



Date: 5 August 2021

To: Shire President
All Councillors

Copy: Directors
Managers
Staff

SPECIAL COUNCIL MEETING NOTICE AND AGENDA

A Special Council meeting of the Shire of Waroona will be held in the Council Chambers on 10 August 2021 at 4.00pm to consider and resolve the matters set out in the attached Agenda.

A handwritten signature in black ink, appearing to read "D. Unsworth", is written over a light blue horizontal line.

**DEAN UNSWORTH
CHIEF EXECUTIVE OFFICER**

PUBLIC QUESTION TIME

1. The order of business allows for a Public Question time at the beginning of the Meeting.
2. If you wish to ask a Question about an Agenda Item before it is considered then it is recommended to be made at the Public Question Time at Item 4 on the Agenda Notice Paper in accordance with Council's Procedures and Guidelines for Public Question Time.
3. The visual or vocal recording of Council meeting proceedings is expressly prohibited, unless the prior approval of the Council has been given.

TABLE OF CONTENTS

1. DECLARATION OF OPENING/ANNOUNCEMENTS OF VISITORS4

2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE.....4

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE.....4

4. PUBLIC QUESTION TIME4

5. PETITIONS AND APPROVED DEPUTATIONS.....4

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS.....4

7. ANNOUNCEMENTS BY THE PRESIDING MEMBER4

8. ANNOUNCEMENTS BY MEMBERS.....4

9. DISCLOSURES OF INTEREST4

10. RECEPTION OF MINUTES AND RECOMMENDATIONS OF COMMITTEES.....4

11. REPORTS OF THE CHIEF EXECUTIVE OFFICER AND OFFICERS.....4

 11.1 DIRECTOR CORPORATE SERVICES 5

 11.1.1 ADOPTION OF COUNCILS ANNUAL BUDGET FOR THE 2021/22 FINANCIAL YEAR.....5

12. BUSINESS LEFT OVER FROM A PREVIOUS MEETING.....17

13. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN17

14. NOTICE OF MOTIONS FOR CONSIDERATION AT A FOLLOWING MEETING17

15. NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PERSON PRESIDING OR BY
DECISION OF THE MEETING.....17

16. MEETING CLOSED TO THE PUBLIC.....17

17. CLOSURE OF MEETING.....17

AGENDA

1. **DECLARATION OF OPENING/ANNOUNCEMENTS OF VISITORS**
2. **ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE**
3. **RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**
4. **PUBLIC QUESTION TIME**
5. **PETITIONS AND APPROVED DEPUTATIONS**
6. **CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**
N/A
7. **ANNOUNCEMENTS BY THE PRESIDING MEMBER**
8. **ANNOUNCEMENTS BY MEMBERS**
9. **DISCLOSURES OF INTEREST**

(Disclosure of interest MUST ALSO be made by the member or officer immediately prior to a matter, for which an interest is being disclosed, is dealt with.)
10. **RECEPTION OF MINUTES AND RECOMMENDATIONS OF COMMITTEES**

N/A
11. **REPORTS OF THE CHIEF EXECUTIVE OFFICER AND OFFICERS**

11.1 DIRECTOR CORPORATE SERVICES

11.1.1 Adoption of Councils Annual Budget for the 2021/22 Financial Year	
File Ref:	1/7
Previous Items:	Council and Staff Budget Workshops
Applicant:	N/A
Author and Title:	Ashleigh Nuttall, Director Corporate Services Kirsty Ferraro, Manager Corporate Services
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Appendix Number	11.1.1

RECOMMENDATION

That Council:

1. Adopt of 2021/22 Municipal Fund Budget

That the 2021/22 Municipal Fund Budget as presented be adopted and the following Rates & Charges be imposed:

General Rate: 10.5083 cents in the dollar on the Gross Rental Values
0.8055 cents in the dollar on Unimproved Values

Maximum payment instalment interest: 5.5%
Payment instalment charge: \$10 per instalment
Maximum interest on overdue rates: 7%

Instalments to be offered in two (2) options:

- i. Payment by two (2) instalments
- ii. Payment for four (4) instalments

2. Adoption of Trust Fund Budget

That the Trust Fund Budget for 2021/22 financial year as presented, be adopted.

