



**Date:** 8 August 2019

**To:** Shire President  
All Councillors

**Copy:** Directors  
Staff

## **SPECIAL COUNCIL MEETING NOTICE AND AGENDA**

A Special Council meeting of the Shire of Waroona will be held at the Waroona Shire Council Chambers on Tuesday 13 August 2019 commencing at 9.00 am to consider and resolve on the matters set out in the attached Agenda.

A handwritten signature in black ink, which appears to read 'Ian Curley', is positioned above the name and title of the signatory.

**IAN CURLEY**  
Chief Executive Officer

## **PUBLIC QUESTION TIME**

### **AND**

## **PUBLIC STATEMENT TIME**

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

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# **AGENDA**

1. **DECLARATION OF OPENING/ANNOUNCEMENTS**
2. **RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED**
3. **RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**
- 4.1 **PUBLIC QUESTION TIME**
- 4.2 **PUBLIC STATEMENTS**
5. **APPLICATIONS FOR LEAVE OF ABSENCE**
6. **DISCLOSURES OF MEMBERS' & OFFICERS' INTERESTS**  

(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.)
7. **PETITIONS/DEPUTATIONS/PRESENTATIONS**
8. **CONFIRMATION OF MINUTES**
- 8.1 **ORDINARY COUNCIL MEETING – 23 JULY 2019**

## **OFFICER RECOMMENDATION**

**That the Minutes of the Ordinary Council Meeting held 23 July 2019 be confirmed as being a true and correct record of proceedings.**

## 9. REPORTS OF OFFICERS AND COMMITTEES

### 9.1 DEPUTY CEO/DIRECTOR CORPORATE SERVICES

<b>9.1.1 CORPORATE BUSINESS PLAN 2019 – 2023</b>	
Reporting Officer / Officer's Interest:	Brad Vitale, Corporate Compliance Officer; No interest
Responsible Officer / Officer's Interest	Laurie Tilbrook, Deputy CEO/Director Corporate Services; No interest
Proponent:	Shire of Waroona
Landowner:	Not Applicable
Date of Report: 06/08/19	File No.: 38/1
Previous Reference:	SCM18/08/073
Policy Implications:	CORP022 – Legislative Compliance FIN029 – Operating Surplus Ratio FIN030 – Current Ratio FIN031 – Debt Service Coverage Ratio FIN032 – Own Source Coverage Ratio FIN033 – Asset Sustainability Ratio FIN034 – Asset Consumption Ratio FIN035 – Asset Renewal Funding Ratio
Statutory Implications:	Local Government Act 1995 Local Government (Administration) Regulations 1996
Strategic Implications:	Strategic Community Plan 2018/19 – 2027/28
Financial Implications:	See heading below
<b>LINKED TO STRATEGIC OBJECTIVE NUMBER (<i>Strategic Community Plan</i>):</b>	
<i>No. 5 Assets, Resources, Financial Management and Sustainability “Responsible stewardship of assets, effective resources supervision, and pursuit of best practice financial management and sustainability”</i>	
<i>No. 6 Good Governance “Active civic leadership and excellence in management”</i>	

### **PROPOSAL SUMMARY**

Council is requested to adopt the Corporate Business Plan for the period 1 July 2019 to 30 June 2023, as attached as **Appendix 9.1.1**.

### **BACKGROUND / INITIAL COMMENTS**

In accordance with Section 5.56 of the Local Government Act 1995, all local governments in Western Australia are required to effectively plan for the future as outlined in the Integrated Planning & Reporting Framework. The intent of the framework is to ensure that priorities and services provided by local government are aligned with community needs and aspirations and, in doing so, facilitate a shift from a short-term resource focus to long-term sustainability.

The Corporate Business Plan is the Council's four year planning document and one of the core components of the Council's Integrated Planning and Reporting Framework. It gives effect to the first four years of the Strategic Community Plan and is pivotal in ensuring that the short and medium term commitments are both strategically aligned and affordable.

The Corporate Business Plan sits in the middle of the Council's planning hierarchy and identifies a number of prioritised services, operations and projects that the Council plans to



undertake over the next four years to deliver the community's main priorities and expectations as identified in the Strategic Community Plan. It is a statutory requirement that that Corporate Business Plan is reviewed every year to ensure alignment to the short term Annual Budget and long term Strategic Community Plan.

This plan aims to:

- Respond quickly and more strategically to change by recognising emerging challenges
- Improve efficiency, effectiveness and productivity
- Strengthen capacity to achieve the outcomes of the Strategic Community Plan
- Encourage understanding by the workforce and community
- Adapt and integrate management and business processes, technology and systems, and adjust organisational structure to use resources most effectively

### **PLANNING – STRATEGIC IMPLICATIONS**

Nil.

### **REFERRALS**

The Corporate Business Plan was referred to all directors and managers for comment in preparation of this finalised document.

### **STRATEGIC COMMUNITY PLAN ISSUES / IMPLICATIONS**

The relevant Strategic Community Plan key focus area are:

Number 5 – Assets, Resources, Financial Management and Sustainability “Responsible stewardship of assets, effective resources supervision, and pursuit of best practice financial management and sustainability”

Number 6 – Good Governance, “Active civic leadership and excellence in management”

### **POLICY IMPLICATIONS**

#### **CORP022 – Legislative Compliance**

To ensure that the Shire of Waroona complies with legislative requirements, and has appropriate processes and procedures to ensure such compliance occurs. The desired objective is to formally support the achievement of 95+% legislative compliance within the relevant timeframes.

