



KEMPSEY
Shire Council

GENERAL MANAGER'S REPORT

16 March 2009

GM1	DRAFT BUDGET 2009/10	FILE: 447	AVB	{ Folio No. * }
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SUMMARY:

To identify the budget deficit that needs to be deleted to produce a balanced budget.

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DESCRIPTION:

Council met on 24 and 25 February to consider the 2009/10 Draft Budget and Ten Year Financial Plan. The following variations to the budget were made:

Page	Item	Amount \$
6	Road Maintenance	(239,700)
6	Resealing	(260,000)
6	Gravel Re-sheeting	(220,000)
6	Admin Charges R2R	(40,000)
10	Transfer to Bridge Reserve	(50,000)
12	Crescent Head Drainage Study	(100,000)
17	Street Lighting	(20,000)
17	Street Lighting Retrofit	(50,000)
18	Boat Ramps Wharves and Jettys - Program to be determined	(50,000)
18	Boat Ramps Wharves and Jettys - Program to be determined	50,000
20	Quarries – Transfer from Reserve	(3,515)
25	Baths Capital Expenses - Kempsey Refurbish Floor	(25,000)
25	Baths Capital Expenses - Gladstone Concrete Surrounds	(25,000)
25	Baths Capital Expenses - Kempsey Matting Covers	(32,500)
25	Baths Capital Expenses - Gladstone Paint Buildings	(13,000)
25	Baths Capital Expenses - SWR Cupboards – Shelving	(5,000)
25	Consultants Pool Infrastructure	(50,000)
28	Public Privies and Civic Maintenance - Transfer from Reserve	(30,000)
31	Covered Walkway Fire Control	(15,000)

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33	Emergency Services Equipment	(2,500)
34	SES – Telephone Expenses	(12,140)
38	Tipping fees (increase Domestic Waste Charge)	(200,000)
38	Waste Rebate Levy	(13,000)
39	Tip Training	(5,000)
42	Parks – Income	(1,000)
43	Fencing Matty’s Flat (from S94) (Refer to Page 8 – Kempsey MasterPlan)	(5,500)
43	Riverside Park Footpath (from Loans) (Refer to Page 8 – Kempsey MasterPlan)	(52,800)
47	Stuarts Point Track (from S94) (Refer to Page 8 – Kempsey MasterPlan)	(8,000)
47	Frederickton Oval Road (from S94) (Refer to Page 8 – Kempsey MasterPlan)	(9,000)
47	SWR Sporting Field fence (from S94) (Refer to Page 8 – Kempsey MasterPlan)	(3,360)
47	Sports Fields and Facilities, Capital Expenses to be Funded from Section 94 if available or Works Deferred	(76,150)
51	Coastal Weed Control	(5,000)
58	Water Management Admin Charge	(100,000)
59	Environmental Monitoring / Improvement – Funded from Environmental Levy	(24,500)
61	Rural Residential Strategy Review	(20,000)
61	Highway Upgrade Bypass Strategy	(10,000)
61	ESD Policy Implementation	(10,000)
61	WSUD Policy	(20,000)
61	Rural Residential LES	(30,000)
61	Strategic Land Use Planning - Program to be determined	(27,550)
61	Local Heritage Program (Funded from Revotes)	(15,000)
61	Local Heritage Fund (Funded from Revotes)	(5,000)
61	Koala Plan (Funded from Revotes)	(20,000)
65	Vehicles on Beaches Income	(5,000)
65	Pound Operating Costs	(8,150)
67	Economic Development Projects	(60,000)
70	Tourism Information	(90,000)
77	Public Holidays (Maternity Leave)	(20,000)
77	Sick leave	(20,000)
77	Tools & clothing	(7,500)
78	Depot Salaries	(10,000)
78	Fuel Monitoring	(25,000)
81	Councillor Laptops – power points in Chambers	(10,000)
82	Display Cabinets & Chairs	(10,000)
83	Administration Staff – Professional Development	3,000
86	Computer Services - Infocom	(31,382)
88	Medical Science Scholarships	(2,000)
89	Youth Week	(4,000)
89	Section 403 Implementation	(12,000)
89	Aboriginal Liaison Committee	(2,500)
89	Grants Officer	(71,000)
89	Community Safety Officer	36,000
89	Salary Youth Officer	9,000
90	Donation SWR Surf Club (Macleay Water)	(10,000)
90	Scholarship – Health Profession Student	2,000

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91	Community Services Management Charges Income	(10,000)
94	Children's Services Librarian	(75,000)
95	Library Marketing	(5,000)
95	Kempsey Library Children's Furniture	(6,000)
97	Leith Street Refurbishment	(10,500)
98	Boronia Gardens Seating	(3,000)
100	Cemetery Capital	(6,700)
101	Plans of Management Halls	(10,000)
105	Savings in Plant Repayments due to Revotes	(100,000)
109	Workshop – Expenses Professional Development	(5,000)
110	Fleet Coordinator Salary	(5,000)
117	Sale Yards – Environment Works (Reserve)	(15,000)
122	Rental Landsborough Street	(4,700)
122	Rental Property – Incubator Workspace	(30,000)
127	Public Relations – Assistance	11,000
128	Elected Members - Travelling and Subsistence	(20,000)
128	Elected Members - Delegates Expenses	(5,000)
128	Elected Members - Council Meetings	(7,500)
128	Elected Members - Australia Day	(2,500)
-	Savings on Loan Repayments due to Deferral of Borrowing in 2008 / 09	(190,000)
		2,702,647

Leaving a deficit of \$721,652. Council resolved to consult with the community regarding an application for an additional rate increase of 7% above rate pegging.

Since that time Council has rescinded its resolution to close the Visitor Information Centre \$90,000 and has received advice from its insurance brokers that the workers' compensation premium needs to be increased by \$100,000.

By letter dated 6 March 2009 Local Government Superannuation Scheme has advised that the methodology used to charge councils for their contributions towards the retirement scheme had been altered as the scheme's surplus was effectively zero at the end of September 2008.

The revised calculation is based upon current contribution rates paid by employees. Council is required from 1 July 2009 to contribute to the retirement scheme at the following rates:

Staff who are yet to accrue 180 points:

4.56 times employer elected contribution rate (increased from 1.9 times)
6.5% Basic Benefit (increased from 2.5%)

Staff who have accrued 180 points:

10% Basic Benefit
6.5% Award Contribution

The change will result in additional superannuation expenses of \$578,000 in 2009/10 of which \$452,700 is payable by General Fund and \$125,300 is payable by Macleay Water.

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The outstanding deficit is as follows for General Fund:

Balance	\$721,652
Visitor Information Centre	\$90,000
Workers Compensation	\$100,000
Superannuation	<u>\$452,700</u>
	<u>\$1,364,352</u>

For water and sewerage it is \$125,300

If Council reduced maintenance to 2008/09 levels the following savings would eventuate:

Page	Item	Amount \$
6	Local Roads	312,431
9	Bridges	14,000
12	Drainage	7,750
14	Footpaths and cycleways	3,000
16	Car parking	1,500
20	Quarries	7,485
21	Ancillary road facilities	5,780
23	Baths	18,230
23	Baths asset management	22,950
27	Public privies	33,072
31	Fire control	1,500
33	Emergency services	3,510
41	Street sweeping	2,151
42	Horticultural and Parks & Gardens	31,660
45	Sporting fields	8,000
54	Noxious weeds	12,901
98	Cemeteries	9,070
101	Community buildings	<u>12,600</u>
		<u>\$507,590</u>

If Council reduced other services to 2008/09 levels the following savings would eventuate:

Page	Item	Amount \$
59	Depot expenses	5,080
90	Donations	1,530
92	Cultural	1,370
94/95	Library	22,220
110	Fleet co-ordination	4,000
118	Airport	12,260
122	Rental properties	1,500
125	Human resources	<u>1,800</u>
		<u>\$49,760</u>

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If Council reduced capital works funded by rate revenue to 2008/09 levels the following savings would eventuate:

Page	Item	Amount \$
21/22	Ancillary road facilities	1,750
25	Baths	29,950
34	Emergency services	5,000
43	Horticultural	9,650
47	Sporting fields	15,600
70	Tourism information	5,050
79	Purchasing	11,000
82	Corporate buildings	10,000
84	Administration services	3,000
100	Cemetery	4,590
102	Community buildings	<u>2,000</u>
		<u>\$97,590</u>

Other areas that need to be visited or revisited are:

Item	Amount \$
Salaries - vacant positions:	
• Compliance Officer	72,000
• Finance Officer	70,000
• Engineer	76,000
• Community Safety Officer	36,000
Graffiti busters	26,400
Statutory liability insurance	30,100
Plant purchases	150,000
Footpath contributions	<u>37,000</u>
	<u>\$497,500</u>

Council has referred to the amount of professional development that is included in the budget. The total amount is \$105,350 which covers 116 staff.

RECOMMENDATION IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

Nil

- ***Policy or Statutory***

Nil

RECOMMENDATION:

For Council's determination.

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A V Burgess
GENERAL MANAGER