



# **BOGAN SHIRE COUNCIL**

Business Paper  
Extraordinary Meeting  
(Estimates)

**1 May 2013**





## Table of Contents

<b>COUNCIL MEETING NOTICE .....</b>	<b>4</b>
<b>REPORTS TO EXTRAORDINARY MEETING OF COUNCIL – GENERAL MANAGER .....</b>	<b>5</b>
<b>1 BUDGET REPORT.....</b>	<b>5</b>
<b>REPORTS TO EXTRAORDINARY MEETING OF COUNCIL – MANAGER OF ENGINEERING SERVICES.....</b>	<b>12</b>
<b>1 PLANT PURCHASES 2013/2014.....</b>	<b>12</b>
<b>NOTES .....</b>	<b>15</b>



24 April 2013

## **COUNCIL MEETING NOTICE**

The Extraordinary (Estimates) Meeting of Council will be held in the Council Chambers, Nyngan on Wednesday 1 May 2013 at 9.30am.

## **AGENDA**

1. Opening Prayer
2. Remembrances
3. Apologies
4. Declarations of Interest
5. General Manager's Report incorporating report from:-
  - Manager of Engineering Services

Your attendance at this meeting would be appreciated.

Yours sincerely

**Cathy Ellison**

Executive Assistant

## REPORTS TO EXTRAORDINARY MEETING OF COUNCIL – GENERAL MANAGER

### Mayor and Councillors

I submit the following report for consideration:-

#### 1 BUDGET REPORT

##### 1.1 Introduction

The purpose of this report is to present:-

- the draft of the 2013-2017 Delivery Program for Council's consideration and approval for public exhibition; and
- the draft of the 2013/14 Operating Plan and Budget for Council's consideration and approval for public exhibition,

as required by the provisions of the Local Government Act.

##### 1.2 Background

Continuing with the new Integrated Planning and Reporting Framework prescribed by the New South Wales Government and implemented in 2012, Council recently adopted a revised 2026 Community Strategic Plan.

In addition to this Community Strategic Plan, Council is required to prepare and adopt three more planning documents.

##### 1. The Delivery Program

The Delivery Program sets out the activities that will be carried out between 2013/14 and 2016/17 towards achieving the strategies and goals specified in Council's Community Strategic Plan.

The following is a summary of Delivery Program requirements contained in Section 404 of the Local Government Act.

- A Council must have a Delivery Program, detailing the principal activities it will undertake to achieve the objectives established in the Community Strategic Plan, within the resources available under the Resourcing Strategy.

**General Manager's Report to the Extraordinary Meeting of Council held on 1 May 2013 at 9.30am**

- The Delivery Program must include a method of assessment to determine the effectiveness of each principal activity detailed in the Delivery Program in achieving the objectives at which the activity is directed.
- A Council must prepare a new Delivery Program after each ordinary election of Councillors to cover the principal activities of the Council for the 4 year period commencing on 1 July following the election.

2. The Operational Plan and Budget

The Operational Plan and Budget details the specific activities that will be carried out in 2013/14, the 2013/14 estimates of income and expenditure and a Revenue Policy containing the schedule of rates, fees and charges.

The following is a summary of Operational Plan requirements contained in section 404 of the Local Government Act:-

- Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken that year, as part of the Delivery Program.
- The Operational Plan will include the Statement of Revenue Policy.
- The draft Operational Plan must be publicly exhibited for at least 28 days and public submissions can be made to Council during the period.
- The exhibition must be accompanied by a map showing where the various rates will apply within the Local Government area.
- Council must accept and consider any submissions made on the draft Operational Plan before adopting the Operational Plan.

3. The Resourcing Plan

Within the Resourcing Plan is contained the:-

- Workforce Plan which focuses on strategies to ensure that Council's workforce matches our need in terms of numbers and skills;
- The Asset Management Strategy which sets out how we plan to maintain and improve our assets: and

## General Manager's Report to the Extraordinary Meeting of Council held on 1 May 2013 at 9.30am

- The Long Term Financial Plan which compares different scenarios to help guide decisions on levels of expenditure and revenue.