#### **FIN029 – Operating Surplus Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

#### **FIN030 – Current Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.



**FIN031 – Debt Service Coverage Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

**FIN032 – Own Source Coverage Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

**FIN033 – Asset Sustainability Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

**FIN034 – Asset Consumption Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

**FIN035 – Asset Renewal Funding Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

**FINANCIAL IMPLICATIONS**

All proposals in the Corporate Business Plan provide direction for what is expected/likely to occur for the period 1 July 2019 to 30 June 2023. Proposals for the 2019/20 financial year (year one) are to be reflected in the 2019/20 annual budget.

Staff will further develop the document during the ensuing twelve month period with the aim of the Corporate Business Plan being a live working document.

**STATUTORY IMPLICATIONS****Local Government Act 1995****Part 5, Division 5, s. 5.56 – Planning for the future**

- (1) A local government is to plan for the future of the district.
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

**Local Government (Administration) Regulations 1996****Part 5, Division 3, r. 19CA – Information about modifications to certain plans to be included (Act s. 5.53(2)(i))**

- (3) If a significant modification is made during a financial year to a local government's corporate business plan, the annual report of the local government for the financial year is to contain information about that significant change.



Part 5, Division 3, r. 19DA – Corporate business plans, requirements for (Act s. 5.56)

- (1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- (3) A corporate business plan for a district is to –
  - (a) Set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
  - (b) Govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
  - (c) Develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- (4) A local government is to review the current corporate business plan for its district every year.
- (5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- (6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine\* whether or not to adopt the plan or the modifications.  
  
\* Absolute majority required
- (7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

**LEGAL IMPLICATIONS**

Nil.

**COMMUNITY CONSULTATION**

Community consultation is not required when compiling the Corporate Business Plan. The document is reflective of the community objectives and aspirations outlined in the Strategic Community Plan adopted in 2018, which will be reviewed with extensive community consultation in 2020.

**OFFICER'S COMMENTS / CONCLUSIONS**

The Corporate Business Plan is responsible for activating the strategic direction of the Shire, articulated within the Strategic Community Plan, into specific priorities and actions at an operational level to inform the annual budget. The Corporate Business Plan also draws together actions contained within the Long Term Financial Plan, Asset Management Plans,



and the Workforce Plan. Performance in relation to these plans will be reported in the Annual Report.

The Plan is reviewed annually, with a major review undertaken every four years to ensure that it remains consistent with the direction of the Strategic Community Plan and that it forms the basis for continuous improvement within the Shire. The next review will align with a revised integrated planning and reporting calendar, with the plan to be considered by Council in May 2020.

The Corporate Business Plan 2019 - 2023 is included as **Appendix 9.1.1**.

<b>Appendices Attached:</b>	<b>Yes</b>	<b>Appendices Numbers: 9.1.1 Corporate Business Plan 2019 – 2023</b>
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### **VOTING REQUIREMENTS**

Absolute Majority.

### **OFFICER RECOMMENDATION**

**That Council adopts the Corporate Business Plan 2019 – 2023 for the period 1 July 2019 to 30 June 2023.**

<b>9.1.2 LONG TERM FINANCIAL PLAN 2019 – 2029</b>	
Reporting Officer / Officer's Interest:	Brad Vitale, Corporate Compliance Officer; No interest Ashleigh Nuttall, Manager Corporate Services; No interest
Responsible Officer / Officer's Interest	Laurie Tilbrook, Deputy CEO/Director Corporate Services; No interest
Proponent:	Shire of Waroona
Landowner:	Not Applicable
Date of Report: 06/08/19	File No.: 38/1
Previous Reference:	SCM18/08/074
Policy Implications:	CORP022 – Legislative Compliance FIN029 – Operating Surplus Ratio FIN030 – Current Ratio FIN031 – Debt Service Coverage Ratio FIN032 – Own Source Coverage Ratio FIN033 – Asset Sustainability Ratio FIN034 – Asset Consumption Ratio FIN035 – Asset Renewal Funding Ratio
Statutory Implications:	Local Government Act 1995
Strategic Implications:	Strategic Community Plan 2018/19 – 2027/28
Financial Implications:	See heading below
<b>LINKED TO STRATEGIC OBJECTIVE NUMBER (<i>Strategic Community Plan</i>):</b> <i>No. 5 Assets, Resources, Financial Management and Sustainability "Responsible stewardship of assets, effective resources supervision, and pursuit of best practice financial management and sustainability"</i> <i>No. 6 Good Governance "Active civic leadership and excellence in management"</i>	

### **PROPOSAL SUMMARY**

Council is requested to adopt the Long Term Financial Plan 2019 – 2029 for the period 1 July 2019 to 30 June 2029, as attached as Appendix 9.1.2

### **BACKGROUND / INITIAL COMMENTS**

In accordance with Section 5.56 of the Local Government Act 1995, all local governments in Western Australia are required to effectively plan for the future as outlined in the Integrated Planning & Reporting Framework. The intent of the framework is to ensure that priorities and services provided by local government are aligned with community needs and aspirations and, in doing so, facilitate a shift from a short-term resource focus to long-term sustainability.

