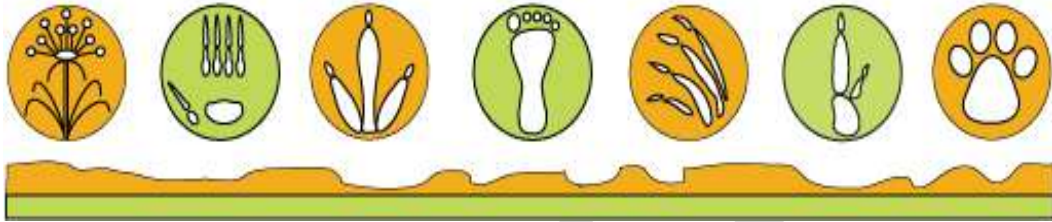


BARKLY SHIRE COUNCIL



2013/14 BUDGET

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Executive Summary

The budget for the Barkly Shire Council for the year ended 30 June 2014 is expected to have an operating surplus of \$ 7,610 without allowance for depreciation or capital expenditure.

Within the Shire Plan for 2013/14 are strategic goals which are linked to specific budgetary cost centres which will determine the quantitative achievements of the objectives and strategies details in the Plan. A Service Delivery Plan further details specific functions on which a qualitative assessment can be made on the programs being delivered towards a specific strategic goal.

By strategic objective, the budgeted expenditure for the year ended 30 June 2014 is:

Regional Development	200,000
Community Capacity Building	205,460
Services and Assets	18,561,808
Community Engagement	229,000
Community Wellbeing	4,731,805
Governance	4,080,000
Total Estimated Expenditure	\$ 28,008,074

To meet this expenditure estimated revenue is to be derived from the following areas:

Fees, Rates and Charges	3,700,000
Untied Operational Grants	5,360,000
Tied Operational Grants	13,095,520
Administration Fees from Grants	2,358,664
Other Self-Generated Income	3,501,500
Total Estimated Revenue	\$ 28,015,684
Budgeted Surplus	\$ 7,610

Legislative Requirements

Legislation

Part 10.5 of the *Local Government Act* requires council to prepare a budget for each financial year.

Part 10.5 Annual budgets

127 Annual budgets

- (1) A council must prepare a budget for each financial year.
- (2) The budget for a particular financial year must:
 - (a) outline:
 - (i) the council's objectives for the relevant financial year; and
 - (ii) the measures the council proposes to take, during the financial year, towards achieving those objectives; and
 - (iii) the indicators the council intends to use as a means of assessing its efficiency in achieving its objectives; and
 - (b) contain estimates of revenue and expenditure for the financial year (differentiating between operating and capital expenditure); and
 - (c) state the amount to be allocated to the development and maintenance of each class of infrastructure for the financial year; and
 - (d) state the amount the council proposes to raise by way of rates, and set out the rates structure, for the financial year; and
 - (e) contain an assessment of the social and economic effects of its rating policies; and
 - (f) state the allowances for members of the council for the financial year and the amount budgeted to cover payment of those allowances.
- (3) Subject to the regulations, a council must not budget for a deficit.

128 Adoption of budget or amendment

- (1) A council must adopt its budget for a particular financial year on or before 31 July in the relevant financial year.
- (2) A council may, after adopting its budget for a particular financial year, adopt an amendment to its budget (but once allowances for the members of the council for a particular financial year have been set, they cannot be changed by amendment).
- (3) As soon as practicable after adopting its budget, or an amendment to its budget, for a particular financial year, a council must:
 - (a) publish the budget or the amendment as adopted on the council's website; and
 - (b) notify the Agency in writing of the adoption of the budget or amendment; and
 - (c) publish a notice in a newspaper circulating generally in the area informing the public that copies of the budget or amendment may be downloaded from the council's website or obtained from the council's public office.
- (4) The council's budget forms part of the council's municipal or shire plan.

