

# Shire of Denmark Minutes



## **SPECIAL MEETING OF COUNCIL**

For the purpose of considering the 2014/2015 draft Municipal Budget.

HELD IN THE COUNCIL CHAMBERS,  
953 SOUTH COAST HIGHWAY, DENMARK,  
ON TUESDAY, 29 JULY 2014.

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# Special Council Meeting

29 July 2014

## DISCLAIMER

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**1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

2.07pm – *The Shire President, Cr Thornton, declared the meeting open.*

**2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE****MEMBERS:**

Cr Ross Thornton (President)  
 Cr John Sampson (Deputy President)  
 Cr Roger Seeney  
 Cr David Morrell  
 Cr Kelli Gillies  
 Cr Dawn Pedro  
 Cr Belinda Rowland  
 Cr Jan Lewis  
 Cr Ian Osborne

**STAFF:**

Mr Dale Stewart (Chief Executive Officer)  
 Mr Kim Dolzadelli (Director of Finance & Administration)  
 Mrs Annette Harbron (Director of Planning and Sustainability)  
 Mr Gregg Harwood (Director of Community and Regulatory Services)  
 Mr Steven Broad (Accountant)

**APOLOGIES:**

Mr Rob Whooley (Director of Infrastructure Services)

**ON LEAVE OF ABSENCE:**

Nil

**ABSENT:**

Nil

**VISITORS:**

Members of the public in attendance at the commencement of the meeting: 1  
 Members of the press in attendance at the commencement of the meeting: 1

**DECLARATIONS OF INTEREST:**

Name	Item No	Interest	Nature
Cr Sampson	5.1	Impartiality	Cr Sampson is a member of the Denmark Environment Centre Inc.
Cr Seeney	5.1	Impartiality	Cr Seeney is a member of the Denmark Historical Society.

**3. ANNOUNCEMENTS BY THE PERSON PRESIDING**

Nil

**4. PUBLIC QUESTION TIME****4.1 Mr Clem Wright**

Mr Wright, member of the Owingup Volunteer Bush Fire Brigade, advised that their Brigade had recently taken delivery of new tanker however they did not have a suitable shed to house it in. Mr Wright stated that the Brigade was able to contribute \$5,000 and requested whether Council could consider allocated a contribution towards the project of \$7,000 in the 2014/2015 Budget.

*Prior to consideration of Item 5.1 the Chief Executive Officer, through the Presiding Person, brought to the attention of the meeting the following disclosure(s) of interest:*

*Cr Sampson is a member of the Denmark Environment Centre Inc and Cr Seeney is a member of the Denmark Historical Society and as a consequence there may be a perception that their impartiality on this matter may be affected. Cr Sampson & Cr Seeney have declared that they will consider the matter on its merits and vote accordingly.*

## 6. OFFICER REPORTS

### 5.1 ADOPTION OF 2014/15 MUNICIPAL BUDGET

<b>File Ref:</b>	FIN.1
<b>Applicant / Proponent:</b>	Not applicable
<b>Subject Land / Locality:</b>	Not applicable
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	23 July 2014
<b>Author:</b>	Kim Dolzadelli, Director of Finance and Administration
<b>Authorising Officer:</b>	Dale Stewart, Chief Executive Officer
<b>Attachments:</b>	5.1 (a) – Differential Rating in the Shire of Denmark 5.1 (b) – 2014/15 Municipal Budget

#### **Summary:**

The attached budget papers are presented for consideration by Elected Members in order to formally adopt the 2014/15 Municipal Budget.

Staff commenced the preparation of the Budget in April 2014 and have provided all Councillors, staff, residents and electors the opportunity to submit projects for consideration by Council.

The attached Budget documents have been prepared after extensive consultation with all relevant stakeholders and a comprehensive budget workshop process involving Councillors and senior staff, which examined in detail the various budget issues.

The consensus decisions made at these workshops are reflected in the attached Budget document.

The 2014/15 Draft Municipal Budget, as presented, results in a carried forward position of \$1,554 at the conclusion of the 2014/15 financial year.

This position has been determined following a review of all budget submissions and projects by senior staff and is based on recommended project inclusions/omissions.

The purpose of this Special Meeting of Council will be to formally consider adoption of the 2014/15 Municipal Budget, in the format required by the Local Government Act 1995 (as amended).

Note that it is a requirement of the Local Government Act that the Municipal Budget be adopted by no later than 31 August of each year, unless Ministerial approval is obtained for an extension to this date.

The process outlined above has been adopted to maximise the input into the Municipal Budget by Councillors, the community and staff to promote a greater understanding of the budget document itself and to ensure it accurately reflects the priorities of the Council.