The Long Term Financial Plan is a modelling tool to project the Shire's financial commitments over the next ten years as a means of helping to ensure financial sustainability.

The Long Term Financial Plan is a dynamic tool which analyses financial trends over a ten year period on a range of assumptions and provides information to assess the impacts of current decision and budgets on future financial sustainability. The aim of the Long Term Financial Plan is to achieve the following objectives:

- Help to project commitments with regards to the costs of new services or projects as a result of community growth and expectations or changing demographics



- Maintain a strong cash position, ensuring that the Shire remain financially sustainable in the long term, and has the capacity to respond to unexpected opportunities or unpredictable events such as natural disasters
- Strategically pursue state and federal government grant funding opportunities where aligned with the Strategic Community Plan and Corporate Business Plan requirements
- Plan rate increases to balance the budget to ensure service delivery that meets reasonable community needs
- Ensure that critical infrastructure asset renewal is funded at the optimum time
- Maximise opportunities for Shire freehold properties from an economic and community development perspective
- Support the broad review of our Strategic Community Plan every two years and a full review every four years

The Long Term Financial Plan will be reviewed annually in conjunction with the budget process to ensure continued relevance and sustainability.

### **PLANNING – STRATEGIC IMPLICATIONS**

Nil.

### **REFERRALS**

The Long Term Financial Plan was referred to all directors and managers for comment in preparation of this finalised document.

### **STRATEGIC COMMUNITY PLAN ISSUES / IMPLICATIONS**

The relevant Strategic Community Plan key focus area are:

Number 5 – Assets, Resources, Financial Management and Sustainability “Responsible stewardship of assets, effective resources supervision, and pursuit of best practice financial management and sustainability”

Number 6 – Good Governance, “Active civic leadership and excellence in management”

### **POLICY IMPLICATIONS**

#### **CORP022 – Legislative Compliance**

To ensure that the Shire of Waroona complies with legislative requirements, and has appropriate processes and procedures to ensure such compliance occurs. The desired objective is to formally support the achievement of 95+% legislative compliance within the relevant timeframes.

#### **FIN029 – Operating Surplus Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

#### **FIN030 – Current Ratio**

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**FIN033 – Asset Sustainability Ratio**

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**FIN034 – Asset Consumption Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

**FIN035 – Asset Renewal Funding Ratio**

To meet the minimum levels for this ratio, as set by the Department of Local Government, Sport & Cultural Industries.

**FINANCIAL IMPLICATIONS**

All proposals in the Long Term Financial Plan provide direction for what is expected/likely to occur for the period 1 July 2019 to 30 June 2029. Proposals for the 2019/20 financial year (year one) are to be reflected in the 2019/20 annual budget.

Staff will further develop the document during the ensuing twelve month period with the aim of the Long Term Financial Plan being a live working document.

**STATUTORY IMPLICATIONS****Local Government Act 1995****Part 5, Division 5, s. 5.56 – Planning for the future**

- (4) A local government is to plan for the future of the district.
- (5) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

**LEGAL IMPLICATIONS**

Nil.

**COMMUNITY CONSULTATION**

Community consultation is not required when compiling the Long Term Financial Plan. The document is reflective of the community objectives and aspirations outlined in the Strategic Community Plan adopted in 2018, which will be reviewed with extensive community consultation in 2020.



## **OFFICER'S COMMENTS / CONCLUSIONS**

The purpose of the Long Term Financial Plan is to guide the future direction of the Council in a financially sustainable manner. It is designed as a summary on the future planning of the Council's financial operations, particularly in relation to key components such as rate increases, service levels, asset renewal, reserve account movements and loan borrowings.

The plan is also designed to indicate long term financial viability and identification of issues that may have a long term impact on the Council's finances. Linkages with other key Council planning documents is also an essential component of the Long Term Financial Plan.

The Plan is reviewed annually to ensure that it remains consistent with the direction of the Strategic Community Plan and that it forms the basis for continuous improvement within the Shire. The next review will align with a revised integrated planning and reporting calendar, with the plan to be considered by Council in May 2020.

The Long Term Financial Plan 2019 - 2029 is included as **Appendix 9.1.2**.

<b>Appendices Attached:</b>	<b>Yes</b>	<b>Appendices Numbers:</b> <b>9.1.2 Long Term Financial Plan 2019 – 2029</b>
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## **VOTING REQUIREMENTS**

Simple Majority.

## **OFFICER RECOMMENDATION**

**That Council adopts the Long Term Financial Plan 2019 – 2029 for the period 1 July 2019 to 30 June 2029.**

<b>9.1.3 ADOPTION OF THE COUNCIL'S ANNUAL BUDGET FOR THE 2019/20 FINANCIAL YEAR</b>	
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: 05 August 2019	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 2019/20 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 &amp; Excellence In Management</i>	

## **PROPOSAL**

The Council is requested to adopt the draft budget for 2019/20 as recommended by the Finance and Audit Committee meeting held 5<sup>th</sup> August 2019.

## **BACKGROUND**

**Attached** is a comprehensive summary of the 2019/20 draft budget as presented.

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

An overall rate income increase of \$129,105 (2.64%) is supported by capital expenditure of \$3,797,022

The proposed increase is less than that predicted in the Council's Long Term Financial Plan (4%) and has largely been achieved by the deletion of capital works associated with the proposed "War Memorial Precinct" upgrade.



