

Shire of Denmark

Special Council Meeting AGENDA

2 August 2022



TO BE HELD IN THE COUNCIL CHAMBERS, 953 SOUTH COAST HIGHWAY, DENMARK ON TUESDAY, 2 AUGUST 2022, COMMENCING AT 4.00PM.

For the purpose of reviewing the submissions from the consultation period to the proposed differential rates and adoption of the 2022/2023 Budget.



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Strategic Community Plan (snapshot)

E1.0

Our Economy

We are an attractive location to live, invest, study, visit and work

- E1.1 To have a stable and locally supported business community that embraces innovation, creativity, resourcefulness and originality
- E1.2 To be a vibrant and unique tourist destination, that celebrates our natural and historical assets
- E1.3 To have diverse education and employment opportunities
- E1.4 To recognise the importance of agriculture in our local economy and protect prime agricultural land

N2.0

Our Natural Environment

Our natural environment is highly valued and carefully managed to meet the needs of our community, now and in the future

- N2.1 To preserve and protect the natural environment
- N2.2 To promote and encourage responsible development
- N2.3 To reduce human impact on natural resources, reduce waste and utilise renewable energy
- N2.4 To acknowledge and adapt to climate change

B3.0

Our Built Environment

We have a functional built environment that reflects our rural and village character and supports a connected, creative, active and safe community

- B3.1 To have public spaces and infrastructure that are accessible and appropriate for our community
- B3.2 To have community assets that are flexible, adaptable and of high quality to meet the purpose and needs of multiple users
- B3.3 To have a planning framework that is visionary, supports connectivity and enables participation
- B3.4 To manage assets in a consistent and sustainable manner
- B3.5 To have diverse and affordable housing, building and accommodation options

C4.0

Our Community

We live in a happy, healthy, diverse and safe community with services that support a vibrant lifestyle and foster community spirit

- C4.1 To have services that foster a happy, healthy, vibrant and safe community
- C4.2 To have services that are inclusive, promote cohesiveness and reflect our creative nature
- C4.3 To create a community that nurtures and integrates natural, cultural and historical values
- C4.4 To recognise and respect our local heritage and Aboriginal history

L5.0

Our Local Government

The Shire of Denmark is recognised as a transparent, well governed and effectively managed Local Government

- L5.1 To be high functioning, open, transparent, ethical and responsive
- L5.2 To have meaningful, respectful and proactive collaboration with the community
- L5.3 To be decisive and to make consistent and well considered decisions
- L5.4 To be fiscally responsible
- L5.5 To embrace change, apply technological advancement and pursue regional partnerships that drive business efficiency
- L5.6 To seek two-way communication that is open and effective

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE****MEMBERS:**

Cr Ceinwen Gearon (Shire President)
 Cr Kingsley Gibson (Deputy Shire President)
 Cr Clare Campbell
 Cr Donna Carman
 Cr Donald Clarke
 Cr Nathan Devenport
 Cr Jackie Ormsby
 Cr Janine Phillips

STAFF:

David Schober (Chief Executive Officer)
 David King (Deputy Chief Executive Officer)
 Gina McPharlin (Director Corporate and Community Services)
 Lee Sounness (Manager Corporate Services)
 Jodi Masson (Assistant Accountant)
 Claire Thompson (Governance Coordinator)

APOLOGIES:**ON LEAVE OF ABSENCE:**

Cr Jan Lewis (Council Resolution 020722 / 19 July 2022)

ABSENT:**VISITORS:****DECLARATIONS OF INTEREST:**

Name	Item No	Interest	Nature

3. ANNOUNCEMENT BY THE PERSON PRESIDING

4. PUBLIC QUESTION TIME

4.1 PUBLIC QUESTIONS

In accordance with Section 5.24 of the Local Government Act 1995, Council conducts a public question time to enable members of the public to address Council or ask questions of Council.

For a Special Meeting of Council, such as this, **they must however relate to the item(s) on the Agenda.**

Questions from the public are invited and welcomed at this point of the Agenda.

Should you wish to address Council please note that the Presiding Person (the Shire President) may have to limit the time of individual speakers in order to allow sufficient time for all speakers present at the meeting to address Council. The rules of this process and the time allocated will be determined by the Presiding Person at the Meeting dependent upon the indicative number of speakers.

