

B1. 2009/10 MANAGEMENT PLAN, BUDGET AND FEES & CHARGES
Staff Report to the 7 May 2009 Special Council Meeting
File No. C15.4, C15.5
Prepared by John Chapman for Manex on 30 April 2009

The Draft Management Plan for the years ending June 2010 to June 2014 has been completed. The following associated separate documents are distributed with this staff report:

- Draft Management Plan 2010-2014
- Draft Budget 2010-2014
- Draft Fees & Charges for 2009-2010

Generally, the budget and fees & charges have been calculated utilising the latest estimated figures for 2008/09 with anticipated increases as follows:

- | | |
|---|---------------------------|
| • CPI on Expenses | 2.00% |
| • Fees and Charges | 3.00% |
| • Wages Award/Progression Increases | 4.00% |
| • General Rates Increase | 3.50% (maximum allowable) |
| • Water Supply User and Access Charges | 10.00% |
| • Water Treatment Plant Annual Charges | 0.00% |
| • Sewerage and Waste Management Charges | 3.50% |

While staff have endeavoured to keep cost increases on Council services to a minimum the following examples of costs increases (which are beyond the control of Council) did not assist with the task of addressing the significant reduction in income:

- | | |
|---------------------------------|-----|
| • Superannuation | 20% |
| • Electricity | 20% |
| • Insurance Premiums | 10% |
| • Contrib to Rural Fire Service | 10% |

DRAFT BUDGET

The draft budget as presented indicates an anticipated cash deficit of \$565,201.

The following summary outlines the major items which have contributed to the substantial decreases in income and increases in expenditure for Ordinary Services (excludes Water, Sewerage and Town Improvement Funds) in 2009/2010 compared with Councils 2008/2009 budget.

This is Page No. 1 of the Staff Report as presented to the duly convened Special Meeting of Oberon Council to be held at the Council Chambers, Oberon on Tuesday, 7 May 2009.

<u>Item</u>	<u>Orig Budget Current Year (2008/2009)</u>	<u>Estimated Next Year (2009/2010)</u>	<u>Surplus/ (Deficit) \$</u>	<u>Saving/ (Extra) %</u>
Interest on Investments Ordinary Services	(446,900.00)	(98,300.00)	(348,600)	(78%)
Private Works Profit	(217,000.00)	(67,900.00)	(149,100)	(69%)
Superannuation	333,265.00	398,595.60	(65,331)	(20%)
IT Costs	106,100.00	158,260.00	(52,160)	(49%)
Development/Building Control Income	(151,340.00)	(100,000.00)	(51,340)	(34%)
Leagues Club Purchase	0.00	50,000.00	(50,000)	
Village Rubbish Tips Operating Expenses	57,400.00	35,000.00	22,400	39%
Assets Management Implementation	51,000.00	28,000.00	23,000	45%
Black Springs On-Site Waste System	55,957.00	0.00	55,957	100%
Other Items			49,972	
			<u>(565,202)</u>	

The deficit of \$565,202 has been reviewed by Manex and, following detailed analysis, the following option is considered appropriate to provide a balanced budget for next year.

<u>Item</u>	<u>Adjustment</u>	<u>Details</u>	<u>Balance</u>	
Draft Cash Result			565,202	Deficit
Suggested Adjustments:				
Contrib to Roads Maint	(52,900)	Reduce Transfer to Reserve	512,302	Deficit
Library Computers	(3,500)	Reduce from \$4,700 to \$1,200	508,802	Deficit
Library Salaries	(4,714)	Reduce Relief Staff Funding	504,088	Deficit
Swimming Pool Equipment	(12,650)	Reduce by 50%	491,438	Deficit
Leagues Club Purchase	(50,000)	Alternative Funding	441,438	Deficit
		Reduce Playground Equipment		
Parks & Gardens	(7,500)	50%	433,938	Deficit
Development Control	(23,000)	Delete Maternity Relief	410,938	Deficit
Information Centre Salaries	(9,005)	Revise Weekend/Holiday Rosters	401,933	Deficit
Corporate Support Salaries	(39,000)	Delete Maternity Relief Provision	362,933	Deficit
Engineering Services				
Salaries	(38,000)	Re-Allocate Salary Costs	324,933	Deficit
Public Works Plant	(100,000)	Defer Light Vehicles Replacement	224,933	Deficit
Hathaway Cottage		Fund from Self Care Units		
Expenses	(10,000)	Reserve	214,933	Deficit
Plant Profit on Private				
Works	(215,000)	Reduce Transfer to Reserve	(67)	Surplus

