

## 2023/2024 Budget

Edward River Council's Operational Plan includes the annual budget and works to be undertaken along with the Statement of Revenue Policy, and Fees and Charges (refer attachment)

The 2023-24 budget has been prepared using the financial sustainability review as a key reference document, adjusted for known variations and new demands, and will deliver a budget, including internal revenue and expenditure of \$33.5 million in revenue and, \$34.09 million in expenditure resulting in an operating deficit including capital grants of \$599k.

The \$599k operating deficit is made up of four funds:

- General \$2.41 million deficit
- Water \$0.75 million surplus
- Sewer \$1.18 million surplus
- Edward River Village \$0.118 million deficit

Total Revenue (inclusive of capital grants)	
General fund	\$25.70million
Water fund	\$3.97 million
Sewer fund	\$3.83 million
Edward River Village	\$0.00 million
<b>Consolidated funds</b>	<b>\$33.5 million</b>

Total Costs	
General fund	\$28.11million
Water fund	\$3.22million
Sewer fund	\$2.65million
Edward River Village	\$0.11 million
<b>Consolidated funds</b>	<b>\$34.09 million</b>

NB When internal revenue and expenditure are excluded, Councils consolidated income and expenditure is \$31.2m and \$31.8m respectively as per following consolidated income statement.

### Rates and annual charges revenue

Rating revenue increases in accordance with the Independent Pricing and Regulatory Tribunal (IPART) rate peg determination, which is currently 3.7% plus a population factor of 0.7%, a total of 4.4%. In addition, the land valuations were subject to a general revaluation of all properties. This occurs every three years for equity purposes and will be effective from 1 July 2023 for the 2023-24 financial year

The projected rates revenue for 2023-24 is \$8.2 million. More detailed information on rates is outlined in Council's Statement of Revenue Policy.

### User charges and fees revenue

Generally, user charges and fees have been set to increase by 6.50 per cent, although there are exceptions where individual fees have been assessed and will increase at a different rate, whilst others are prescribed by the NSW Government – with Council having no discretion in the setting of those fees.

For further detail, refer to Council's Fees and Charges section of this document.

### **Interest and investment revenue**

Council's estimated interest investment revenue for 2023-24 is \$1.67 million.

Council will continue an investment strategy to maximise the return on investment, whilst maintaining a low-risk portfolio governed firstly by the Minister of Local Government's Order; and secondly by Council's Investment Policy which provides the framework for minimising risks involved in investing public funds.

### **Grants and contributions revenue**

An optimistic approach has been taken with budgeting for grants and contributions revenue. The Financial Assistance Grant of \$6.45 million is forecast to grow at a modest rate of 4%. Over many years this grant has proven difficult to predict.

Generally, only known future grants are included in the forward projections, except for grants which have been reliably received over a lengthy period.

### **Employee costs**

Employee-related costs, which include salaries, entitlements, insurances, taxes, travel, and training costs, are estimated to be \$11.85m. It is assumed that employee costs will grow at a rate of 20 per cent in the forecast period. This includes anticipated additional resources, award increases, growth through salary progression and increase in training budget

### **Borrowing costs**

Council currently has no loans, however Council has approved potential borrowings for the airport project, and Edward River Village in the forecast period.

### **Materials and contract costs**

Materials and contracts costs estimate for the 2023-24 has increased from prior years due to the increase in the cost of materials and services due to Covid and world economy related shortages and is also based on projected activity.

### **Councillor remuneration costs**

Council has resolved that in accordance with Section 241 of the *Local Government Act 1993* (the Act), Council will fix the annual fee paid to Councillors to the maximum determination made by the Remuneration Tribunal for the category Rural area.

Council has also resolved to pay Councillors superannuation at the prescribed rates for all other salary earners.

### **Other costs**

Other expenditures are set to increase by 6.50 per cent.

## Reserves

Council has reserves which represent cash that is restricted for specific purposes, usually to fund future expenditure.