A brought forward surplus of \$1,052,777 is inclusive of early FAG's payments of \$678,900. The amount is similar to that of the previous financial year.

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

The Councils Reserve Account balances have been forecast to increase slightly to a balance of approx \$2,479,260 (excluding expected investment earnings of \$59,500).

### **INTRODUCTION AND DETAILED INFORMATION**

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

	2015/16	2016/17	2017/18	2018/19	2019/20
	\$	\$	\$	\$	\$
Operational Expenditure	10,249,749	9,599,439	10,888,022	10,984,360	10,951,731
Operational Income	7,106,404	7,233,941	7,461,457	7,688,470	7,706,153
Rate Revenue	4,092,580	4,390,922	4,667,182	4,897,244	5,017,802
Capital Expenditure (assets)	2,415,887	2,548,156	3,095,759	4,081,116	3,797,022
Loans raised	-	-	-	-	-
Transfers to Reserve	335,150	317,690	339,325	287,240	223,325
Transfers from Reserve	467,538	18,000	330,000	284,363	142,000
Non Operating grants subsidies & contributions	1,1163,024	1,829,252	1,826,225	2,382,008	2,387,480
Comprehensive Income net result	(1,936,491)	(543,414)	(1,545,515)	(932,883)	(892,084)

The comprehensive income net result reflects a deficit of (\$892,084). This figure represents the Council's "Operating Surplus Ratio" which measures the Council's ability to cover its operational costs and still have funds available for capital and other funding purposes.

As previously reported to the Council it is important for the Council's Long Term Financial Plan to reflect a gradual improvement in this ratio. This can only be achieved by ensuring that future revenues are increased and/or expenses reduced.

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

- Early payment of Federal Government Financial Assistance Grants (FAG's) \$678,900.

Untied income from Alcoa (effectively an ex-gratia payment) is represented as operating income in the financial statements. This amount (est. \$208,204) equates to 4.26% of rate income based on 2018/19 rating levels.

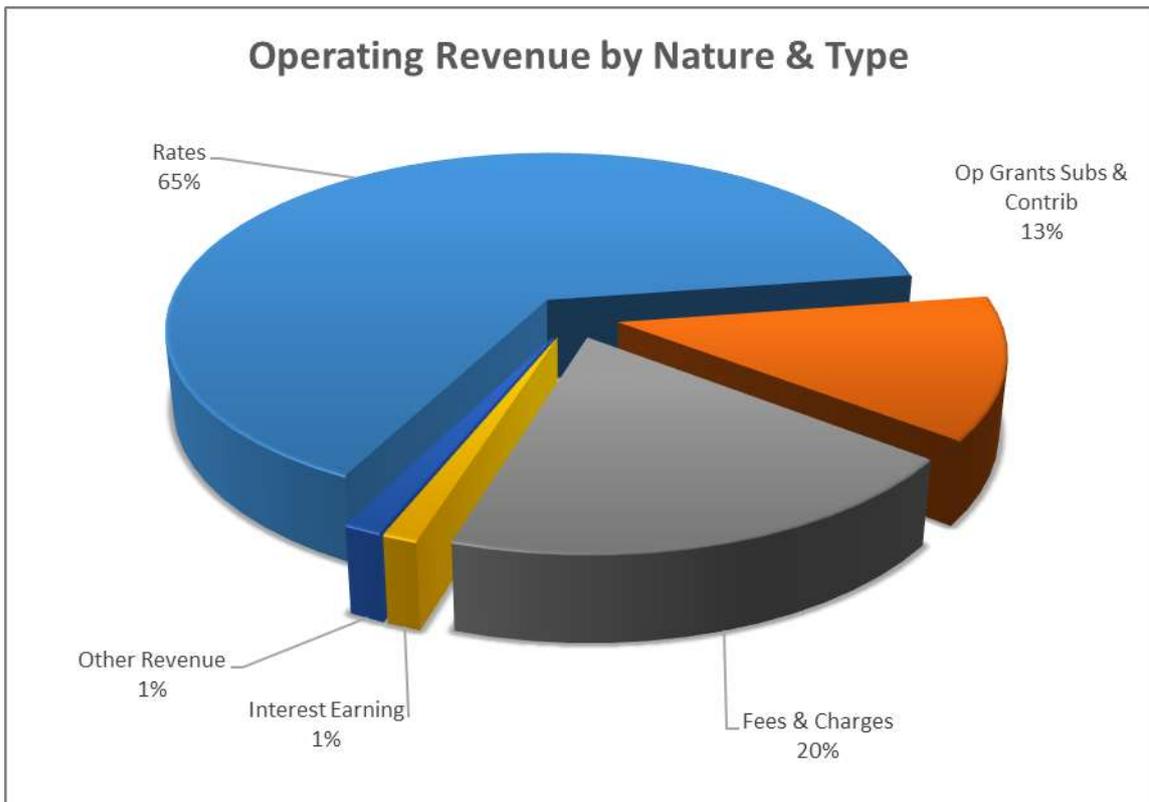
In addition a further document is provided which details significant projects (including non-capital) together with proposed funding sources. This document provides a summary of grants, contributions etc with the balance representing general revenue.

