

TOWN OF EAST FREMANTLE 2007/2008 BUDGET SUMMARY

Introduction

The Town of East Fremantle's **2007/08 Budget** is a responsible and considered budget driven by the vision to be a sustainable community. The clear focus is on delivering works and services that are environmentally and financially sustainable in order to meet the challenges of the future.

The general rate increase for **2007/08** is 6.0% and will generate rate revenue of \$4.085m.

This represents the Town's largest single source of funds and is essential for the Town to deliver services and undertake works.

The **2007/08** expenditure program includes a number of significant projects.

Background

The Town of East Fremantle was established in 1897 and has a population of 6500, comprises 2911 properties, 3,369 rate assessments, and is 3.2 square kilometres in area. The Town enjoys 65ha of parks and gardens and utilises 40km of roads.

Budget Overview

The **2007/08 Budget** has been prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

The 2007/08 Budget documentation comprises the following:

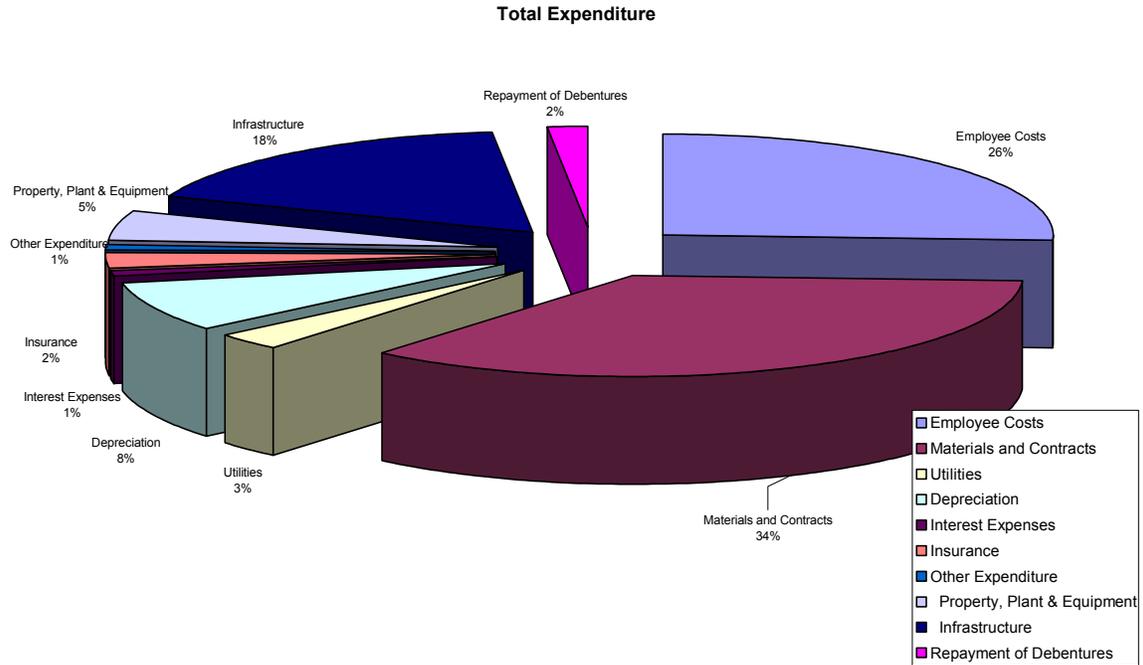
The relevant Statutory Statements (Attachment 1) within this document are:

- Income Statement by Nature or Type
- Income Statement by Program
- Cash Flow Statement
- Rate Setting Statement
- Notes to and forming part of the budget including a Statement of Rating Information

Additional supporting information is provided in attachments 2 to 4.

