

11.1 ADOPTION OF 2021/2022 OPERATIONAL PLAN AND BUDGET**File Number: S12.5.3 / 21/21041****Author: Paul Pay, Director Corporate and Economic Services****SUMMARY:**

Council adopted the 2021/2022 Draft Operational Plan and Budget, Long Term Financial Plan (LTFP) at its April 2021 Meeting. These documents were subsequently placed on public exhibition for a period of 28 days. The community were invited to provide submissions on the documents in accordance with Section 405 of the *Local Government Act, 1993*. The purpose of this report is for Council to now adopt the 2021/2022 Operational Plan and Budget, Long Term Financial Plan, to make its rates and charges for 2021/2022, and to vote its expenditure for 2021/2022.

RECOMMENDATION:

That:

1. *Voting for Expenditure for 2021/2022*

That the respective amounts set out in the 2021/2022 Operational Plan and Budget vide Resolution Number 2021/32 be confirmed and voted for the carrying out of the various works and services of the Council for 2021/2022.

2. *Operational Plan*

That the 2021/2022 Operational Plan and Budget as exhibited in accordance with Section 405 of the Local Government Act 1993, be adopted.

3. *Fees and Charges for 2021/2022*

That the Fees and Charges as adopted on 28 April, 2021, Resolution Number 2021/32, be fixed for 2021/2022 including, the Stormwater Management Charge of \$25.00 per residential assessment, \$12.50 per Residential Strata lot and \$25.00 for Business Premises for each 350 square metres or additional part thereof, subject to a maximum on Business Premises of \$200.

4. *Fixing of Rates*

a) *General Activities*

i) Whereas the Estimates of Income and Expenditure of the Consolidated Fund for the year 2021/2022 were adopted by Council on 28 April, 2021, and whereas such estimates were advertised in The Inverell Times newspaper, Council's Website and Facebook on 6 May, 2021, and in accordance with S.535 of the Local Government Act, 1993, it is hereby recommended that:

RESIDENTIAL – INVERELL

A Residential – Inverell rate of 1.45220 cents in the dollar on the 2019 land value of all rateable residential land in the town of Inverell;

RESIDENTIAL – GENERAL

A Residential - General rate of 0.99070 cents in the dollar on the 2019 land value of all other rateable residential land including the villages of Bonshaw, Wandera, Bukkulla, Graman, Mount Russell, Oakwood, Elsmore, Gum Flat, Little Plain and Nullamanna;

RESIDENTIAL VILLAGES – ASHFORD

A Residential Villages – Ashford rate of 2.88470 cents in the dollar on the 2019 land value of all rateable residential land in the village of Ashford;

RESIDENTIAL VILLAGES – DELUNGRA

A Residential Villages – Delungra rate of 1.88150 cents in the dollar on the 2019 land value of all rateable residential land in the village of Delungra;

RESIDENTIAL VILLAGES – GILGAI

A Residential Villages – Gilgai rate of 1.36450 cents in the dollar on the 2019 land value of all rateable residential land in the village of Gilgai;

RESIDENTIAL - YETMAN

A Residential Villages – Yetman rate of 2.66250 cents in the dollar on the 2019 land value of all rateable residential land in the village of Yetman;

RESIDENTIAL - TINGHA

A Residential Villages – Tingha rate of 7.93250 cents in the dollar on the 2019 land value of all rateable residential land in the village of Tingha;

BUSINESS – INVERELL INDUSTRIAL / COMMERCIAL

A Business Inverell / Commercial rate of 3.92050 cents in the dollar on the 2019 land value of all non-residential lands zoned as Industrial or Business in the Shire;

BUSINESS – OTHER

A Business – Other rate of 2.71550 in the dollar on the 2019 land value of all other business lands in the Shire;

FARMLAND

A Farmland rate of 0.35874 cents in the dollar on the 2019 land value of all rateable land in the Shire being farmland;

RESIDENTIAL RURAL

A Residential Rural rate of 0.67865 cents in the dollar on the 2019 land value of all rateable land that satisfies the description of Rural Residential land as defined by the Local Government Act, 1993;

MINING

A Mining rate of 2.7155 cents in the dollar on the 2019 land value of all rateable land in the Shire being mining land (Coal and Metalliferous Mines);