The following is a summary of the Resourcing Plan requirements contained in section 403 of the Local Government Act:-

- A Council must have a long term resourcing strategy to achieve the objectives established by the Community Strategic Plan, for which Council is responsible.
- The strategy must include provision for long-term financial planning, workforce management planning and asset management planning.

### 1.3 Discussion

#### 1. The Delivery Program

The attached Plan refers.

Our Bogan Shire 2026 Community Strategic Plan (CSP) sets out the goals we want to achieve, the outcomes that need to be attained if we are to meet those goals and the strategies that will help get us there.

In turn, our 2013-2017 Delivery Program sits beneath the Bogan Shire 2026 CSP and details the activities Council will undertake over the next four years to achieve the strategic priorities identified within the CSP.

Also included are budget figures summarised from our detailed estimates of income and expenditure as well as some statements of performance assessment.

Few changes have been made to the Delivery Program that Council approved in 2012 however the Local Government Act requires that a new Delivery Program is prepared and adopted after each ordinary election of Councillors to cover the principal activities of the council for the 4 year period commencing on 1 July following the election.

#### 2. The Operational Plan and Budget

The attached Plan and Budget refers. Also included in the mail-out to Councillors is a detailed budget analysis that shows expenditure and revenue by activity as well as by cost / revenue type. This is marked Handout 1.

The Delivery Program is a statement of commitment to the community from each newly elected Council. Supporting the Delivery Program is an annual Operational Plan and Budget. It spells out the details of the Program – the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program.

## General Manager's Report to the Extraordinary Meeting of Council held on 1 May 2013 at 9.30am

The Operational Plan and Budget (2013/14) provides detailed information on the Council's specific actions and projects that will be implemented for the year for each service including information on Capital Works, Rates, Fees and Charges.

### a) General Fund

#### Revenue

At an extraordinary meeting of Council held on 7 August 2012, (refer attached business paper and minutes) Council was advised of issues that impacted on the accurate estimation of revenue from general rates for 2012/13. At that meeting a resolution was taken to adopt a revised *ad valorem* rate in respect of mining property.

The net effect of these circumstances has been that, apart from mining properties, those properties impacted by higher revaluations and certain properties subject to minimum rates, general rates did not increase between 2012/13 and 2013/14. This has resulted in a shortfall of rates revenue for 2013/14. This shortfall was reported as \$116,218 in the report to Council on 7 August 2012 but has now been confirmed as \$114,559 by the Division of Local Government.

IPART regulations permit Council to recoup this shortfall in revenue in future years by increasing rates by more than the standard percentage generally allowed in any particular year (3.4% for 2013/14).

It is recommended that this amount be recouped in installments of \$37,000 (rounded down) over a period of three years with transfers being made from retained earnings to balance the budgets in the first two years, thus:

2013/14 - \$74,000 transfer from retained earnings

2014/15 - \$37,000 transfer from retained earnings

Accordingly, in 2013/14 rates will need to increase by \$37,000 and then by 3.4% being the IPART allowable percentage increase. This equates to an approximately 4.9% increase in rates over 2012/13.

Certain other fees / charges have been amended. These are to be highlighted in discussion at the Council meeting.

#### Staffing

Allowance has been made for NSW Local Government Award salary increases of 3.25% and one new staff position, a driver for the proposed new water tanker.



## General Manager's Report to the Extraordinary Meeting of Council held on 1 May 2013 at 9.30am

### Capital

Regarding roads construction and maintenance, it is proposed to construct an additional 1 kilometre of Colane Road in 2013/2014 out of Roads to Recovery funding. The remaining Roads to Recovery funding will be used for gravel resheeting generally.

It is proposed to construct an additional 1 kilometre of Hermidale - Nymagee Road with funds from the Block Grant with the remainder of the Block Grant being used for resealing and maintenance. Council has not received advice on its application for a REPAIR grant for an additional 1 kilometre of Hermidale Nymagee Road but provision has been made for this and the associated expenditure in the budget. The additional kilometre is conditional on receiving this grant.

As in previous years the roads component of the FAGS grant will be allocated to local roads maintenance.

