



MINUTES

SPECIAL COUNCIL MEETING

TUESDAY 2 AUGUST 2016
(Held at the Shire of Waroona Council Chambers)

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1. DECLARATION OF OPENING/ANNOUNCEMENTS

The Shire President declared the meeting open at 9.04 am and welcomed Councillors and Staff present.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED

Cr Noel Dew	Shire President
Cr Larry Scott	Deputy Shire President
Cr Christine Germain	Councillor
Cr Laurie Snell	Councillor
Cr Trish Witney	Councillor
Cr John Mason	Councillor
Mr Ian Curley	Chief Executive Officer
Mr Laurie Tilbrook	Deputy CEO / Director Corporate Services
Mr Patrick Steinbacher	Director Technical Services
Mr Louis Fouche	Director Development Services
Mr Leonard Long	Manager Development Services
Mrs Sue Cicolari	Executive Support Officer

APOLOGIES

Cr John Salerian Councillor

There were no members of the public at the commencement of the meeting.

LEAVE OF ABSENCE PREVIOUSLY APPROVED

Cr Craig Wright Councillor

3. RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4.1 PUBLIC QUESTION TIME

Nil

4.2 PUBLIC STATEMENTS

Nil

5. APPLICATIONS FOR LEAVE OF ABSENCE

COUNCIL RESOLUTION

OCM16/08/073

MOVED: CR GERMAIN

SECONDEC: CR MASON

That Leave of Absence be granted to Cr Snell for the Ordinary Council meeting to be held on 23 August 2016.

CARRIED 6/0



6. DISCLOSURES OF MEMBERS' & OFFICERS' INTERESTS

Nil

7. REPORTS OF OFFICERS AND COMMITTEES**7.1 DEPUTY CEO/DIRECTOR CORPORATE SERVICES**

7.1.1 LONG TERM FINANCIAL PLAN – 10 YEAR PLAN [BROAD PROJECTIONS]	
Reporting Officer / Officer's Interest:	John Crothers, Co-Ordinator of Corporate Planning/Nil Interest
Responsible Officer / Officer's Interest	Laurie Tilbrook, Deputy CEO/Nil Interest
Proponent:	NA
Landowner:	NA
Date of Last Report: 26 July 2016	File No.:111/1 and 11/1
Previous Reference:	9.4.4 of 25 August 2015
Statutory/Policy Implications:	Each Council must adopt a LTFP, and it is best done in conjunction with the Corporate Business Plan
Strategic Implications:	This 10 Year LTFP sets certain directions, with emphasis on the items contained in Council's Strategic Community Plan
Financial Implications:	The LTFP, and the associated Ratios and related Policies, set broad Goals for a Council to aspire to meet.
Asset Mgt. & LCC Implications:	This Plan is a further extension of the Corporate Business Plan. Expending minimum amounts on each Class Of Asset each year is expected
Workforce Implications:	The proposals include staffing issues, and follow the items included in Council's recently adopted Workforce Plan.
Voting Requirements	Simple Majority
LINKED TO STRATEGIC OBJECTIVE (Strategic Community Plan-SCP): No. 6 "Active Civic Leadership, Good Governance, & Excellence in Management"	

PROPOSAL

To adopt a "Plan for the Future" via a number of segments, including a 'Long Term Financial Plan [LTFP], which is a broad 10 year Financial Plan. A separate, shorter, plan being the Corporate Business Plan [CBP], is a separate Agenda report item.

BACKGROUND/INITIAL COMMENTS

In 2013 many new statutory requirements became applicable, but basically the State Government is encouraging Councils to view operations in multiple year terms, and not just follow the previous 'single year Budget' approach. The initial emphasis is on viewing specific Asset proposals over a shorter period of 4-5 years [IE: Via a CBP], as well as any longer term effects, which is the main objective of a LTFP. It is obvious that Council will be unable to fund many significant works in the short term, but much of the backlog can be afforded in the later years.

The expectations are that Councils should attempt to cater for existing Assets initially, and for them to be given high priority before any consideration of establishing new 'extra'



Assets [replacement of older Assets is viewed as good management]. It is expected that there will also be scrutiny of the On-Going effects/costs of any new 'extra' Assets [via a "Whole-Of-Life" approach], which could add to a Councils future Operational Costs.

A crucial consideration for a LTFP is that what is proposed and adopted is manageable and affordable. All Councils are now expected to meet minimum KPI Ratio levels by the end of a specific period, which is what is proposed in the attached LTFP. Crucially, the Asset Ratios of Renewals and Sustainability may not be met in the short term, but we believe that they are achievable over the medium to longer term, and that these are affordable.

Short term changes by the other tiers of government can have major effects on the lowest level, being Local Government. There have been large reductions in Operational Grants and a variety of Capital Grants, commencing in the 2014/15 year by both the State and Federal Governments. Further possible cost shifting by the other 2 tiers of government is a matter for concern.

As mentioned in the Corporate Business Plan, another item of concern is the proposal by ALCOA to reduce its operational contributions to Council [which were made in lieu of full rate payments]. Their proposal is to cease all contributions from the 2020/21 year, so there are longer term ramifications.

PLANNING – STRATEGIC IMPLICATIONS

There are no Town Planning implications from the LTFP.

REFERRALS

None Applicable

FINANCIAL IMPLICATIONS

The Department of Local Government [DLG] advocates longer term approaches, and moving away from the old 'single year' focus. They are suggesting that Councils consider budgeting for a minor surplus each year or by transfers to reserves, with those funds to then be carried forward to help fund one or more projects in future years.

The main proposals of all LTFP are 'Capital' related, and give directions for what could occur for the next 10 years. Issues, including movements to and from Reserves, as well as any possible Loan Borrowings and Debt Servicing issues, are also considerations.

There are other financial implications of reducing grants and contributions, which are mentioned elsewhere in this report as well as in the LTFP itself.

High expenditures on each Class of Asset are expected, as included in the LTFP, and the 'averages' shown on the "Capital Works Program" sheets.

There are a number of supporting attachments which the DLG expects Councils to be provided in a LTFP, being as follows :-

- ✓ Statement of Comprehensive Income – By Nature & Type [N/T]
- ✓ Statement of Cash Flows [SCF] - Indicative working document, broad projections. This is quite a crucial document.