Questions from the Public

5. REPORTS OF OFFICERS

5.1 ADOPTION OF 2022/2023 ANNUAL BUDGET

File Ref:	FIN.1
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Financial Interest as salary and conditions of officers incorporated within the municipal Budget
Date:	27 July 2022
Author:	Lee Sounness, Manager Corporate Services
Authorising Officer:	Gina McPharlin, Director Corporate and Community Services
Attachments:	5.1a – 2022/2023 Annual Budget 5.1b – 2022/2023 Schedule of Fees and Charges 5.1c – Table of submissions to Differential Rates 2022/2023

Summary:

Council must adopt an Annual Budget before 31 August each year.

The 2022-23 Annual Budget has been prepared with consideration given to the Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan, and has considered proposed revenues, expenditures and budget efficiency measures.

Council is asked to consider the adoption of the Annual Budget for the 2022/2023 financial year, including the setting and adoption of

- differential rates and minimum payments
- fees and charges
- material variance for the year
- elected members fees and allowances
- rate waivers and
- other consequential matters arising from the budget papers

Background:

In preparing the 2022/2023 Annual Budget (attachment 5.1a), a series of budget workshops were held with Council Members, aligned to the Shire's Strategic Community Plan 2017 – 2027 (SCP) priorities.

The 2022/2023 Annual Budget (Attachment 5.1 a) has been prepared considering the Long Term Financial Plan 2021/22 – 2030/31, Strategic Asset Management Plan 2019-2029, Workforce Development Plan, Corporate Business Plan and current and forecast economic factors.

At the Special Council Meeting, held on 5 July 2022, Council considered a report to advertise Shire's intention to levy differential rates and minimum payments in 2022/2023 to provide appropriate funding to achieve a balanced budget.

Consultation:

Councillors have provided input into the draft budget through briefings and workshops.

Management and officers contributed to preparing and reviewing the operational and capital budgets and setting fees and charges related to their areas of responsibility.

An essential part of the draft budget is setting the differential rates and minimum payments relating to the Shire's rating structure. The Shire gave local public notice of its intention to levy differential rates to achieve an overall increase in rate yield of 7.9%.

A Notice of Intention to Levy Differential Rates 2022/2023 was advertised for public comment from 6 July 2022. Submissions (refer to attachment 5.1c) closed on 27 July 2021, and twenty-two submissions were received.

Statutory Obligations:

The *Local Government Act 1995* requires a local government to prepare and adopt an annual budget before 31 August or apply to the Minister for an extension.

In accordance with regulation 34(5) of the *Local Government Financial Regulations 1996* and Australian Accounting Standards Board - 1031 Materiality, the material variances to be used in the 2022/2023 Financial Activity Statement shall be an amount of \$10,000 or 10% of the appropriate base, whichever is the higher.

The *Waste Avoidance and Resource Recovery Act 2007* Act (66(1) and section 66(3)) require that a waste levy applying to all rateable properties be included as part of the Annual Budget.

Policy Implications:

The following policies relate:

P040125 Community Grants Program

P040232 Municipal Budget Policy

P110102 Leasing of Land and/or Buildings to Community Groups

P030101 Rating Equity Policy

Budget / Financial Implications:

The adoption of the 2022/2023 Annual Budget determines the financial operations of the Shire for the 2022/2023 financial year. This report outlines specific financial implications in the "Details" section.

Strategic & Corporate Plan Implications:

The report and officer recommendation are consistent with Council's adopted Strategic Community Plan Aspirations and Objectives and the Corporate Business Plan Actions and Projects in the following specific ways:

Denmark 2027

L5.1 To be high functioning, open, transparent, ethical and responsive

L5.4 To be fiscally responsible

Corporate Business Plan

L5.4.7 Review and improve the budget process by aligning to the Corporate Business Plan and Long Term Financial Plan

Sustainability Implications:

➤ **Governance:**

Local governments are required to have an adopted annual budget.

➤ **Economic:**

The 2022/2023 Annual Budget has been developed based on sound financial management and accountability principles and takes into account economic issues resulting from the ongoing COVID-19 pandemic.

➤ **Environmental:**

The 2022/2023 Annual Budget includes several projects and programs contributing to the delivery of the actions of the Sustainability Action Plan.

➤ **Social:**

The 2022/2023 Annual Budget delivers social outcomes identified in various planning and community supporting strategies that have previously been adopted by Council.

➤ **Risk:**

Risk	Risk Likelihood (based on history and with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Compliance: There is a risk of a non-compliance if the budget is not adopted prior to 31 st August 2022	Possible (3)	Minor (2)	Moderate (5-9)	Failure to meet Statutory, Regulatory or Compliance Requirements	Manage by scheduling further Special Council meetings if a budget adoption motion is not passed
Financial: There is a risk that the actual income and expenditure has a variance to the forecast budget.	Likely (4)	Moderate (3)	High (10-16)	Inadequate Financial, Accounting or Business Acumen	Manage by monthly reports and a Mid-year budget review

Comments:

The 2022/2023 Annual Budget has been prepared to meet the Long-Term Financial Plan (LTFP) objectives of operational service delivery, asset renewal, upgrade and replacement and delivery of discretionary capital projects. It also delivers year one (1) of the four (4) year Corporate Business Plan, including the agreed actions from the Sustainability Action Plan.

