

BUDGET REPORT 2022–2023

Document ID:	268412
Author:	Martin Cookson, Director Corporate Services
Authoriser:	Martin Cookson, Director Corporate Services
Attachments:	<ol style="list-style-type: none">1. Statement of Comprehensive Income2. Statement of Financial Statement3. Statement of Cash Flow4. Budgeted Statement of Changes in Equity5. Long Term Financial Forecast - Stm of Comprehensive Income6. Long Term Financial Forecast - Stm of Financial Position7. Long Term Financial Forecast - Statement of Cashflow8. Long Term Financial Forecast - Sustainability Ratios9. Long Term Financial Forecast - Graphs

EXECUTIVE SUMMARY

In accordance with Sections 169 and 170 of the *Local Government Regulation 2012*, Council is required to prepare a budget for each financial year, it must be prepared on an accrual basis and adopted after 31 May and prior to 1 August each year.

BACKGROUND

The budget must comply with s169 of the Local Government Regulation 2012, which requires inclusion of the following financial statements for the budget year and the next two financial years:

- Income and expenditure
- Financial position
- Cash flow
- Changes in equity

Furthermore, the budget must contain:

- A long-term financial forecast
- Relevant measures of financial sustainability – 10-year financial ratios
- Revenue statement
- Revenue policy
- Value of the change as a percentage in rates and utility charges (excluding discount and rebates)

The budget must be consistent with the Council's Five-Year Corporate Plan and its Annual Operational Plan.

Rates and Charges

In accordance with the Local Government Regulation 2012 s169(6) the budget must include the total value of the change, expressed as a percentage, in the rates and utility charges levied in the budget for the previous financial year.

Where this total % increase is higher than the % increase to an individual or business, it is a good indicator of growth either in the number of assessments (e.g., more homes, businesses, transport

depots etc.) or in the intensity of an activity (e.g., number of workers on a mining lease). For example, while Council is increasing residential rates, water, sewer and garbage rates by 3%, the total percentage increase for revenue across these categories is 3.5%.

Council is anticipating an overall increase of 19.3% in revenue across all other categories, an increase which is primarily based on a number of mining operations changing into higher differential rating categories (e.g., higher total number of workers, including contractors, on site).

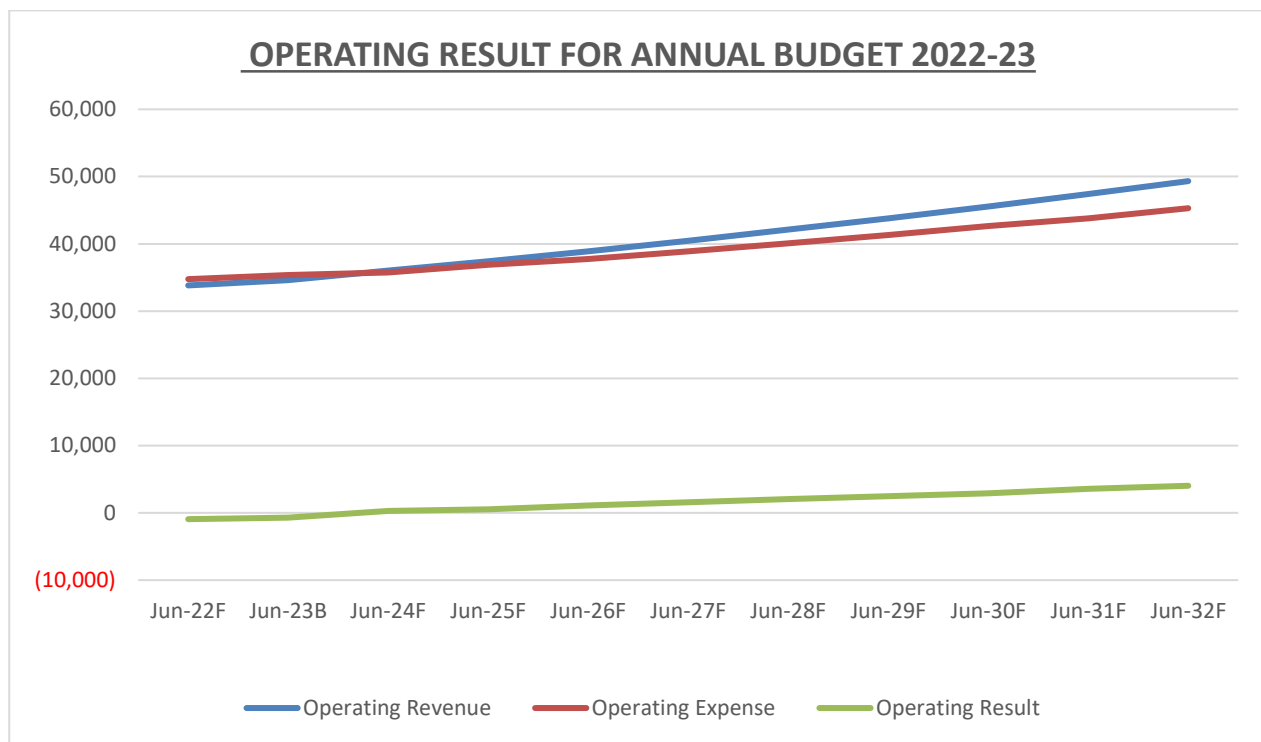
Local Government Regulation 2012 section 169 (6)					
The budget must include the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the budget for the previous financial year.					
	Budget 2021-22	Forecast Actual 2021-22	Budget 2022-23	Year on Year Movement	Year on Year % Change
General Rates - Residential	2,830,000	2,870,000	2,970,000	100,000	3.5%
General Rates - Other Categories	8,942,500	8,930,000	10,654,785	1,724,785	19.3%
	11,772,500	11,800,000	13,624,785	1,824,785	15.5%
Service Charges					
Water	2,889,000	2,975,000	3,069,500	94,500	3.2%
Sewerage	982,600	1,060,000	1,097,000	37,000	3.5%
Waste Service	865,000	890,000	917,500	27,500	3.1%
Sub-total Charges	4,736,600	4,925,000	5,084,000	159,000	3.2%
Total Rates and Service Charges	16,509,100	16,725,000	18,708,785	1,983,785	11.9%