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Items referred by Council for consideration with the Management Plan/Budget are summarised as follows:

• Ross Street/Edit Road Realignment (Council Meeting Oct 08)	Not Costed
• Curtis/Dudley St Intersection Alterations (Council Meeting Feb 09)	Not costed
• Curtis/Raleigh St Intersection Alterations (Council Meeting Feb 09)	Not costed
• Future construction of a unisex toilet for Burraga Park (Council Meeting Mar 09)	Not costed
• Arkstone Road Gravel/Seal (Council Meeting Apr 09)	\$149,000
• Dart Street Footpath (Council Meeting Apr 09)	\$ 11,000
• Bald Ridge Road Gravel Resheeting (Council Meeting Apr 09)	\$ 10,000
• Faugha Ballaugha Road Widening (Council Meeting Apr 09)	\$ 41,000
• Burroughs Crossing Bridge (Council Meeting Apr 09)	\$ 80,000

Should Council wish to include any of these items in the draft budget, it will be necessary to identify the source of funding or re-prioritise works items included.

Additionally the following items which would, under normal conditions, have been included by staff have been deferred pending recovery from the current economic crisis:

- Visitor Information Centre – updated promotional brochures (\$10,000) – could potentially be funded from advertising in the brochure and assistance from OPTA – Council may wish to consider initially underwriting the cost.
- Visitor Information Centre/Community Technology Centre/Economic Development Office – additional shelving for storage (\$4,500)
- Community Technology Centre – interactive whiteboard (\$4,200)
- Community Technology Centre – Upgrade/replacement of facilities including ergonomic chairs, outside antenna, computer hardware and software, etc (\$2,600)
- Visitor Information Centre/Community Technology Centre/Economic Development Office – Additional storage in “downstairs” area (\$6,000)
- Community Technology Centre – Awning for entry/exit door and cupboard under sink in Conference Room (\$2,500)
- Library – Additional cleaning (current budget provides for 1.5 hours weekly)
- Library – Various improvements including conversion of disabled toilet to kitchenette, enclosure of entrance portico for reading room, replacement of chairs and tables, additional shelving, additional computers for public use, etc.

This is Page No. 3 of the Staff Report as presented to the duly convened Special Meeting of Oberon Council to be held at the Council Chambers, Oberon on Tuesday, 7 May 2009.

EMPLOYEE LEAVE ENTITLEMENTS RESERVE

Council will recall that, in order to assist with offsetting losses resulting from the devaluation of investments at 30 June 2008, the Employee Leave Entitlements Reserve was reduced in 2008/2009 by \$425,000. This represented 50% of the anticipated balance in the reserve at 30 June 2009 and effectively reduces the cash funding of total leave liability from 70% to 35% of the liability. As previously reported to Council, the Auditors have advised *“that the recommended funds that should be retained in the Long Service Leave cash reserve is 25% of the total liability. However, an analysis of the likely reduction of the reserve as a result of both normal leave taken and possible retirements should be undertaken to ensure that the 25% minimum is adequate to provide for leave expected to be paid out in the next five years”*.

An analysis of the potential retirements over the next five years has been undertaken. While there is no compulsory retiring age it has been assumed, for the purposes of the analysis, that existing employees will retire on reaching the age of 65 years. Based upon that assumption, anticipated payouts of long service leave to retirees for the next ten years are as follows:

Year Ending	Total
30/06/2010	5,498
30/06/2011	-
30/06/2012	-
30/06/2013	199,343
30/06/2014	36,763
30/06/2015	76,999
30/06/2016	6,046
30/06/2017	70,044
30/06/2018	-
30/06/2019	148,582
	543,274

A projection of reserve balances (assuming that the current 35% of liability is maintained) indicates that the balance in the reserve would be sufficient to cover all anticipated payments to employees until 2013/2014, when an additional \$49,000 will need to be transferred to the reserve to recoup part of the anticipated substantial payouts in 2012/2013. The projection model is based upon the assumption that Council's current policies relating to the taking of leave are retained.