Council Objectives

The objectives of Council for the 2013/14 year are detailed in the Shire Plan under the Service Delivery Plan as specific programs which are deliverable and measurable. The plan details what the program is, who is responsible, the estimated time of completion, and the indicator on how it will be measured.

Expenditure

The financial allocations for each of the programs are:

Program	Total	Contractors	Employees Costs	Materials	Other Expenses
Regional Development	\$ 200,000	\$ 8,000	\$ 70,000	\$ 90,000	\$ 32,000
Community Capacity Building	\$ 205,460	\$ 0	\$ 167,031	\$ 0	\$ 38,429
Service & Assets	\$ 15,995,690				
Municipal Services	\$ 6,793,000	\$ 198,000	\$ 4,917,000	\$ 1,363,000	\$ 315,000
Library	\$ 160,000		\$ 150,000	\$ 5,000	\$ 5,000
Works Contracts	\$ 1,363,000	\$ 655,000	\$ 380,000	\$ 18,000	\$ 300,000
Infrastructure	\$ 2,825,000	\$ 1,280,000	\$ 335,000	\$ 670,000	\$ 540,000
Agency Services	\$ 435,000	\$ 0	\$ 175,000	\$ 0	\$ 260,000
Animal Control Services	\$ 260,000	\$ 10,000	\$ 191,000	\$ 42,000	\$ 17,000
Contracts	\$ 4,159,690	\$ 2,550,000	\$ 651,944	\$ 155,000	\$ 802,746
Community Engagement	\$ 229,000		\$ 65,000	\$ 134,000	\$ 30,000
Community Well Being	\$ 4,731,805				
Aged & Disability Services	\$ 1,807,000	\$ 0	\$ 1,225,000	\$ 317,000	\$ 265,000
Family & Children Services	\$ 1,096,750	\$ 0	\$ 659,000	\$ 190,000	\$ 247,750
Social Protection	\$ 2,916,118	\$ 0	\$ 2,229,118	\$ 66,000	\$ 621,000
Sport & Recreation	\$ 1,478,055	\$ 50,000	\$ 990,000	\$ 135,000	\$ 303,055
Governance	\$ 4,080,000	\$ 390,000	\$ 3,150,000	\$ 147,000	\$ 393,000

Assets

The amounts allocated to the development and maintenance of each class of asset is area:

Asset Type	Planned Capital Expenditure	Maintenance Funds Allocated	Estimated Depreciation
Land	\$ 0	\$ 0	\$ 0
Buildings & Improvements	\$ 1,510,381	\$ 1,365,000	\$ 2,300,000
Plant & Equipment	\$ 0	\$ 505,000	\$ 650,000
Fleet	\$ 0	\$ 100,000	\$ 750,000
Roads & Footpaths	\$ 270,000	\$ 465,000	\$ 0

Planned Capital Expenditure

The amount allocated to planned capital expenditure is new and upgraded infrastructure projects funded by Commonwealth and Northern Territory Grants:

- Playgrounds for Ampilatwatja & Arlparra \$ 130,381
- Upgrade of Tennant Creek Civic Hall – Sound and Lighting System \$ 80,000
- Water Parks for Elliott and Ali Curung \$ 500,000
- Commercial Laundry for Alpurrurulam \$ 300,000
- Waste Management Infrastructure for Arlparra \$ 500,000

Further to the funded capital, the Shire has allocated \$ 270,000 from operational funding to establish new footpaths in Tennant Creek and Elliott.

Rates

A percentage rate of a parcel of land's Unimproved Capital Value (UCV) is the basis of the rates for most of the properties in the Shire. The UCV is established by the Australian Valuation Office, an independent government body that considers the saleable value of a particular lot without allowances for buildings and other improvements. A particular rate differential is applied by Council against the UCV dependant on the zoning of the property, which is determined by the NT Department of Lands and Planning, to determine the land Rates. These properties are located primarily within Tennant Creek, Elliott and the surrounding area.

A small number of pastoral and mining leases are in the Shire and are conditionally rated with approval of the Minister for Local Government. Properties in townships and communities are rated on a fixed charge basis.

Council has declared an overall increase to total Rates revenue to be 2.5% from that collected for the 2012/13 year. The effect on the individual lots will vary due to the variances in the changes in Unimproved Capital Value experienced as a result of the latest revaluation. The differential to be used against each land zone for the 2013/14 year will be:

Property Zone	Differential	Est 2013/14 Rates
Single Dwelling	3.813%	683,762
Rural Living	1.5257%	29,568
Multiple Dwelling	4.47%	226,986
Commercial	6.7495%	367,290
Tourist Commercial	7.3903%	74,272
Community Purpose	4.6929%	19,240
Community Living	9.3332%	10,5511
Light Industrial	14.2822%	231,371
Medium Density Residential	1.6725%	3345
Service Commercial	6.3277%	34,739
Organised Recreation	3.2143%	10,767
General Industry	15.11%	16,318
Total Tennant Creek Rates		\$1,803,169

Property Zone	Differential	Est 2013/14 Rates
Residential	2.86%	18,048
Commercial	1.15%	4291
Total Elliott Rates		\$22,339

or fixed charge properties which will attract an increase of 9% for the 2013/14 year to cover the increase in costs in delivering services to the communities:

Class of Property	Fixed Charge	Est 2013/14 Rates
Newcastle Waters	163.34	816
Communities & ALA Business	877.73	71,974
Communities & ALA Other	741.80	164,680
Total Fixed Rates		\$234,470

For Pastoral and Mining Leases as approved by the Minister for Local Government:

Class of Property	2012/13 Rate	Actual \$ Levied	2012/13 Rate	Est \$ Levied
Pastoral Leases	.0679%	\$ 93,628	.068675%	\$ 95,968
Mining Leases	.3121%	\$ 2,348	.329845%	\$ 2,481
Total Pastoral & Mining Rates		\$ 96,049		\$ 98,449

Total Rates		\$ 2,043,678		\$ 2,131,506
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Annual User Charges

To reflect the increase in costs in delivering services it is proposed that an increase of 9% be applied to user charges for the 2013/14 year. With the proposed introduction of user fees at the landfill facilities in the Shire, the Dump Access Fee previously levied against Commercial and Industrial lots will be discontinued. The proposed charges:

Annual Charge	2012/13 Charge	Actual \$ Charge	2013/14 Charge	Est \$ Charge
240 Litre Garbage Bin	\$ 238.34	\$ 254,543	\$ 260.00	\$ 277,460
Additional Garbage Bin	\$ 238.34	\$ 103,199	\$ 260.00	\$ 112,480
Daily Garbage Run	\$ 689.96	\$ 7,589	\$ 752.00	\$ 8,272
Rural Garbage Charge	\$ 618.60	\$ 184,961	\$ 675.00	\$ 201,605
Addit. Rural Garbage Charge	\$ 309.30	\$ 2,784	\$ 337.00	\$ 3,035
Elliott Garbage Charge	\$ 2238.34	\$ 18,590	\$ 2,440.00	\$ 20,260
Total Waste Collection		\$ 571,666		\$ 623,112

Dump Access Fee	\$ 515.50	\$ 90,728	\$ 0.00	\$ 0
Animal Welfare Levy	\$ 41.24	\$ 62,355	\$ 45.00	\$ 67,965
Total Annual Charges		\$ 724,749		\$ 671,077

Social & Economic Effects

Council has considered the level of rates and charges to be levied for the 2013/14 should reflect the Consumer Price Index (CPI) that has been accepted by the Minister for Local Government being 2.5%.

This increase as decided by Council does not meet the ever increasing costs of delivering Local Government services. A study of Local Government costs conducted by the Local Government Association of the Northern Territory (LGANT) concluded that an overall increase of costs in the local government sector of the year ended 30 June 2011 was 4.2%. Further studies have revealed that costs for Local Governments continue to rise at similar and higher levels. This percentage is titled the Local Government Index (LGI) and is recommended by LGANT and the Finance Reference Group of NT Councils to be the level of increase in rates and charges for the 2013/14 year.