The budget reflects the escalation of costs due to significant changes to global economic factors, including the ongoing impacts of Covid-19, supply chain disruptions, labour constraints, and effects of the conflict in Ukraine. (Noting the Perth Consumer Price Index (Perth CPI) reached 7.6% in the March 2022 quarter, year on year.)

The budget seeks to identify efficiencies in service delivery to maintain the level of services provided to the community and to the ongoing improvement of project management resources to ensure the Shire's capital projects are achieved.

The rate yield required to fund the expected deficiency between revenue and expenditure in the 2022/2023 budget is a 7.9% increase on last year's rate yield.

The major components of the balanced Annual Budget are:

- Operating revenue (incl. rate revenue) of \$13.411 million (2021/2022 - \$14.063M)
- Operating expenditure of \$16.350 million (2021/2022- \$17.481M)

- Capital works program totalling \$10.347 million (2021/2022 - \$8.973M)
- Rate revenue of \$7.636 million (2021/2021 - \$7.054M)
- Grants for Capital Works of \$5.084 million (2021/2021 - \$4.411M)
- Transfer to reserves to fund future works of \$0.846 million
- Transfer from reserves to fund specific capital works and other items of \$1.997 million
- New loans totalling \$1.520 million – (\$0.570M Denmark Surf Club Precinct Development, \$0.500M Solar Panel Buildings Project and \$0.450M Waste Collection Truck)
- Estimated carry forward balance of \$2.192 million, which includes a component of pre-paid grant funding for the 2022/2023 financial year.

Details of the 2022/2023 Annual Budget follow.

Opening Balance

A \$2.192M closing net funding position is forecast at the 2022 year-end (refer to table 1. below). This surplus reflects the impact of contractor unavailability to deliver planned projects, prudent management of operating expenditure, and funded projects unable to be completed due to resourcing and weather factors.

Advance payment of approximately 75% of the 2022/2023 Financial Assistance Grant was received in April 2022 and totalled \$834K.

Table 1: Summary of Financial Year End Position 2022/2023

Summary of End of Financial Year Position 2022/2023			
Description	2022/2023 Budget	2021/2022 Forecast Actual	2021/2022 Budget
Rates Revenue	7,635,814	7,036,139	7,053,662
Operating Revenue	5,775,317	7,243,650	7,008,995
Operating Expenditure	(16,349,643)	(16,231,953)	(17,480,673)
Net Operating Result	(2,938,512)	(1,952,164)	(3,418,016)
Capital Grants	5,083,502	2,386,294	4,411,103
Profit/Loss on Asset Disposals	34,900	44,614	20,000
Net Result (Statement of Comprehensive Income)	2,179,890	478,744	1,013,087
Add Back Non-Cash item - Depreciation	3,487,325	3,490,658	3,820,875
Add Back Non-Cash item - Profit/Loss on Sale of Asset	(34,900)	(44,614)	(20,000)
Movement in Accruals	0	0	0
Sub Total	5,632,315	3,924,788	4,813,962
Capital Acquisitions	(10,346,667)	(3,083,217)	(8,973,201)
Debt Service - Principal	(263,209)	(199,801)	(272,505)
Lease Service - Principal Adjustment	(82,250)	(104,742)	(102,490)
S/S Loan Principal Income	23,728	22,872	22,872
Proceeds from Sales of Assets	171,500	85,321	147,000
Sub Total	(4,864,582)	645,221	(4,364,362)
Adjustments to provisions & accruals	0	119,857	115,871
New Borrowings	1,520,000	0	2,279,225
Transfer to Reserves	(846,167)	(733,126)	(731,612)
Transfer from Reserves	1,997,975	578,397	1,146,914
Deficit	(2,192,772)	610,349	(1,553,964)
EOY Surplus Carried Forward	2,192,772	1,582,425	1,553,964
CLOSING BUDGET POSITION	0	2,192,772	0

Income Statement (attachment 5.1a)

The Shire forecasts revenue to decrease by 4.6% (approx. \$0.651M) and expenditure to decrease by 6.5% (approx. \$1.1M) compared to last year's budget. (Refer to the table and detailed information below for the more significant factors relating to these adjustments)