3. Adoption of Refuse Removal Charges

- i. Refuse removal charge - \$335 per annum per 240L mobile bin and recycling service; and
- ii. Refuse removal – Bulk Commercial Bins/per annum

Bulk Bin 1.5m Once/Week	\$2,497
Bulk Bin 1.5m Twice/Week	\$4,994
Bulk Bin 3.0m Once/Week	\$2,836
Bulk Bin 3.0m Twice/Week	\$5,672
Bulk Bin 4.5m Once/Week	\$3,182
Bulk Bin 4.5m Twice/Week	\$6,364
Bulk Bin 3.0m Recycling Skip/Fortnightly	\$2,881
Bulk Bin 4.5m Recycle Skip/Fortnightly	\$3,480
Bulk Bin 1.5m Recycle Skip/Fortnightly	\$1,980
Commercial – 1.5m Weekly + 1.5m Recycle F/N	\$4,684
Commercial – 3.0m Weekly + 3.0m Recycle F/N	\$5,955

Commercial – 4.5m Weekly + 4.5m Recycle F/N \$7,244

4. Adoption of Fees & Charges

That the Schedule of Fees & Charges for the 2021/22 financial year as presented be adopted.

5. Early Payment Incentive

That an \$850 cash prize be offered as an incentive for early payment of rates in accordance with Council Policy FP019.

6. Material Variance Policy

That for the purpose of preparing monthly financial statements and when dealing with Council's Balance Sheet, Operating Statement and Statement of Cash Flow, the materiality factor for highlighting variances (budget to actual) shall be:

- **10% with a minimum of \$30,000. It is acknowledged that the use of this policy is a guide only and that materiality is a matter of professional judgement influenced by characteristics of Council and the perceptions of use of the financial reports.**

IN BRIEF

- Council is required in accordance with Section 6.2 of the Local Government Act 1995 (& Regulations) to adopt a budget on an annual basis.
- The 2021/22 Budget represents the second year of Council's revised Community Strategic Plan and subsequent Corporate Business Plan.
- The budget is also representative of legislative amendments which have been made since the inception of the COVID19 pandemic.

BACKGROUND

Attached is a comprehensive summary of the 2021/22 draft budget representing outcomes from Council's budget workshop held on Tuesday 27th July 2021.

The document contains statutory financial statements (yellow pages) together with supporting information (gold pages) and full rating information (pink pages).

The 2021/22 budget represents the second year of the revised strategic direction as a result of Council's community consultation associated with preparation and adoption of an updated Community Strategic Plan.

There will be an overall increase of \$106,808 (2.0%) is supported by capital expenditure of \$7,888,147.

The proposed increase is less than that predicted in Council's Long Term Financial Plan (2.95%) and has largely been achieved through the receipt of Local Roads & Community Infrastructure program and other funding.

A brought forward surplus of \$1,363,300 has been estimated which includes an early payment of \$701,335 of Councils Financial Assistance Grants (FAG's).

As a result of this amount being estimated, there may be a requirement for an amendment to the adopted budget at a later date.

Full details of the surplus are provided at note 2(a) of the financial statements.

Councils Reserve Account balance has been forecast to decrease slightly to an estimated 30 June 2022 balance of \$2,411,497.

REPORT DETAIL

The following chart highlights the budgeted levels of income/expenditure over the past 5 years.

	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$
Operational Expenditure	10,888,022	10,984,360	10,951,731	10,818,738	11,684,534
Operational Income	7,461,457	7,688,470	7,706,153	7,564,887	9,174,516
Rate Revenue	4,667,182	4,897,244	5,017,802	\$5,023,646	5,130,352
Capital Expenditure	3,095,759	4,081,116	3,797,022	\$2,964,679	7,888,147
Loans raised	-	-	-	-	450,000
Transfers to Reserve	339,325	287,240	223,325	\$152,070	145,260
Transfers from Reserve	330,000	284,363	142,000	318,770	190,325
Non-Operating grants subsidiaries & Cont.	1,826,225	2,382,008	2,387,480	1,450,459	4,932,073
Comprehensive Income net result	(1,545,515)	(932,883)	(892,084)	(1,821,597)	2,459,568

The comprehensive income net result reflects a surplus of \$2,459,568. This figure represents the Councils "Operating Surplus Ratio" which measures Council's ability to cover its operational costs and still have funds available for capital and other funding purposes. The income statement also reflects the level of reliance on grant funding to achieve the forecast capital expenditure.

As previously reported to Council, it is important that Councils Long Term Financial Plan (LTFP) reflect a gradual improvement in this ratio.

Abnormal of one-off transactions can impact the income net result as detailed below:

- Early payment of Financial Assistance Grant (FAG's) \$701,335.

Untied income from Alcoa (effectively an ex-gratia payment) is represented as operating income in the financial statements. This amount (est. \$212,000) equates to 4.13% of rate income based on 2021/22 rating levels.