Key points of the 2020-2021 Annual Budget:

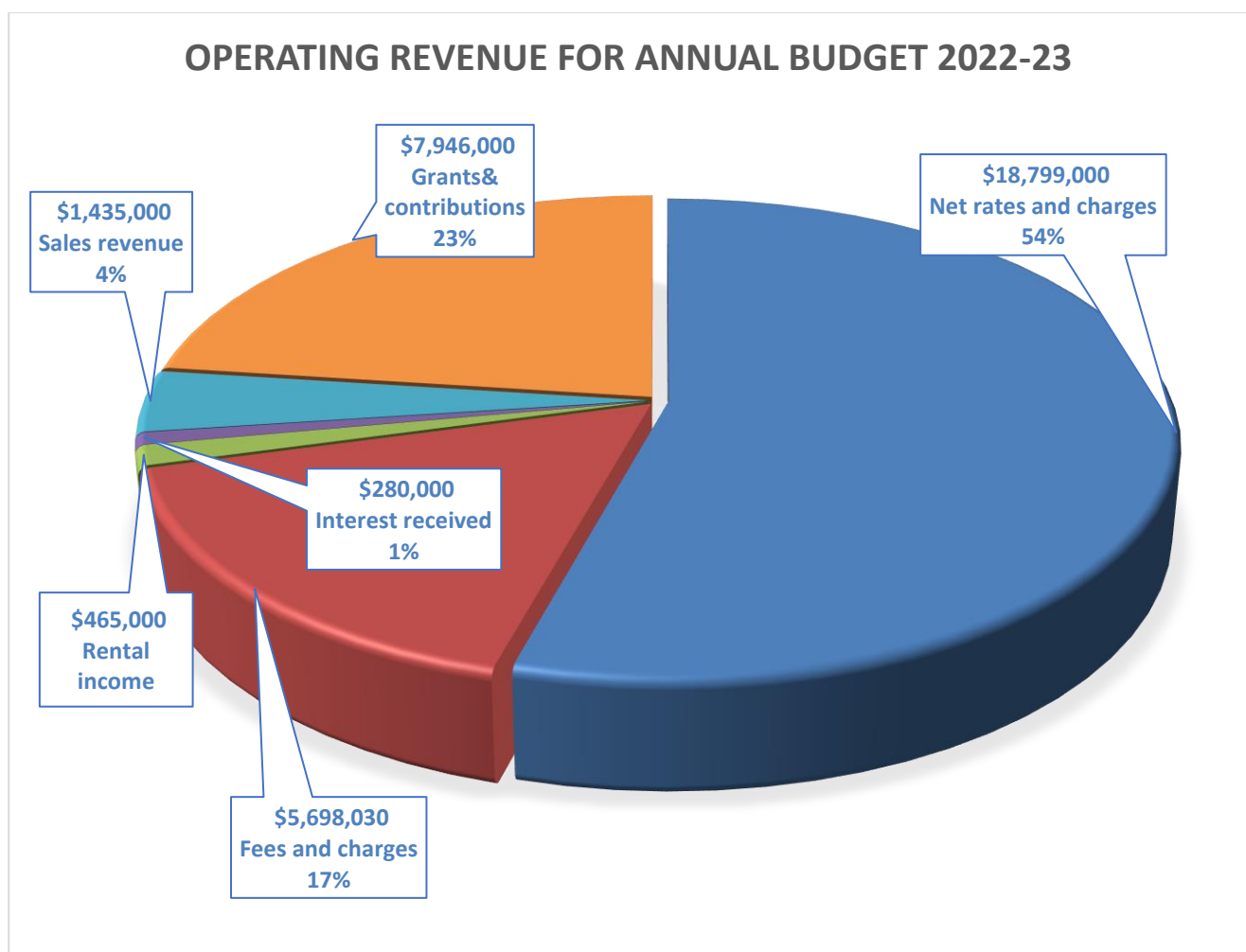
Operating Result

The 2022–2023 Revenue and Expenditure budget provides for a net operating deficit of \$733,045 from total operating revenue of \$33,875,810 and operating expenses \$35,353,355. Council's operating expenses include depreciation expenses of \$11,947,880 (33.8% of total).

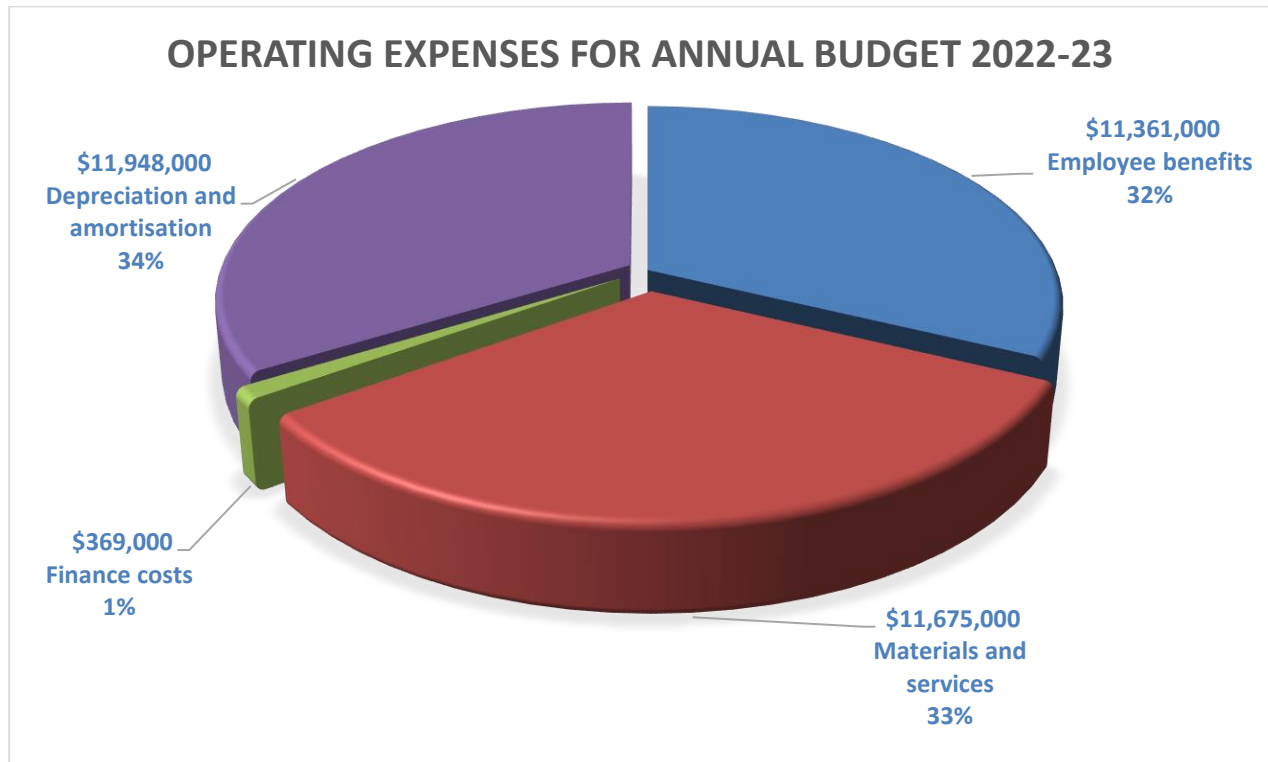
Council's long-term financial forecasting model shows a return to a surplus in 2023-24 and continuing in surplus for the forecast period.