Table 2: Income Statement by Nature and Type - 2022/2023

Income Statement by Nature and Type	2022/23	2021/22	2021/22	Variance To:	
	Budget	Actual	Budget	Actual	Budget
Revenue					
Rates	7,635,814	7,036,139	7,053,662	8.5%	8.3%
Operating grants, subsidies and contributions	1,878,571	3,228,329	3,289,288	-41.8%	-42.9%
Fees and charges	3,666,496	3,644,429	3,458,312	0.6%	6.0%
Interest earnings	196,794	64,486	72,908	205.2%	169.9%
Other revenue	33,456	306,406	188,487	-89.1%	-82.3%
	13,411,131	14,279,789	14,062,657	-6.1%	-4.6%
Expenses					
Employee costs	(7,231,666)	(7,162,734)	(6,939,943)	1.0%	4.2%
Materials and contracts	(4,527,962)	(4,445,241)	(5,502,014)	1.9%	-17.7%
Utility charges	(243,705)	(225,932)	(220,985)	7.9%	10.3%
Depreciation on non-current assets	(3,487,325)	(3,490,658)	(3,820,875)	-0.1%	-8.7%
Interest expenses	(130,079)	(98,198)	(123,877)	32.5%	5.0%
Insurance expenses	(461,206)	(431,694)	(427,679)	6.8%	7.8%
Other expenditure	(267,700)	(377,495)	(445,300)	-29.1%	-39.9%
	(16,349,643)	(16,231,952)	(17,480,673)	0.7%	-6.5%
Underlying Operating Result	(2,938,512)	(1,952,163)	(3,418,016)		
Non-operating grants, subsidies and contr.	5,083,502	2,386,294	4,411,103		
Profit/Loss on asset disposals	34,900	44,613	20,000		
Net Result	2,179,890	478,744	1,013,087		

Operating Revenue

Revenue is estimated to decrease by approximately \$0.652M from the 2021/2022 budget. Factors contributing to this movement are detailed below:

Rates Income

Total rates for the 2022/2023 budget are estimated to increase by \$0.582M across the differential rating categories.

The table below shows the 2022/2023 proposed rate in the dollar and minimum payment for each rating category to achieve a 7.9% increase in total rate revenue. The table also highlights the average percentage amount each category will increase.

The anticipated growth in rateable properties during the year yields a budgeted increase of \$0.025M (interim rates).

Table 3: Rate model 2022/2023

Rating Category	Rate in the \$ 2021-22	Rate in the \$ 2022-23	% Increase on Rates Notice
General Rate			
<i>Gross Rental Value</i>			
Non Rural Improved	0.099553	0.106223	6.70%
Holiday	0.119464	0.138090	15.59%
Vacant	0.198474	0.211772	6.70%
<i>Unimproved Value</i>			
Rural	0.005009	0.004511	6.70%*
Rural Additional Use - Holiday	0.006010	0.005864	15.62%*
Rural Additional Use - Commercial	0.008515	0.007668	6.70%*
Rating Category	Amount 2021-22	Amount 2022-23	% Increase on Rates Notice
Minimum Payments			
<i>Gross Rental Value</i>			
Non Rural Imp	1,141	1,298	13.76%
Holiday	1,369	1,558	13.78%
Vacant	1,220	1,298	6.39%
<i>Unimproved Value</i>			
Rural	1,397	1,491	6.70%
Rural Additional Use - Holiday	1,676	1,938	15.62%
Rural Additional Use - Commercial	2,654	2,832	6.70%

* Rates in the dollar for UV general rate categories have been discounted to take into account increases in annual property valuations. The rate percentage increase listed for these categories is an average.

An allowance for the waiver of rates to support community and sporting groups as part of their respective lease arrangements with the Shire has a budgeted expenditure of \$0.070M (interim rates).

Grants, subsidies & contributions

Approximately 75% of 2022/2023 Financial Assistance Grant has been received in advance and recorded as revenue for 2021/2022. This amount totalling \$0.834M is included in the opening surplus for 2022/2023.

It is noted that a contribution towards Disaster Recovery Funding Assistance Western Australia (DRFAWA) storm reinstatement works was included in the 2021/2022 revenue budget provision. This amount is significantly reduced for 2022/2023.

Funding from the Department of Fire and Emergency Services (DFES) of \$0.418M has been secured to undertake fire mitigation activities on various treatment areas within the Shire, including the provision of a Bushfire Risk Co-ordinator.

Fees & Charges

Fees and charges have been projected to increase by \$0.208M due to a proposed 7.6% CPI average increase across listed Fees and Charges. The exceptions to this increase are

- Statutory fees - set by external legislation/regulations (planning, building, dog registrations etc.).
- Recycling Collection Fees – 17.71% increase to align with the increased contractor costs.
- Parry Beach Camping Fees – 0% increase.

The Shire has reviewed waste services and, to achieve fairness for all households, has costed the price to deliver a weekly and a fortnightly collection for general waste within the Denmark township. To align waste collection fees with the actual cost of the service, annual fortnightly waste collection fees have been increased by \$50 and annual weekly waste collection fees reduced by \$50. (These changes are in addition to the fee increase as a result of CPI and Recycling Collection Fee increases).

Interest Earnings

There is a rise in anticipated interest income of \$0.124M due to increases in interest rates set by the Reserve Bank of Australia (RBA).

Other Revenue

Other revenue for 2022/23 is primarily forecast income of \$0.030M for the sale of recycled items.

Container Deposit Scheme income and Diesel Fuel Rebate income totalling \$0.125M has been reclassified in 2022/23 and included as grants, subsidy & contribution income.

Operating Expenditure

Operating expenditure has decreased by approximately \$1.131M. Contributing factors include:

Employee Costs

Budgeted employee costs for 2022/2023 have increased by 1% from the 2021/2022 actual costs as referenced in Table 4 below.

Table 4: Employee Costs 2022/23

	2022/23 Budget	2021/22 Actual	2021/22 Budget
Employee Costs	7,231,666	7,162,734	6,939,943

The 2022/23 Salaries and Wages Budget includes indexing considered appropriate to enable management to meet staff attraction and retention strategies in an increasingly competitive and challenging labour market.

Employee costs are indexed at 2.5% in the current LTFP, including increases in salary and wages and Superannuation Guarantee (SG). This assumption will require review as part of the LTFP update scheduled for December 2022.

Materials and Contracts:

Overall, Materials and Contracts will increase by approximately \$0.083M compared to last year's actual costs. These expense types have been indexed to increase by approximately 7.6% in 2022/2023 from the budgeted amount used for the 2021/22 year. In most cases, this is a reflection of a CPI adjustment. However, some items have been adjusted significantly from the prior year, including;

- Fuel – 30%
- Recycling Contract Expenses - 17.7% and

- Civil Works Contractor Expenses – 15%

It is noted that in 2021/2022, a contribution towards Disaster Recovery Funding Assistance Western Australia (DRFAWA) storm reinstatement works was included within this expenditure budget provision. This amount is significantly reduced for 2022/2023.

Utility Charges

A budget increase of 10.3% has been forecast for utility charges, accounting for announced increases in utility charges effective 1 July 2022 by the State Government and a review of usage trends.

Depreciation

A decrease of approximately \$0.334M in depreciation expenses is due to a review of the depreciation principles applied to Shire's infrastructure road network, which factors in condition assessment and remaining useful life of assets. This has resulted in a reduction of non-cash depreciation expenses that apply to this asset class.

Interest Expenses

Interest charges of \$0.130M associated with loan debt service have increased from the prior year and are attributable to the proposed new loans to fund the

- Ocean Beach Precinct Development project
- Waste Collection truck, and
- Solar Panel Installation project

Insurance Expenses

Insurance expenses will be \$0.034M higher in 2022/23, an average 7.8% increase across all insurance programs.

Other Expenditure

Other Expenditure includes the Community Grants program, Council approved donations and provision for distress funding appeals, contributions to the various Community Halls, funding support to Denmark Arts, Tourism Subsidy and Alliance Projects.

Capital Budget

2022/2023 Capital Expenditure Budget is \$10.347M, an increase of \$1.373M from the 2021/2022 budget. This increase is mainly due to the commencement of the Denmark Surf Club Precinct Development (budgeted at \$3.625M) and a significant investment of \$4.6M towards Transport capital expenditure.

The breakdown of Capital Expenditure Program funding (including plant and equipment) is

External grant funding – 49%	(\$5.134M)
Reserve funding – 18%	(\$1.856M)
Council funding – 16%	(\$1.665M)
Sale of Assets (P&E) – 2%	(\$0.172M)
Loan Funds – 15%	(\$1.520M)

The budget contains significant investment in a number of infrastructure projects that will add to the local economic activity, create jobs and improve the Shire's facilities for the benefit of its residents.

A summary of the major capital projects for 2022/2023 is shown in the table below:

Table 5: Summary of Capital Expenditure 2022/2023

Summary of Major Capital Expenditure 2022/2023	\$
Denmark Surf Club Precinct Development	3,624,874
Shire Buildings - Solar Panel Project	500,000
Plant Replacement - Waste Management Services	584,000
Plant Replacement - Transport	602,250
Upgrade Community Infrastructure (Nornalup Jetty Upgrade)	120,000
Upgrade Community Infrastructure (McLean Oval Water Re-use Project - 21/22 c/fwd)	200,000
Prawn Rock Channel Precinct	150,000
Peaceful Bay Lookout and Boardwalk Replacements	100,000
Denmark East Development Project	585,000
MRWA Project - Ocean Beach Road - SLK 0.72 - 0.99 (21/22 c/fwd)	210,000
MRWA Project - Mt Shadforth Road - slk 0.09 - 0.79	732,000
MRWA Project - Mt Lindsey Road - slk 3.60 - 7.20	341,000
MRWA Project - Tindale Road - slk 4.52 - 8.33	341,000
MRWA Project - Lights Road - slk 0.03 - 0.83	700,000
Ficifolia Road - slk 0.09 - 0.83	100,000
CFSF - Roberts Road	266,000
CFSF - Vermuelen Road	202,000
Pathway - Nornalup Riverside / McPherson Drive	100,000

Borrowings

Council's total debt position as at July 1, 2022, is \$1.666M (including self-supporting loans to community organisations). The debt position as at 30 June 2023 will increase to \$2.923M with three (3) new loans anticipated to fund the capital works program. These new borrowings are broken down as follows:

- \$0.570M to part fund of Denmark Surf Precinct Development project
- \$0.450M to fund the replacement of the Waste Collection Truck, and
- \$0.500M for the Solar Panel Buildings project.

The debt service cost (interest and principal) is estimated to increase by \$0.967M from 2021/2022 (\$0.295M 2021/2022 compared to \$0.392M - 2022/2023).

Reserves

Reserve funds are an effective means to save for expenditure in future years and are used to smooth the impact of major items of expenditure, such as plant and machinery, which are managed over a five (5) to fifteen-year cycle.

The following table and the 2022/2023 Rate Setting Statement (attachment 5.1a) reflect transfers to reserves of \$0.846M (including interest earnings), with the transfer from reserves totalling \$1.998M, providing for a net outflow from the Shire's reserves of \$1.152M in 2022/2023.

Table 6: Reserve Funds Summary 2022/2023

Name of Reserve Fund	Opening Balance	Adopted Budget Interest Earned	Adopted Budget Transfers In (+)	Adopted Budget Transfers Out (-)	Adopted Budget Closing Balance
Lime Quarry Rehabilitation Reserve	385,712	7,714	0	(30,000)	363,426
Parry Inlet Reserve	208,933	4,179	10,000	(14,000)	209,112
Cemetery Reserve	0	0	0	0	0
Employee Entitlements Reserve	428,400	8,568	0	0	436,968
Infrastructure Reserve	802,042	16,041	150,000	(600,000)	368,083
Plant Replacement Reserve	748,961	14,979	325,000	(652,250)	436,690
Waste Services Reserve	633,140	12,663	170,000	(55,000)	760,803
Parks & Gardens Reserve	0	0	0	0	0
Aquatic Facility Development Reserve	85,919	1,718	10,000	(3,725)	93,912
Lionsville Reserve	148,296	2,966	0	(58,000)	93,262
Peaceful Bay Reserve	245,052	4,901	35,000	0	284,953
Rivermouth Caravan Park Reserve	106,460	2,129	5,000	0	113,589
Peaceful Bay Caravan Park Reserve	68,398	1,368	5,000	0	74,766
Recreation Centre Reserve	105,918	2,118	10,000	0	118,036
Strategic Reserve	105,244	2,105	5,000	0	112,349
ICT Reserve	15,000	300	15,000	0	30,300
Legal Contingency Reserve	10,000	200	10,000	0	20,200
Denmark East Development Reserve	710,910	14,218	0	(585,000)	140,128
	4,808,385	96,168	750,000	(1,997,975)	3,656,576
Net Transfers (including interest)					(1,151,807)

Local Government Properties – Rates Waiver

In recent years, Council has waived the rates on a range of Shire properties leased to community and sporting groups (Policy110102 – Leasing of Land and/or Buildings to Community Groups). Waivers must be considered at the time of the adoption of the budget. Officers have proposed a recommendation to allow Council to waive the rates for individual leased local government properties that do not meet the defined exemption criteria specified under *Section 6.26(2) of the Local Government Act 1995*.

The total value of the rates waiver of \$0.070M has been included in the Rates modelling and is as follows.

