



# KATHERINE TOWN COUNCIL

## BUDGET 2020/2021



## **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 2020/2021 year**

Katherine Town Council's objectives for the 2020/2021 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 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 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.

For the 2020/2021 financial year, Council will not be implementing the planned 6.5% increase in line with the Long-Term Financial Plan in order to better support the local economy during the COVID-19 pandemic.

In accordance with the requirements of the *Local Government Act*, it is proposed that for the 2020/2021 financial year Council will levy the following rates:

<b>DIFFERENTIAL RATES SCHEDULE</b>		
<b>DIFFERENTIAL RATE %</b>	<b>ZONE ACCORDING TO NT PLANNING SCHEME</b>	<b>MINIMUM AMOUNT</b>
0.01600725	Single Dwelling Residential (SD)	\$1,214.75
0.01507729	Multiple Dwelling Residential (MD)	\$1,214.75
0.01498972	Medium Density Residential (MR)	\$1,214.75
0.01656139	Specific Use 1 (SK1)	\$1,214.75
0.00225241	Agriculture (A)	\$1,214.75
0.00461073	Water Management (WM)	\$1,214.75
0.00325454	Rural (R)	\$1,214.75
0.00597561	Rural Living (RL)	\$1,214.75
0.02517680	Community Living (CL)	\$1,214.75
0.02454364	Specific Use 2 (SK2)	\$1,214.75
0.02454364	Specific Use 3 (SK3)	\$1,214.75
0.02517680	Community Purpose (CP)	\$1,214.75
0.02780545	Central Business 1 (CB1)	\$1,214.75
0.02054832	Central Business 2 (CB2)	\$1,214.75
0.02798524	Central Business 3 (CB3)	\$1,214.75
0.02173586	Commercial (C)	\$1,214.75
0.04099247	Service Commercial (SC)	\$1,214.75
0.24295000	Future Development (FD)	\$1,214.75
0.14575264	Railway (RW)	\$1,214.75
0.02543604	Caravan Parks (CV)	\$1,214.75
0.02993585	Tourist Commercial (TC)	\$1,214.75
0.01633216	Light Industry (LI)	\$1,214.75
0.01532466	General Industry (GI)	\$1,214.75
0.01024937	Organised Recreation (OR)	\$1,214.75

Nil	Land which is otherwise non-rateable and land within that part of the municipality comprising Zone Utilities (U).	Nil
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Minimum rate is \$1214.75

### 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 remain the same as 2019 which is \$358.27 and \$127.12 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 remain the same as 2019/20 at \$100/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 2020/2021:

Allowance Type	Mayor	Deputy Mayor	Alderman
Annual Base Allowance	\$ 64,436.47	\$ 23,826.89	\$ 11,589.10
Annual Electoral Allowance	\$ 16,960.19	\$ 4,240.83	\$ 4,240.83
Professional Development	\$ 3,219.47	\$ 3,219.47	\$ 3,219.47
<b>Total</b>	<b>\$ 84,616.13</b>	<b>\$ 31,287.18</b>	<b>\$ 19,049.40</b>

Acting Mayor Allowance		\$20,175.97	
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The total amount budgeted for the above allowances is \$231,326.

## FINANCIAL SUMMARY

### TOTAL OPERATING REVENUE

Operating revenue of \$13.6 million budgeted in 2020/2021 is summarised below by major category.

Rates	\$7,831,132
Waste Levy	\$1,300,000
Waste Charges	\$900,000
Fees and Charges	\$664,571
Operating Grants and Subsidies	\$2,260,097
Interest/Investment Income	\$355,102
Other Income	\$340,579
<b>TOTAL</b>	<b>\$13,651,481</b>

### TOTAL OPERATING EXPENDITURE

Operating expenditure of \$10.20 million budgeted in 2020/2021 is summarised below by major category.