Revenue in 2022-23 has increased with rates and charges increasing in the mining sector as new mines open up and a boost in the Financial Assistance Grant of 12% after the State Government amended the allocation of the pool of funds to benefit regional councils.



There is an estimated increase in operating expenses mainly in depreciation and a budgeted increase in wages and material costs from anticipated inflation impacts.



Plant Acquisition and Replacement Program

Council budgets for Plant Acquisition and Replacement each year. Due to recent issues with extended delivery horizons for new plant and equipment, Council (as with many other organisations) is accounting for 2021-22 and 2022-23 expenditure in its current plant replacement program. This includes:

- \$394,000 in carry over expenditure from plant ordered in 2021-22
- \$596,000 in new and replacement plant and equipment for 2022-23
- \$990,000 total

The above figures are subject to final trade-in / auction values.

Capital Works Program

In 2022-23, Council's CapEx program is budgeted to cost \$26,472,120, with Council's own source contribution set at \$9,500,000. This incorporates the completion of a range of carry-over projects, funding to deliver new projects and funding to progress planning and design for current and future projects:

Cloncurry CapEx project for 2022-23	
Perkins Street Housing Subdivision	Cloncurry CCTV Upgrades and Replacements
Curry Kids Early Learning Centre Expansion	Cloncurry Lawn Cemetery Lighting
John Flynn Place & Rec Grounds Masterplan	Chinaman Creek Dam Rec Area Upgrade
Cloncurry Works Depot Masterplan	Chinaman Creek Dam Pathway Stage 2
Cloncurry Saleyards Masterplan	Daintree Street Footpath Renewal
Cloncurry & District Grandstands Project	Entrance Signage – eastern and western
Land acquisitions	Coppermine Creek Bridge Replacement (design)
WTP 2 nd rapid mixing tank and relining (design)	Railway Street Upgrades Stage 2 (design)
Cloncurry WTP Electro-chlorination Project	Sewer design for Palmer, Perkins, Dutton, Griffith, Miles & Payne Streets (design)
Sedan Dip – Reseal	Cloncurry & Dajarra SCADA Project
Malbon Selwyn Causeway Rehabilitation x 3	Scarr Street Upgrade Project (design)
Harvest Pump Renewal/Replace Project	Chinaman Creek Dam Risk Based Safety Review
Sheaffe Street Roundabout Monument	Renewable Energy Supply Options

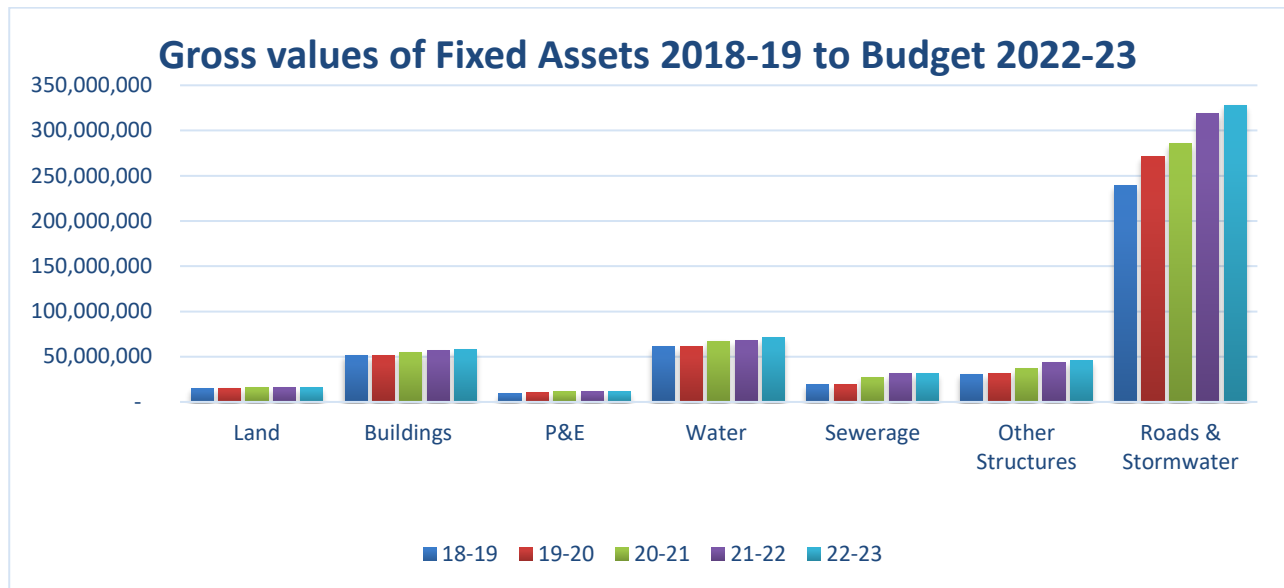
Given the impact and importance of external grant funding to Council's ability to deliver its capital program, it is common practice that we adopt a capital works program with a degree of uncertainty. This uncertainty is reconciled throughout the year as we are made aware of the success or otherwise of various competitive grant applications. Where these grants are secured, Council's ability to either deliver or bring online new projects is enabled.