Council has also previously resolved to consider the construction and sealing of sections of the following roads:

- 2km - Colane Road (\$300,000)
- 2.9km – Mulla road (\$435,000)
- 2km – Pangee Road (\$300,000)
- 2km - Coffils Lane (\$300,000)

The attached plant and vehicle replacement program report contains relevant detail regarding these items.

Apart from roads, other proposed capital works are included in the Capital Budgets – Individual Projects report, marked Handout 2, included in the mail-out to Councillors. This report includes columns headed “Budget 2013-14” which indicates funded items and “Reserve List” which indicates unfunded items at this stage.

#### b) Water Fund

Council adopted an Asset Management Strategy in 2011/12 for asset renewal at the ageing Water Treatment Plant and the Strategic Business Plan identified a \$0.5M upgrade by 2017 and construction of a new Plant in 2037.

The base case modeling in this Strategic Business Plan indicated that typical bills for the water supply business needed to increase by 75% in real terms.

**General Manager’s Report to the Extraordinary Meeting of Council held on 1 May 2013 at 9.30am**

Council has worked towards this goal by increasing water usage charges from \$0.92 per kilolitre to \$1.60 per kilolitre in 2011/2012 and by introducing the first of two \$75 increases in the 20mm diameter residential access charge in 2012/13.

It is now necessary to increase the 20mm diameter residential access charge by another \$75 to achieve the required overall 75% increase set out in the adopted Strategic Business Plan.

This \$75 increase has been included in the draft operating plan and budget and larger diameter services access charges have been increased proportionally.

Water usage charges have been increased by 3.4%, in line with general rates, to allow for inflation.

Capital works in this draft budget include \$433,500 for infrastructure renewal including works on the Albert Priest Channel, the cost of which will be shared with the Cobar Water Board.

**c) Sewer Fund**

Similarly, sewerage charges are proposed to be increased by \$75 per residential connection in accordance with the Strategic Business Plan which also recommended a two step increase of \$75 per tenement over two years to maintain existing assets and fund renewal of ageing infrastructure. Council adopted the first of these increases in 2012/13.

Staff are preparing recommendations concerning how these increases are to be factored into non-residential sewerage charges for 2013/14.

**d) Plant Fund**

The attached schedule of plant and vehicle acquisitions / disposals refers. The net cash effect of these anticipated and operating expenses on the plant fund, assuming the purchase of a new backhoe is funded from a loan, is shown below.

Anticipated Opening Balance	189,032
Add : Revenue	2,305,884
Less: Operating costs	1,793,884
Less: Net capital costs (Acquisitions less disposals)	660,000
Projected Closing Balance	41,032

### 3. The Resourcing Plan

The Resourcing Plan consists of three components:

- a. The Workforce Plan.
- b. The Asset Management Strategy.
- c. The Long Term Financial Plan.

Council's existing Resourcing Plan is currently being updated and will be presented for consideration at Council's ordinary meeting in May.

#### **1.4 Attachments**

1. Business Paper – Extraordinary Meeting 7 August 2012.
2. Minutes - Extraordinary Meeting 7 August 2012.
3. Plant and vehicle acquisitions / disposals report.
4. Delivery Program 2013-17 (for consideration and approval for public exhibition).
5. Operational Plan and Budget 2013/14 (for consideration and approval for public exhibition).

#### **1.5 Recommendation**

1. That the draft plant and vehicle replacement program be considered and adopted for inclusion in the 2013/14 Operational Plan and Budget.
2. That the draft Delivery Program 2013-2017 be considered and approved for public exhibition.
3. That the draft Operational Plan and Budget 2013/14 be considered and approved for public exhibition.

**Derek Francis**

**General Manager**

## **REPORTS TO EXTRAORDINARY MEETING OF COUNCIL – MANAGER OF ENGINEERING SERVICES**

### **Mayor and Councillors**

I submit the following report for consideration:-

#### **1 PLANT PURCHASES 2013/2014**

##### **1. Overview**

Council has a 10 year plant replacement program which identifies the timing of replacement of plant and vehicles based on optimising trade in values and keeping maintenance and repair costs to a minimum.

The Program is also designed to smooth the financial impact by attempting to avoid a large capital outlay in one year followed by a much smaller outlay the next year.