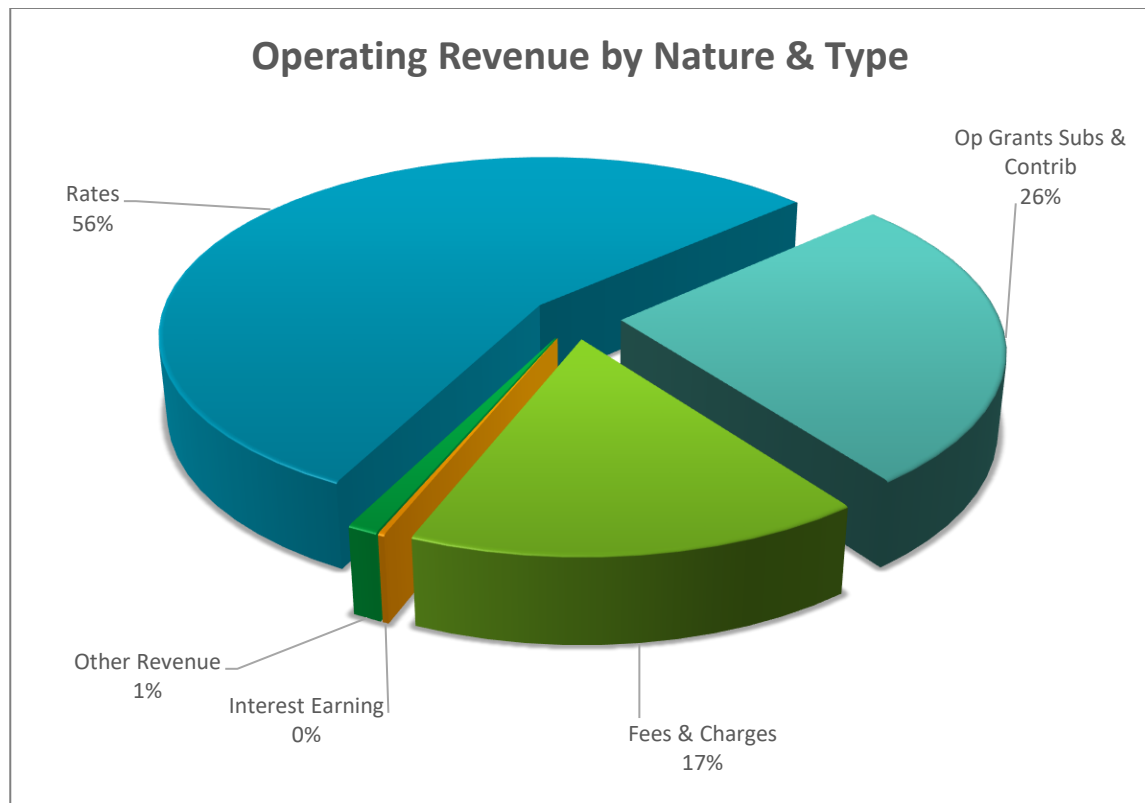
The budget contains a further document which details significant projects (including non-capital) together with proposed funding sources. The document is for information purposes only and provides details of grants, contributions, etc, with the balance representing general revenue.

