

\$230m Urbco deficit feared

By WALTER CHEUNG

The Urban Council's reserves are forecast to hit their lowest level as the combined deficits for this and the next financial year are tipped to reach \$230 million.

This was revealed by the chairman of the council's finance select committee, Mr Gerry Forsgate, when he seconded the motion to adopt the 1983/84 audited accounts.

Speaking at the council's monthly open meeting yesterday, Mr Forsgate said: "Additional revenue will therefore be required in 1985/86 to maintain reserves at a reasonable level."

Mr Forsgate, also the council's vice-chairman, did not say whether the council would seek a higher share of the rates next year.

Mr Forsgate added that the council cannot afford to "overlook any revenue source no matter how small, if it is to continue to maintain the standard of its services."

Mr Forsgate said regular annual reviews of various fees and charges under the control of the select committees will have to be conducted.

Mr Forsgate added that the Urban Services Department — the council's executive arm — is exploring the introduction of more modern and cost effective techniques to keep pace with changing circumstances.

"It is also actively pursuing management services studies and based on the detailed reports that have already been prepared, substan-

tial cost savings and improved efficiency are expected," Mr Forsgate said.

Mr Forsgate said as a result of an \$87 million deficit in 1983/84, it was necessary to transfer \$85 million from the general reserve fund thereby reducing the council's reserves to \$289 million.

The deficit in the last financial year (1983/84) was only the second one since the council became financially autonomous in 1973.

"In 1983/84, the Urban Council held its share of the rate to eight per cent (the same level as in 1982/83) and the additional income from revised fees and charges that were introduced in 1983/84 fell far short of the additional cost of salaries and operational expenditure," Mr Forsgate said.

As for this year, Mr Forsgate said, the deficit is expected to fall to \$30 million after taking into account an expected yield from rates, likely underspendings and additional income from fee revisions.

The smaller deficit estimated for this financial year is due to an 18 per cent increase in rates to \$1.175 billion.

And based on the recently completed revised Five-Year Forecast, a deficit of almost \$200 million is expected in 1986/86 due mainly to the additional cost of salaries arising from the 1984 Government salary revision, the cost of the Recreation and Sport Service which will become the responsibility of the Urban Council next year, and the increased expenditure on capital projects.