- ✓ Rate Setting Statement [RSS] – Indicative working document, broad projections
- ✓ Statement of Financial Position [SFP] (Balance Sheet) – Shows projected results from the RSS
- ✓ Statement of (possible) Changes in Equity - - Indicative working document, broad projections

Further supporting information attachments are also expected, as follows:

- New Capital Works Projects, only broad figures are included in the LTFP, while specific items of actual projects are included in the 4-5 Year CBP.
- Cash Reserves – Projected movements during the 10 year period.
- Loan Items any proposed new Borrowings and repayment details are a separate attachment at the back of the LTFP document.
- Depreciation, & changes due to Re-Valuations of Fixed Assets & Infrastructure. Broad details are shown on a separate attachment to the LTFP document.
- Variable Assumptions underpinning this Plan
- Key Performance Indicators [KPIs], being the Ratios

All of the above are included as part of the financial sheets at the back of the LTFP, with explanations included in earlier sections, as per the Department of Local Government's expectations.

The LTFP includes many assumptions and broad projections. A listing of these is included at the back of the LTFP document. The main proposals are 'Capital' related, and give directions for what could occur for the next 10 years. The main high cost items of Buildings, Roads, and Drainage are highly dependent on obtaining Grant funding.

As stated in the actual CBP document, and the attached latest LTFP document, Council has limited finances compared to its cost needs, and therefore it will not be possible to maintain and renew/replace all assets at the highest levels as needed over the next 10 years. However, by the 10th year this Council should be able to meet the required minimum levels/standards, and if the assumptions and projections in the attached plan prove correct, then the Shire of Waroona can achieve the "Advanced" Standard in most Ratio categories in the longer term. Our proposals are to reduce the level of rate increases over the longer term.

Other actions/requirements by the State Government will make it difficult for Councils to appear "Sustainable", particularly with the ever increasing 'book' entries of Depreciation calculations, as imposed on Councils by the State Government. The draft plan has the Council attaining or exceeding the minimum standards for most of the KPI Ratios by the end of the 10 year LTFP period. The "Operating Surplus" ratio will be the only KPI which will take longer.

STATUTORY IMPLICATIONS

It is a statutory requirement that a 10 year Long Term Financial Plan must be adopted. It is expected it will be reviewed regularly, and particularly with the changes to Grants, and other Operational Income and Expenses, then this latest review is seen as being very necessary.

POLICY ISSUES/IMPLICATIONS

There are no policy issues or implications emanating from this report.

LEGAL ISSUES/IMPLICATIONS

There are no legal issues or implication relating to this report, merely compliance with the statutory requirements.

STRATEGIC IMPLICATIONS

The Department of Local Government (DLG) in WA has indicated that its expects that all Integrated Planning & Reporting Frameworks (IP&RF) should be compliant with the standards outlined in the DLG's IP&RF 'Advisory Standards' and "*all activities/services*" delivered by Council connect to the "*community's vision aspirations and objectives*" (p.4).

Of the 6 objectives outlined in Waroona's *Strategic Community Plan (SCP)*, this item contributes towards achieving objective number 6, "Active Civic Leadership, Good Governance, & Excellence in Management", as well as objective number 5 "Assets, Resources, Financial Management and Sustainability".

This latest LTFP meets the requirements and standards expected by the DLG, and most of the projected Ratio results exceed the minimum expected levels.

COMMUNITY CONSULTATION

There is no statutory requirement for community consultation for a LTFP.

As the LTFP includes broad projections of what might occur, then explaining such items with the community may not be relevant, at this time.

OFFICER'S FINAL COMMENTS

As already stated, a crucial consideration is that what is proposed and adopted appears to be achievable, manageable, and affordable, and that has been a major consideration in compiling this latest Plan.

As usual, the main capital items needing to be done, and requiring funding, are Buildings and Roads. There are also other items needing to be carried out as well, being mainly Waste Services and Drainage, but also Parks/Recreation; Footpaths; as well as new/replacement Equipment. Investigations have revealed that each class of Asset should be allocated minimum levels of funds, and that is what has been included in the latest plan, on a broad basis.

Copies of spreadsheets for the LTFP items are supplied to more clearly explain what is being proposed, in broad/general terms, for the next 10 years. There are 2 separate sheets on meeting the various Ratio levels.

As can be expected in the short term, Council will need to increase its Rates, as well as its various Fees and Charges, for each year of the next 10 years. While the projections commence with Rates increasing by 6.95% in the 2016/17 year, the projected increase for the 10th year is basically the CPI increases, after many large capital items have been addressed.

The current known level of Grants have been used as the basis for various calculations, and most have not been increased across the various years.

It should be noted that the Operational items of the LTFP projections will not exactly match up to the latest budget figures, due to allowances having been made in the CBP and the LTFP for various ‘abnormal/extraordinary’ items, which may be included or excluded in the annual budget, but which may not always occur at the same levels across future years.

Further explanations of various specific issues will be made at the meeting.

Appendices Attached:	Yes	Appendices Numbers: 7.1.1
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VOTING REQUIREMENTS

Simple Majority

COUNCIL RESOLUTION

OCM16/08/074

MOVED: CR MASON

SECONDED: CR SCOTT

That the proposed 10 year Long Term Financial Plan, attached at Appendix 7.1.1, be adopted.

CARRIED 6/0

7.1.2 CORPORATE BUSINESS PLAN – 5 YEAR FINANCIAL PLAN - REVISION	
Reporting Officer / Officer's Interest:	John Crothers [CCP]; No Interest
Responsible Officer / Officer's Interest	Laurie Tilbrook, Director Corporate Services; No Interest
Proponent:	Not Applicable
Landowner:	Not Applicable
Date of Report: 26 July 2016	File No.: 111/1 & 11/1
Previous Reference:	9.4.3 of 25 August 2015
Policy Implications:	None
Statutory Implications:	See detailed note
Strategic Implications:	See detailed note
Financial Implications:	See detailed note
LINKED TO STRATEGIC OBJECTIVE NUMBER (<i>Strategic Community Plan-SCP</i>): No. 6 "Active Civic Leadership, Good Governance, & Excellence in Management"	

PROPOSAL SUMMARY

For Council to adopt a new, updated "Corporate Business Plan", which is a part of the Integrated Strategic Planning and Reporting processes, with the whole of the plans being termed a "Plan for the Future" [LG Act term]. These plans must be reviewed and adopted annually. A Plan was previously put before Council's August 2015 meeting.

BACKGROUND/INITIAL COMMENTS

Production of a Corporate Business Plan is an annual statutory requirement, and is part of the Integrated Planning and Reporting obligations.

As stated on previous occasions, a number of different scenarios have been developed, but what is now being put before Council is the consensus of staff of what could be the most relevant and realistic for the next 5 years. Given the lack of available funds to Council, such a Plan needs to be less ambitious with regard to Capital Items in the early years.

Compared to last year's CBP, the main "Operating Summary" is that allowances have and to be made for less Rates Income occurring in later years, with these to come closer to the CPI increases towards the end of a 10 year cycle, after most of the major renewal works have been addressed.

PLANNING – STRATEGIC IMPLICATIONS

There are no planning issues impacted by the proposals in the CBP.