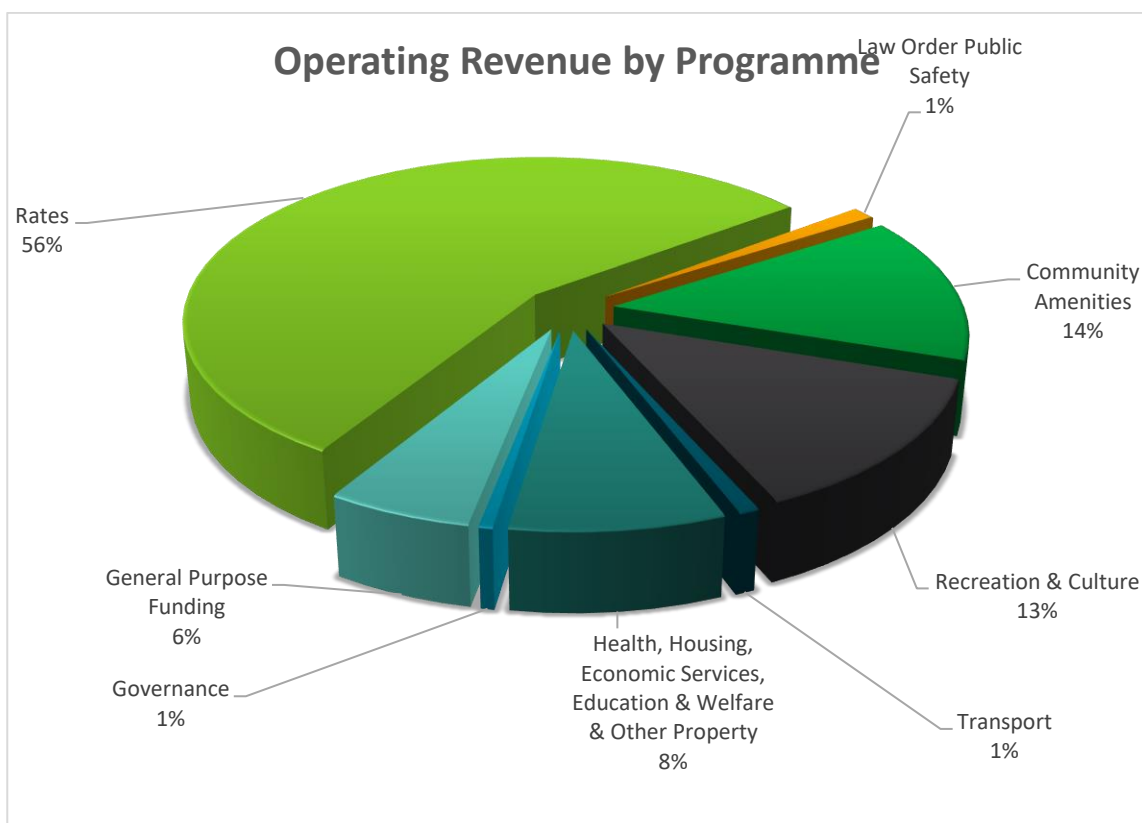
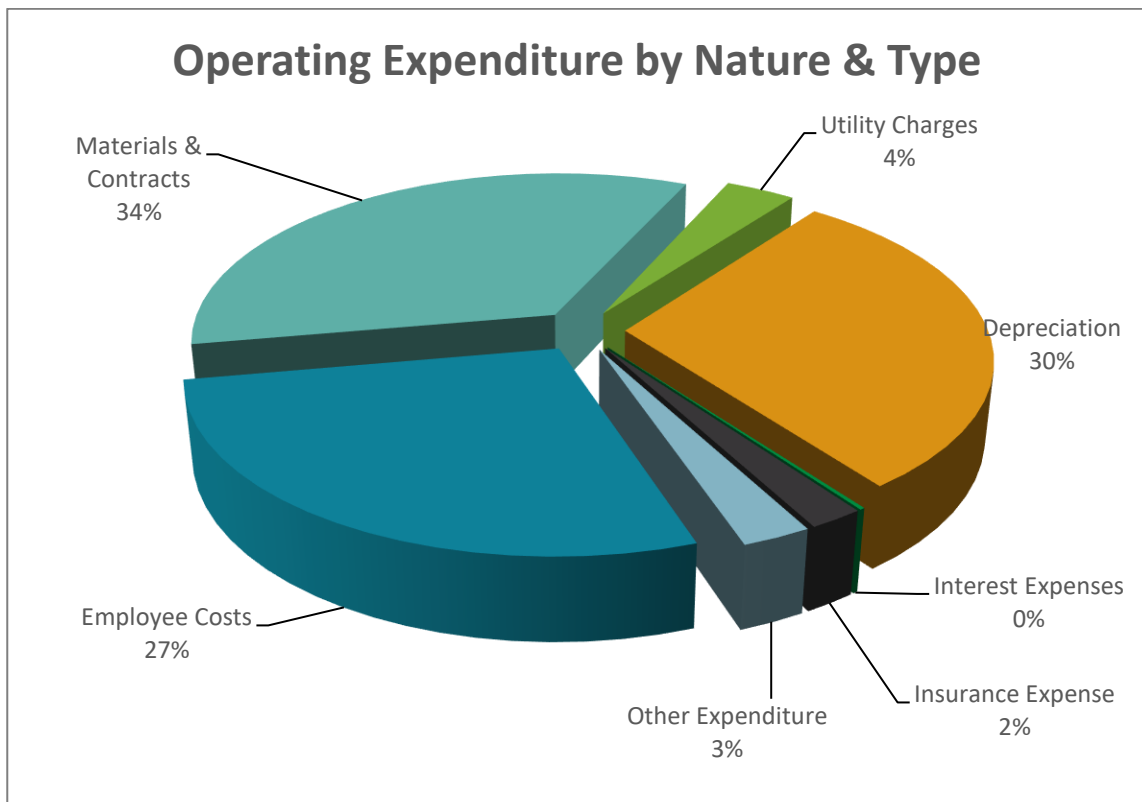
Non-Discretionary Expenditure – Fixed Cost