Provision is made in the draft budget to continue to provide 35% of the total liability in the cash reserve to cover future payments.

WATER SUPPLY SERVICE

It should be noted that the previous healthy financial state of Council's Water Supply Service has been eroded in recent years, to the extent that it has been necessary to recommend an increase of 10% for all water fees and charges (except the annual levy to fund the filtration plant augmentation). As a result of a substantial reduction in consumption, there has been a matching decrease in income. Unfortunately, the cost of maintaining, operating and upgrading the associated infrastructure has not decreased in line with the decrease in income.

A summary of the financial history and projections and will be provided prior to the meeting.

This is Page No. 4 of the Staff Report as presented to the duly convened Special Meeting of Oberon Council to be held at the Council Chambers, Oberon on Tuesday, 7 May 2009.

LAND DEVELOPMENT RESERVE

The balance of the cost of the acquisition of land for the aged care facility is included in the land acquisition and development section of the budget and is funded from the Land Development Reserve. This funding is anticipated on the assumption that sufficient sales of residential land in Tasman Street will take place by June 2010. While it is anticipated that the aged care land will be purchased from Council by the developer upon confirmation that the project will proceed, no provision has been made, at this stage, for such purchase from Council.

PLANT OPERATING SURPLUS AND PLANT REPLACEMENT RESERVE

The draft budget has again been prepared on the basis that part of the income generated from the operation of the plant fleet has been retained (ie not transferred to the Plant Replacement Reserve) as general purpose income. A total of \$331,000 has been retained in 2009/2010.

LIBRARY STAFF VACANCY

Council resolved on 21 April 2009 *“That the replacement of the part time Library Assistant be deferred to the estimates meeting”*. Provision has been made in the draft budget to fill this vacancy, which is essential to cover the Saturday opening hours of the Library. The estimated cost, including overheads is \$10,012. Alternatively, Council may wish to consider not filling the vacancy and accept a decrease in the level of service currently provided by the Library. One option may be to close the Library on Saturdays.

COMMUNITY INFRASTRUCTURE ASSETS AND OTHER MATTERS

Due to competing priorities (eg installation of new computer system, etc), time has not permitted the preparation of a report on community infrastructure assets and funding options in time for distribution with the business papers.

The report will be distributed early next week, along with other information considered relevant to assist with consideration of the Draft Management Plan .

This is Page No. 5 of the Staff Report as presented to the duly convened Special Meeting of Oberon Council to be held at the Council Chambers, Oberon on Tuesday, 7 May 2009.

Recommendation:

That, subject to any amendments adopted by Council:

- 1) the draft list of Fees & Charges for 2009/2010 be adopted.
- 2) the draft Estimates of Income and Expenditure for 2009/2009 be adopted after the following adjustments to the draft budget as presented:

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Hathaway Cottage Expenses	(10,000)	Fund from Self Care Units Reserve	214,933	Deficit
Plant Profit on Private Works	(215,000)	Reduce Transfer to Reserve	(67)	Surplus

- 3) the draft Management Plan (including the draft List of Fees & Charges and Estimates of Income and Expenditure) for 2009/2010 be adopted and advertised for a period of 28 days for the receipt of public submissions, before adoption at Council's Ordinary Meeting to be held on Tuesday 16 June 2009

B2. TASMAN ESTATE
Staff Report to the 7 May 2009 Special Meeting
File No. E38.8
Prepared by Leigh Robins on 27 April 2009

The Common Seal of Oberon Council is required on the plan of subdivision for the Tasman Estate for registration.

Recommendation:

That the Common Seal of Oberon Council be affixed to the Tasman Estate plan of subdivision.

This is Page No. 6 of the Staff Report as presented to the duly convened Special Meeting of Oberon Council to be held at the Council Chambers, Oberon on Tuesday, 7 May 2009.