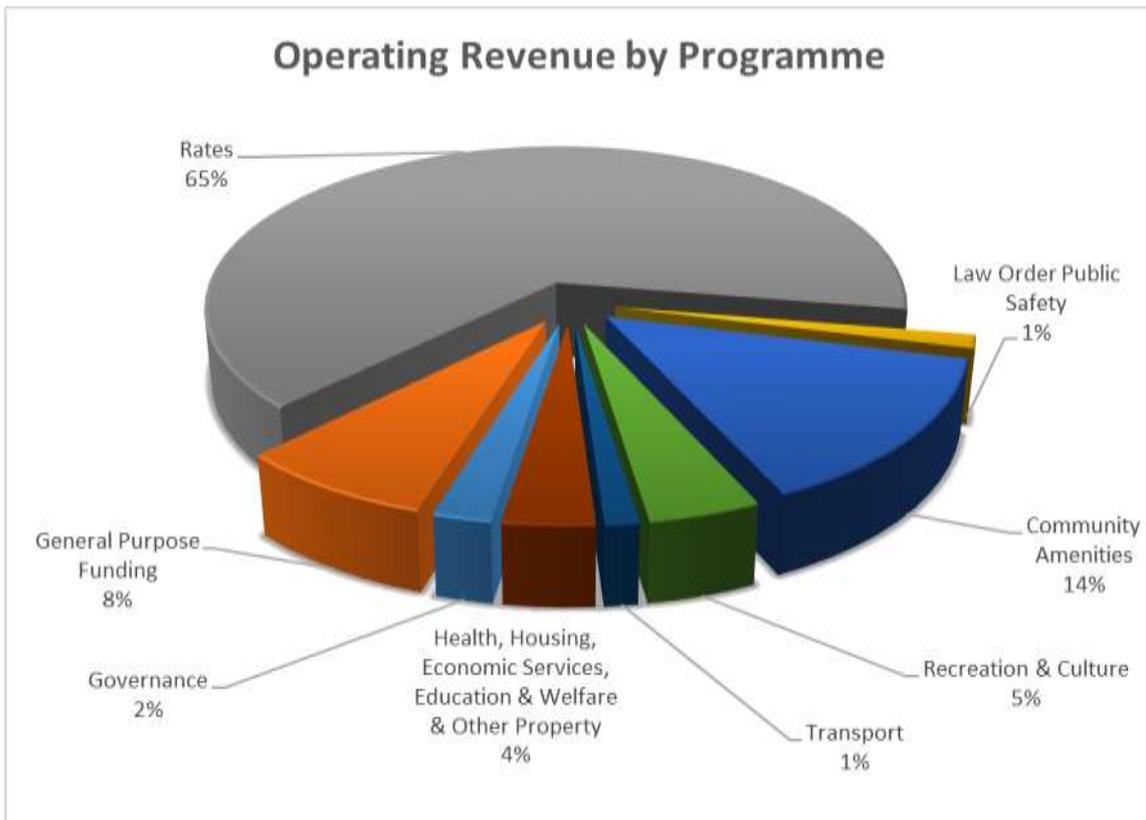
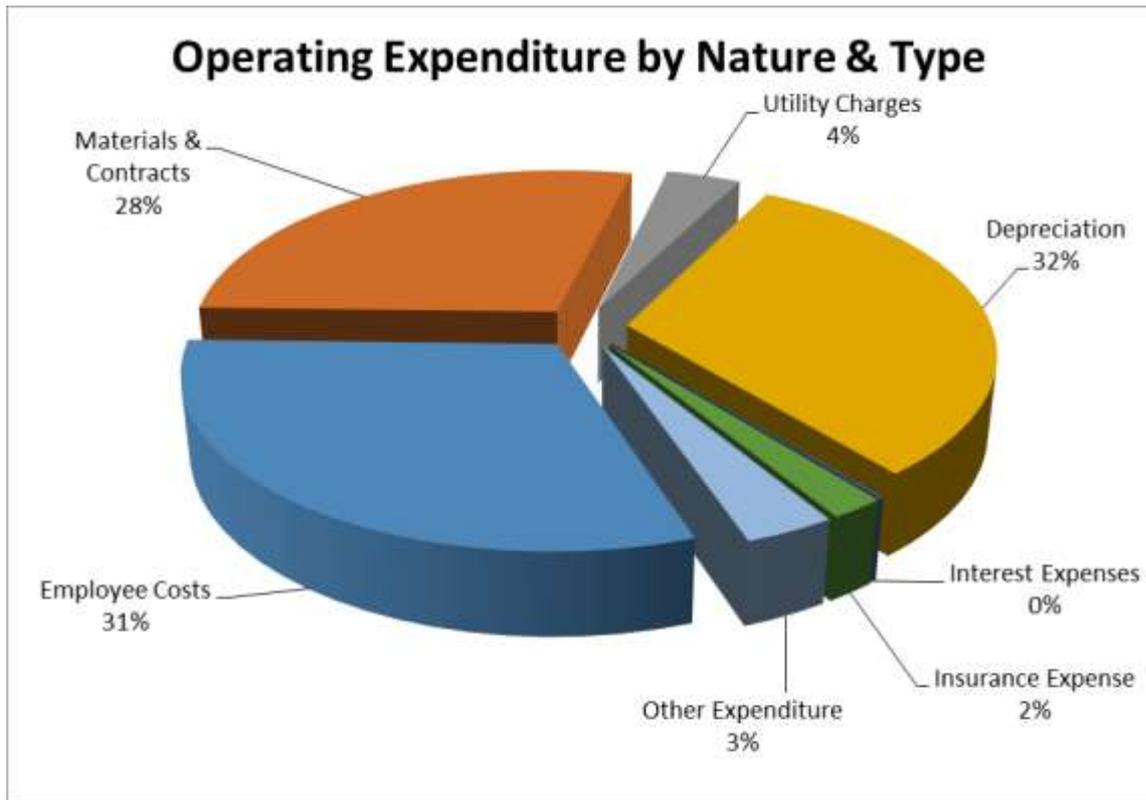
Discretionary Expenditure

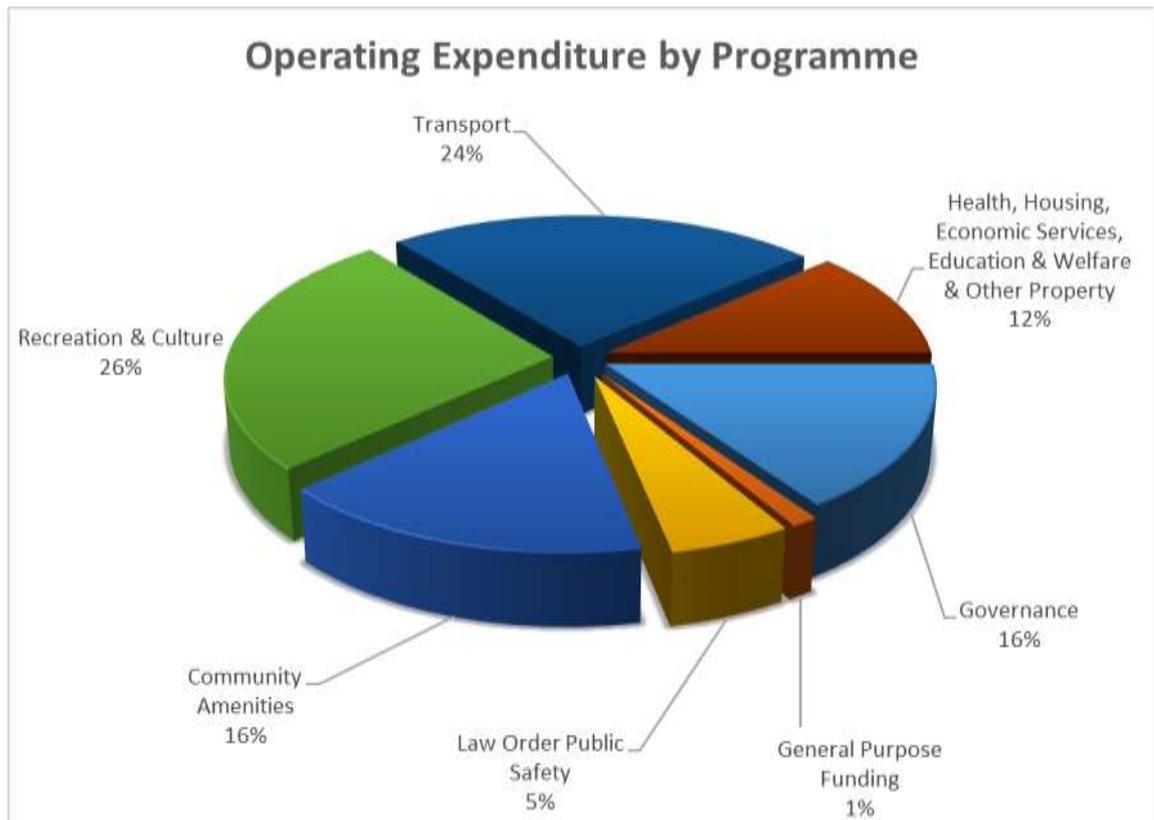
Details of discretionary expenditure totalling \$194,720 have been provided. This statement contains items that can be considered “discretionary” in nature and therefore are not operational (non-discretionary) or capital.

The list is by no means exhaustive and also includes items that are below the asset threshold of \$5000. Within the Councils accounts these transactions are treated as “inventory” purchases.

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







### Rating

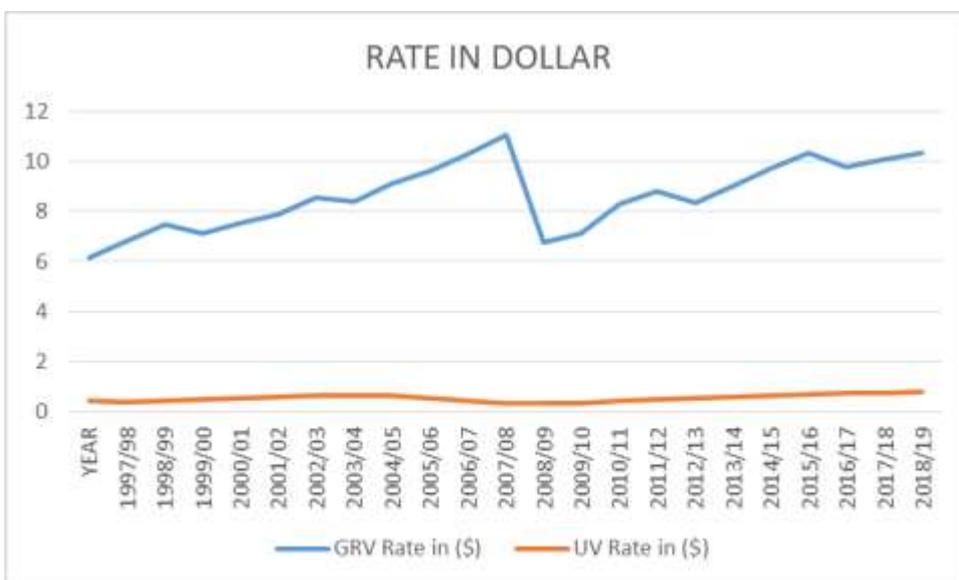
The 2019/20 draft budget is prepared on an overall rate income increase of 2.64% providing an additional \$129,105 in general purpose income. This increase is 1.36% less than that predicted in the Council's Long Term Financial Plan.

Due to ongoing minimal growth patterns no allowance has been made in 2019/20 for interim rate income.

Although a revaluation of UV rates has occurred there has been very little overall change in valuations therefore it is anticipated that the proposed increase for 2019/20 will be even across all rate payers.

Methodology in rate setting is provided in extensive detail within the budget as an attachment (pink pages).

The Council's rating formulae over the past 20 years is demonstrated in the following graphs.



Loan Liability

Total loan liability as a 30 June 2020 is forecast at \$303,949 compared with an actual balance of \$365,432 at 30 June 2019.

No new loans are proposed in 2019/20. Overall debt levels continue to be well within manageable levels which will allow the Council to be well placed to assist funding of future large infrastructure projects and/or purchases (Long Term Financial Plan).

Recently adopted policy (No. FIN024) provides guidance to financial decision making in relation to borrowings and will be considered in conjunction with the preparation of future long term financial plans.



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

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	Actual	1.46%
2017/18	Actual	1.14%
2018/19	Actual	1.54%
2019/20	Forecast	1.50%

Further details of the Councils loan liability by individual loan are contained with note 6(a)(b) of the Financial Statements (yellow pages).

#### Road Construction

Details of the 2019/20 Road Construction program are contained within the “Supporting Information” (gold pages). Road grants equate to 85% of total construction program compared to 74% in 2018/19 and 75% in 2017/18.

#### Recreation & Aquatic Centre

The operational deficit for the Recreation & Aquatic Centre is forecast at \$849,000 inclusive of depreciation (\$280,538) which is an increase of approx \$50,000 over the previous year budget estimates.

While there has been no increase in staff costs there are additional building maintenance and depreciation expenses. In addition there is not expected to be any funding associated with Department of Sport and Recreation.

Asset preservation for the facility is ongoing with many of the large maintenance items having been repaired or replaced, however this will remain a significant issue for the Council in coming years to ensure the centre is maintained and operates at an acceptable standard. This will be reflected in the long term planning documents including any potential sources of funding for capital upgrades.

Essential maintenance works included in the 2019/20 budget includes but not limited to:

- Replacement of the pool liner and coping tiles
- Installation of a kiddies pool barrier to comply with OSH requirements
- Replacement of the second pool blanket
- Major service of the main pool filtration system
- Replacement of the Hocker Roof bolts to comply with the Engineer’s report
- Upgrading the PA system to comply with OSH requirements



- Continued repairs of roof leaks throughout centre
- Installation of emergency escape door mechanisms (including doors) as per OSH requirements
- Repairs to air-conditioning systems
- Annual servicing of all the plant and equipment

### Contributions & Donations

The 2019/20 budget contains funding for contributions, donations and subsidies which can be considered discretionary. These are costed separately within the budget and total \$95,450.

### Employee Costs

		<b>Budget</b>	<b>Actual</b>
		<b>\$</b>	<b>\$</b>
Total Employee Costs	2015/16	2,913,911	3,196,000
Total Employee Costs	2016/17	2,983,655	3,303,361
Total Employee Costs	2017/18	3,464,597	3,652,542
Total Employee Costs	2018/19	3,344,509	3,382,877
Total Employee Costs	2019/20	3,359,693	

\*Employee costs include salaries, wages, superannuation, allowances and movement in provisions but excludes costs associated with capital works.

### Direct Salary & Wages

	<b>Budget</b>	<b>Actual</b>
2017/18	\$3,242,300	\$3,296,582
2018/19	\$3,191,100	\$3,125,142
2019/20	\$3,144,933*	

\* Excludes 1 off lump sum payments

### Statement of Comprehensive Income

This statement is presented in two formats:

- By nature and type
- 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 results at 30<sup>th</sup> June 2020 of (\$892,084) is an improvement on the previous year’s result of (\$932,883). This balance can also be distorted by abnormal items such as the early receipt of FAG’s which has occurred within the current budget estimates. This is the reason the 30 June 2019 Statement of Comprehensive Income resulted in a small surplus of \$167,964 (unadjusted/unaudited).

The Council’s Long Term Financial Plan reflects an improvement in this balance over the next several years but is not able to achieve set benchmarks for the foreseeable future.



### General Purpose Grants

The Council has not received confirmation of its 2019/20 Financial Assistance Grant. The figures provided within the budget are conservative estimates based on previous year actuals.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	\$	\$	\$	\$	\$	\$
General Purpose	912,397	917,740	915,127	883,032	924,923	884,000E
General Purpose Roads	381,913	411,012	375,954	392,732	387,313	364,000E

### Refuse Site Management

The annual Refuse/Recycling domestic charge is proposed to increase from \$290 to \$300. The increase is in accordance with practices by Technical Services staff to include internal costs and progress towards the development of a transfer point for refuse.