The response from both the Commonwealth and Northern Territory Governments to recognise the increase in costs for Council and to adjust grant and other funding appropriately has not been positive and in some cases funding has been cut. Council determined that ratepayers should not be unduly penalised by being levied higher rates if the other tiers of Government do not recognise the legitimacy of the increases. The Council will continue to lobby both governments to contribute adequate resources to the local government sector including the Barkly Shire Council.

For the payment of rates, Council has a policy allows for payment of rates by instalments. Council is also sympathetic to ratepayers who have difficulty in meeting their obligations and is willing to enter into arrangements so that no debt recovery action is required.

Elected Member Allowances

Council has adopted the Maximum Council Member Allowance for 2013/14 as specified in the Ministerial Guidelines. The specific allowances are:

Allowance	President	Deputy President	Councillor
Base	\$ 68,395.47	\$ 25,290.82	\$ 12,301.14
Electoral	\$ 18,002.23	\$ 4,501.38	\$ 4,501.38
Professional Development	\$ 3,417.35	\$ 3,417.35	\$ 3,417.35
Acting President (Capped)			\$ 21,356.78
Extra Meeting (Capped)			\$ 8,200.76

\$ 500,000 as been allocated from the Governance budget to cover these allowance and other elected member expenses for the 2013/14 year.

Long Term Financial Plan

The four year plan is prescribed by the *Local Government Act* and presents estimated operating revenue and operating and capital expenditure in future years.

	2013/14	2014/15	2015/16	2016/17
Revenue				
Fees, Rates and Charges	3,700,000	3,792,500	3,887,312	3,984,495
Untied Operational Grants	5,360,000	5,494,000	5,631,350	5,772,134
Tied Operational Grants	13,095,520	13,422,908	13,758,480	14,102,442
Administration Fees from Grants	2,358,664	2,149,616	2,203,357	2,258,441
Other Self-Generated Income	3,501,500	3,589,037	3,678,763	3,770,732
Total Estimated Revenue	\$ 28,015,684	\$ 28,448,061	\$ 29,159,262	\$ 29,888,244
Expenditure				
Contractors	5,141,000	5,356,922	5,581,912	5,816,353
Employee Costs	15,355,093	16,000,007	16,672,007	17,372,231
Materials	3,332,000	3,471,944	3,617,765	3,769,711
Other Expenses	4,179,981	4,355,540	4,538,472	4,729,088
Total Estimated Expenditure	\$ 28,008,017	\$ 29,184,413	\$ 30,410,156	\$ 31,687,383
Estimated Operating Surplus/(Deficit)	\$ 7,610	(\$ 736,352)	(\$ 1,250,894)	(\$ 1,799,139)
Projected Net Capital Expenditure	\$ 750,000	\$ 0	\$ 0	\$ 0
Revenue from Asset Realisation or Reserves	\$ 750,000	\$ 736,352	\$ 1,250,894	\$ 1,799,139
Overall Estimated Surplus/(Deficit)	\$ 7,610	\$ 0	\$ 0	\$ 0

With revenue expected to be restricted by the funding government agencies to the CPI of around 2.5% and costs for local government increasing at about 4.2% it is inevitable that operating deficits will continue to occur in the future. It will be necessary for Council to sell its assets, primarily land, to fund these deficits.

Council is planning a redevelopment of the Purkiss Reserve and swimming pool precinct which will cost \$ 4.6 million dollars. \$ 3.6 million dollars will be funded by a successful Regional Development Australia Fund grant, with contributions from the Northern Territory Government and the local community estimated to be about \$ 250,000. The Council has committed to contribute the balance of at least \$ 750,000 from reserves.

There are no other major capital initiatives planned beyond the 2013/14 year due to reliance of grant funding for the programs.

Infrastructure will continue to be maintained at workable state and a fund to replace plant will be put in place as Council surpluses allow.

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