Certain assumptions have been made by staff in preparing the attached reports and supporting documentation, which are summarised as follows;

1. The aim is that the adopted 2014/15 Municipal Budget will be essentially a balanced budget in that total income equals expenditure.
2. Fuel prices will stabilise for the foreseeable future (next 12 months).
3. The Local Government Cost Index, calculated by WALGA, is estimated to be 2.00% for the 2013/14 year, with these costs anticipated to rise to 2.7% in the 2014/15 financial year.

The following table and comments is an excerpt from the WA Local Government Associations Local Government Economic Briefing paper dated March 2014:

<b>Table 2 LGCI forecasts for 2013-14 and 2014-15 2012-13 Actual (%)</b>	<b>2013-14 Forecast (%)</b>	<b>2014-15 Forecast (%)</b>
Wages and Salaries 1	3.8	3.8
Road and Bridge Construction 2	0.8	2.0
Non-residential Building <sup>2</sup>	0.9	2.0
Machinery and Equipment <sup>3</sup>	0.3	1.4
Electricity and Street Lighting <sup>4</sup>	2.6	5.6
<b>Local Government Costs</b>	<b>2.0</b>	<b>2.7</b>

Source:

1. Based on WA State Treasury forecasts
2. Based on Construction Forecasting Council forecasts
3. WALGA estimated forecast
4. Based on the State Government's projected tariff increases from the 2013-14 Budget.

*Please note: The forecasts listed above should be used with caution as they are speculative and rely on a number of assumptions about future economic events. A change to any of the underlying assumptions could significantly change the forecast estimates*

4. The WA State Government has estimated the Perth Consumer Price Index (CPI) to be 3.1% to March 2014 and to March 2013 was estimated to be 2.50%.

Source:

*Department of Treasury Economic Notes (Consumer Price Index, March 2013 & 2014), 140 William Street, Perth WA 6000, Australian Bureau of Statistics Cat. 6401.0 Consumer Price Index, Australia.*

5. A 1% rates increase equates to \$49,465 in additional revenue (calculated 15/06/2014) to the Shire.
6. All Councillors, staff and community organisations and individuals have been given the opportunity to make a submission.
7. The Officer notes that the revaluation of Unimproved Valuations to come into force from 1 July 2014 resulted in next to zero change to overall valuations.
8. There will be no change to the "Objects and Reasons" determined in the 2013/2014 Municipal Budget with respect to the application of Differential Rating.
9. That Council will receive a reduction from the WA Local Government Grants Commission in 2014/15 equivalent to approximately 11% as was highlighted at the WA Local Government Grants Commission hearing held 20 February 2014 in the Council Chambers.

**Background:**

Nil

**Comment:**

To arrive at a balanced position for the Draft Budget, a number of projects have needed to be omitted or deferred to a later year. This list of items has previously been forwarded to Elected Members.

Councillors are able to include any of these omitted or deferred items in the adopted Budget, either at the expense of another project/s of similar value or by increasing income to fund the included item.

The attached Municipal Budget is presented in complete statutory format and consists of the following Statements, Notes and Appendices:

- Statement of Comprehensive Income by Nature or Type
- Statement of Comprehensive Income by Program
- Statement of Cash Flows
- Rate Setting Statement
- Notes to and Forming Part of the Budget
- Appendix A Detailed Statement of Comprehensive Income by Program
- Appendix B Capital Expenditure By Program (including Funding Sources)
- Appendix C Capital Expenditure by Nature and Type
- Appendix D Plant Replacement Program
- Appendix E Schedule of Grant Revenue
- Appendix F Schedule of Job and Plant Items
- Appendix G Summary of Operations by Program by Subprogram
- Appendix H Schedule of Contributions and Donations
- Appendix I Schedule of Subscriptions, Memberships and Licences
- Appendix J Schedule of Fees and Charges

**Consultation:**

Councillors, Staff, community organisations and the general public have been invited to submit projects for consideration in the 2014/15 Municipal Budget.

The Differential Rating proposal was advertised in Local Publications, Notice Boards and Website from 25th June 2014 calling for submissions which closed 18th July 2014, no submissions were received.

**Statutory Obligations:**

Local Government Act 1995.

Local Government (Financial Management) Regulations 1996.

**Policy Implications:**

Nil

**Budget / Financial Implications:**

It is recommended that Council adopts an essentially balanced budget in that income equals expenditure.

Municipal rates are the single biggest revenue stream for the Shire of Denmark and careful consideration needs to be given to rating levels to ensure that total income keeps pace with the ever increasing costs applicable to the Local Government industry.

**Strategic Implications:**

There are no known significant strategic implications relating to the report or the officer recommendation.

**Sustainability Implications:**➤ **Environmental:**

There are no known significant environmental considerations relating to the report or officer recommendation.

➤ **Economic:**

There are no known significant economic considerations relating to the report or officer recommendation.