Reserve allocations to the Waste Reserve are based on the internal costings to ensure that the Council has sufficient funds to meet its long term obligations at the site.

Waste Reserve Account balance at 30 June 2019 = \$800,663.

### Reserve Accounts

The following are reserve account balances as at 30 June 2019.

Sporting Reserve	\$62,164
Building Asset Maintenance Reserve	\$85,296
Rec Centre Building Maintenance Reserve	\$100,508
Preston Beach Volunteer Rangers Reserve	\$39,642
Emergency Assistance Reserve	\$103,765
Works Depot Redevelopment Reserve	\$78,598
Council Building Construction Reserve	\$214,038
Information Technology Reserve	\$88,300
Footpath Construction Reserve	\$31,197
Plant Replacement Reserve	\$503,976
Staff Leave Reserve	\$253,764
Asset Management Renewal Reserve	\$117,645
Strategic Planning Reserve	\$19,546
Waste Management Reserve	\$800,663
History Book Reprint Reserve	\$7,555
Risk and Insurance Reserve	\$9,024
<b>TOTAL</b>	<b><u>\$2,397,936</u></b>

Forecast movements to/from reserve accounts are a key component to finalising of the Rate Setting Statement for 2019/20. Balance of the Reserve Accounts at 30 June 2020 is predicted to increase to approx \$2,479,260. (This amount excludes investment earnings of \$59,500).

### Surplus Brought Forward

The surplus carried forward to 2019/20 consists of:



Cash on hand	\$832,750
Receivables	583,260
Inventories	<u>11,360</u>
	\$1,427,370
Less payables & provisions	- 325,667
Less unspent grants	<u>-48,926</u>
	\$1,052,777

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

### **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 (\$892,084).

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

Results of previous budgets were as follows:

2018/19	(\$932,883)
2017/18	(\$982,724)
2016/17	(\$1,545,515)
2015/16	(\$543,414)
2014/15	(\$854,030)

The balance also represents the “Operating Surplus Ratio” as defined in the Council’s Long Term Financial Plan and is an important measuring tool when assessing the Council’s ability to manage its operational costs.

As Councillors would be aware recent discussion and reports to the Council have focused on the importance of this ratio, including feedback from the Council’s Auditor.

It is proposed in future to adopt the Council’s Long Term Financial Plan and Corporate Business Plan in May every year providing the basis for a streamlined budget process and subsequent adoption of the annual budget at the July Ordinary Council meeting.

<b>Appendices Attached:</b>	<b>Yes</b>	<b>Appendices Numbers: 9.1.3</b>
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### **VOTING REQUIREMENTS**

Absolute Majority



## **OFFICER RECOMMENDATION**

### **1. Adoption of 2019/20 Municipal Fund Budget**

That the 2019/20 Municipal Fund Budget as presented be adopted and the following Rates & Charges be imposed:

General Rate: 10.3248 cents in the dollar on Gross Rental Values  
0.7783 cents in the dollar on Unimproved Values

Minimum Rate \$1,145 – Gross Rental Values  
\$1,145 – 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. Adoption of Trust Fund Budget**

That the Trust Fund Budget for 2019/20 financial year as presented, be adopted.

### **3. Adoption of Refuse Removal Charges**

- i. Refuse removal charge - \$300 per annum per 240L mobile bin and recycling service; and
- ii. Refuse removal – Bulk Commercial Bins/per annum:

Bulk Bin 1.5m Once/Week	\$2245
Bulk Bin 1.5m Twice/Week	\$4490
Bulk Bin 3.0m Once/Week	\$2550
Bulk Bin 3.0m Twice/Week	\$5100
Bulk Bin 4.5m Once/Week	\$2861
Bulk Bin 4.5m Twice/Week	\$5722
Bulk Bin 3m Recycle Skip/Fortnightly	\$2590
Bulk Bin 4.5m <sup>3</sup> Recycle Skip/Fortnightly	\$3403
Bulk Bin 1.5m Recycle Skip/Fortnightly	\$1780
Commercial – 1.5m <sup>3</sup> Weekly + 1.5m <sup>3</sup> Recycle F/N	\$4211
Commercial – 3m <sup>3</sup> Weekly + 3m <sup>3</sup> Recycle F/N	\$5326
Commercial – 4.5m <sup>3</sup> Weekly + 4.5m <sup>3</sup> Recycle F/N	\$6450

### **4. Adoption of Fees & Charges**

That the Schedule of Fees & Charges for the 2019/20 Financial year as presented be adopted.

5. **Early payment incentive**

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

6. **Material Variance Policy**

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 \$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 the Council and the perceptions of use of the financial reports.

**10. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN, OR FOR CONSIDERATION AT NEXT MEETING**

**11. NEW BUSINESS OF AN URGENT NATURE/REPORTS & INFORMATION**

**11.1 ELECTED MEMBERS**

**11.2 OFFICERS**

**12. CONFIDENTIAL ITEMS**

**12.1 CONFIDENTIAL ITEM - MURRAY-WAROONA RESOURCE SHARING OPPORTUNITIES**

Late Report to be provided under separate cover.

**13. CLOSURE OF MEETING**

