



Hawkesbury City Council

special
meeting
business
paper

date of meeting: 28 April 2008

location: council chambers

time: 7.00 p.m.



mission
statement

***“To create opportunities
for a variety of work
and lifestyle choices
in a healthy, natural
environment”***

How Council Operates

Hawkesbury City Council supports and encourages the involvement and participation of local residents in issues that affect the City.

The 12 Councillors who represent Hawkesbury City Council are elected at Local Government elections held every four years. Voting at these elections is compulsory for residents who are aged 18 years and over and who reside permanently in the City.

Ordinary Meetings of Council are held on the second Tuesday of each month, except January, and the last Tuesday of each month, except December. The meetings start at 5:00pm with a break from 7:00pm to 7:30pm and are scheduled to conclude by 11:00pm. These meetings are open to the public.

When a Special Meeting of Council is held it will usually start at 7:00pm. These meetings are also open to the public.

Meeting Procedure

The Mayor is Chairperson of the meeting.

The business paper contains the agenda and information on the issues to be dealt with at the meeting. Matters before the Council will be dealt with by an exception process. This involves Councillors advising the General Manager at least two hours before the meeting of those matters they wish to discuss. A list will then be prepared of all matters to be discussed and this will be publicly displayed in the Chambers. At the appropriate stage of the meeting, the Chairperson will move for all those matters not listed for discussion to be adopted. The meeting then will proceed to deal with each item listed for discussion and decision.

Public Participation

Members of the public can request to speak about a matter raised in the business paper for the Council meeting. You must register to speak prior to 3:00pm on the day of the meeting by contacting Council. You will need to complete an application form and lodge it with the General Manager by this time, where possible. The application form is available on the Council's website, from reception, at the meeting, by contacting the Manager Corporate Services and Governance on 4560 4426 or by email at fsut@hawkesbury.nsw.gov.au.

The Mayor will invite interested persons to address the Council when the matter is being considered. Speakers have a maximum of five minutes to present their views. If there are a large number of responses in a matter, they may be asked to organise for three representatives to address the Council.

A Point of Interest

Voting on matters for consideration is operated electronically. Councillors have in front of them both a "Yes" and a "No" button with which they cast their vote. The results of the vote are displayed on the electronic voting board above the Minute Clerk. This was an innovation in Australian Local Government pioneered by Hawkesbury City Council.

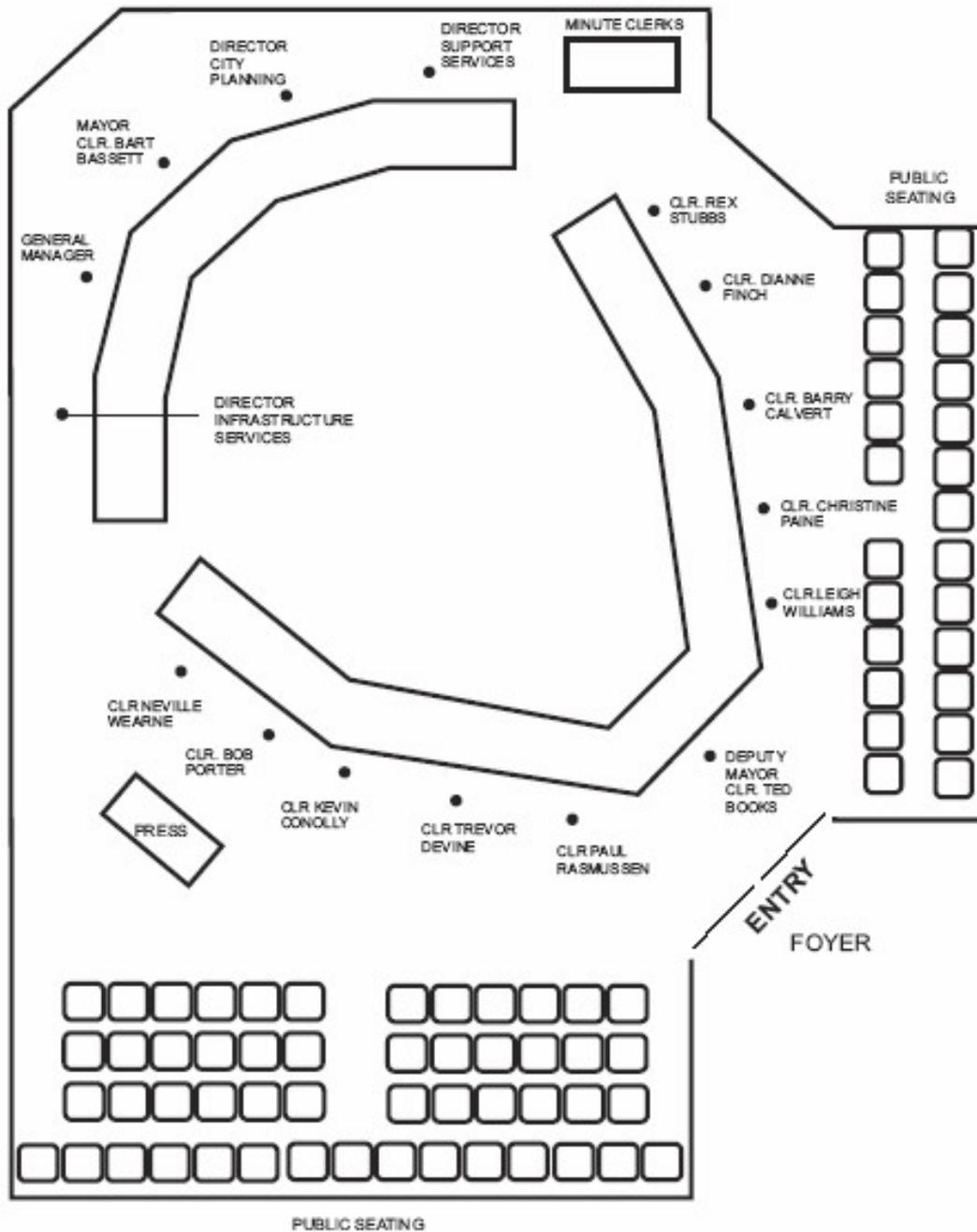
Website

Business Papers can be viewed on Council's website from noon on the Friday before each meeting. The website address is www.hawkesbury.nsw.gov.au.

Further Information

A guide to Council Meetings is available on the Council's website. If you require further information about meetings of Council, please contact the Manager, Corporate Services and Governance on, telephone 02 4560 4426.

council chambers



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- **WELCOME / EXPLANATIONS**
- **APOLOGIES**
- **DECLARATION OF INTERESTS**
- **AGENDA ITEMS SUBJECT TO PUBLIC ADDRESS**
- **SECTION 4 - Reports for Determination**

General Manager

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SECTION 4 - Reports for Determination

GENERAL MANAGER

Item: 75 **GM - Draft Management Plan 2008/2009 and Draft Budget 2008/2009 - (79351, 95496, 96332)**

REPORT:

1. Introduction

I am pleased to submit the draft Management Plan (incorporating the draft Budget) for Council's consideration covering the 12 month period ending 30 June 2009. This document, incorporated within four booklets, has been circulated separately to all Councillors.

Under Chapter 13 of the Local Government Act 1993, Councils are required to prepare a Management Plan each year that is to be placed on public display for at least 28 days prior to adoption by the Council (Section 406). The Council's annual budget, together with forecasts for at least the following two years, is an integral part of the Management Plan and is required to be incorporated into that Plan as well as its proposed fees and charges for the period.

The draft Management Plan has been submitted for consideration by Council. The Council adopted a long term Strategic Plan in the 2004/2005 financial year and undertook a review of its organisational structure to realign the organisation to Council's strategic objectives in January 2005. The structure was again reviewed in June 2007 and a process has now been commenced to develop a new Community Strategic Plan. It is anticipated that this new Plan will be finalised by mid 2009.

As a result, the 2005/2006 Management Plan was modified to reflect the adoption of the Strategic Plan as a first step. The 2006/2007 and 2007/2008 documents contained further refinements that had been made in an endeavour to improve the alignment of the Management Plan with the Strategic Plan.

As a result of the development of a new Community Strategic Plan, the draft Management Plan and Budget have not been modified this year. However, it is envisaged that in future years it will also be amended to align as closely as possible to the new Community Strategic Plan and to provide information to support that Plan while also meeting statutory accounting requirements. The ultimate aim will be to establish clearer links between Council's strategic objectives and individual projects, and move towards a simplified format for both the Management and Financial Plans.

No significant changes to the Act have been introduced which will affect the 2008/2009 Management Plan and Budget.

However, it must be stressed that in the current financial climate, and Council's financial position having regard to significant capital projects currently underway, it has once again been difficult to present Council with a "balanced budget". It has been necessary to stringently examine all areas of Council's expenditure to achieve this goal and the budget and other financial proposals will need to be closely monitored and adhered to so as to ensure that Council's financial position does not decline.

2. Public exhibition

Subject to the Council adopting the 2008/2009 draft Management Plan and Budget at this meeting it is proposed that it will be placed on public exhibition from Thursday, 8 May 2008 with such exhibition period

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closing on Thursday, 5 June 2008. Following this period a summation of any submissions received will be presented to a Special Council meeting to be held on Monday, 23 June 2008 to consider the submissions received and adopt the 2008/2009 draft Management Plan and Budget as well as setting rates and charges. A council must adopt its Management Plan by 30 June and set its rates for a financial year by 31 July of that year.

3. Possible Review of Level of Business Rate

Council has previously considered the issue of the level of the business rate in comparison to the level of the residential rate in view of the fact that historically both have been set at the same level. It has previously been pointed out that in other local government areas the business rate is higher, to varying degrees, to the residential rate. In this Council's case an increase in the business rate to a level above the residential rate would decrease the level of rate increase to residential.

When this issue was considered in association with the 2006/2007 draft Management Plan and Budget, the Council, at its meeting held on 2 May 2006, resolved as follows in respect of this issue:

"Consideration of differential rates for business as compared to residential properties not be proceeded with in the 2006/2007 financial year and consideration be deferred until a sensitivity analysis, which will include where possible but not be limited to a study between the commercial areas referred to in this report of:

- (a) *escape expenditure in the various commercial areas;*
- (b) *ability for Hawkesbury business to attract customers from outside the Hawkesbury;*
- (c) *Comparisons of net operating returns per dollar (\$) of rent;*
- (d) *Comparison of commercial land values;*
- (e) *Turnover of businesses*
- (f) *Returns on investments to property owners."*

At this point in time the resources and facilities have not been available to undertake the analysis requested by Council and it is hoped that such analysis may be able to be undertaken in 2008/2009. Accordingly, the 2008/2009 draft Management Plan and Budget has been prepared on the basis of the business rate being the same as the residential rate.

4. Competition Policy

Under an agreement reached between the Federal Government and the States in April 1995, all levels of Government, including Local Government, are required to review their practices and introduce a competitive approach to their business activities.

The Local Government Association has negotiated a policy statement applicable to Local Government with the State Government of New South Wales regarding competition policy, which is effective from 1 July 1997.

As a result of this agreement business activities owned by Council with turnover in excess of \$2 million are required to adopt a competitive approach and carry all appropriate overheads attributable to that operation.

For the 2008/2009 financial year Council will have two business activities with turnover in excess of \$2 million, being Sewerage Services and the Hawkesbury Leisure Centre, and categorised as a Category 1 Business.

Council has adopted appropriate procedures in relation to the two Category 1 Business Activities and these are detailed in Council's draft Management Plan 2008/2009 (Booklet 1 – Strategic Plan).

5. Strategic Issues

Over many years now, and increasingly so since the introduction of the Local Government Act 1993, all Councils in New South Wales have had to address the issue of becoming involved in the delivery of a wider range of services without a corresponding increase in available resources to provide these services as well as meeting the widening expectation of the communities they serve.

Examples of these increasing roles are in the provision of community services; planning controls and requirements; and many environmental issues. At the same time the State and Federal Governments have withdrawn from or reduced funding for many services, leaving Local Government to provide the additional funding.

Council needs to ensure that it develops a financial position that enables it to take advantage of opportunities that arise from time to time such as strategic land acquisitions and planned major infrastructure improvements and also take advantage of development opportunities that enable Council to develop, on an ongoing basis, its revenue base independent of rate income.

Without a sound financial base, it is not possible to respond positively to such opportunities and capital expenditures, due to financial limitations such as rate pegging. Therefore, Council needs to be vigilant in respect of its expenditure as divergence from its planned path together with the impact of rate levy increases failing to match inflationary pressures all impact upon the Council's financial base.

6. Management Plan

As indicated at the commencement of this report, Council is required under the Local Government Act, to prepare a draft Management Plan each year outlining its various activities. The Council's Revenue Policy for the next year must also be contained in this Plan.

In complying with the requirements of the Act, the Management Plan must specify the following statements in relation to Council's activities:

- a statement of the principal activities that the Council proposes to conduct;
- a statement of the objectives and performance targets for each of its principal activities;
- a statement of the means by which the Council proposes to achieve these targets;
- a statement of the manner in which the Council proposes to assess its performance in respect of each of its principal activities;
- statements with respect to such other matters as may be prescribed by the regulations.

The Statement of Principal Activities must include the following details:

- capital works projects to be carried out by the Council;
- services to be provided by the Council;
- asset replacement programs to be implemented by the Council;
- sales of assets to be conducted by the Council;
- activities of a business or commercial nature to be undertaken by the Council;
- human resource activities (such as training programs) to be undertaken by the Council;

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- activities to properly manage, develop, protect, restore, enhance and conserve the environment in a manner that is consistent with and promotes the principles of ecologically sustainable development;
- activities in response to and to address priorities identified in the Council's current comprehensive reports as to the state of the environment and any other relevant reports;
- programs to be undertaken by the Council to implement its equal employment opportunity management plan.

In addition, the Plan must include statements with respect to the Council's Revenue Policy detailing the following information:-

- a statement containing a detailed estimate of the Council's income and expenditure;
- a statement with respect to each ordinary rate and each special rate proposed to be levied;
- a statement with respect to each charge proposed to be levied;
- a statement of the types of fees proposed to be charged by the Council and the amount of each such fee;
- a statement of the Council's pricing policy with respect to the goods and services provided by it;
- a statement of the amounts or rates proposed to be charged for the carrying out by the Council of work on private land;
- a statement of the amounts of any proposed borrowings (other than internal borrowing), the sources from which they are proposed to be borrowed and the means by which they are proposed to be secured;
- a statement with respect to such other matters as may be prescribed by the regulations.

The Management Plan must specify ordinary or special rates proposed to be levied, particulars regarding fees and charges and Statement of Income and Expenditure over the second and third years covered by the Plan. Details in this regard have been included in the documents prepared and comprising the Council's draft Management Plan for 2008/2009 for this purpose.

The draft Management Plan, together with other supporting documentation, in the form of four booklets, have been circulated separately to Councillors.

The Program Budget for the Council's principal activities are detailed in the draft Management Plan.

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7. Budget Position

Notional Yield

Council's projected Notional Yield from general rate income for 2008/2009, based upon the documentation now before Council, is as follows:

GENERAL RATE TYPE	Actual 2007/2008		Budget 2008/2009	
	\$	%	\$	%
Residential	19,692,558	87.4%	20,322,720	87.4%
Farmland	1,025,232	4.5%	1,058,040	4.5%
Business	1,834,934	8.1%	1,893,652	8.1%
Total Notional Yield	22,552,724	100%	23,274,412	100%
2008/09 Increase			721,688	3.2%
Pensioner Rebates & Growth	(168,908)		(113,306)	
Net Notional Yield	22,383,816		23,161,106	

It is noted that the amounts outlined in the above table only relate to general rates.

