.

20 The draft estimates are based on a total expenditure (including depreciation of \$11,831,140 and net increase in employee leave entitlements of \$297,000) for this period of \$98,047,631 distributed as follows:

General Fund	\$59,651,594
Water Supply Local Fund	\$19,309,881
Sewerage Local Fund	\$19,086,156

Total income is estimated to be \$85,940,347 distributed as follows:

General Fund	\$53,061,568
Water Supply Local Fund	\$17,461,304
Sewerage Local Fund	\$15,417,475

ESTIMATES FORMAT

30 The estimates document is based on a program budget format which is in turn aligned to the format of Council's management plan.

The document has been prepared in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting and relevant Accounting Standards which have been embraced by the Local Government Act 1993.

Depreciation charges are included in each respective expenditure heading and result in the following expenditure increases in each Fund:

General Fund	\$7,196,735
Water Supply Local Fund	\$1,845,590
Sewerage Local Fund	\$2,788,815

40 Net increase in employee leave entitlements charges are also included in each respective expenditure heading and also result in the following expenditure increases in each Fund:

General Fund	\$287,160
Water Supply Local Fund	\$4,920
Sewerage Local Fund	\$4,920

Whilst depreciation and net increase in employee leave entitlement charges are shown against the respective expenditure headings they do not affect the overall budget surplus/deficit. They are non-cash items and are eliminated from the overall budget result which is designed to focus on the cash flow movements of Council.

50 Expenditure votes have been split into operating, grants and contributions, transfers to restricted investments and capital expenditure:

“**Operating Expenditure**” consists of those costs associated with providing the base level of service.

“**Grants & Contributions**” consists of costs funded from external sources by way of grants & contributions.

“**Transfers to Restricted Investments**” consists of transfers to what were previously referred to as Reserves.

“**Capital Expenditure**” is made up of items such as capital works, plant purchases, office furniture, computer purchases, land purchases and other asset purchases or improvements.

60 “**Source of Funding**” columns have been included to show the manner in which expenditure is to be funded.

The draft document as presented makes provision for the utilisation of loan funds totalling \$5,350,000 to fund the following works:

General Fund

Depot Improvements	\$1,150,000
Drainage Infrastructure	\$ 230,000
Urban Improvements	\$ 270,000
Bridge Construction	\$ 500,000

Merimbula Traffic Improvements	<u>\$1,200,000</u>
	\$3,350,000

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Water Fund

Bega to Yellow Pinch Pipeline Construction	<u>\$2,000,000</u>
	\$2,000,000

General Fund

The document as presented results in a working capital balance of \$1,170,347 as at 30 June 2010.

This level is the minimum target level set by Council (comprising a base level of \$1,000,000 established at 30 June 2005 indexed annually) and leaves limited funds available for any unfunded budget variations in 2009/10. Any increases in budget expenditure in 2009/10 will have to be matched by transfer within the total budget expenditure or additional income to source that expenditure.

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Ordinary rate income has been increased by \$1,492,700 over the 2008/09 original estimate of ordinary rate income. This comprises a 3.71% rate increase (being the rate pegging limit for 2009/10 prescribed by the Minister for Local Government of 3.5% plus allowances for catch up adjustments of 0.21%) plus a further 5.05% special variation proposed to be applied for by Council.

The draft budget also provides for an increase in waste management charges to fund Council's waste management program.

For domestic customers the base waste management charge is proposed to increase from \$67.16 to \$69.52 and the waste collection charge increased from \$167.44 to \$173.68 per annum.

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The domestic recycling collection charge is proposed to increase from \$88.40 to \$91.52 per annum.

The domestic organics collection charge is proposed to increase from \$44.16 to \$45.72 per annum.

The waste collection charge for a rural fortnightly collection is proposed to increase from \$109.20 to \$113.10 per annum.

For commercial customers the base waste management charge is proposed to increase from \$126.67 to \$131.11 per annum and the waste collection charge is proposed to increase from \$185.64 to \$192.40 per annum. The commercial recycling collection charge is proposed to increase from \$131.04 to \$135.72 per annum.

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The draft budget provides for no change to stormwater charges.

For residential properties the residential levy and strata levy are proposed to remain unchanged at \$25.00 and \$12.50 respectively.

For business properties up to 1,200 square metres the commercial levy is \$25.00 per annum. For business properties in excess of 1,200 square metres but not exceeding 3,000 square metres the commercial levy is \$100.00 per annum. For business properties in excess of 3,000 square metres the commercial levy is \$200.00 per annum. The strata levy for business properties is \$12.50 per annum.

110 The estimates as presented show a surplus of \$16,215 excluding depreciation and net increase in employee leave entitlements charges. Including depreciation and net increase in employee leave entitlement charges of \$7,196,735 and \$287,160 respectively there is a deficit of \$7,467,680. An accumulated surplus of \$1,172,693 is carried forward as at 30 June 2010.

Water Supply Local Fund

The Water Supply Local Fund estimates have been prepared on the basis of no change in the user charge of \$2.10 per kilolitre and an increase in the base access charge from \$130.00 to \$164.00.

120 The estimates as presented show a surplus of \$1,933 excluding depreciation and net increase in employee leave entitlements charges. Including depreciation and net increase in employee leave entitlement charges of \$1,845,590 and \$4,920 respectively there is a deficit of \$1,848,577. An accumulated surplus of \$711,156 (comprising a base level of \$600,000 established at 30 June 2005 indexed annually) is carried forward as at 30 June 2010.

Sewerage Local Fund

The Sewerage Local Fund estimates have been prepared on the basis of an increase in the user charge from \$3.00 to \$3.22 per kilolitre and an increase in the base access charge from \$890.00 to \$957.00.

130 The estimates as presented show a surplus of \$5,054 excluding depreciation and net increase in employee leave entitlements charges. Including depreciation and net increase in employee leave entitlement charges of \$2,788,815 and \$4,920 respectively there is a deficit of \$2,788,681. An accumulated surplus of \$711,287 (comprising a base level of \$600,000 established at 30 June 2005 indexed annually) is carried forward as at 30 June 2010.

Budget Adoption Schedule

Under the provisions of the Act Council cannot approve the draft estimates prior to placing the draft management plan on public exhibition to allow submissions to be made and considered by Council prior to the making of the rates and charges.

140 The proposed timetable for the adoption of the 2009/10 estimates and making of the rates and charges is given below:

28 April 2009 Consideration of draft estimates and approval to place draft management plan on public exhibition.

16 June 2009 Council to consider adoption of the management plan following consideration of submissions and making of rates and charges.

Financial

This report outlines the Council's direction over the period of the next Management Plan.

CONCLUSION

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The Council is required to publicly exhibit the Management Plan which will guide the direction of the Council's activities for the next three year period. This report outlines the key estimate items required for inclusion in the draft Management Plan.

RECOMMENDATION

That Council note the draft estimates reported to Council on 28 April 2009 for the purpose of their inclusion in the exhibition of the 2009/10 Draft Management Plan.