➤ **Social:**

There are no known significant social considerations relating to the report or officer recommendation.

➤ **Voting Requirements:**

Absolute Majority required.

**COUNCIL RESOLUTION & OFFICER RECOMMENDATION**

ITEM 5.1 (a)

MOVED: CR SAMPSON

SECONDED: CR SEENEY

That Council with respect to the advertised differential rating system for the 2014/15 Financial Year;

1. Note that no submissions were received;
2. Adopt in accordance with the attached Schedule (Attachment 5.1 a) the proposed;
  - a) differential rating categories;
  - b) rates in the dollar;
  - c) minimum payments; and
  - d) objects and reasons.

CARRIED UNANIMOUSLY AND BY AN ABSOLUTE MAJORITY: 9/0

Res: 100714

**OFFICER RECOMMENDATION**

ITEM 5.1 (b)

That with respect to the 2014/15 Municipal Budget Council adopt the following;

1. For the purposes of Local Government (Financial Management) Regulation 34 regarding levels of variances for financial reporting, a variance of 10% or greater of the annual budget for each program area in the budget, as a level that requires an explanation or report, with a minimum dollar variance of \$5,000;
2. The Schedule of Fees and Charges (Attachment 5.1 b appendix J);
3. Councillors fees and allowances as follows;
 

* Councillor Annual Sitting Fee	\$7,875
* Shire President's Sitting Fee	\$7,875
* Shire President's Allowance	\$11,025
* Deputy Shire President's Allowance	\$2,756
* Councillor Telecommunications and Information Technology Allowance	\$1,733
4. The following Differential General Rate Categories be imposed by the Shire of

Denmark for the 2014/15 financial year, which represents a 4.99% increase to Municipal rates from the 2013/14 financial year;

Differential General Rate Category	Rate in \$ (cents/\$ of valuation)	Minimum Payment
<b>Gross Rental Value Land</b>		
1. GRV Residential Developed	10.2859	903
2. GRV Business/ Commercial Developed	10.4145	1,066
3. GRV Lifestyle Developed	10.5430	924
4. GRV Rural Developed	10.5430	924
5. GRV Holiday Use Developed	11.3145	992
6. GRV Residential Vacant	14.9710	808
7. GRV Business/ Commercial Vacant	11.4019	955
8. GRV Rural Vacant	11.4019	955
9. GRV Lifestyle Vacant	15.3453	829
<b>Unimproved Value Land</b>		
10. UV Base	0.4349	1,102
11. UV Additional Use 1	0.4783	1,213
12. UV Additional Use 2	0.5218	1,323
13. UV Additional Use 3	0.5654	1,433
14. UV Additional Use 4	0.6088	1,543
5. A rate payment instalment fee of \$8.00 per instalment in accordance with section 6.45 (3) of the Local Government Act 1995.		
6. An interest rate of 5.5% per annum on rates paid by instalments in accordance with section 6.45 (3) of the Local Government Act 1995.		
7. An interest rate of 11% per annum on all outstanding rates in accordance with section 6.51 (1) of the Local Government Act 1995.		
8. An interest rate of 11% per annum on all sundry debtors that remain outstanding longer than 35 days after the due date in accordance with section 6.13 (6) of the Local Government Act 1995.		

#### COUNCIL RESOLUTION

ITEM 5.1 (b)

MOVED: CR OSBORNE

SECONDED: CR THORNTON

That with respect to the 2014/15 Municipal Budget Council adopt the following;

1. For the purposes of Local Government (Financial Management) Regulation 34 regarding levels of variances for financial reporting, a variance of 10% or greater of the annual budget for each program area in the budget, as a level that requires an explanation or report, with a minimum dollar variance of \$5,000;
2. The Schedule of Fees and Charges (Attachment 5.1(b) Appendix J);
3. Councillors fees and allowances as follows;
 

* Councillor Annual Sitting Fee	\$7,725
* Shire President's Sitting Fee	\$7,725
* Shire President's Allowance	\$10,815
* Deputy Shire President's Allowance	\$2,703.75
* Councillor Telecommunications and Information Technology Allowance	\$1,699.50
4. Noting that the change from the Officer Recommendation in part 3 will have the following impact;
  - a) Reduce Budget Line Item "Councillor Fees: from \$70,785 to \$69,525 (GL 1410122);
  - b) Reduce Budget Line Item "President's Local Government Allowance" from \$2,756 to \$2,703.75 (GL 1410042);
  - c) Reduce Budget Line Item "Deputy Presidents Allowance" from \$2,756 to \$2,703.75 (GL 1410092);
  - d) Reduce Budget Line Item "Communications Subsidy – Councillors" from \$15,597 to \$15,295.50 (GL 1410102);
  - e) The resultant reduction in Budgeted expenditure of \$1,914 and increase to the forecast 30 June 2015 surplus position from \$1,554 to \$3,468.
5. The following Differential General Rate Categories be imposed by the Shire of Denmark for the 2014/15 financial year, which represents a 4.99% increase to Municipal rates from the 2013/14 financial year;