REFERRALS

None Applicable

STRATEGIC COMMUNITY PLAN ISSUES/IMPLICATIONS

The relevant Strategic Community Plan issue area is number 6 "Active Civic Leadership, Good Governance, & Excellence in Management", as well as number 5 "Assets, Resources, Financial Management and Sustainability".

The Strategic Community Plan was reviewed and revised in 2014, so that it is more practical, and better reflects what functions and actions that the organisation actually carries out, and that need to continue to be provided [EG: Food outlet Inspections; Building Approvals/Inspections; Development Approvals' Animal Control; Community Development/Events/Youth Services; Asset Renewal/Replacements, etc].

The major implications emanating from the proposed changes to the CBP of this report which differ to those in the report of August last year relate to the minimum annual renewal figures for Assets, being mainly Buildings, Roads, Drainage, and other Infrastructure, as well as Waste Services. Some broad allocations have been included for other items.

In later years, further changes can be expected to occur with regard to projects due to possible reduction in Grants, as well as more refined assessments for all Asset Classes over the next 5 years, as circumstances change.

Renewal and Replacement of Assets remain the most pressing issues. Following on from detailed investigations of each Class of Assets, certain minimum levels of expenditure have been identified, and are an attachment to the CBP document.

While the proposed asset renewals will have to be at the lower end of the Asset Replacement costs for the first few years, it has been planned for there to be 'catch up' in the later years. The 10 year allocations are all considered adequate, and will meet the identified needs for the various assets. Such allocations are included in the Long Term Financial Plan.

Broad allocations have been included in the CBP and the LTFP for a few new buildings, but these will only be able to proceed if we are successful in obtaining large government grants.

Important focus has been placed on meeting the Minimum Standards set by the Department of Local Government for various Ratios. Councils which do not meet those basic standards may be viewed as unsustainable, and therefore could be considered for further investigation.

FINANCIAL ISSUES/IMPLICATIONS

The latest projections have been based on the figures of the 2016/17 Budget as well as from some actual figures of the prior year, and on the latest known information, including Grant reductions, as well as recent recalculated cost assessments.

Detailed sheets of the main areas of Capital emphasis are included as attachments to the CBP document.

It should be noted that the Operational projections of the CBP and the LTFP will not exactly match up to the latest budget figures, due to allowances having been made in the CBP and the LTFP for various 'abnormal' items, which may be included in the budget, but which may not always occur at those levels across future years.

Items included in the 1st year of the CBP are normally included in the next budget, where financially possible.

POLICY ISSUES/IMPLICATIONS

There are no policy issues or implications emanating from the proposed CBP.

STATUTORY ISSUES/ENVIRONMENT/IMPLICATIONS

Production of a Community Business Plan, covering a minimum period of 4 years is a statutory requirement.

LEGAL ISSUES/IMPLICATIONS

There are no legal issues or implications relating to this matter, merely compliance with the minimum statutory requirements.

COMMUNITY CONSULTATION

The proposals of this plan were advertised on 26 July 2016. Any resulting submissions received will be advised to Council on meeting day.

OFFICER'S FINAL COMMENTS/CONCLUSIONS

A Council resolution is now necessary on this revised plan.

Appendices Attached:	Yes	Appendices Numbers: 7.1.2
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VOTING REQUIREMENTS

Absolute Majority

COUNCIL RESOLUTION

OCM16/08/075

MOVED: CR WITNEY

SECONDED: CR SNELL

That the Corporate Business Plan as presented, for the 5 year period of 2016/17 to 2020/21, be adopted.

CARRIED BY ABSOLUTE MAJORITY 6/0

7.1.3 ADOPTION OF THE COUNCIL'S ANNUAL BUDGET FOR THE 2016/17 FINANCIAL YEAR	
Reporting Officer / Officer's Interest:	Laurie Tilbrook – Deputy Chief Executive Officer / Director Corporate Services / Nil
Responsible Officer / Officer's Interest	Laurie Tilbrook – Deputy Chief Executive Officer / Director Corporate Services/ Nil
Proponent:	Shire of Waroona
Landowner:	N/A
Date of Report: 27 July 2016	File No.: 1/7
Previous Reference:	N/A
Statutory/Policy Implications:	A Resolution to adopt the Annual Budget and Associated fees and charges requires an Absolute Majority decision of the Council. The budget is required to be adopted by August 31 each year.
Strategic Implications:	Details included below
Financial Implications	The budget has been prepared in accordance with, and inclusive of all issues that relate directly or indirectly to Council Policy.
Asset Management & Long Term Financial Plan Implications:	The budget contains significant implications for asset management within the Council. As a result of budget adoption the Council's Asset Management and Long Term plans will be updated and considered as part of the long term planning framework.
Workforce Plan Implications:	All proposals contained within the Council's adopted workforce plan have been incorporated into the 2016/17 budget. This plan is supported by a detailed sub-budget for the purpose of costing all employee expenses.
<i>Linked To Strategic Objective Number (Strategic Community Plan-SCP): 6 Active Civic Leadership; Good Governance & Excellence In Management</i>	

PROPOSAL

The Council is requested to adopt the draft budget for 2016/17 as recommended by the Audit and Finance Committee meeting held 26th July 2016.

BACKGROUND

Attached is a comprehensive summary of the 2016/17 draft budget as presented.

The document contains statutory financial statements (yellow pages) together with detailed allocations by sub-program (white pages) and supporting information (gold pages).

An overall rate income increase of \$285,538 is supported by capital expenditure of \$2,548,156 and future Reserve allocations of \$317,690.

A net overall deficit associated with the January 2016 bushfire natural disaster stands at \$365,400 to be offset by income of \$165,400 (WANDRA) and proposed borrowings of \$200,000.



PROPOSAL

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

	2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$
Operational Expenditure	8,096,717	8,412,204	8,876,289	10,249,749	9,599,439
Operational Income	6,309,478	6,353,422	7,037,902	7,106,404	7,233,941
Rate Revenue	3,205,060	3,480,984	3,793,246	4,092,580	4,390,922
Capital Expenditure (assets)	2,629,113	3,040,878	2,342,587	2,415,887	2,548,156
Loans raised	---	-	-	-	200,000
Transfers to Reserve	131,314	522,395	73,970	335,150	317,690
Transfers from Reserve	15,000	669,000	1,088,267	467,538	18,000
Non Operating grants subsidies & contributions	1,384,942	1,427,545	989,062	1,1163,024	1,829,252
Comprehensive Income net result	(411,110)	(641,051)	(854,030)	(1,936,491)	(543,414)

It should be noted that untied income from Alcoa (effectively an ex gratia rates payment) is represented as operating income in the financial statements. This equates to 4.55% of rate income based on 2016/17 rating levels.