General Public Services	\$3,484,632
Public Order and Safety	\$250,000
Economic Affairs	\$2,900,000
Environmental Protection	\$2,460,061
Housing and Community Amenities	\$400,000
Health	\$202,000
Sport and Recreation Services	\$2,226,715
Culture Services	\$523,000
Community Centres and Halls	\$72,000
Recreation, Culture and Religion	\$197,000
<b>TOTAL</b>	<b>\$12,715,408</b>

## **Budget and Long-Term Financial Plan**

There is a change in the presentation of the budget and long-term financial plan for this year's Municipal Plan. The reason for this is to provide rationale and notes for consideration.

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 uncertainty of the economy with implications from COVID-19 council has focused on this year's budget plus an additional three (3) years to meet the requirements of the Act.

Council expects there will be some effect on council's budget in 2020/21 due to Covid-19. Currently the Federal and Territory budgets have been delayed until May, so although they can't be confirmed at this stage we have assumed government grants and subsidies will continue. Given the emerging economic stimulus initiatives and the Job Keeper program, council has only marginally adjusted the budget forecast by reducing 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 revised budget for 2019/20 has been used as the reference.



**INCOME AND EXPENDITURE BUDGET**

<b>EXPLANATION</b>	<b>OPERATING INCOME</b>	<b>Current Year</b>		<b>Long Term Plan</b>	
		<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Estimated rates to be raised	Rates	7,831,132	8,340,156	8,882,266	9,459,613
Estimated waste charges to be raised	Waste Levy	1,300,000	1,384,500	1,474,493	1,570,335
Estimated waste charges to be raised	Waste Charges	900,000	900,000	900,000	900,000
	Fees and Charges	664,571	1,764,571	1,822,802	1,882,955
	Operating Grants and subsidies	2,260,097	2,192,294	2,170,371	2,170,371
	Interest/Investment Income	355,102	136,083	86,000	86,000
	Other Income	340,579	85,488	85,488	85,488
	<b>TOTAL INCOME</b>	<b>13,651,481</b>	<b>14,803,092</b>	<b>15,421,419</b>	<b>16,154,761</b>
	<b>OPERATING EXPENSES</b>				
	Employee Costs	5,601,497	5,238,477	5,421,824	5,611,588
	Materials and Contracts	6,072,803	4,945,344	5,108,540	5,277,122
	Elected Member Allowances	208,789.98	219,229.48	230,190.96	241,700.51
	Elected Members Expenses - Professional development	22,536.28	23,663.10	24,846.25	26,088.57
	Interest Expenses				
	Other Expenditure	859,781	859,781	884,014	909,115
	<b>TOTAL EXPENSES</b>	<b>12,765,407</b>	<b>11,286,495</b>	<b>11,669,415</b>	<b>12,065,614</b>
<b>BUDGETED OPERATING SURPLUS/DEFICIT</b>		<b>886,074</b>	<b>3,516,597</b>	<b>3,752,004</b>	<b>4,089,147</b>

## Notes

### Income:

1. Rate income is to remain the same as 2019/20. There will be changes to individual properties due to the new UCVs. Currently there is consideration being given to rate concessions for eligible commercial properties impacted by COVID-19, the outcome of these considerations haven't been formalised and therefore haven't been factored into the budget.
2. Fees and charges have been reduced in anticipation that airport usage (landing fees) and Visitor Information Centre commission will be impacted.
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.

### Expenditure:

1. There is an increase in employee expenses due to additional contract staff to complete projects and the recruitment of executive staff vacancy that has been carried for the past year, and significantly impacted infrastructure.
2. Materials and contracts and other expenses are relatively constant with 2019/20 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 decrease in Elected Members allowances of \$8,697.39 due to the Mayor electing to be paid \$13,019.17 less than the Ministerial Guidelines for Elected Members allowances. All elected members will be paid 85.78% 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.

		Current Year	Long Term Plan		
		2020/21	2021/22	2022/23	2023/24
<b>BUDGETED SURPLUS/DEFICIT</b>		886,074	3,516,597	3,752,004	4,089,147
Capital Expenditure per Table 3	Buildings	100,000	106,882	108,802	110,762
	Infrastructure	1,392,170	1,381,947	1,406,792	1,432,133
	Plant and Fleet	100,000	111,165	113,164	115,202
	Furniture and Equipment	57,500	35,060	36,333	73,924
		1,649,670	1,635,054	1,665,091	1,732,021
<b>Please see notes below on projects</b>					
<b>* Net Budget (Surplus/Deficit)</b>		<b>-</b>	<b>1,881,543</b>	<b>2,086,913</b>	<b>2,357,126</b>

### Notes

Currently council has the Hot Springs, Showgrounds, Sportsgrounds and CBD projects occurring from funding grants and allocated reserves. There will be a revised budget for capital allocation for projects on completion of the 2019/20 audited financial statements to bring forward unexpended capital grants and reserves for projects. There is significant progress on all projects and contracted works for 2019/20.

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.

The major costs associated with furniture and equipment is in computer and communications replacements.

<b>* Net Budget to be funded by:</b>		<b>Current Year</b>	<b>Long Term Plan</b>		
		<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Prior year tied revenue to be used for operating expenses	Prior year carry forward tied funding				
	Other inflow of funds				
	Transfers from reserves	763,596	-	-	-
					2,357,126
<b>Total inflows</b>	<b>TOTAL INFLOWS</b>	763,596	-	-	-
					2,357,126
<b>Must not be a deficit</b>	<b>Net budgeted operating position</b>	-	1,881,543	2,086,913	-

<b>TOTAL CAPITAL EXPENDITURE FUNDED BY:</b>		<b>Current Year</b>	<b>Long Term Plan</b>		
		<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Capital Grants					
Transfers from cash reserves		763,596	-	-	-
					2,357,126
Sale of assets					
General revenue used for capital purposes		-			
<b>TOTAL</b>		763,596	-	-	-
					2,357,126

**Budgeted capital expenditure by individual project/item**

Class of property, plant and equipment	By project/item	Current Year	Long Term Plan		
		2020/21	2021/22	2022/23	2023/24
Buildings	Buildings (CCTV)	\$ 100,000	\$ 106,882	\$ 108,802	\$ 110,762
Infrastructure	Roads (WMF 2023/24)	968,828	\$ 1,381,947	\$ 1,406,792	\$ 1,432,133
	Replacement motors for gates at Murray St, Murphy St and Chardon St	20,000			
	Infrastructure and footpaths	80,270			
	Lighting	100,000			
	Improvements - Showgrounds Fence	23,072			
	Nursery	20,000			
	Knotts Crossing Cemetery Fencing	20,000			
	Shade Hot Springs Turtle	60,000			
	Drainage and irrigation	40,000			
	Airport and town signage	20,000			
	WWII History Walk Tourist Attraction	10,000			
	Netball Courts repairs	30,000			
Plant and Fleet	Plant and Fleet	100,000	\$ 111,165	\$ 113,164	\$ 115,202
Furniture and Equipment	Communications and computers	\$ 32,500	\$ 35,060	\$ 36,333	\$ 73,924
	Meeting microphones	\$ 5,000			
Furniture and Equipment	Christmas Decorations	\$ 20,000			
		\$	\$	\$	\$
		1,649,670	1,635,054	1,665,091	1,732,021

**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 is 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.

### Budgeted movements in cash reserves

Class of property, plant and equipment	Opening Balance 1/7/2020	Increases	Decreases	Closing Balance
WMF	6,712,862			6,712,862
Capital	3,052,775			3,052,775
Elections	100,000			100,000
Provisions	637,210			637,210
Contingency	1,000,000		- 763,596	236,404
	11,502,847	-		10,739,251

### Reasons for budgeted movements in reserves

Council had planned for a \$600,000 increase in income in rates and the usual income from fees and charges. Due to the current economic situation council is proposing to defer increases in rates and has also factored in a reduction in fees and charges contingency. This has had the effect of requiring council to transfer from reserves.