Differential General Rate Category	Rate in \$ (cents/\$ of valuation)	Minimum Payment
<b>Gross Rental Value Land</b>		
1. GRV Residential Developed	10.2859	903
2. GRV Business/ Commercial Developed	10.4145	1,066
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<b>Unimproved Value Land</b>		
10. UV Base	0.4349	1,102
11. UV Additional Use 1	0.4783	1,213
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7. An interest rate of 5.5% per annum on rates paid by instalments in accordance with section 6.45 (3) of the Local Government Act 1995.		
8. An interest rate of 11% per annum on all outstanding rates in accordance with section 6.51 (1) of the Local Government Act 1995.		
9. An interest rate of 11% per annum on all sundry debtors that remain outstanding longer than 35 days after the due date in accordance with section 6.13 (6) of the Local Government Act 1995.		
CARRIED BY AN ABSOLUTE MAJORITY: 5/4		Res: 110714

2.34pm - Cr Gillies left the room.

2.35pm - Cr Gillies returned to the room.

<b>COUNCIL RESOLUTION &amp; OFFICER RECOMMENDATION</b>	ITEM 5.1 (b)
MOVED: CR PEDRO	SECONDED: CR ROWLAND
That Council adopt the 2014/15 Municipal Budget as presented in accordance with section 6.2 (1) of the Local Government Act 1995.	
<b>AMENDMENT</b>	ITEM 5.1 (b)
MOVED: CR SAMPSON	SECONDED: CR MORRELL
That following words be added, "with the following amendments:	
<ol style="list-style-type: none"> <li>1. Reduce GL 1620082 " Salaries Youth Officer" by \$6,440.00;</li> <li>2. Reduce GL 1620092 "Superannuation – Youth Officer" by \$582.58; and</li> <li>3. Increase the forecast Surplus Closing Position for 30 June 2015 by \$7,022.58 to \$10,490.58."</li> </ol>	
CARRIED: 7/2	Res: 120714

Cr Lewis requested that her vote against be recorded.

<b>AMENDMENT</b>
MOVED: CR LEWIS
That part 4 be added which reads, "Reduce Job No. 52121 "Replace pavers and slabs at Surf Club by \$7,500."
LAPSED FOR WANT OF A SECONDER

3.05pm – Cr Morrell left the room.

<b>AMENDMENT</b>	
MOVED: CR SEENEY	SECONDED: CR OSBORNE
That the forecast surplus in part 3 be reduced by \$7,000 and be allocated in the 2014/2015 Municipal Budget for contribution to the Owingup Volunteer Bushfire Brigade for the purpose of building a shed/garage to house the 1.4 Fire Tanker subject	

to a report to Council from Bush Fire Advisory Committee.

LOST: 2/6

Res: 130714

3.07pm – Cr Morrell returned to the room.

**AMENDMENT**

MOVED: CR THORNTON

SECONDED: CR SAMPSON

That parts 4 and 5 be added which reads,

- “4. Increase Job 70000 “ Lime Sand Quarry Operations” by \$28,000; and
- 5. Reduce Transfer to “Lime Quarry Rehabilitation Reserve” by \$28,000.”

CARRIED UNANIMOUSLY: 9/0

Res: 140714

**SUBSTANTIVE MOTION**

That Council adopt the 2014/15 Municipal Budget as presented and amended by Resolution No. 110714, in accordance with section 6.2 (1) of the Local Government Act 1995 with the following amendments:

- 1. Reduce GL 1620082 “Salaries Youth Officer” by \$6,440.00;
- 2. Reduce GL 1620092 “Superannuation – Youth Officer” by \$582.58;
- 3. Increase the forecast Surplus Closing Position for 30 June 2015 by \$7,022.58 to \$10,490.58;
- 4. Increase Job 70000 “Lime Sand Quarry Operations” by \$28,000; and
- 5. Reduce Transfer to “Lime Quarry Rehabilitation” Reserve by \$28,000.

CARRIED BY AN ABSOLUTE MAJORITY: 8/1

Res: 150714

**6. CLOSURE OF MEETING**

3.10pm – There being no further business to discuss the Shire President, Cr Thornton, declared the meeting closed.

The Chief Executive Officer recommends the endorsement of these minutes at the next meeting.

Signed: \_\_\_\_\_  
*Dale Stewart – Chief Executive Officer*

Date: \_\_\_\_\_

These minutes were confirmed at the meeting of the \_\_\_\_\_

Signed: \_\_\_\_\_  
*(Presiding Person at the meeting at which the minutes were confirmed.)*