Budget Parameters

The draft Budget has been established based on a combination of index factors utilised. The indexation utilised for cost and revenue escalations include the following -

Table 1 - Indices utilised

INDEX FACTORS	2008/2009
Award Increase	3.50%
Consumer Price Index	3.00%
Cost Escalation	1.00%
Interest	7.25%
Rate Pegging	3.20%
Statutory Fees	0.00%
Growth Rate	0.25%

Table 2 - Indices utilised

OPERATING REVENUE	Assumption	Indexation	2008/2009
Fees & Charges for Services	At least to cover cost of providing the service	CPI, Rate Pegging or Wages	3.0% - 4.2%
Statutory Fees	In accordance with legislations	Nil	NA
Interest Revenue	Based on cash balance	ROI	7.75%
Other Income	Based on previous trends	CPI	3.0%

OPERATING EXPENDITURE	Assumption	Indexation	2008/2009
Employee Costs	Based on award and increments	Award, and Increments	3.5%
Materials	Based on previous trends		1.0% - 3.5%
Contracted Services	Based on previous trends		1.0% - 3.5%

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Managers were required to project the estimated expenditure and associated revenue streams for each of the activities or services they provide. The budget estimates were then adjusted to reflect actual trends taking into consideration the following factors -

- market forces and price sensitivity;
- cost escalations above the base indexation;
- reduction in revenue streams;
- estimated costs based on previous years actual trends; and
- projected operating costs required to deliver existing services to the community.

Operational Budget

As would be appreciated the budget preparation process occupies a considerable period of time within the organisation. To produce a "balanced budget", income and expenditure estimates were closely reviewed and adjusted as necessary. In the event that Council wishes to alter any of these estimates or introduce new items, it is suggested that it would also be necessary for Council to nominate an alternate source of funding from within the Budget from which funds could be deducted in order to increase an item or fund a new item.

During 2007 Council resolved to give consideration in the 2008/2009 Budget to the following two matters:

1. Provision of Native Trees to Schools in the Hawkesbury Local Government Area.

Council at its meeting on 14 August 2007 resolved as follows:

"That Council:

1. *Consider in 2008/2009 Budget the provision to offer schools in the Hawkesbury Local Government Area up to six native trees per year from the Community Nursery to plant in their school yards.*
2. *Approach the CMA and LGAG as to the possibility to providing additional trees to the Hawkesbury Local Government Area."*

Council's Director Infrastructure Services has provided the following comments regarding this matter:

"Resources at the Community Nursery are currently not available to raise native trees from seed. Seedlings are currently sourced from nurseries at a cost of 80c each, on potted to a suitable size and sold at a cost of between \$1.10 and \$6.60 depending upon the size.

In relation to the Catchment Management Authority and/or Local Government Advisory Group providing additional trees to the Hawkesbury Local Government Area, contact has been made in this regard and initial advice is that due to strict targets having to be met and no school engagement program currently identified, funds are not available for this purpose. It was advised however, that there is likely to be opportunities in the next financial year where the Catchment Management Authority would be happy to apply for joint funding for such an activity."

2. Provision of Skip Bins within the St Albans Area

Council at its meeting on 11 December 2007 resolved as follows:

"That consideration be given during the 2008/2009 budget process to supplying Skip Bins, on a fee for service basis, within the St Albans Area at six monthly intervals, one at St Alban's

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Village and one at Upper Macdonald Road, to facilitate the ready removal of accumulated rubbish."

Council's Director Infrastructure Services has provided the following comments regarding this matter:

"It would be possible to provide skip bins on the basis outlined and impose a charge on property owners who would be eligible to use the service, however there would most likely be property owners within the defined areas who would not wish to utilise the service, nor contribute towards it and those who may wish to utilise it and not be able to if the skip has been filled prior to their arrival.

There are also a number of logistical issues which would be difficult to address:

- Without constant supervision of the skips, it would not be possible to ensure reasonable usage by the wider community i.e. the skip bins could be dominated by a few and be filled quickly.*
- Should the skip be filled, it is likely that rubbish will be dumped at the site, requiring additional resources to remove the excess.*
- Unlike the residential rubbish removal where a pick up is booked in advance, should a skip bin be provided on an advertised date there is no guarantee that space will be available when residents decide to utilise it.*
- Use of skip bins does not encourage recycling and as such would increase the volume of material being disposed of at the Waste Management facility. Skip bins are not generally accepted at the facility for this reason.*

It is also noted that there are a number of isolated locations which have similar issues in terms of ready access to the Waste Management facility, including Upper Colo, Colo Heights, Bilpin and Mountain Lagoon.

The cost to provide the skip bins as outlined is estimated at \$2,800 with an additional estimated cost of \$8,320 for disposal. A total of \$11,120pa."

Provision has not been made for funding in the draft 2008/2009 Budget for the provision of native trees to schools or the provision of skip bins within the St Albans Area and accordingly, in accordance with Council's resolutions outlined above, these matters are now submitted for consideration by Council as part of the draft 2008/2009 Budget.

Sources of Revenue

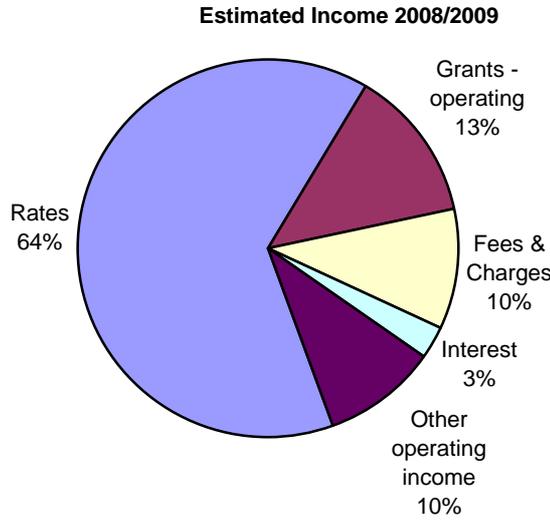
Council's estimated revenue from ordinary activities for 2008/2009 is as follows:

Source of Revenue	Amount \$
Rates	35,054,850
Grants - Operating	7,047,491
Fees & Charges	5,684,640
Other Operating Income	5,259,129
Interest	1,528,076
TOTAL	54,574,186

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These estimates are further represented in the following graph:



It is noted that the rates component outlined in the above table and graph (ie \$35,054,850 and 64%) includes general rates, garbage rates, sewer rates, sullage and kerbside collection rates.