Now be made for the year ending 30 June, 2022;

ii) The Base Amount for each rateable assessment be \$225.00 for all categories and sub-categories. The percentage, in conformity with Section 500 is:

<u>Category/Sub-category</u>	<u>Percentage of levy for Category/Subcategory raised from base amount (must be < 50%)</u>
Residential Inverell	18.89%
Residential General	30.35%
Residential Villages - Ashford	38.97%
Residential Villages - Delungra	37.43%
Residential Villages - Gilgai	33.52%
Residential Villages – Yetman	38.10%
Residential Villages – Tingha	41.39%
Business - Inverell Industrial / Commercial	3.74%

<i>Business - Other</i>	6.91%
<i>Farmland</i>	7.20%
<i>Residential Rural</i>	20.58%
<i>Mining</i>	0.00%

b) *Water Supply*

i) *whereas the estimates of Income and Expenditure for the Consolidated Fund for the year 2021/2022 were adopted by Council on 28 April, 2021, and whereas such estimates including notice of the proposal to make and levy a charge in connection therewith were advertised in The Inverell Times newspaper, Council's Website and Facebook on 6 May, 2021, it is hereby resolved that a Water Supply Charge of \$395.00 on all land rateable to the Water Supply charge in pursuance of Section 552 of the Local Government Act, 1993, be now made for the year ending 30 June, 2022.*

ii) *The annual water availability charge for properties with more than one meter be \$395.00 per additional water meter.*

iii) *A water charge of \$370.00 per assessment (includes first water meter) be adopted for properties within the Tingha Boundary Adjustment area for 2021/2022.*

iv) *A water charge of \$370.00 per additional water meter be adopted for properties within the Tingha Boundary Adjustment area for 2021/2022.*

v) *The charge for water consumed and charged for by meter be fixed at \$1.72 per kilolitre for commercial water users.*

vi) *The charge for water consumed be charged for by meter and be a stepped tariff at a cost of \$1.72 per kilolitre for water consumption between 0 to 600 kilolitres, and \$2.00 for water consumed over 600 kilolitres for all residential users (excludes raw water users, commercial, Abattoirs, Community Facilities).*

vii) *The charge for water consumed and charged for by meter be fixed at \$0.90 cents per kilolitre for Abattoirs, plus a 20% early settlement discount for 2021/2022.*

viii) *a charge of \$0.90 per kilolitre be adopted for Community Facilities water consumption; Eligible entities include: Inverell Minor League, Inverell Golf Club, Inverell Tennis Club, Inverell Rugby Club, Gilgai Tennis Club, Inverell Equestrian Council and Inverell Shire Council (Sporting fields and Parks) for 2021/2022.*

ix) *The charge for water consumed and charged for by meter be fixed at \$0.44 cents per kilolitre for raw water users.*

c) *Sewerage Services*

i) *whereas the Estimates of Income and Expenditure for the Consolidated Fund for the year 2021/2022 were adopted by Council on 28 April, 2021, and whereas such Estimates including notice of the proposal to make and levy a charge in connection therewith were advertised in The Inverell Times newspaper, Council's Website and Facebook on 6 May, 2021, it is hereby resolved that a Sewerage Charge Occupied of \$550.00 on all land rateable to the sewerage charge in pursuance of Section 552 of the Local Government Act, 1993, now be made, excepting any assessment in respect of land not built upon and not supplied with sewerage in which case a Sewerage Charge Unoccupied of \$345.00.*

In accordance with Section 501(1) the following charges be made for the year ending 30 June, 2022, for the provision of other sewerage services:

<u>Hotels/Licensed Clubs Charge</u>	\$1,650.00
<i>(Excludes Motels, Clubs, Hostels, Nursing Home Hostels)</i>	
<u>Nursing Homes/Supported Aged Care Sewerage Charge</u>	\$2,585.00

Charge for Residential Flat or Unit Buildings, Attached and Detached Dual Occupancy developments, Multi Housing developments, Retirement Living Units, and Boarding Houses.

1 Service = 1 Unit/Flat, e.g. a six (6) Unit/Flat development used for residential purposes on a single General Assessment will pay for six (6) services, i.e. \$2,275 for 2021/2022. (that is, one unit at Sewerage Charge Occupied - \$550 plus five units at the Sewerage Charge Unoccupied - \$345.00)

One (1) Duplex = two (2) Units.