Table 7: Rate Waivers 2022/2023

Waiver & Concessions - Rates	2021/2022	2022/2023
A5731 -- Denmark Arts Council Inc.	5,327	5,577
A5585 – Denmark Boating & Angling Club - Parry Beach	1,709	1,491
A5587 – Denmark Boating & Angling Club & Denmark Sea Rescue Group	1,709	1,491
A3565 – Denmark Clay Target Club	1,709	1,491
A5729 -- Denmark Community Resource Centre Inc.	1,163	3,638
A5584 – Denmark Cottage Crafts Inc.	1,163	2,656
A3088 – Denmark Country Club Inc.	2,770	2,900
A5960 – Denmark Environment Centre Incorporated *	2,654	2,779
A3189 – Denmark Equestrian Club Inc.	1,163	1,992
A3256 – Denmark Historical Society Inc.	1,163	1,298
A5599 – Denmark Machinery Restoration Group Inc.	1,163	1,381
A3179 – Denmark Occasional Day Care Centre Inc. and Denmark Playgroup	1,163	1,298
A5730 -- Denmark CRC	1,163	-
A3167 – Denmark Pistol Club	1,709	1,491
A5601 – Denmark Riverside Club - Riverfront Land	1,163	1,298
A3069 – Denmark Riverside Club - Infrastructure	10,324	10,808
A5588 – Denmark Surf Lifesaving Club	1,709	1,491
A3186 – Denmark Tourism Incorporated	5,834	-
A5590 – Green Skills Inc.	1,709	1,491
A5593 – Kentdale Community Hall Committee Inc.	1,709	1,491
A5600 – Lions Club of Denmark Inc.	1,163	1,298
A5591 – Nornalup Residents and Ratepayers Association	1,163	4,780
A5592 – Parry's Beach Voluntary Management Group Inc.	1,709	1,491
A5615 – Peaceful Bay Progress Association Inc.	1,163	1,298
A5616 – Peaceful Bay Progress Association Inc.	1,163	1,298
A5596 – Peaceful Bay Returned Services League (RSL) Sub Branch	1,163	1,298
A5595 – Peaceful Bay Sea Rescue Group Inc.	1,163	1,298
A5597 – Scout Association of Australia	1,163	1,298
A3097 – The Returned & Services League of Australia WA Branch Inc.	1,163	1,298

A5594 – Tingledale Hall Committee Inc.	1,709	1,491
A3041 – Scotsdale Hall Committee Inc.	1,709	1,491
A6021 - Denmark Men's Shed	-	3,346
A6066 - Denmark Chamber of Commerce	-	1,298
A6067 - The Woodturners of Denmark	-	1,298
	62,607	70,343

The attached Annual Budget (attachment 5.1a) is presented in the complete statutory format and consists of the following Statements, Notes and Appendices:

- Statement of Comprehensive Income by Nature or Type
- 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 Summary by Type
- Appendix D Plant Replacement Program
- Appendix E Contributions and Donations

Voting Requirements:

Absolute Majority.

OFFICER RECOMMENDATION	ITEM 5.1(a)	
That Council;		
1. <u>Differential General Rates and Minimum Payment Rates.</u>		
NOTES that 22 submissions were received in response to the Notice published in accordance with section 6.36(1) of the <i>Local Government Act 1995</i> , and pursuant to Sections 6.32, 6.33 and 6.35 of the <i>Local Government Act 1995</i> , ADOPTS the following differential general rates and minimum payments on the Gross Rental and Unimproved Values:		
Differential General Rate Category	Rate in \$ (cents/\$ of valuation)	Minimum Payment \$
Gross Rental Value (GRV)		
1. Non Rural Improved	0.106223	1,298
2. Holiday Purposes	0.138090	1,558
3. Vacant Land	0.211772	1,298
Unimproved Value (UV)		
4. Rural	0.004511	1,491
5. Rural Additional Use - Holiday	0.005864	1,938
6. Rural Additional Use - Commercial	0.007668	2,832
2. <u>Waste Collection Charges</u>		
ADOPTS the following Waste Collection charges for the Shire of Denmark (including domestic kerbside waste collection and collection of recyclables) for the 2022/2023 financial year:		
a) Compulsory Townsite Domestic Residential Services:		
• Denmark Domestic Kerbside Collection – Weekly		\$573.00
• Denmark Domestic Kerbside Collection – Fortnightly*		\$428.00
• Peaceful Bay/Nornalup Collection (rubbish only) – Weekly		\$376.00
• Peaceful Bay/Nornalup Collection (rubbish only) – Fortnightly		\$232.00

* applies to agreed collection service arrangement entered into prior to the 2020/21 year.