Rental Income

Council leases a diverse and extensive range of properties. Council currently has approximately 100 properties under lease, which continue to provide a vital alternate source of income for Council.

It is anticipated that Council will receive in excess of \$1.9m gross rental in 2008/2009, with a nearly 100% occupancy rate. This represents an increase in the rental income of approximately \$66,000 on the 2007/2008 Budget.

The property portfolio includes the following range of properties:

Property Category	No. of Properties	Projected Rental Income \$
Commercial	25	1,248,930
Residential	12	127,620
Retain - Shopping Centres	3	499,030
TOTAL	40	1,875,580

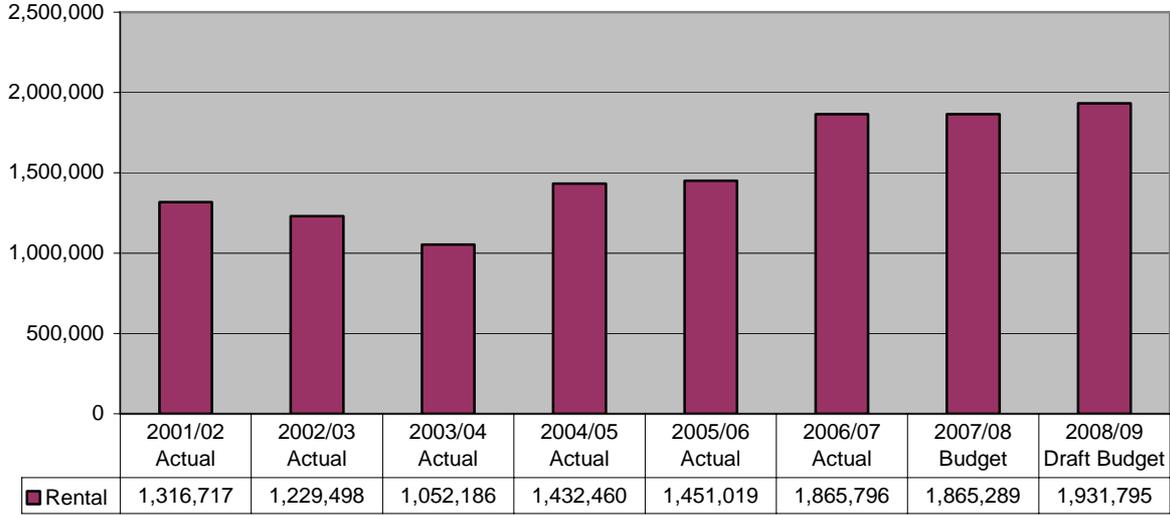
In addition to these properties Council also receives other rental income of approximately \$50,000 from properties under licences, road leases, telecommunication leases and various agreements.

The following graph shows the levels of gross rental Council has received from 2001/2002 to 2006/2007 and the budgeted amounts for 2007/2008 and 2008/2009 (proposed).

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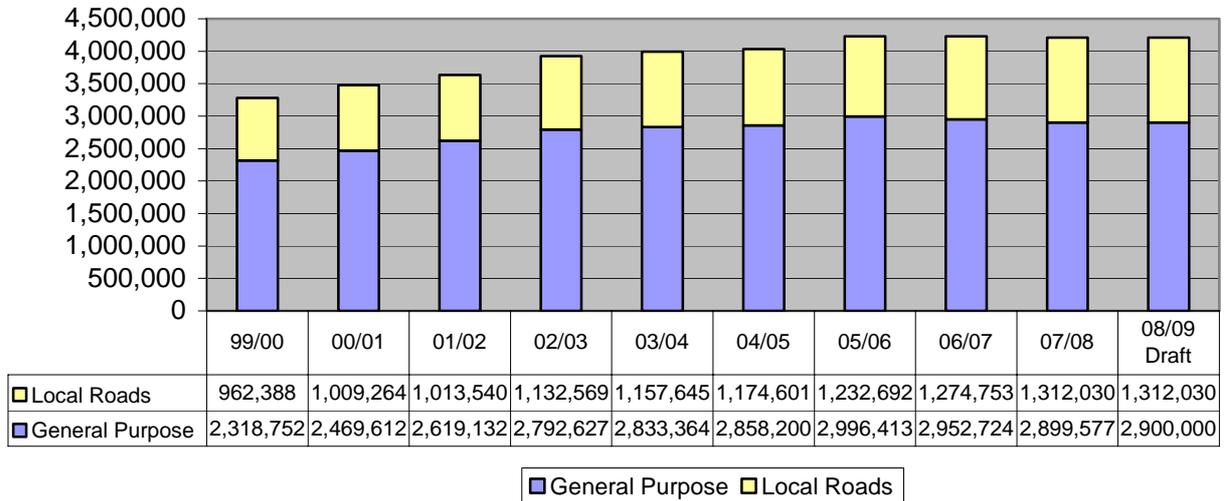
Gross Rental Comparison 2001/2002 to 2008/2009



Financial Assistance Grants

Council receives Financial Assistance Grants from the Federal Government. The Financial Assistance Grants consist of General Purpose and Local Road Components. The following graph outlines the Financial Assistance Grants received by Council from 1999/2000 to 2007/2008. The graph also shows that Council has budgeted for these grants in 2008/2009 to be in line with the previous two years.