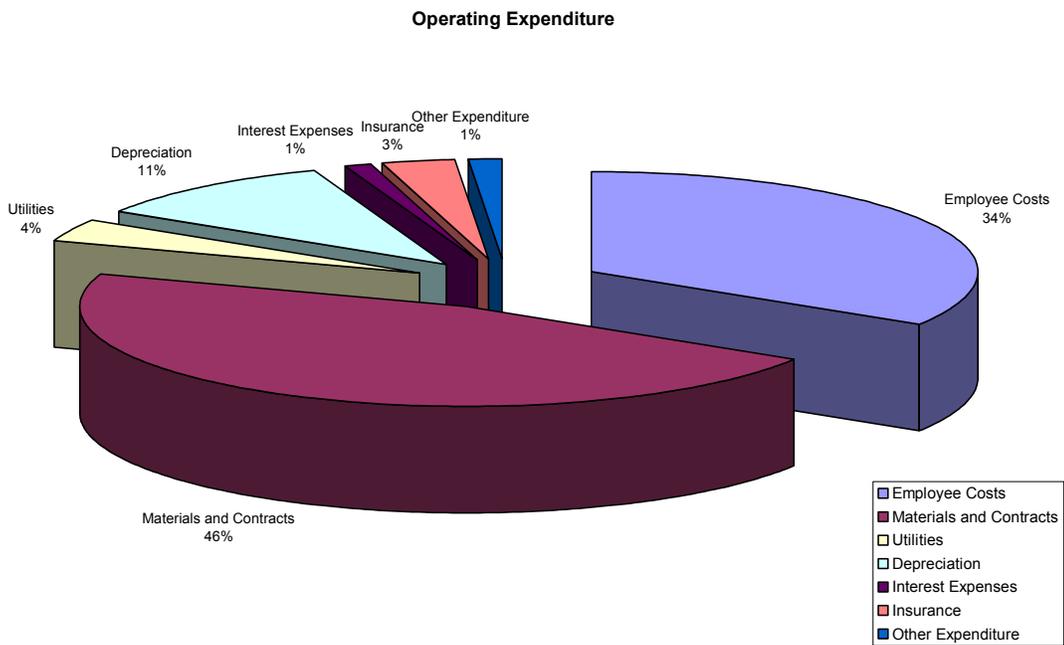
- Operating Income and Expenditure Program summaries (Attachment 2)
- Capital Works & Expenditure detail (Attachment 3)
- Schedule of Fees & Charges (Attachment 4)

Expenditure



The graph above shows the percentage of total expenditure by nature. Expenditure is categorised into operating and capital and these are described further below.

Operating Expenditure



Operating expenditure including depreciation and loss on disposal of assets totals \$6.1m as shown below.

Key movements generally reflect a strong economy and are due to:

- A very tight labour market for the Town that resulted in a number of positions remaining vacant for long periods.
- The difficulty in sourcing contractors for works and services
- Expected increases in materials and contracts.

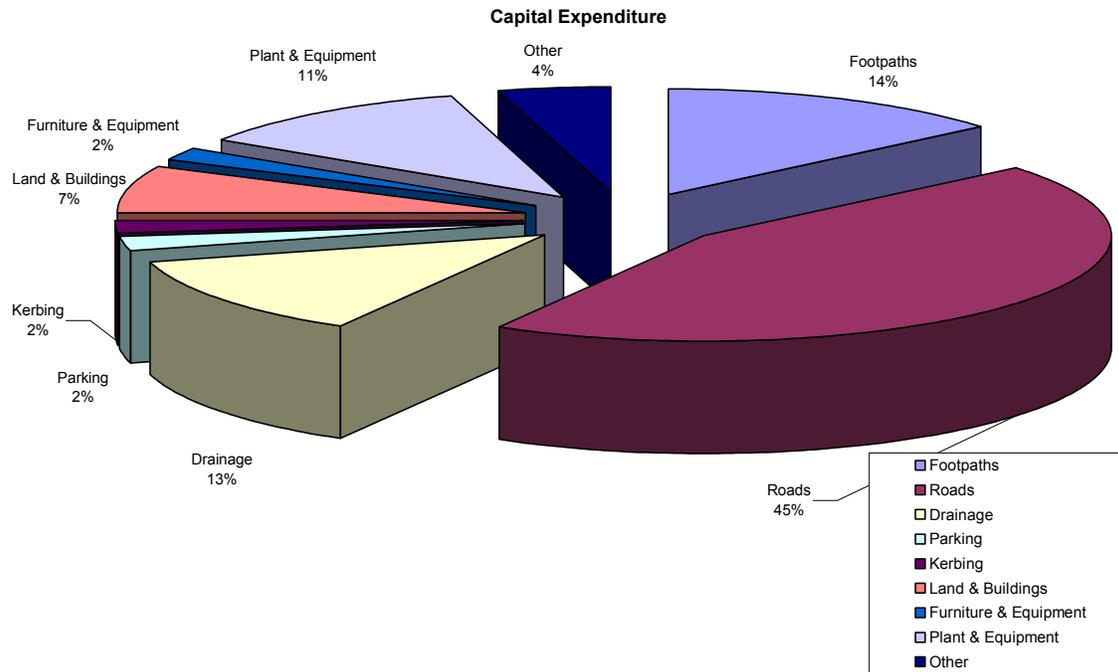
A number of significant operating projects will be completed in 2007/08 including:

- A review of Local Laws. \$10,000
- A rate revaluation to be undertaken by the Office of the Valuer General. This occurs every 3 years. \$30,000
- Completion of Town Planning Scheme 3 \$10,000
- Preparation of a Municipal Inventory of heritage properties \$50,000
- Preparation of a Town Centre Urban Design plan \$15,900
- Continuing formulation of the Town of East Fremantle Design Guidelines for adoption by Council \$49,579

The decrease in interest expense indicates a reduction of principal outstanding on current borrowings. There are no new borrowings in the 2007/08 Budget.

