



**KEMPSEY**  
Shire Council

## **GENERAL MANAGER'S REPORT**

10<sup>th</sup> July 2007

**GM4**

**BUDGET ALTERATIONS**

**FILE: 447**

**AVB**

**{ Folio No. \* }**

### **SUMMARY:**

To provide details of amendments required to the 2007 / 08 budget.

◇◇◇◇◇◇

### **DESCRIPTION:**

Council belongs to a Local Government insurance pool "StateCover" for its workers compensation insurance. StateCover has been an insurance success and member Councils over the years have been able to benefit from its negotiating power in respect of premiums.

In March this year Council received a rebate of \$24,575 as a result of its Occupational Health and Safety program. Council has now been advised that it is to receive a further rebate of \$64,127.79 as a result of StateCover's success as a workers compensation insurer.

When preparing the budget for the 2007 / 08 year provision was made for a reduced premium to \$550,000 due to a reduction in claim costs and good claims management. Our good management practices and a reduction in the stat rate for Local Government for the 2007 / 08 year have resulted in a revised premium of \$338,329, a saving of \$211,671.

The workers compensation year ends 31<sup>st</sup> March each year. The premium is influenced by the amount of salaries and wages, the stat rate and claims experience. The annual premium can be varied up or down at the 31 March if any of those components vary. Although Council has a saving of \$211,671 it would be prudent to retain a buffer in case of a premium increase in March 2008. It is suggested that Council reduce the budget amount by only \$150,000.

The Electoral Commission NSW has advised that future Local Government elections are to be undertaken on a full cost recovery basis. The Commission engaged independent auditors to review the current pricing structure and to recommend a pricing structure based on a full cost recovery model. Under this model Kempsey Shire Council will be required to pay approximately \$134,800 for the 2008 election. This is based on 18,885 electors and will equate to \$7.14 per elector.

Council has only budgeted for \$95,000 for the 2008 election. An additional amount of \$39,800 will need to be transferred to reserve in the 2007 / 08 year.

If these adjustments are made Council's working funds position will be as follows:

Est. working funds 30/6/07	\$358,752
Surplus 2007/08 budget	\$50,295
Reduction Workers Compensation premium	<u>\$150,000</u>
	\$559,047
<u>Less: Transfer to Electoral Reserve</u>	<u>\$39,800</u>
	<u>\$519,247</u>

**REPORT IMPLICATIONS:**

- *Environmental*

*Nil*

- *Social*

*Nil*

- *Economic (Financial)*

*The adjustments as outlined in the report will substantially improve the working funds position and is nearing Council's preferred position of \$600,000.*

- *Policy or Statutory*

*Nil*

- *General Manager's Review*

*Nil*

**RECOMMENDATION:**

**That the budget allocation for workers compensation be decreased by \$150,000 and an additional \$39,800 be transferred to the Election Reserve.**

.....

**A V Burgess  
GENERAL MANAGER**