Financial Assistance Grants - 1999/2000 to 2008/2009



Interest Earnings

Council's interest earnings are based on the amount of cash reserves and the return to Council on these cash reserves.

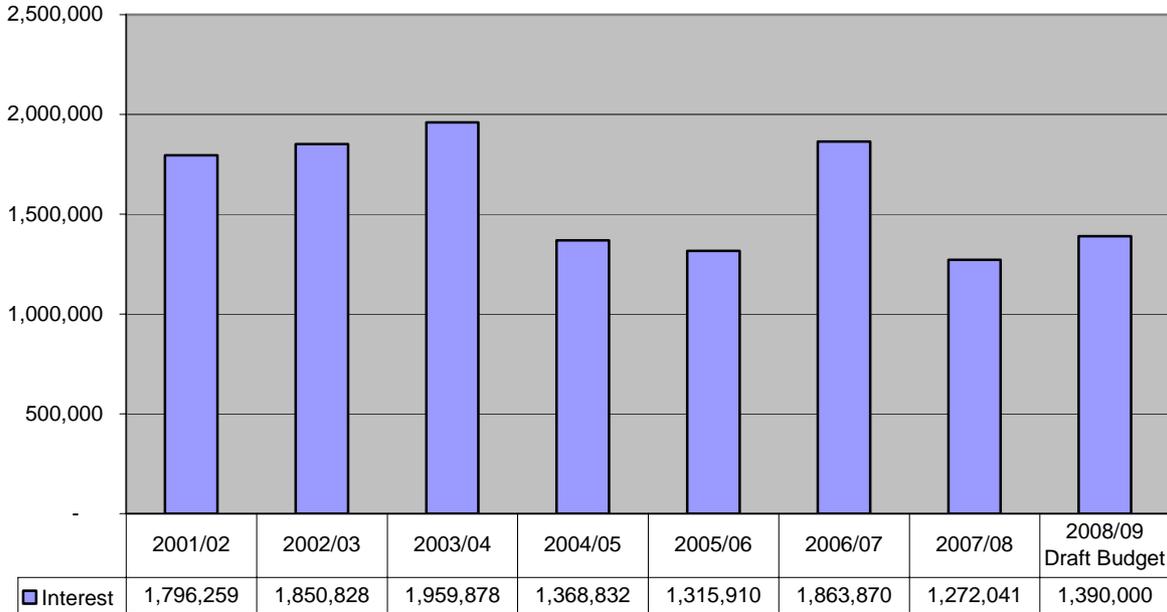
Council's investment portfolio has been rebalanced during 2007/2008 and Council's interest earnings risk has been significantly mitigated. Council anticipates that its interest earnings will improve by over \$100,000 in 2008/2009 compared to Council's budgeted earnings in 2007/2008.

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The following graph outlines the interest earnings from 2001/2002 through to the projected earnings for 2007/2008 and 2008/2009.

Interest Earnings 2001/2002 to 2008/2009



Rural Fire Service (RFS)

Due to various legislative requirements the Council makes a statutory contribution towards the operation of the Rural Fire Services in its area. The anticipated statutory contribution for 2008/2009 is \$311,917 and provision has been made for this in the draft Budget. In addition to this funding there are Council overhead costs estimated at \$250,000 and maintenance of Council buildings of \$6,740. Council is also required to make a contribution to the Board of Fire Commissioners with the anticipated amount for 2008/2009 being \$127,000.

A further funding component related to the RFS is the submission made to Council for the provision of discretionary funding for a range of programs which Council may consider. In respect of 2008/2009 the request for discretionary funding totals \$252,000 plus an additional \$61,000 in-kind funding for rates and insurance. The discretionary funding requested by the RFS has been included in the 2008/2009 draft Budget.

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A breakdown of the discretionary funding request for 2008/2009 is as follows:

Item	Discretionary Funding Requested \$
Employee costs	55,000
Telephone	25,000
Station Maintenance & Repair	13,000
Water	650
Training	7,500
Printing & Stationery	31,000
Catering	12,500
Field Day	4,637
Radio Repairs	15,800
Vehicle Maintenance & Repair	33,913
Mitigation Works	10,000
Group Captain Vehicle Replacement	40,000
Furniture & Fittings	3,000
TOTAL	\$ 252,000

Employee Costs

In the 12 month period prior to the commencement of the 2006/2007 financial year Council reduced employee numbers by 20 staff positions. These reductions were achieved by making positions redundant through either natural attrition of vacant positions and by voluntary redundancies. This resulted in savings in employee costs totalling in excess of \$1m per annum. This reduction represented a 7% decrease in Council's FTE base.

In 2007 the Senior Staff structure was rationalised and two Director positions were eliminated. Since that time the staff establishment list has remained constant.

The projected 2008/2009 increase in employee costs is estimated at \$684,452 as follows:

Employee Costs Summary	\$
Award Increase - 3.5%	454,671
Increments	57,169
Allowances	(15,806)
Reclassifications	20,000
Proposed new positions	168,418
Total Increase	684,452

It is to be noted that employee costs for outdoor staff are costed across the various works that are carried out. This results in the increase in outdoor staff employee costs not being reflected in employee costs in budgeted financial statements, as these costs are included as part of various works costs, part of which are capitalised.