It is proposed to bring forward the purchase of a new backhoe to 2013/14 although it is not scheduled for another three years. The existing backhoe would be used to replace the traxcavator at the rubbish depot for pushing in the tip and would also be used for loading aggregate at the depot, and other jobs in town while the new backhoe is in use.

Council resolved to consider adding an additional water tanker to our fleet in the 2013/14 estimates. At an estimated cost of over \$300,000 to purchase a new water tanker, the alternate proposal is to:

- Replace the current prime mover (#429) used for gravel haulage as per the ten year plant replacement program.
- Keep the old prime mover (#427) that is due to be sold and repair the tank to keep it in service as a semi water tanker. (23 years old with 490,000 km).
- Convert (#429) into a ridged water tank and purchase a second hand dog trailer with tank to produce a flexible truck and dog arrangement for use on small construction jobs and heavy patching as well as maintenance grading.

Council also has a rural works crew cab truck scheduled for replacement as part of a strategy of replacing one every year in a four year cycle. This program has worked well for Council in the past and keeps a modern fleet of trucks while maximising trade in values on items being replaced.

**Manager of Engineering Services' Report to the Extraordinary Meeting of Council held on 1 May 2013  
at 9.30am**

It is also proposed to replace the existing Fork Lift which is used at the Water Filtration Plant. This item of plant was acquired when Council purchased the works depot and the equipment that came with it.

The projected plant hire income for 2013/2014 is \$2,305,884 and projected plant running expenses are \$1,793,884.

## **2. Funding**

These major items combined with the minor plant, utilities, and vehicle replacements that are normally replaced each year make up a capital cost of \$953,500 or a net cost of \$805,000 after the sale of existing plant.

A portion of this net cost will be funded by the excess of plant hire income over plant running expenses in 2013/2014, estimated to be \$512,000.

In addition it will be necessary to draw down the plant reserve by \$148,000 leaving an estimated balance of \$41,000 in the fund at the end of 2013/14.

The remainder of the funding will be sourced from loans - \$145,000 – to cover the planned purchase of the backhoe.

**Graeme Bourke**

**Manager Engineering Services**

**Manager of Engineering Services' Report to the Extraordinary Meeting of Council held on 1 May 2013  
at 9.30am**

**3. 23DETAILED PLANT ESTIMATES - 2013/2014**

	<b>PLANT NO</b>	<b>PURCHASE PRICE</b>	<b>SALE PRICE</b>	<b>COST TO COUNCIL</b>
<b>SEDANS / WAGONS</b>				
Manager Environmental Services	7	\$52,000.00	\$25,000.00	\$27,000.00
Asset Engineer	36	\$32,000.00	\$18,000.00	\$14,000.00
Plant Manager	35	\$32,000.00	\$18,000.00	\$14,000.00
Manager Corporate Services	34	\$45,000.00	\$28,000.00	\$17,000.00
<b>UTES &amp; VANS</b>				
Environment (Tip)	144	\$26,000.00	\$8,000.00	\$18,000.00
Environment (Weeds)	149	\$40,000.00	\$20,000.00	\$20,000.00
Road Inspections (New)		\$28,000.00		\$28,000.00
<b>TRUCKS</b>				
Work Truck	244	\$78,000.00	\$30,000.00	\$48,000.00
Semi-Trailer Gravel Haulage	429	\$193,000.00		\$193,000.00
Repair Semi Water Tank		\$15,000.00		\$15,000.00
Convert Prime Mover 429 to Rigid & Dog Water Tanker		\$170,000.00		\$170,000.00
<b>PLANT</b>				
Backhoe	636	\$145,000.00	Retain	\$145,000.00
Fork lift (Water Supply)	627	\$34,000.00	\$1,500.00	\$32,500.00
Line Marker – Sporting Fields		\$7,000.00		\$7,000.00
Small Plant & Equipment		\$20,000.00		\$20,000.00
Minor Pumps & Plant (mowers)		\$12,000.00		\$12,000.00
Workshop Equipment		\$10,000.00		\$10,000.00
Workshop Training		\$10,000.00		\$10,000.00
Ausfleet Licence		\$4,500.00		\$4,500.00
<b>Totals</b>		<b>\$953,500</b>	<b>\$148,500</b>	<b>\$805,000</b>