Capital Expenditure

Contained within the budget document “Supporting Information” is a summary of all capital expenditure proposed for 2016/17.

In addition a further document is provided which details significant projects (not all are capital) and associated funding sources. This document provides a summary of grants, contributions etc with the balance representing general revenue.

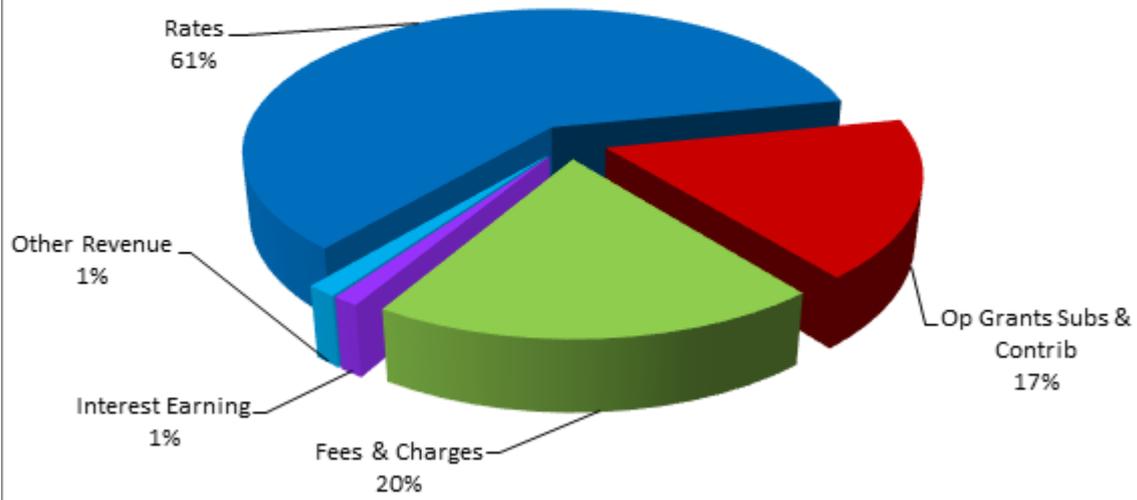
Other items of significance contained elsewhere within the budget include:

Statutory requirement – conduct GRV revaluation	\$50,000
Statutory requirement – revalue land and building assets	\$20,000
Rural fire exemption	\$12,750
Emergency management coordinator	\$50,000
Weir toilets – drainage upgrade	\$5,000
Repair to Memorial Hall Curtains	\$4,000
Old Road Board Office – external repairs	\$3,000
Design and Consultancy – Road program	\$37,000
Wheeler Airfield Contribution	\$20,000
Recreation Centre Maintenance – door frames, water leaks	\$3,000
Recreation Centre Maintenance – replace globes in courts	\$4,000
Security Camera maintenance	\$15,600
Works to finalise Lake Clifton Fire Shed	\$30,000
Event Assistance	\$31,000
Community Development Grants	\$7,800

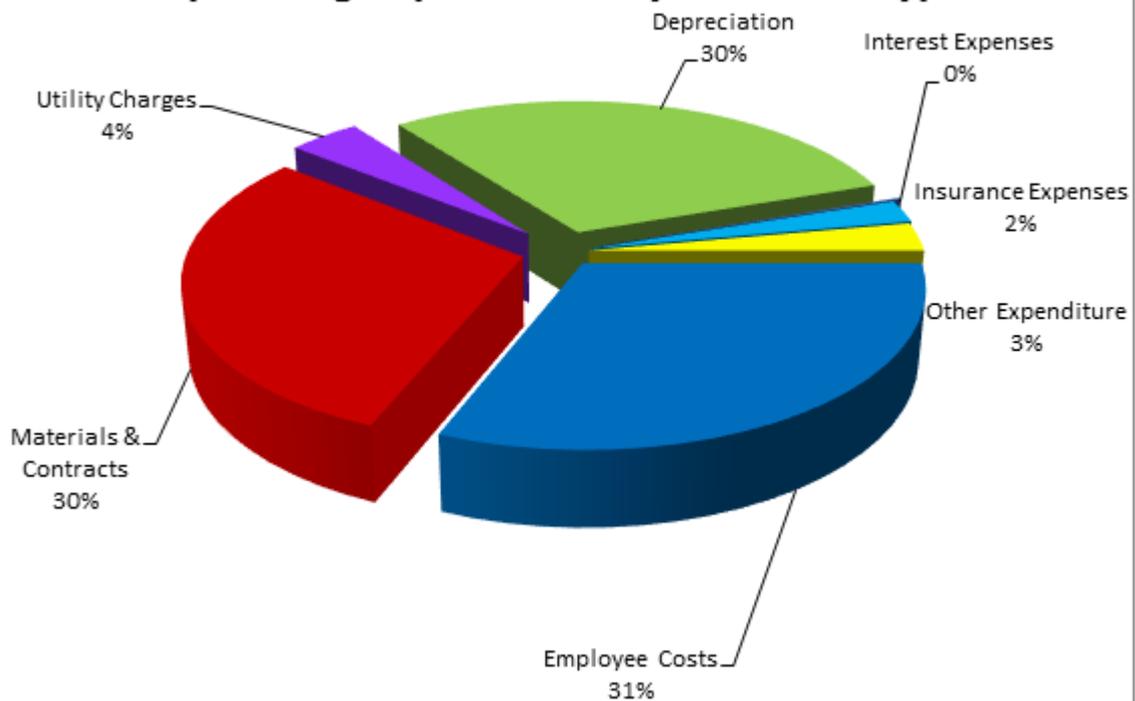
The following graphs are provided to assist understanding of the budget operational income and expenditure.