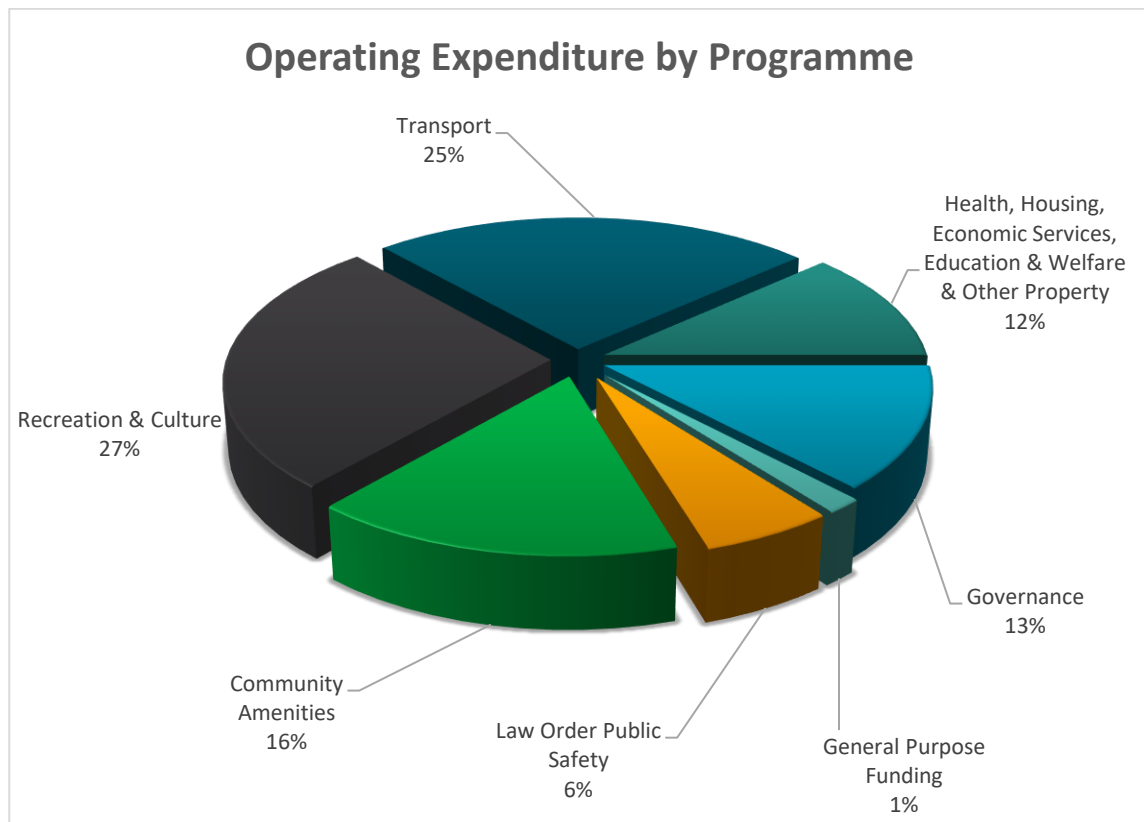
All expenditure of a “fixed” nature has been included within the budget estimates with a summary of the expenses being included within the statutory financial statements.

These costs are largely calculated within sub-budgets. Examples include Salaries & Wages, utility costs, insurance, computer support etc.

The following graphs are provided to assist understanding of the budget operational income and expenditure.







Rating

The 2021/22 draft budget is prepared on an overall rate income increase of 2.0% providing an additional \$106,808 in general purpose income. This increase is 2% less than that predicted in Council’s Long Term Financial Plan.