As part of the 2008/2009 budgetary process a total of eight new positions and an increase in hours for a further two positions was sought by various areas within the Council. Following a review of these requests by Management provision has been included in the 2008/2009 draft Budget for two new full-time positions and one part-time position. Details of these are as follows:

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Position	Directorate	Section	Reasons	Cost \$
Planning Manager	City Planning	Planning	This position was approved by Council at its meeting on 8 April 2008.	100,146 + vehicle
Administration Officer	Infrastructure Services	Parks & Recreation	The position will relieve Managers from administrative tasks and would assist existing staff in keeping up with customer service. This would result in improved response times and better customer service.	44,484
Library Officer - Information Services	Support Services	Cultural Services	The position will reduce the reference desk shifts of three senior library staff to allow them to undertake increased administrative roles whilst still maintain the necessary contact with the public and desk staff.	23,788
TOTAL				\$168,418

In addition to the above positions, the position of Records Trainee is proposed to become a combined Records / IT Trainee position. This position will enable important projects regarding process improvements to be undertaken in both sections.

Superannuation Contributions

Due to the performance of the superannuation schemes, until 2005/2006 Council had enjoyed a "contribution holiday" for members of the Retirement & Defined Benefit Schemes. Advice was received that Council should make provision in the 2005/2006 , 2006/2007 and 2007/2008 budgets for an amount of \$240,000 per year equivalent to a 50% employer contribution "holiday".

As a result of this advice, the additional 50% employer contribution was transferred to the Employee Entitlements Reserve. This assisted in attempts to ensure that this Reserve remains at an acceptable level and that future budgets would not be adversely affected.

Advice has now been received that the 50% employer contribution "holiday" will now cease as from 2008/2009.

Council Controlled Fees

Council receives annually approximately \$5.7 million in fees and charges. The level of income from fees and charges is dependant on the level of activity and the pricing structure adopted by Council.

Traditionally, Council fees have generally increased in line with the Consumer Price Index rather than the cost of providing the service and this has resulted in income streams not keeping abreast of expenditure increases. In preparing the draft Budget, Management were requested where possible to ensure that Council controlled fees at least keep abreast with the cost of providing the service.

The following table below summarises the major sources of fees and charges income as budgeted in 2007/2008 and as estimated in the draft 2008/2009 Budget:

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Summary of major fees and charges

FEE	Budget 2007/2008 \$	Budget 2008/2009 \$	% Increase / (Decrease)
Building & Development	1,256,315	1,240,950	(1.2%)
Animal Management	335,000	452,233	35.0%
Parking Patrol	220,000	248,256	12.8%
Pool Income	115,096	116,000	0.8%
Cemeteries	109,710	135,700	23.7%
Inspections & Permits	177,600	176,000	(0.9%)
Total Major Fees	2,213,721	2,369,139	7.0%

Statutory Fees

Council's revenue stream from statutory fees is expected to be approximately \$1.7m for 2008/2009 or 30% of the total fees and charges received. These fees are increased by the State Government, and based on past history; they are not increased regularly or in line with cost increases.

Service Standards

In general, current operational service levels are maintained in the draft 2008/2009 Budget. However the growing gap between available revenue generated by rate pegging and declining revenue streams as a result of reduced activity coupled with rising operating expenses is placing increasing pressure on the service level/cost containment mix of this Budget.

The following table contains a comparison of the Budget for 2007/2008 and the draft 2008/2009 Operational Budget.

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Comparison Budget

	2008	2009
	AMENDED BUDGET	DRAFT BUDGET
	\$	\$
<u>OPERATIONAL ACTIVITIES</u>		
Income from continuing operations		
General Rates (Note 1)	21,946	22,882
Utility Rates & Charges	11,818	12,173
	33,764	35,055
Fees & Charges (Note 2)	5,085	5,685
Grants & Contributions- Operating (Note 3)	7,535	7,047
Interest	1,343	1,528
Other Operating Revenue	4,477	5,259
	52,204	54,574
Total Income from continuing operations		
Expenses from continuing operations		
Employee Costs (Note 4)	13,310	14,123
Other Employee Costs	734	605
Materials & Services	23,786	24,204
Borrowing Costs	102	52
Depreciation	7,606	7,302
Other Expenses	7,306	8,362
	52,844	54,648
Total expenses from continuing operations		
Net Operating result before capital grants & contributions		
	-640	-74
Grants & Contributions - Capital (Note 5)	55	292
	-585	218
Net Operating result for the year		

	2009
	DRAFT BUDGET
	\$
Proceeds from sale of assets (Note 6)	1,019
Depreciation	7,302
Grants & Contributions - capital	292
	8,613
Total funding source	
Application of funds	
Land & buildings	406
Infrastructure	5,723
Plant & equipment	3,197
Other	267
	9,593
Total Income from continuing operations	
Net transfer from reserves	
	1,054

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Meeting Date: 28 April 2008

	2009
	DRAFT BUDGET
	\$
Net Operating result before capital grants & Cont	74
Total funding source	-8,613
Total funding application	9,593
Net transfer from reserves	-1,054
Projected budget surplus	0

Notes

1. Increase in general rate revenue as a result of 3.2% Rate Pegging and growth in properties.
2. Fees & charges includes statutory fees, discretionary fees i.e building & development, animal control, parking and inspections, other income and internal administration recoveries.
3. Financial Assistance Grant is estimated not to increase on the amount received in 2007/2008. In the draft 2008/2009 Budget only Grants that are certain have been included. Other grants may be applied for during the year and will consequently be reflected in quarterly reviews.
4. Employee costs estimated to increase by \$0.68m. Increases in employee costs are due to award increases, reclassifications and the budgeting of three additional positions.
5. Capital Grants include Roads to Recovery, Blackspot and RTA grants.
6. Sale of Assets includes the disposal of plant, fleet vehicles and properties.