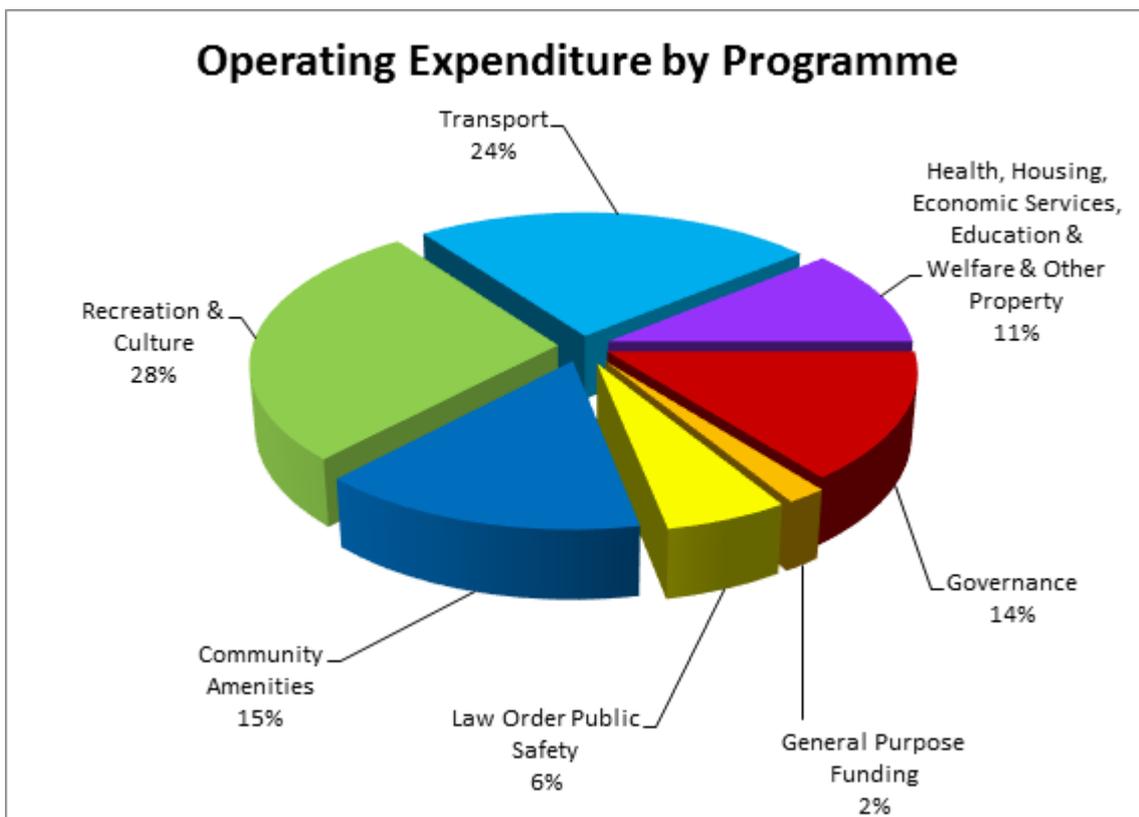
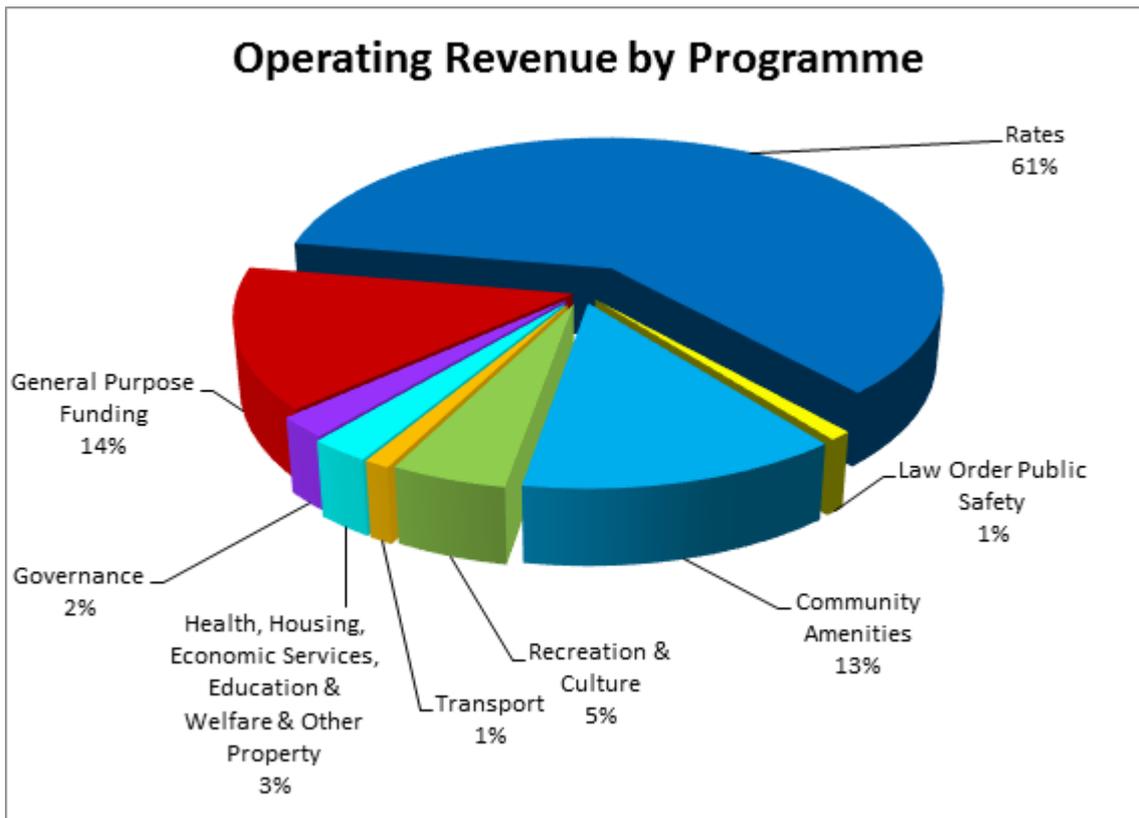


Operating Revenue by Nature & Type



Operating Expenditure by Nature & Type





Rating

The 2016/17 draft budget contains an overall rate income increase of 6.95% providing an additional \$285,538 in general purpose income. The increase is consistent with predictions in the Council’s Long Term Financial Plan and subsequent OCM resolution (OCM16/06/063).