Accordingly, Council adopts a program budget that has sufficient flexibility to deliver priority projects and to prioritise delivery of those projects which are successful in attracting new/additional funding throughout the year.

Current capital projects subject to grant funding applications include:

- Curry Kids Early Learning Centre Expansion
- Chinaman Creek Dam Pathway Stage 2
- Dajarra Airstrip Rehabilitation
- Coppermine Creek Bridge Replacement
- Cloncurry Water Treatment Plant – Electro-chlorination Project
- CCTV replacement and upgrades
- Causeway Replacement Projects on Malbon-Selwyn Road
- Sir Hudson Fysh Drive – extension of footpath / cycle path
- Cloncurry Airport Master Planning Project
- Chinaman Creek Dam – Risk Based Safety Review
- Amphibious Aquatic Weed Harvester (plant acquisition and replacement)

While Council anticipates success in securing funding for a number of these projects (and will progress a number of projects in the absence of grant funding), we are not yet in a position to incorporate this unconfirmed funding into our adopted budget for 2022-23.



Community Service Obligations:

Council supports various programs and services throughout the Shire to provide an inviting, vibrant and healthy place for people to live and visit.

Summarised below are Council's key community service commitments in the 2022–2023 Annual Budget.

Community Service	Revenue 2022–2023	Expenses 2022–2023 (Excl Depreciation)	Depreciation Cost	Net Cost Bgt 2022–2023
Recreation Reserve	10,000	220,500	79,970	290,470
Mary Kathleen Park	104,000	503,150	77,000	476,150
John Flynn Place	62,000	196,950	134,530	269,480
Florence Clark Park	0	367,600	153,000	520,600
Equestrian Centre	6,000	158,750	109,095	261,845
Library	13,000	225,500	742	213,242
Community Grants		150,000	0	150,000
Flinders Medical Centre		110,000	0	110,000
CWA-Charlotte Scott House	11,000	15,200	84,185	88,385
Aged Care - STAGs	190,000	169,200	86,930	66,130
Child Care - Curry Kids	1,190,700	1,279,900	54,000	143,200
PCYC		28,000	0	28,000
School Chaplaincy		30,000	0	30,000
Totals	1,586,700	3,031,415	779,452	2,647,502

COUNCIL POLICY

Corporate Plan 5.3 - Ensure decision making is inclusive and transparent, that decisions are communicated to the broader community and based on sound community engagement policies and strategies.

LEGAL IMPLICATIONS

Section 107A of the *Local Government Act 2009*

Sections 169 and 170 of the *Local Government Regulation 2012*

FINANCIAL IMPLICATIONS

As presented in the Annual Budget 2022–2023.

RECOMMENDATION

That Council, in accordance with section 169 of the *Local Government Regulation 2012*, resolves to adopt the 2022–2023 Annual Budget, incorporating:

1. The statement of income and expenditure;
2. The statement of financial position;
3. The statement of cash flow;
4. The statement of changes in equity;
5. The long term financial forecast;
6. The relevant measures of financial sustainability; and
7. The total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget.