



KATHERINE TOWN COUNCIL

BUDGET 2021/2022



ANNUAL BUDGET

Council is required to prepare an annual budget in accordance with *Local Government Act (The Act)*

The Local Government act states:

- (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 by way of rates, and set out the rates structure, for the financial year; and
 - (e) contain and 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.

Council objectives for the 2021/2022 year

Katherine Town Council's objectives for the 2021/2022 year are:

- To ensure that community infrastructure is managed in a sustainable way for the benefit of Katherine residents.
- To ensure value for money and scrutiny of all operations to avoid waste and to improve productivity
- To adopt as a priority the sustainable management of community assets held by Council.
- To provide leadership and facilitate economic and community development.
- To ensure, where appropriate and achievable, that Council activities are sustainable and based on a user pays approach
- To pre-plan initiatives in order to maximize Council's success in obtaining grant funding.

Measures that Council proposes to take to achieve the above objectives

- Council has an Asset Management Plan to ensure all infrastructure assets are identified and their whole of life costs are available.
- In conjunction with other tiers of government, Council has developed an economic development strategy aimed at positioning the community to benefit from projected growth and development.
- Sustainability strategies will be based on equity principles, user pay models and sound financial principles.

Indicators that Council intends to use as a means of assessing its efficiency in achieving above objectives

- Continually develop and improve the asset management plan to better align with our Long-Term Financial Plan.
- An economic development strategy that supports and informs growth within Katherine.
- Public open space in the CBD is attractive and regularly used by a wide cross-section of the community.
- Rates, fees and charges reflect greater equity across the community.

Rates

Council charges rates using the Differential Rating System. Council calculates rates by using the Unimproved Capital Value (UCV) of the property and a rate in the dollar or a minimum rate as set out in the annual rates declaration.

Each zone has its own rate in the dollar. Land that falls outside the NT Planning Scheme is treated in the Rates Declaration as Agricultural. Commercial and industrial properties are charged at a higher rate in the dollar than residential properties. Council's rate declaration will also include pastoral land and mining tenements, whose rate setting are governed by the Northern territory Government.

For the 2021/22 financial year, Council has opted to apply the Katherine Towns Councils PFAS settlement funds to the intended levied rates amount which will assist all rate payers. This reduction of levied rates has seen the intended rate increase of 7.2%, as outlined in the long term plan, be reduced to a 4.9% rate rise for 2021/22 year.

In accordance with the requirements of the *Local Government Act*, it is proposed that for the 2021/2022 financial year Council will levy the following rates:

DIFFERENTIAL RATES SCHEDULE		
DIFFERENTIAL RATE	ZONES ACCORDING TO NT PLANNING SCHEME	MINIMUM AMOUNT
0.01679160	Low Density Residential (LR)	\$1,274.27
0.01581607	Low-Medium Density Residential (LMR)	\$1,274.27
0.01572421	Medium Density Residential (MR)	\$1,274.27
0.01737290	Specific Use 1 (SK1)	\$1,274.27
0.00236278	Agriculture (A)	\$1,274.27
0.00483665	Water Management (WM)	\$1,274.27
0.00341401	Rural (R)	\$1,274.27
0.00626842	Rural Living (RL)	\$1,274.27
0.02641046	Community Living, Community Purpose (CL, CP)	\$1,274.27
0.02574628	Specific Use 2, Specific Use 3 (SK2, SK3)	\$1,274.27
0.02916792	Central Business 1 (CB1)	\$1,274.27
0.02155519	Central Business 2 (CB2)	\$1,274.27
0.02935652	Central Business 3 (CB3)	\$1,274.27
0.02280092	Commercial (C)	\$1,274.27
0.04300110	Service Commercial (SC)	\$1,274.27
0.25485455	Future Development (FD)	\$1,274.27
0.15289452	Railway (RW)	\$1,274.27
0.02668240	Caravan Parks (CV)	\$1,274.27
0.03140270	Tourist Commercial (TC)	\$1,274.27
0.01713244	Light Industry (LI)	\$1,274.27
0.01607557	General Industry (GI)	\$1,274.27
0.01075158	Organised Recreation (OR)	\$1,274.27

Waste Management Charges

Where the Council provides or is willing and able to provide a waste disposal service to land within the Municipal Boundary, pursuant to the *Local Government Act*, the Council will charge a fixed rate for the service as an annual charge for each parcel of land. Where multiple residential units exist on a parcel of land, the fee times the number of residential units on each parcel will be multiplied to give the annual charge.

The waste management charge and the minimum waste management levy will increase in line with the long term plan at a rate of 4.9% for 2021/22. Waste Management charges will be \$375.83 and \$133.35 respectively. The waste management charge is levied for the provision of a 240 litre bin and free access to the waste management facility. The minimum waste management levy provides for free access to the waste management facility.

Council charges a tonnage charge for commercial business users to dispose of waste at the waste management facility. The tonnage charge will increase in line with the long term plan at a rate of 3.3%, 2021/22 at \$129.13 / tonne. Businesses are not liable for the waste management charge unless they require a 240 litre bin service.

Assessment of Social and Economic Effects of the Rating Policy

Council has in many years continued to make conscious decisions to minimise the social and economic effects of its rating policy by keeping any increases in rates to a minimum. As part of its financial planning and budget processes, the rate revenue required to meet expenditure needs is calculated taking into account other sources of revenue. The structure of the rating system is then determined, considering how the rates are levied between, and within, various categories of ratepayers.

In relation to payment of rates Council has a rating policy which allows for payment of rates by instalments. Council is sympathetic to ratepayers who have difficulty in meeting their payment obligations by allowing them to enter into an arrangement with no recovery action being taken provided the arrangement is being adhered to. Council also offers deferment of rates (for recovery at a later time) in some cases.

Elected Member Allowances

In accordance with *Local Government Act*, Katherine Town Council proposes to pay the following elected member allowances in 2021/2022:

Allowance Type	Mayor	Acting Mayor	Deputy Mayor	Alderman
Annual Base Allowance	\$75,116.61	N/A	\$27,776.12	\$13,509.96
Annual Electoral Allowance	\$19,771.29	N/A	\$ 4,943.73	\$ 4,943.73
Professional Development	\$ 3,753.17	N/A	\$ 3,753.17	\$ 3,753.17
Extra Meeting Allowance	N/A	N/A	N/A	N/A
Total	\$98,641.07		\$36,473.02	\$31,213.50
Acting Mayor Allowance		Daily Rate of \$261.34 per day to a maximum of \$23,520.60 per year (90 days)	\$20,175.97	

The total amount budgeted for the above allowances is \$314,702.

FINANCIAL SUMMARY

TOTAL OPERATING REVENUE

Operating revenue of \$12.9 million budgeted in 2021/2022 is summarised below by major category.

Rates	\$7,885,229
Waste Levy	\$1,361,381
Waste Charges	\$940,004
Fees and Charges	\$978,714
Operating Grants and Subsidies	\$1,479,714
Interest/Investment Income	\$56,775
Other Income	\$279,336
TOTAL	\$12,981,153

TOTAL OPERATING EXPENDITURE

Operating expenditure of \$12.3 million budgeted in 2021/2022 is summarised below by major category.

General Public Services	\$3,355,681
Public Order and Safety	\$191,323
Economic Affairs	\$3,284,905
Environmental Protection	\$2,294,258
Housing and Community Amenities	\$405,945
Health	\$45,878
Sport and Recreation Services	\$1,905,353
Community Services	\$626,568
Community Centres and Halls	\$60,398
Recreation, Culture and Religion	\$221,411
TOTAL	\$12,391,720

Budget and Long-Term Financial Plan

After the economic changes over the past twelve months, we have reviewed the long term financial plan and adjusted the revenue and expenditure accordingly for our forecasts. We have included both the four (4) year plan below and the ten (10) year plan attached.

The Local Government Act requires that: the long-term financial plan must relate to a period of at least four (4) financial years. Considering the continuing uncertainty of the economy with implications from COVID-19 over the next twelve (12) months and government stimulus packages put into place to assist our territory, council has focused on this year's budget plus an additional three (3) years to meet the requirements of the Act.

Council expects there could be some effect on council's budget in 2021/22 due to Covid-19. At this stage we have assumed government grants and subsidies will continue as previous. Given the previous 12 months economic results and forecast tourism for the year ahead with emerging economic stimulus initiatives, council has only marginally adjusted the budget forecast by increasing the expected income from Visitor Information Centre commission and airport landing fees, otherwise other revenue and costs are based on ongoing operations. Adjustments to the budget will occur as it is prudent to do so as the economic landscape changes.

The 2020/21 expected Revenue and Expenditure has been used as the reference for the budget.

INCOME AND EXPENDITURE BUDGET

EXPLANATION	OPERATING INCOME	Budget Year		Long Term Plan	
		2021/22	2022/23	2023/24	2024/25
		(\$)	(\$)	(\$)	(\$)
Estimated rates to be raised	Rates	7,885,229	8,437,195	9,027,799	9,659,745
Estimated waste charges to be raised	Waste Levy	1,361,381	1,806,678	1,908,645	1,667,750
Estimated waste charges to be raised	Waste Charges	940,004	971,022	1,003,068	1,036,169
	Fees and Charges	978,714	1,011,012	1,044,375	1,078,839
	Operating Grants and subsidies	1,479,714	1,487,113	1,494,548	1,502,021
	Interest/Investment Income	56,775	81,851	100,475	98,450
	Other Income	279,336	280,733	282,136	283,547
	TOTAL INCOME	12,981,153	14,075,604	14,861,046	15,326,521
	OPERATING EXPENSES				
	Employee Costs	5,402,477	5,520,176	5,640,439	5,763,322
	Materials and Contracts	4,385,546	4,524,472	4,667,694	4,815,337
	Elected Member Allowances	314,702	330,437	346,959	364,307
	Elected Members Expenses - Professional development	26,272	27,586	28,965	30,413
	Depreciation Expense	915,201	1,256,206	248,215	730,012
	Other Expenditure	1,347,522	1,377,130	1,407,709	1,439,299
	TOTAL EXPENSES	12,391,720	13,036,007	12,339,981	13,142,690
BUDGETED OPERATING SURPLUS/DEFICIT		589,433	1,039,597	2,521,065	2,183,831

Notes

Income:

1. Rate income is to increase 4.9%. This is after the PFAS settlement money received by Council has been taken from the existing planned increase of 7%.
2. Materials and contracts and other expenses are relatively constant with 2021/22 budget and includes works on site investigation for the new waste management facility.
3. Operating grants and subsidies are forecast as remaining constant however, this will need to be reviewed after the Federal and Territory budgets review in May.
4. Interest/Investments income is forecast as remaining on track however, this will be reviewed and may need to be adjusted for cash flow. There is an expected reduction in interest income in the coming financial years due to the completion of major projects and major drop in interest rates.

Expenditure:

1. There is an increase in employee expenses due to negotiation of Enterprise Bargaining Agreement (EBA) with staff which has not seen a pay increases to staff in 3 years.
2. Materials and contracts and other expenses are relatively constant with 2020/21 budget and includes works on site investigation for the new waste management facility
3. Other expenses are insurance and utilities.
4. There is an overall increase in Elected Members allowances due to Elected Members opting to budget for the full Ministerial Guidelines for Elected Members allowances with the in-coming Elected Members being able to alter this after the August 2021 elections. All elected members will be paid 100% of the Ministerial Guidelines.
5. Elected Members professional development is in accordance with Ministerial Guidelines and the priority for council is to provide elected members with the training to undertake Elected Member duties and responsibilities.

Notes

Currently council has the Showgrounds and Sportsgrounds projects occurring from funding grants and allocated reserves. There will be a revised budget for capital allocation for projects on completion of the 2020/21 audited financial statements to bring forward unexpended capital grants and reserves for projects. There is significant progress on all projects and contracted works for 2020/21.

Council is required to spend ratepayer income to be eligible for road funding, therefore there is a capital spend on roads included in the infrastructure budget.

Council has elected to delay the replacement of vehicles where practical.

Budgeted capital expenditure by individual project/item

Class of property, plant and equipment	By project/item	Budget Year	Long Term Plan			
		2021/22	2022/23	2023/24	2024/25	
		\$	\$	\$	\$	
Buildings	Buildings	289,642	274,080	514,862	657,517	
Infrastructure	Roads	1,247,350	1,247,350	1,247,350	1,247,350	
Infrastructure and footpaths		150,000	150,000	150,000	111,600	
Street Lighting		50,000	50,000	50,000	50,000	
Irrigation		50,000	50,000	50,000	50,000	
Waste Management Facility		1,000,000	3,250,000	2,050,000	4,000,000	
Plant and Fleet		235,620	257,565	168,568	574,081	
Furniture and Equipment		4,158	135,180	51,937	160,045	
		<u>\$3,026,770</u>	<u>\$5,414,175</u>	<u>\$4,282,717</u>	<u>\$6,850,593</u>	

Statement of budget balance amount and the expected capital expenditure completion date for each item

The capital expenditure completion date for all items except the establishment of the new waste management facility, the closure and rehabilitation of the existing waste management facility and the transition of the existing waste management facility into a waste transfer station in expected within each financial year. As progress on the waste management projects and costs come to hand, progress updates will be via reports to council and corresponding adjustments to the long term financial plan will be made.