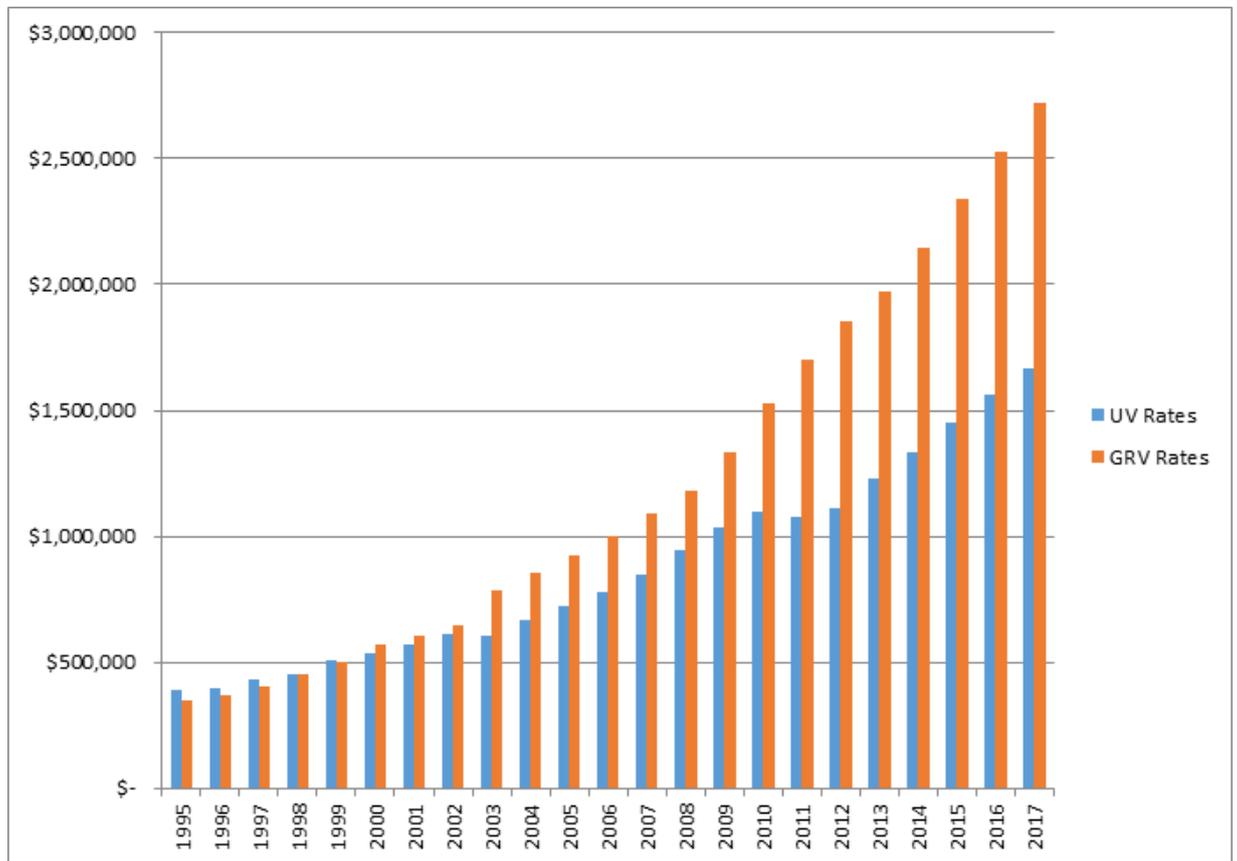
Following 2 years of the Council’s rating database remaining unchanged, a small increase occurred during 2015/16 which provided approx. \$10,000 in interim rate income.

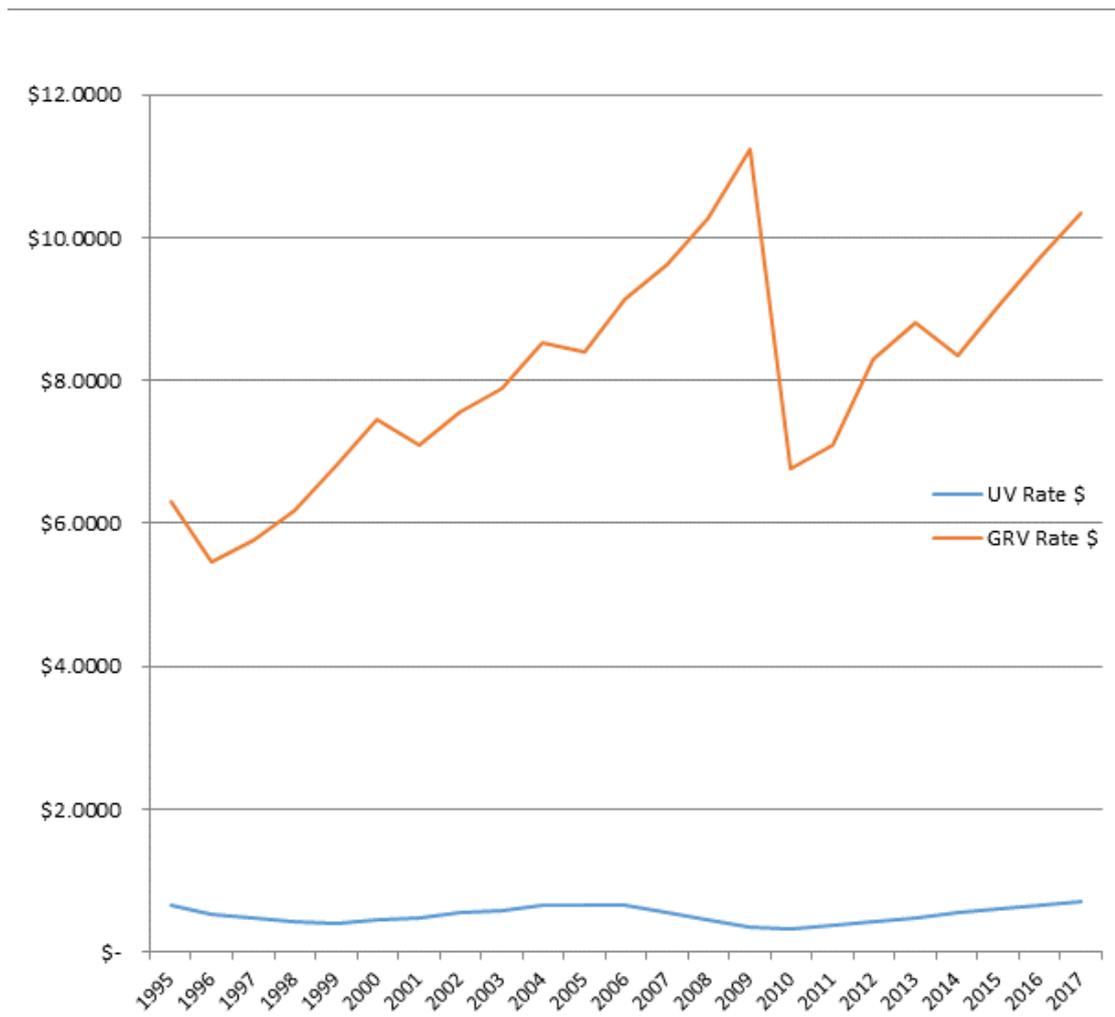
Valuations have remained stable with only a slight decrease in the unimproved value.

A general GRV revaluation is presently underway which will take effect on 1/7/17.

Methodology in rate setting is provided in extensive detail by way of a separate document to this report (pink pages).

The following charts indicates the Council’s rating formulae over the past 20 years.





Loan Liability

Total loan liability as a 30 June 2017 is forecast at \$465,036 compared with an actual balance of \$312,385 at 30 June 2016. This includes proposed Loan 121 (\$200,000) as detailed in the 2016/17 draft budget estimates. Please note that no repayments for Loan 121 are included within the budget as debenture repayments are not proposed to commence until August 2017.

As the new loan is for the purpose of fire recovery costs the amount of borrowing will be reviewed when final insurance assessment has been made and approved. This means any funds received from insurance will reduce the balance required from loan and will be the subject of a budget amendment.