<i>Number of Services per Assessment</i>	<i>Annual Charge Per Assessment</i>
1	\$ 550.00
2	\$ 895.00
3	\$ 1,240.00
4	\$ 1,585.00
5	\$ 1,930.00
6	\$ 2,275.00
7	\$ 2,620.00
8	\$ 2,965.00
9	\$ 3,310.00
10	\$ 3,655.00
11	\$ 4,000.00
12	\$ 4,345.00
13	\$ 4,690.00
14	\$ 5,035.00
15	\$ 5,380.00
	<i>Etc.</i>

Non-rateable Properties Charges

<i>Schools - w/c's</i>	<i>\$90.00*</i>
<i>Other - w/c's</i>	<i>\$150.00*</i>
<i>Urinals</i>	<i>\$90.00*</i>

(these charges are per receptacle).*

Motels Charges

Motel Residence	\$550.00
Motel Restaurant	\$550.00
Ensuite/Room per service*	\$173.00

* E.g. A six (6) room motel will pay for six (6) services, i.e. \$1,038.00.

Motel/Hotel Complex Charges

Hotel	\$1,650.00
Motel Residence	\$550.00
Ensuite/Room per service*	\$173.00

* E.g. A six (6) room motel will pay for six (6) services, i.e. \$1,038.

Caravan Parks Charges

Caravan Park Residence	\$550.00
Caravan Park Amenities Block	\$1,650.00
Ensuite Cabin per service	\$173.00

5. Waste Management Charges

Waste Management Charge

In accordance with Section 501 of the Local Government Act, 1993, a Waste Management Charge of \$95.00 per assessment be made for the year ending 30 June, 2022, on all rateable land.

Domestic Waste Management

In accordance with Section 496 the following charges be made for the year ending 30 June, 2022, for the provision of domestic waste management services:

- i) Domestic Waste Management Charge – Un-Occupied \$65.00
- ii) Domestic Waste Management Charge - Occupied (per service per assessment) \$350.00
- iii) Domestic Waste Management Charge - Occupied Tingha Boundary Adjustment Area – Properties with 140lt garbage bin (per service per assessment) \$350.00

Other Waste Management Services

In accordance with Section 502 the following charges be made for the year ending 30 June, 2022, for the provision of other waste management services (collection from Business/Commercial Premises):

- i) Weekly Commercial Waste Management Charge (per service per assessment, GST is charged if applicable) \$350.00
- ii) Weekly Commercial Recycling Charge (per service per assessment, GST is charged if applicable) \$130.00
- iii) Fortnightly Commercial Recycling Charge (per service per assessment, GST is charged if applicable) \$70.00

6. Interest Charges on Overdue Rates and Charges

Extra charges on overdue rates and charges will be levied at the rate of 6% per cent per annum on a daily simple interest basis for the year ending 30 June 2022.

7. Long Term Financial Plan

That the 2021-2031 Long Term Financial Plan as exhibited be adopted.

COMMENTARY:**1. Voting of Expenditure for 2021/2022**

Council at its meeting on 28, April, 2021, resolved to adopt the Draft 2021/2022 Operational Plan and Budget, and Draft 2021/2031 Long Term Financial Plan. These documents were prepared in accordance with Council's guiding principles, resulting in a "Balanced" and "Operationally Sound" budget. This means that the budget documents provide for the continuation of all Council's existing programs and services at the existing service levels with no service cuts. No "Surplus Funds" have been identified for allocation later in 2021/2022 as needs arise, with all revenues being matched to expenditures to maintain the Budget in balance.

The prescribed advertisement was subsequently placed in the Inverell Times, Council's website and Facebook page on Thursday 6 May, 2021. The Draft Operational Plan and Budget was placed on public display, on Council's website, and a hard copy was made available at Council's Administrative Centre. Attached for Councillors information is a copy of Council's estimated budget results for 2021/2022.

Operational Plan

In accordance with Section 405 of the *Local Government Act 1993*, the Draft Budget (incorporating Operational Plan) as prepared has been placed on public exhibition. The closing date of submissions in relation to the Operational Plan was Thursday 3 June, 2021, at 10.00 am. Council has received no public submissions.