	Forecast Full Year 22/23	Movement	Budget 2023/24
<b>Internal Restrictions</b>			
Infrastructure replacement	2,190,000		2,190,000
Plant replacement reserve	1,799,000	175,000	1,974,000
Recreation reserves/villages	1,113,000		1,113,000
Other internal reserves	751,000		751,000
Employee entitlements	693,000		693,000
Land Development Fund	385,000		385,000
Airport Development	187,000	(187,000)	-
Deposits, retentions and bonds	323,000		323,000
<b>Total Internal Restrictions</b>	<b>7,441,000</b>	<b>(12,000)</b>	<b>7,429,000</b>
<b>External Restrictions</b>			
Water supplies fund	6,554,000	746,000	7,300,000
Sewerage services fund	5,558,000	1,181,000	6,739,000
Tip remediation	1,300,000		1,300,000
Unexpended Merger funds	418,000		418,000
Other unexpended grant funds	4,573,000	(580,000)	3,993,000
Other external reserves	143,000		143,000
<b>Total External Restrictions</b>	<b>18,546,000</b>	<b>1,347,000</b>	<b>19,893,000</b>
<b>Unrestricted Funds</b>	<b>16,714,000</b>	<b>1,223,000</b>	<b>17,937,000</b>
<b>Total Funds</b>	<b>42,701,000</b>	<b>2,558,000</b>	<b>45,259,000</b>

Edward River Council Income Statement Projections- consolidated				
<i>*base scenario</i>	Proposed Budget	Forecast		
Year Ending	2024	2025	2026	2027
	\$000s	\$000s	\$000s	\$000s
<b>Income from Continuing Operations</b>				
Rates and Annual Charges	14,924	15,314	15,714	16,124
User Charges and Fees	4,215	4,374	4,488	4,604
Other Revenues	546	3,560	3,676	3,791
Grants & Contributions for Operating Purposes	9,504	9,714	9,930	10,152
Grants & Contributions for Capital Purposes - Cash	110	3,803	116	119
Interest & Investment Revenue	1,671	1,882	1,896	1,900
Net Gains from the Disposal of Assets	235	241	247	253
<b>Total Income from Continuing Operations</b>	<b>31,205</b>	<b>38,888</b>	<b>36,067</b>	<b>36,943</b>
<b>Expenses from Continuing Operations</b>				
Employee Costs	11,850	12,127	12,490	12,814
Materials and Contracts	8,171	7,850	8,136	8,200
Borrowing Costs	253	304	457	441
Depreciation	10,883	11,521	11,911	12,222
Other Expenses	647	663	680	697
<b>Total Expenses from Continuing Operations</b>	<b>31,804</b>	<b>32,465</b>	<b>33,674</b>	<b>34,374</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>(599)</b>	<b>6,423</b>	<b>2,393</b>	<b>2,569</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)</b>	<b>(709)</b>	<b>2,620</b>	<b>2,277</b>	<b>2,450</b>

Edward River Council				
Balance Sheet Projections-Consolidated				
<i>*base scenario</i>	Proposed Budget	Forecast		
Year Ending	2024	2025	2026	2027
	\$000s	\$000s	\$000s	\$000s
<b>Current Assets</b>				
Cash & Cash Equivalents	2,759	3,718	5,406	8,869
Receivables	2,834	2,834	2,834	2,834
Other (Includes Assets Held for Sale)	103	103	103	103
<b>Total Current Assets</b>	<b>5,696</b>	<b>6,655</b>	<b>8,343</b>	<b>11,806</b>
<b>Non-Current Assets</b>				
Investments	42,500	42,500	42,500	42,500
Infrastructure, Property, Plant & Equipment	477,663	484,190	488,163	486,962
Other	1,268	1,268	1,268	1,268
<b>Total Non-Current Assets</b>	<b>521,431</b>	<b>527,958</b>	<b>531,931</b>	<b>530,730</b>
<b>Total Assets</b>	<b>527,127</b>	<b>534,613</b>	<b>540,274</b>	<b>542,536</b>
<b>Current Liabilities</b>				
Payables	3,195	3,195	3,195	3,195
Contract Liabilities	-	-	-	-
Borrowings	-	122	307	321
Provisions	3,078	3,078	3,078	3,078
<b>Total Current Liabilities</b>	<b>6,273</b>	<b>6,395</b>	<b>6,580</b>	<b>6,594</b>
<b>Non-Current Liabilities</b>				
Payables	55	55	55	55
Borrowings	1,900	2,841	5,924	5,603
Provisions	1,712	1,712	1,712	1,712
<b>Total Non-Current Liabilities</b>	<b>3,667</b>	<b>4,608</b>	<b>7,691</b>	<b>7,370</b>
<b>Total Liabilities</b>	<b>9,940</b>	<b>11,003</b>	<b>14,271</b>	<b>13,964</b>
<b>Net Assets</b>	<b>517,187</b>	<b>523,610</b>	<b>526,003</b>	<b>528,572</b>
<b>Equity</b>				
Retained Earnings	465,069	471,492	473,885	476,454
Revaluation Reserves	52,118	52,118	52,118	52,118
<b>Total Equity</b>	<b>517,187</b>	<b>523,610</b>	<b>526,003</b>	<b>528,572</b>