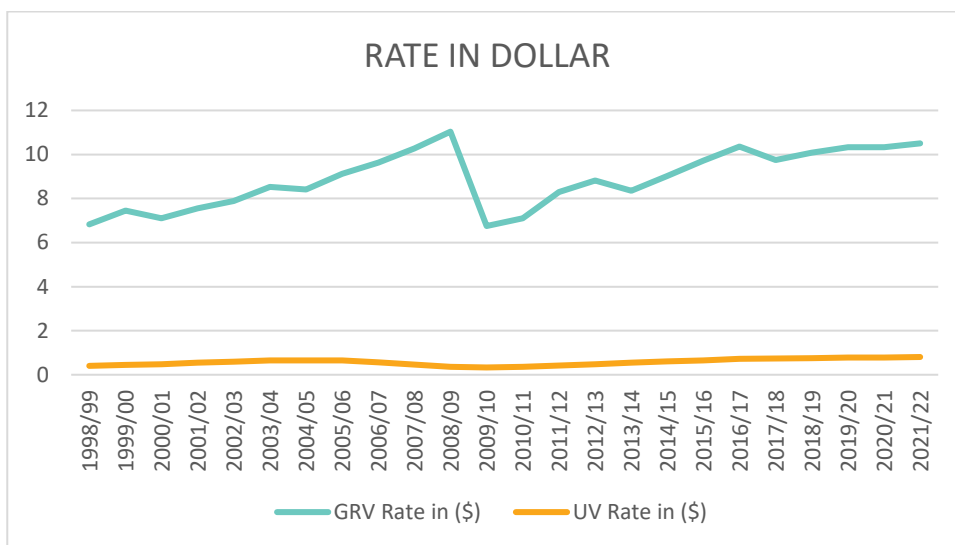
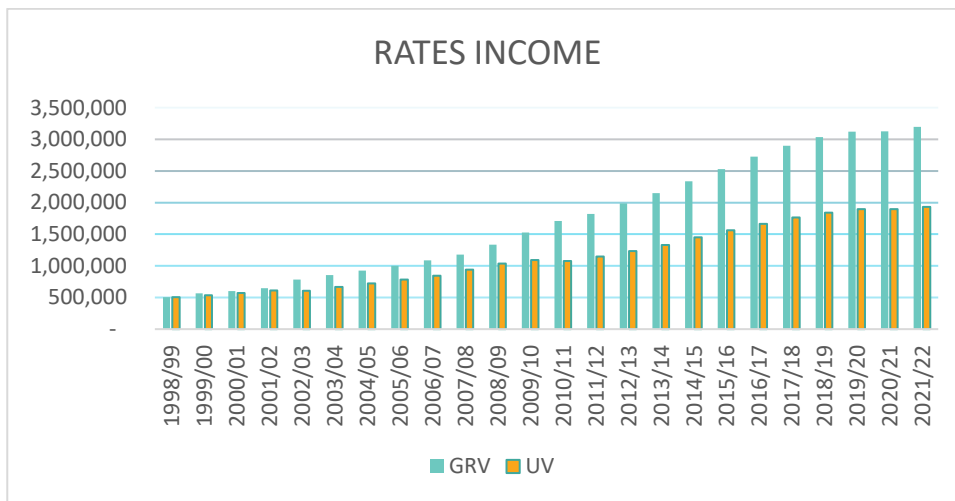
Due to ongoing minimal growth patterns, no allowance has been made in 2021/22 for interim rate income.

A recent revaluation of UV rated properties has resulted in a minimal decrease in values with some properties affected more than others. These changes will impact rates payable by those ratepayers whose property values have significantly changed.

Council has been advised that there will be a GRV revaluation undertaken during the 2021/22 financial year with an application date of 1st July 2022. As a result, a budget allocation of \$59,000 (to conduct the revaluation) has been included in the 2021/22 budget.

Full details of rating methodology is provided as an attachment to the budget (pink pages).

Councils rating formula over the past 20 years is demonstrated in the following graphs.



Loan Liability

Total loan liability as at 30 June 2022 is forecast at \$1,231,023 compared with an actual of \$885,832 at 30 June 2021.

A new loan of \$450,000 is proposed in 2021/22 for additional funding for the Community Town Precinct development.

Council Policy (FP012) provides guidance to financial decision making in relation to borrowings and will be considered in conjunction with the preparation of future budgets.

Total loan repayments (i.e. principal and interest) as a percentage of rate income is provided as follows:

2007/08	Actual	3.79%
2008/09	Actual	3.57%
2009/10	Actual	3.14%
2010/11	Actual	2.52%
2011/12	Actual	2.42%

2012/13	Actual	2.00%
2013/14	Actual	2.04%
2014/15	Actual	2.00%
2015/16	Actual	1.73%
2016/17	Actual	1.46%
2017/18	Actual	1.14%
2018/19	Actual	1.54%
2019/20	Actual	1.47%
2020/21	Actual	1.91%
2021/22	Forecast	2.49%

Further details of Councils loan liability by individual loans are contained with note 6(a) of the financial statements (yellow pages).

Road Construction

Details of the 2021/22 Road Construction Program are contained within the “Supporting Information” (gold pages). Road grants equate to 71% of total construction program compared to 73% in 2020/21.