Section 406 of the *Local Government Act 1993*, stipulates that:

"In deciding the final plan to be adopted, Council must take into consideration any submissions that have been made concerning the Draft Operational Plan prepared and exhibited in accordance with this part."

It is now necessary for Council to formally vote the respective amounts established for expenditure in 2021/2022. A recommendation to this effect is detailed above.

2. Making of Rates and Fixing of Charges for 2021/2022

At its meeting on 28, April, 2021, Council adopted the various Rates and Charges, for its General, Water and Sewerage activities, and Waste Management Services. In adopting the rates and charges Council utilised the full maximum rate pegging increase of 2%. Council also resolved to implement minor increases to water, sewerage and waste management charges during 2021/2022.

To minimise the impact on ratepayers within the Tingha Boundary Adjustment area, Council has chosen to implement a transitional phase in period, over three years, on some annual charges.

Council is now required to formally make these Rates and Charges for the 2021/2022 Budget Year. The necessary resolutions for making the rates and fixing of charges are contained above.

Establishment of Rate of Interest Payable on Overdue Rates

The *Local Government Act 1993* requires Councils to establish the rate of interest that it will charge on any overdue rates during 2021/2022. The interest rate set by Council must not exceed the percentage determined by the Minister in accordance with Section 566 (3). Advice has been

received that the rate prescribed for the abovementioned section is 6% per annum for the 2021/2022 rating year.

It should be noted that the *Local Government Act 1993*, permits Council to amend the level of interest rates and therefore Council is not committed to maintain the same interest rate for the whole of the rating year. Further, the *Local Government Act 1993* provides a number of means for dealing with approaches from members of the public who claim hardship due to the imposition of interest charges on outstanding rates.

The principle actions available are:

- a) To write off extra charges; and
- b) To accept payments by instalments and write off or reduce extra charges.

The necessary resolution for the setting of the interest rate for overdue rates and charges is contained above.

3. Long Term Financial Plan

In accordance with Section 405 of the *Local Government Act 1993*, the Draft Long Term Financial Plan as prepared has been placed on public exhibition. The closing date of submissions in relation to the Long Term Financial Plan was Thursday 3 June, 2021, at 10.00 am. Council has received no public submissions.

It is now necessary to formally adopt the 2021- 2031 Long Term Financial Plan. A recommendation to this effect is detailed above.

4. Public Submissions

In accordance with the provisions of Section 405 of the *Local Government Act 1993*, to ensure good governance, transparency and to enable sound community consultation, the abovementioned documents were placed on public exhibition for a period of 28 days. This matter was widely publicised on Council's Website and on Council's Facebook page. Hard copies of the documents were also available at Council's administrative centre, and the community were provided with the opportunity to obtain copies of the documents "free of charge".

At the close of the public exhibition period Council had not received any submissions.

RISK ASSESSMENT:

There are many risks pertaining to budgeting. First and foremost is having an annual operational plan aligning with the outcomes of a long term financial strategy. There are also risks pertaining to cost estimates, revenue estimates and aligning capital works projects with the available day labour.

POLICY IMPLICATIONS:

The Operational Plan is one of Council's major policy documents. It sets out how Council will discharge its responsibilities to the community. The adoption of the Operational Plan and Budget enables the process of Council setting its Rates and Charges and voting of its expenditures for 2021/2022.

CHIEF FINANCIAL OFFICERS COMMENT:

The 2021/2022 Operational Plan and Budget provides the basis of Council's operations for the ensuing year. The Budget provides the Finances necessary for Council to conduct its operations during the 2021/2022 Financial Year. The following matters are highlighted:

- A Balanced Budget has been achieved in all Funds; and
- The Budget provides for a continuation of all of Council's existing services and works/asset management programs.

LEGAL IMPLICATIONS:

Council is required under the provisions of Sections 401 - 407 of the *Local Government Act, 1993*, to prepare, publicise and adopt an Operational Plan and Budget with respect to Council's works and activities for at least the next three years. Council is required under the NSW State Government Integrated Planning and Reporting Guidelines, 2013 to prepare a Long Term Financial Plan.

ATTACHMENTS:

1. **Consolidated Profit & Loss**
2. **Cash Flow Statement**
3. **Balance Sheet**