Edward River Council				
Cash Flow Statement Projections-Consolidated				
<i>*base scenario</i>	Proposed Budget	Forecast		
Year Ending	2024	2025	2026	2027
	\$000s	\$000s	\$000s	\$000s
<b>Cash Flows from Operating Activities</b>				
Receipts - Operating Activities	39,472	49,570	47,016	48,166
Payments - Operating Activities	(23,237)	(31,626)	(32,712)	(33,375)
<b>Net Cash Provided by (or used in) Operating Activities</b>	<b>16,235</b>	<b>17,944</b>	<b>14,304</b>	<b>14,791</b>
<b>Cash Flows from Investing Activities</b>				
Receipts - Infrastructure, Property, Plant & Equipment	0	0	0	0
Purchases - Infrastructure, Property, Plant & Equipment	(13,677)	(18,048)	(15,884)	(11,021)
Receipts/Purchases - Other Assets	-	-	-	-
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(13,677)</b>	<b>(18,048)</b>	<b>(15,884)</b>	<b>(11,021)</b>
<b>Cash Flow from Financing Activities</b>				
Receipts - Loan Borrowings	-	1181	3,562	-
Payments - Principal Repayments	-	(118)	(294)	(307)
<b>Net Cash Provided by (or used in) Financing Activities</b>	<b>-</b>	<b>1,063</b>	<b>3,268</b>	<b>(307)</b>
<b>Net Increase/(Decrease) in Cash Assets Held</b>	<b>2,558</b>	<b>959</b>	<b>1,688</b>	<b>3,463</b>
<b>Cash and Cash Equivalents at Beginning of Reporting Period</b>	<b>201</b>	<b>2,759</b>	<b>3,718</b>	<b>5,406</b>
<b>Cash and Cash Equivalents at End of Reporting Period</b>	<b>2,759</b>	<b>3,718</b>	<b>5,406</b>	<b>8,869</b>
<b>investments at End of Reporting Period</b>	<b>42,500</b>	<b>42,500</b>	<b>42,500</b>	<b>42,500</b>
<b>Total Cash, Cash Equivalents and Investments at End of Reporting Period</b>	<b>45,259</b>	<b>46,218</b>	<b>47,906</b>	<b>51,369</b>

Edward River Council Income Statement Projections-by Fund				
<i>*base scenario</i>				
Year Ending	General	Water	Sewer	ERV
	\$000s	\$000s	\$000s	\$000s
<b>Income from Continuing Operations</b>				
Rates and Annual Charges	9,901	1,634	3,389	-
User Charges and Fees	1,940	2,052	216	7
Other Revenues	546	-	-	-
Grants & Contributions for Operating Purposes	9,504	-	-	-
Grants & Contributions for Capital Purposes	25	35	50	-
Interest & Investment Revenue	1,240	250	181	-
Net Gains from the Disposal of Assets	235	-	-	-
Internal Income	2,316	-	-	-
<b>Total Income from Continuing Operations</b>	<b>25,706</b>	<b>3,971</b>	<b>3,836</b>	<b>7</b>
<b>Expenses from Continuing Operations</b>				
Employee Costs	10,991	487	367	5
Materials and Contracts	6,687	913	535	35
Borrowing Costs	168	-	-	85
Depreciation	9,217	868	798	-
Other Expenses	647	-	-	-
Internal Expenditure	405	956	955	
<b>Total Expenses from Continuing Operations</b>	<b>28,115</b>	<b>3,224</b>	<b>2,655</b>	<b>125</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>(2,410)</b>	<b>747</b>	<b>1,181</b>	<b>(118)</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)</b>	<b>(2,435)</b>	<b>712</b>	<b>1,131</b>	<b>(118)</b>