Recreation & Aquatic Centre

The operational deficit for the Waroona Recreation & Aquatic Centre is forecast at \$781,901 inclusive of depreciation (\$284,920)

Asset preservation for the facility continues to be an ongoing issue, however, with significant renovations occurring over the past 12 months and with several capital works planned for 2021/22, Council has made some progress towards addressing these works.

Funding obtained to renovate the ablutions and improvements to the pool concourse will allow Council to further fund essential maintenance works in subsequent financial years and to ensure that sufficient funds are maintained within the “Recreation Centre Building Maintenance Reserve”. (Current balance \$124,753).

Maintenance and capital works included in the 2021/22 budget include:

Ablution block upgrade	\$248,075
Repair dorma door	\$ 4,500
Replace pool grating	\$ 4,500
Replace carpet in foyer	\$ 30,000
Pool concourse maintenance	\$ 22,000
Disability access hoist	\$ 10,000
Heat pump	\$ 55,000
Chemigen system	\$ 10,000
Dolphin cleaner	\$ 6,500
Various equipment	\$ 5,000

Direct Salaries & Wages (Including Superannuation)

F/Y	Budget	Actual
2017/18	\$ 3,627,971	\$ 3,626,722
2018/19	\$ 3,588,510	\$ 3,482,692
2019/20	\$ 3,636,897	\$ 3,551,146
2020/21	\$ 3,433,226	\$ 3,222,469
2021/22	\$ 3,533,146	

Statement of Comprehensive Income

This statement is presented in two formats

- By nature and type; and
- By program

The statement represents the “operating surplus” which is the availability of funds from operations which can be used for asset renewal (capital works) and is a key component of financial performance.

The forecast result for 30th June 2022 of \$ 2,459,568 is an increase on the previous year’s result of (\$1,821,597). This balance can also be distorted by abnormal items such as the early receipt of the Financial Assistance Grant (FAG’s) and contributions and/or donations towards operations and projects.

This early payment also reflects in Councils end of year surplus/deficit for 30 June 2021.

General Purpose Grants

	2017/18	2018/19	2019/20	2020/21	2021/22
GENERA L PURPOS E	\$ 883,113.5 6	\$ 913,399.0 0	\$ 888,874.0 0	\$ 894,954.0 0	\$ 921,860.0 0
ROADS	\$ 392,371.4 4	\$ 398,838.0 0	\$ 403,627.0 0	\$ 407,028.0 0	\$ 411,236.0 0
TOTAL	\$ 1,275,485 .00	\$ 1,312,237 .00	\$ 1,292,501 .00	\$ 1,301,982 .00	\$ 1,333,096 .00

Refuse Site Management

The domestic waste fee has increased from \$300 to \$335 in 2021/22. This fee is made up of domestic bin (kerbside rubbish and recycling bin collection) costs of \$127 and a waste levy charge (the cost of the Shire’s landfill and other waste related operations) of \$208.

The increase can be attributed to the following factors:

- Domestic bin collection price increase.
- Buller Road Refuse Disposal Site management contract price increase.
- Costs associated with the closure and rehabilitation of the liquid waste facility.
- The continuing development of the transfer station at Buller Road to create a safer and more efficient facility.

- Annual bulk rubbish collection costs.

Funds of \$50,000 (closure of sewerage ponds) and \$70,000 (Transfer Station Construction) have been included within capital expenditure.

A reserve allocation to the Waste Reserve has been calculated at \$133,000. Maintaining sufficient funds within this Reserve is important to ensure that Council can meet its long term obligations at the tip including eventual closure costs.

The Waste Reserve account balance as 30 June 2021 is \$960,658.

Reserve Accounts

The following are the Reserve Account balances as at 30 June 2021.

RESERVE	AMOUNT
Sporting Reserve	\$77,953
Council Building Maintenance Reserve	\$98,101
Rec Centre Building Maintenance Reserve	\$124,753
Preston Beach Volunteer Rangers Reserve	\$43,027
Emergency Assistance Reserve	\$105,957
Works Depot Redevelopment Reserve	\$80,262
Council Building Construction Reserve	\$169,474
Information Technology Reserve	\$143,487
Footpath Construction Reserve	\$31,858
Plant Replacement Reserve	\$381,066
Staff Leave Reserve	\$128,931
Strategic Planning Reserve	\$19,961
Waste Management Reserve	\$960,658
History Book Reprint Reserve	\$9,327
Risk & Insurance Reserve	\$9,215
Drakesbrook Cemetery Reserve	\$72,531
TOTAL	\$2,456,561

Forecast movements to/from Reserve accounts is a key component to preparing and managing the annual budget and can represent a component of funding for future infrastructure projects.