Capital Budget

During 2008/2009 Council proposes to spend in excess of \$8.2m on capital works. This does not include expenditure in the Infrastructure Renewal Program, which is outlined later in this report.

The below table provides a summary of the proposed capital works expenditure contained within the draft 2008/2009 Budget.

Program	Draft Budget 2008/2009 \$
Animal Control	50,000
Domestic Waste Management Services	340,000
Building Services	192,300
Sewerage Services	2,130,000
Fire Control	73,000
Emergency Services	232,700
Parks	511,531
Operations Management	943,196
Roadworks	2,176,492
Computer Services	366,000
Cultural Services	279,143

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Program	Draft Budget 2008/2009 \$
Fleet	904,000
Land Acquisition	50,000
TOTAL	8,248,362

Some of the major projects that are proposed to be funded within the Capital Works Program of the draft 2008/2009 Budget include the following:

- Upper MacDonald Road – Timber bridge replacement
- Alfresco Dining – Thompson Square - Replace timber and structure
- Sewerage Treatment Plant – Generators for Pump Stations G and N
- Sewer Pipe Relining Program
- Permanent On-site Dewatering Facility - Sewerage Treatment Plant
- Macquarie Park – Playground
- New Footpaving – Mileham Street, South Windsor – Woods Road to Drummond Street
- Hermitage Road, Kurrajong – Rehabilitation of road pavement
- Freemans Reach Road, Freemans Reach – Rehabilitation of road pavement
- Windsor Street, Windsor – Pipe open channel drain

Infrastructure Renewal Program

In addition to the Capital Works Program, an amount in excess of \$1.3m is proposed to be spent from the Infrastructure Renewal Program for 2008/2009.

The below table provides a summary of the proposed capital works expenditure contained within the Infrastructure Renewal Program of the draft 2008/2009 Budget.

Program	Draft Budget 2008/2009 \$
Roadworks	767,166
Buildings	133,000
Parks	400,000
TOTAL	1,300,166

Some of the major projects that are proposed to be funded within the Infrastructure Renewal Program of the draft 2008/2009 Budget include the following:

- Upper Colo Road – Replace timber bridge
- Road Shoulder Program – Various
- Road Rehabilitation – Various
- Reconstruct Failed Footpaving and kerb and guttering - Various
- Replacement of kitchens in community centres, halls, and administration areas
- Richmond Pool – refurbishment
- Richmond Park – pathways, lighting, furniture and landscaping

Future Financial Sustainability

The ongoing maintenance of Council's financial sustainability, both now and well into the future, is a major objective when considering the Council's financial position. At the same time, endeavours are made to continue to renew our infrastructure, maintaining essential services and keeping increases to ratepayers affordable.

SPECIAL MEETING

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Significant advances have been made during recent budgets to reduce operational costs and to direct rate revenue and operational savings towards funding future infrastructure works.

This is not a long term sustainable strategy, without future reviews on -

- Service levels requirements
- Capital works programming and prioritisation
- Internal and external borrowings; and
- Rates modelling and future rate increases.

These reviews are imperative to ensure the future sustainability of Council's Long Term Financial Plan.

Appreciation

The effort of all staff, particularly those involved from the Finance Section, in preparing the draft Budget is very much appreciated given the major changes continuing to occur during the year. It is also pleasing to see the co-operative approach by the Directors and Managers to bring down a "balanced budget" with the objective of providing the works and services able to be provided by Council within existing financial restrictions as seen from a corporate viewpoint.

Adoption of Budget for Year Ended 30 June 2009

As mentioned earlier in this report, assuming Council finalises the draft Management Plan and Budget at this Meeting, it is anticipated that advertising of the Management Plan, which incorporates the Budget, will commence for the minimum 28 day period from 8 May 2008. During the exhibition period, any person may make a submission to Council.

Council will be able to hold a Special Meeting of Council on Monday 23 June 2008 to adopt the Management Plan, incorporating Council's Budget and Revenue & Pricing Policy, and make and fix the rates and charges for the year ended 30 June 2009.

RECOMMENDATION:

That:

1. The General Manager's report regarding the 2008/2009 draft Management Plan and Budget be received.
2. The 2008/2009 draft Management Plan, incorporating Council's Strategic Plan, Operational Plan, Budget Estimates and Revenue Pricing Policy, based on a rate increase of 3.2% (maximum rate pegging amount) be adopted for exhibition purposes and be advertised in accordance with Section 405 of the Local Government Act 1993.
3. A Special Meeting of Council be held on Monday, 23 June 2008 to consider any public submissions received in respect of the 2008/2009 draft Management Plan and Budget and to consider the adoption of these documents and to make and fix rates and charges for the year ended 30 June 2009.

ATTACHMENTS:

- AT - 1** The 2008/2009 draft Management Plan and Budget, incorporated within Booklets 1 to 4, has been separately circulated to all Councillors.

oooO END OF REPORT Oooo

SPECIAL MEETING

Meeting Date: 28 April 2008



special
meeting

end of
business
paper

This business paper has been produced electronically to reduce costs, improve efficiency and reduce the use of paper. Internal control systems ensure it is an accurate reproduction of Council's official copy of the business paper.