	2007/08 Budget	2006/07 Budget
Employee Costs	\$2,072,077	\$1,919,779
Materials and Contracts	\$2,834,375	\$2,772,342
Utilities	\$223,643	\$253,062
Depreciation	\$643,428	\$633,042
Interest Expenses	\$62,887	\$71,519
Insurance	\$197,156	\$151,549
Other Expenditure	\$79,700	\$77,850
Total	\$6,113,266	\$5,879,143

Capital Expenditure

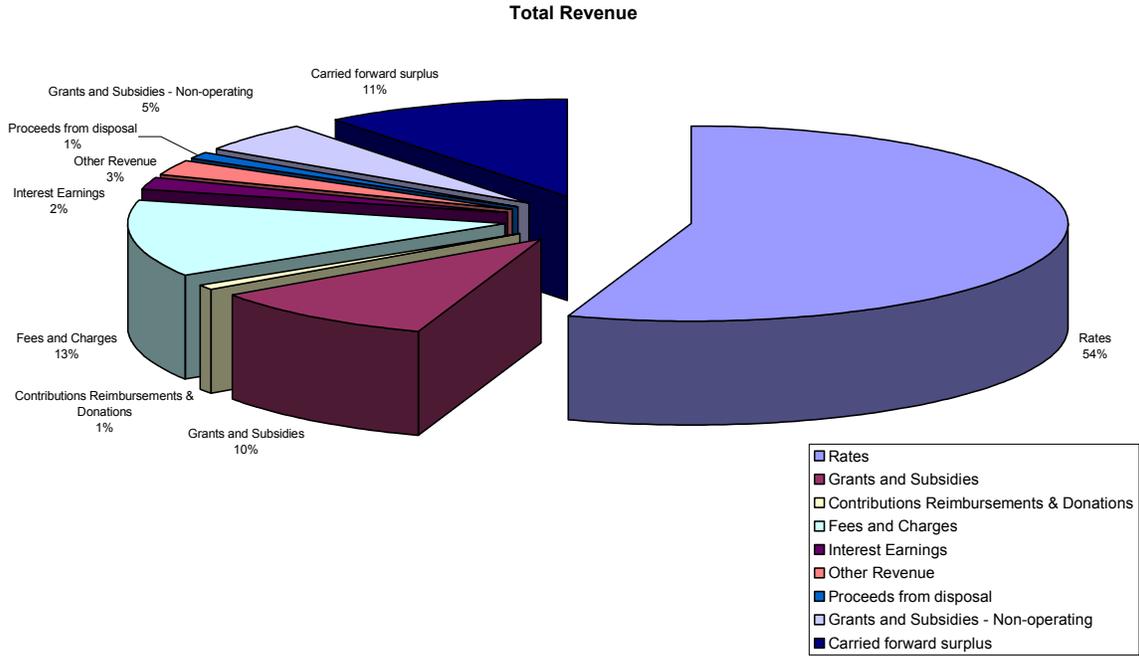


The Capital program expenditure is \$1.777m and consists of the following projects. Further detail on individual projects may be found in Attachment 3.

Infrastructure Assets	2007/08 Budget
George Street road and drainage works	\$360,472
Preston Point Road road works	\$440,793
Footpath construction program	\$213,079
Marmion & Moss street intersection	\$49,706
Drainage works	\$130,000
Foreshore erosion program	\$30,000
Plympton Steps upgrade	\$22,000
Pier Street Limestone protection	\$50,000
Cycleway improvements	\$35,000
Kerbing replacement program	\$35,000
Windsor Road car park	\$40,000
Henry Jeffrey Reserve embankment	\$3,200
East Fremantle Football Club works	\$4,500
Total	\$1,413,750
Land & Buildings	
Dovenby House landscaping works	\$45,712
Old Royal George works	\$24,989
Lee Park works	\$30,000
John Tonkin park works	\$15,000