Overall debt levels continue to be well within manageable levels which will have the Council well placed to fund future large infrastructure projects (as contained in the Long Term Financial Plan).

The principal of borrowings to part fund large infrastructure projects is to ensure that current ratepayers are not funding the acquisition of assets that will also be of benefit to future ratepayers.

Future long term planning may require the adoption of a “Debt Management Strategy” which will provide guidance to staff and subsequent Councils and ensure that debt levels are contained within set guidelines.

Ratios – Total loan repayments (ie, principal and interest) as a percentage of rate income is provided as follows:

2004/05	Actual	9.40%
2005/06	Actual	7.20%
2006/07	Actual	5.20%
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	Forecast	1.43%

Further details of the Councils loan liability by individual loan are contained with note 7(a)(b) of the Financial Statements (yellow pages)

Road Construction

Details of the 2016/17 Road Construction program are contained within the “Supporting Information” (gold pages). Of particular note is the approval for Blackspot funding of \$138,500 to improve safety on Weir Road.

This brings total Road Grants to 80% of the total construction program compared to 65% in 2015/16.

Recreation & Aquatic Centre

The operational deficit for the Recreation & Aquatic Centre is forecast to increase in 2016/17. Although savings were made in gas and electricity costs, these are expected to be offset by higher maintenance expenses and administrative allocations.

In addition these forecast higher costs are not expected to be offset by additional income. The budget includes an allocation of \$80,000 to restore the “Recreation Centre Building Maintenance Reserve” which was depleted in 2015/16 to carry out urgent Aquatic Centre roof repairs.

The Councils Manager Development Services has implemented new strategies to recognise operations at the Centre and these will be used in subsequent budget analysis together with presentation to the Recreation Advisory Committee.

Contributions & Donations

The 2016/17 budget contains the following contributions, donations and subsidies which can be considered discretionary.

		\$
0212	Presentations & Donations	1,850
4932	Rates Instalment Interest Subsidy	12,750
1632	Senior Citizens Donation	1,837
5292	Volunteer Functions	5,300
1702	Rent Subsidy – Doctor	14,300
3102	Historical Society Donation	500
3152	Community Development Grants	7,800
2782	Direct Assistance to Community Events	30,160
1862	Landcare Contribution	3,000
2512	Peel Region Leaders Forum	20,000
2532	Donations for support	4,000
2582	Peron Naturaliste Partnership	6,200
2592	Peel-Harvey Biosecurity	2,500

Salaries & Wages

		Budget	Actual
		\$	\$
Total Salaries & Wages	2010/11	2,481,512	2,396,417
Total Salaries & Wages	2011/12	2,590,379	2,567,993
Total Salaries & Wages	2012/13	2,890,898	2,861,984
Total Salaries & Wages	2013/14	3,100,384	3,015,507
Total Salaries & Wages	2014/15	3,247,823	2,979,478
Total Salaries & Wages	2015/16	2,779,128	2,944,570
Total Salaries & Wages	2016/17	2,937,044	-

Statement of Comprehensive Income

As detailed to the Finance & Audit Committee the following observations are made in relation to the Statement of Comprehensive income:

Surplus C/F – a small surplus of approx. \$105,000 has been predicted for the year ending 30 June 2016. This amount is significantly decreased from the previous year largely due to the early payment of Financial Assistance Grants, cash flow from completion of the Coronation Road Bridge and un-recouped expenditure from the January 2016 bushfire.

Materials and Contracts – comparisons with previous year are distorted by significant income and expenses associated with the Coronation Road bridge. This expense was treated as “operating” and not capital due to the Council not owning the bridge.

January 2016 Bushfire – The 2016/17 budget is prepared on the basis that the shortfall from the fire is \$365,000 at 30 June 2016.



Financial Assistance Road Grant – Expected to decrease by \$5,400 (1.4%). No early payment of FAG's grant was made in June 2016 therefore the first quarterly instalment will be in August 2016.

Investment Income – expected to decrease due to smaller cash reserves eg, completion of Coronation Road Bridge.

Area Promotion – A restructure of this subprogram has occurred with separate accounts having being created for the Waroona Visitors Centre, including income previously not received by the Council and stock control.

Gross Rental Revaluation – An estimated \$50,000 has been allowed to provide for a full GRV revaluation of the Shire. This process occurs every 4 years and will take effect from 1 July 2017.

Emergency Services Coordinator – funding of \$50,000 has been provided for this position.

A similar proposal was included in the previous budget but was deferred with funds allocated to the engaging of a Fire Recovery Coordinator (following the January 2016 bushfire).

General Purpose Grants

An increase of only 0.7% has occurred in the General Purpose Grant (also 0.7% in 15/16) and an increase of 1.4% in the General Purpose Road Grant (7.5% decrease in 15/16).

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	\$	\$	\$	\$	\$	\$
General Purpose	703,888	812,144	910,057	912,397	917,740	915,127
General Purpose Roads	351,738	371,074	382,583	381,913	411,012	375,954

Refuse Site Management

It is proposed to increase the annual Refuse/Recycling charge from \$264 to \$275.

Works staff have continued to review operations at the site and continue to improve the Councils own internal costs associated with household refuse.

A separate budget for operations at the site is now prepared which takes into account all income and expenditure and appropriate "Reserve Account" allocations which will ultimately fund closure costs.

During 2016/17 it is proposed to review all changes including that of tip passes and bi-annual bulk rubbish charges.

Note that any operational implications associated with the January 2016 bushfire clean-up are currently unresolved and will be the subject of a future budget amendment.

Reserve Accounts

The following are reserve account balances as at 30 June 2016.

Emergency Assistance Reserve	\$16,937
Sporting Reserve	\$28,746
Staff Leave Reserve	\$119,490
Waste Management Reserve	\$372,522
Rec Centre Building Maintenance Reserve	\$15,151
Hamel Hall Amenities Reserve	\$28,832
Plant Reserve	\$486,088
Works Depot Redevelopment Reserve	\$55,233
Building Construction Reserve	\$222,776
Building Asset Maintenance Reserve	\$50,122
Strategic Planning Reserve	\$24,590
Preston Volunteer Rangers	\$30,403
Information Technology Reserve	\$18,617
Footpath Construction Reserve	\$28,878
Asset Management Renewal Reserve	\$111,730
History Book Reprint Reserve	\$18,858
Risk and Insurance Reserve	\$18,536
TOTAL	<u>\$1,647,517</u>

This compares with a balance of \$2,076,704 in 2015/16.

The forecast balance at 30 June 2017 is \$1,947,207.

Surplus Brought Forward

The surplus carried forward to 2016/17 consists of:

Cash on hand	\$730,126
Receivables	596,509
Inventories	<u>129,145</u>
	\$1,455,780
Less payables & provisions	<u>- 1,341,720</u>
	114,060
Less unspent grants	<u>8,847</u>
	\$105,213

COMMUNITY CONSULTATION

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

All strategies are contained within the Community Strategic Plan and supporting documents including the Long Term Financial Plan and Corporate Business Plan (5 Years). The budget is essentially a representation of the first year of the Corporate Business Plan.

OFFICER'S COMMENTS

Councillors should note the “Statement of Comprehensive Income” as detailed in the statutory financial statements (yellow pages) which provide details on the reconciliation of the operating costs to achieve a net result (\$543,414).

This result combined with grant funding represents the available of funds for capital expenditure.

Results of previous budgets are as follows:

2015/16	(\$1,940,838)
2014/15	(\$854,030)
2013/14	(\$641,051)
2012/13	(\$411,110)
2011/12	(\$376,676)

This amount also represents the “Operating Surplus Ratio” as defined in the Council’s Long Term Financial Plan and is a KPI for benchmarking purposes.

This benchmark (together with other performance ratios) will be updated in conjunction with a review of the Council’s Long Term & Corporate Business Plans as presented at the Special Budget Adoption Council meeting on 2 August 2016.

In addition asset preservation remains a key factor in the Council’s Long Term sustainability and this issue must continue to be addressed in subsequent financial plans and budgets.

Details of minimum capital expenditure requirements and 5 year projections (based on projects) of Building Asset renewal/replacement are provided as attachments to the Council’s Corporate Business Plan as adopted.

The Council has received written confirmation that Alcoa will be withdrawing ex-gratia funding of \$200,000 pa over a 3 year period. This payment (effectively in lieu of rates) has been allocated to Rec Centre Operations (\$100,000) and Governance operations (\$100,000).

It is unlikely that this loss of income could be recovered entirely from rates and therefore will impact operations and/or future capital works. Adjustments to the Council’s Long Term Financial Plan have been made accordingly.

Appendices Attached:	Yes	Appendices Numbers: 7.1.3
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VOTING REQUIREMENTS

Absolute Majority

COUNCIL RESOLUTION**OCM16/08/076****MOVED: CR WITNEY****SECONDED: CR SNELL****1. Adoption of 2016/17 Municipal Fund Budget**

That the 2016/17 Municipal Fund Budget as presented be adopted and the following Rates & Charges be imposed:

**General Rate: 10.3535 cents in the dollar on Gross Rental Values
0.7182 cents in the dollar on Unimproved Values**

**Minimum Rate \$1010 – Gross Rental Values
\$1010 – Unimproved Values**

Payment Instalment Interest 5.5%

Payment Instalment Charge \$10 per instalment

Interest on overdue rates 11%

Instalments to be offered in two (2) options:

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

2. That the ratepayers who's properties were affected by the January 2016 natural disaster bushfire be granted exemption from the payment of rates instalment interest and instalment charges where such ratepayers elect (on or before the rates assessment due date) to pay their 2016/17 rates by the above instalment options.

Affected properties shall be those contained within the designated fire footprint but shall not include properties rated by Gross Rental Value (GRV) and shall not include properties owned by Alcoa of Australia, as attached at Appendix 7.1.3.

The Chief Executive Officer be granted delegated authority to approve inclusion of properties which meet the above criteria but which have been omitted in error.

3. That a Treasury Loan (Loan 121) of up to \$200,000 be approved to provide for the offset of expenses associated with January 2016 bushfire and that such loan be reduced by the obtaining of funding from insurance or grant sources prior to the raising of the loan in February 2017.

4. Adoption of Trust Fund Budget

That the Trust Fund Budget for 2016/17 financial year as presented, be adopted.

5.	<u>Adoption of Refuse Removal Charges</u>																		
i.	Refuse removal charge - \$275 per annum per 240L mobile bin and recycling service; and																		
ii.	Refuse removal – Bulk Commercial Bins/per annum:																		
	<table> <tr> <td>1.5m³ General skip</td> <td>\$1,882</td> </tr> <tr> <td>1.5m³ General skip (2 per week)</td> <td>\$3,764</td> </tr> <tr> <td>3.0m³ General skip</td> <td>\$3,275</td> </tr> <tr> <td>3.0m³ General skip (2 per week)</td> <td>\$6,555</td> </tr> <tr> <td>4.5m³ General skip</td> <td>\$4,917</td> </tr> <tr> <td>4.5m³ General skip (2 per week)</td> <td>\$9,834</td> </tr> <tr> <td>3.0m³ Recycle skip (fortnightly)</td> <td>\$1,275</td> </tr> <tr> <td>4.5m³ Recycle skip (fortnightly)</td> <td>\$1,700</td> </tr> <tr> <td>3.0m³ Recycle skip (2 per week)</td> <td>\$6,555</td> </tr> </table>	1.5m ³ General skip	\$1,882	1.5m ³ General skip (2 per week)	\$3,764	3.0m ³ General skip	\$3,275	3.0m ³ General skip (2 per week)	\$6,555	4.5m ³ General skip	\$4,917	4.5m ³ General skip (2 per week)	\$9,834	3.0m ³ Recycle skip (fortnightly)	\$1,275	4.5m ³ Recycle skip (fortnightly)	\$1,700	3.0m ³ Recycle skip (2 per week)	\$6,555
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6.	<u>Adoption of Fees & Charges</u> That the Schedule of Fees & Charges for the 2016/17 Financial year as presented be adopted.																		
7.	<u>Early payment incentive</u> That a \$750 cash prize be offered as an incentive for early payment of rates in accordance with Council Policy 3.11.																		
8.	<u>Material Variance Policy</u> That for the purpose of preparing monthly financial statements and when dealing with the Council's Balance Sheet, Operating Statement & Statement of Cash flows, the materiality factor for highlighting variances (budget to actual) shall be: ➤ 10% with a minimum of \$20,000. 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 the Council and the perceptions of use of the financial reports.																		
CARRIED BY ABSOLUTE MAJORITY 6/0																			

- 8. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN, OR FOR CONSIDERATION AT NEXT MEETING**
Nil.
- 9. NEW BUSINESS OF AN URGENT NATURE/REPORTS & INFORMATION**
- 9.1 ELECTED MEMBERS**
Nil.
- 9.2 OFFICERS**
Nil.

10. CLOSURE OF MEETING

There being no further business the Chairperson closed the meeting the time being 9.31 am.

I CERTIFY THAT THESE MINUTES WERE CONFIRMED AT THE ORDINARY COUNCIL MEETING HELD 23 AUGUST 2016 AS BEING A TRUE AND CORRECT RECORD OF PROCEEDINGS.

.....
PRESIDING MEMBER
.....
DATE