Balance of the Reserve Accounts as at 30th June 2022 is expected to decrease slightly to \$2,411,497.

Surplus Brought Forward

The surplus carried forward to 2021/22 is \$1,363,300 with an additional \$374,369.70 of contract liability (carried forwards grants) which are committed to specific projects.

Note: Final end of year position is subject to adjustment, audit outcomes etc and may result in a budget amendment at a later date.

STRATEGIC COMMUNITY PLAN & CORPORATE BUSINESS PLAN

Focus Area	Our Leadership
Aspiration	To embed strong leadership through good governance, effective communication and ensuring value for money
Objective	5.1 A sustainable future through embracing change, applying technological advancement and pursuing efficiencies
Strategy	5.1.1 Establish a strong corporate governance framework to ensure high standards of integrity, ethics and accountability, and pursue professional development opportunities

OTHER STRATEGIC LINKS

Shire of Waroona Strategic Community Plan 2020-2030
 Shire of Waroona Corporate Business Plan 2020-2024
 Shire of Waroona Workforce Plan 2020-2024

STATUTORY ENVIRONMENT

Section 6.2 of the Local Government Act 1995 requires that not later than 31 August in each financial year, each Local Government is to prepare and adopt (by Absolute Majority) in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

Divisions 5 and 6 of the Local Government Act 1995 refer to the setting of budgets and raising of rates and charges. The Local Government (Financial Management) Regulations 1996, details the form and content of the budget.

SUSTAINABILITY & RISK CONSIDERATIONS

Economic – (Impact on the Economy of the Shire and Region)

This draft budget has been developed based on sound financial management and accountability principles and is considered to support activities that drive a sustainable economic outcome for the community.

Social – (Quality of life to community and/or affected landowners)

The draft budget contains financial resourcing for a wide range of programs that deliver important community services to Waroona Shire residents. It is based on the principle of maintaining all services that are presently available to the community with an increased focus on efficiency.

Environment – (Impact on environment’s sustainability)

The proposed budget recognises the leadership role Council has within the community to actively address the impacts of environmental sustainability and to facilitate other levels of government and the community to act in a similar manner.

Policy Implications

Adoption of an annual budget assists in the sound planning for the prudent allocation of Council resources and is required to meet legislative requirements.

Risk Management Implications

(Please refer to the Shire of Waroona Risk Framework when reviewing this section)

<i>Theme</i>	Operational - Adverse effects on core business, business continuity, human resource risks, loss of knowledge
<i>Description</i>	Non-compliance with the requirements stipulated by the <i>Local Government Act 1995</i>
<i>Consequence</i>	3 - Moderate
<i>Likelihood</i>	2 - Unlikely
<i>Rating</i>	Moderate (4-9)
<i>Controls / Review</i>	Reviewed at annual budget review.
<i>Review Frequency</i>	Semi-annually
<i>Risk Owner</i>	Operational manager
<i>Acceptance</i>	Accept - Risk acceptable with adequate controls

CONSULTATION

Community consultation is an ongoing process which culminates in adoption of the annual budget each financial year.

This is achieved by strategies and projects contained within the Community Strategic Plan and Corporate Business Plan together with various supporting documents. The annual budget is essentially a representation of the second year of the Corporate Business Plan.

RESOURCE IMPLICATIONS

Financial

The draft 2021/22 budget aligns with the Integrated Planning and Reporting Framework established by Council including its Corporate Business Plan and Long Term Financial Plan. The document lists all matters both of an operational and capital nature, together with income sources and supporting information.

Workforce

With the conclusion of the arrangement of a resource shared Chief Executive Officer with the Shire of Murray in 2021/22, Council will directly employ a Chief Executive Officer within this financial year.

OPTIONS

Council has the option of:

1. Adopting the budget as presented.
2. Amending the budget, noting that there are amendments, the formal adoption of the budget will be delayed, which will likely affect cash flows and the implementation of some proposed services and initiatives.

CONCLUSION

The proposed budget forms an integral part of Councils overall strategic planning framework and endeavours to resource the direction that has been established in the Strategic Community Plan and the Corporate Business Plan.

The 2021/22 budget presented for adoption is seen as responsible given that there was no increase in 2020/21 as a result of COVID-19. The document must also recognise the requirement to ensure the long-term sustainability of the Shire.

- 12. BUSINESS LEFT OVER FROM A PREVIOUS MEETING**
- 13. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**
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