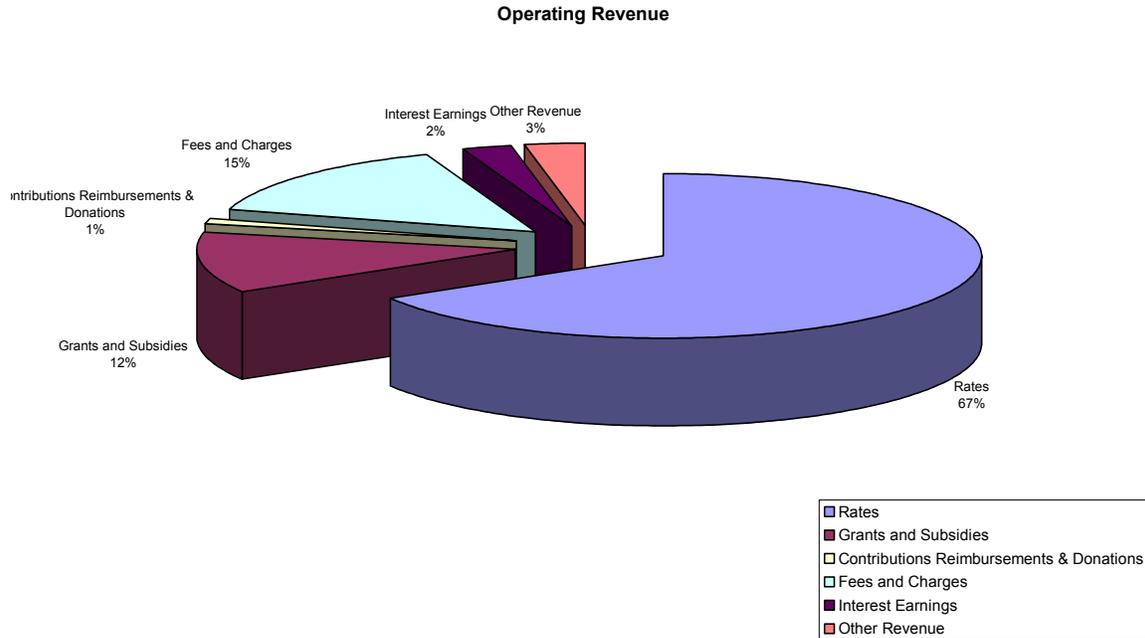
East Fremantle Lacrosse Club fencing	\$9,000
Total	\$124,701
Plant & Equipment	\$200,000
Furniture & Equipment	\$37,000
Total Capital expenditure	\$1,775,451

Revenue



The graph above shows the percentage of total revenue by nature. Revenue is categorised into operating and capital and these are described further below.

Operating Revenue



Operating revenue, including profit on disposal of assets, totals \$6.166m as shown below. Key elements include:

- Rates are the major source of income for the Town. Additional rates income will be received as a consequence of a small increase in the number of rateable properties in the Town, a 6.00% increase in the rate-in-the-dollar and minimum rate, and an increase in the GRV of improved properties.
- Increased Recycling collection income as a result of an increase to \$46.50 per household
- Fees and charges are the second largest source of income and increase reflect a review of costs to provide the service and comparison to market rates. Discretionary fees & charges have been increased by an average of 3%.
- Fees and charges are anticipated to be higher in 2007/08 due to additional income in Planning and Building application fees as a consequence of development and improvements in the Town.
- Interest earnings are anticipated to be higher in 2007/08 due to large cash reserves carried forward from 2006/07 as a result of delays in completing works.

	2007/08 Budget	2006/07 Budget
Rates	\$4,085,220	\$3,805,097
Grants & Subsidies	\$734,716	\$664,816
Contributions, Reimbursements & Donations	\$64,324	\$67,432
Fees and Charges	\$927,712	\$814,344

Interest Earnings	\$147,804	\$132,804
Other Income	\$188,690	\$152,180
Total	\$6,148,466	\$5,636,673

Capital Revenue

Capital revenue representing revenues directly related to the creation of capital assets. This revenue takes the form of government grants. The Town receives Federal Roads to Recovery and Blackspot grants. These are to support construction of roads reaching the end of their economic life and reduce accident blackspots respectively. The Town will also receive a State cycleways grant in 2007/08.

	2007/08 Budget	2006/07 Budget
Grants and Subsidies	\$374,799	\$181,467
Total	\$374,799	\$181,467

Reserve Funds

Council in the 2006/07 budget resolved to consolidate Reserves into the following 3 Reserves:

- A Plant Replacement Reserve for the purpose of setting aside funds to fund future replacement of vehicles and plant.
- A Staff Leave Reserve for the purpose of funding staff leave
- A Civic Buildings Reserve for the purpose of providing and developing community assets

	Transfer to Reserve	Transfer from Reserve
Plant Replacement Reserve	\$60,073	\$81,000
Staff Leave Reserve	\$5,874	
Civic Buildings Reserve	\$57,757	
Total	\$123,704	\$81,000

Conclusion

The Town of East Fremantle's 2007/08 Budget is focused on preserving service delivery levels and managing community assets consistent with ensuring financial and environmental sustainability of the Town.