3. Waste Facilities Maintenance Rate

In addition to the full domestic refuse service, ADOPT an annual rate under section 66(1) of the Waste Avoidance and Resource Recovery Act 2007 (WARR Act) and, in accordance section 66(3) of the WARR Act, apply the minimum payment provisions of section 6.35 of the Local Government Act 1995. The rate is proposed to be called the 'Waste Facilities Maintenance Rate'. The minimum payment will be \$75.

The proposed rates are:

- GRV Properties – Rate in the dollar: 0.0001 Cents, minimum \$75.00
- UV Properties – Rate in the dollar: 0.0001 Cents, minimum \$75.00

4. Rate Payment Options

Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, APPROVES the following due dates for the payment of rates and waste collection charges in full by one payment on the due date or in instalments as follows:

- | | |
|--|-------------------|
| (1) Payment in full by a single instalment | 21 September 2022 |
| (2) Payment by two equal instalments: | |
| a) 1 st instalment due date | 21 September 2022 |
| b) 2 nd instalment due date | 23 November 2022 |
| (3) Payment by four equal instalments: | |
| a) 1 st instalment due date | 21 September 2022 |
| b) 2 nd instalment due date | 23 November 2022 |
| c) 3 rd instalment due date | 25 January 2023 |
| d) 4 th instalment due date | 29 March 2023 |

5. IMPOSES the following Rates and Charges to provide for Administration and Interest Charges on Rating, Waste Collection and General Debtor Collection charges during the 2022/2023 financial year:

(1) Instalment Plan Administration Fee

In accordance with section 6.45(3) of the Local Government Act 1995 and clause 13 of the Local Government (COVID-19 Response) Ministerial Order 2020 (and noting the Local Government (COVID-19 Response) Amendment Order 2022 gazetted on 24 June 2022), an Instalment Plan Administration fee of \$11.00 for the second and each subsequent instalment notice issued will apply for rates and rubbish collection charges subject to:

- a) This additional charge cannot be applied to an excluded person, as defined in the Local Government (COVID-19 Response) Ministerial Order 2020, that has been determined by the Shire of Denmark as suffering financial hardship as a consequence of the COVID19 pandemic.

(2) Late Payment Interest Charge

In accordance with section 6.51(1) of the Local Government Act 1995 and clause 14 of the Local Government (COVID-19 Response) Ministerial Order 2020 (and noting the Local Government (COVID-19 Response) Amendment Order 2022 gazetted on 24 June 2022), a charge on outstanding rates and rubbish collection accounts (including amounts owed on ad hoc Payment Plans) of 7% p.a will be calculated on a simple

interest basis for the number of days from the account due date until the day prior to the day on which the payment is received subject to:

a) This interest rate cannot be applied to an excluded person, as defined in the Local Government (COVID-19 Response) Ministerial Order 2020, that has been determined by the Shire of Denmark as suffering financial hardship as a consequence of the COVID19 pandemic.

(3) Instalment Plan Interest Charge

In accordance with section 6.45(3) of the Local Government Act 1995 and clause 13 of the Local Government (COVID-19 Response) Ministerial Order 2020 (and noting the Local Government (COVID-19 Response) Amendment Order 2022 gazetted on 24 June 2022), an interest rate of 3.5% p.a will be calculated on a daily basis on a simple interest basis from the due date of the first instalment as shown on the rate notice to the due date of each respective instalment subject to:

a) This interest rate cannot be applied to an excluded person, as defined in the Local Government (COVID-19 Response) Ministerial Order 2020, that has been determined by the Shire of Denmark as suffering financial hardship as a consequence of the COVID19 pandemic.

(4) Late Payment Interest Charge (Excluding Rates & Charges)

In accordance with section 6.13 of the Local Government Act 1995 and clause 8 of the Local Government (COVID-19 Response) Ministerial Order 2020 (and noting the Local Government (COVID-19 Response) Amendment Order 2022 gazetted on 24 June 2022), gazetted on 24 June 2022 - A charge of 7% p.a interest, calculated on a simple interest basis for the number of days outstanding, may apply on unpaid debts (other than rates and rubbish collection charges) outstanding 35 days from the date of invoices raised after 1 July 2022. In respect to the Late Payment Interest Charge on rates and charges, the method of calculating the interest charge is on the daily balance outstanding subject to:

a) a person who is considered by the Shire of Denmark to be suffering financial hardship as a consequence of COVID-19 pandemic.

* *Absolute majority required.*

OFFICER RECOMMENDATION

ITEM 5.1(b)

That Council;

1. 2022/2023 Annual Budget

Pursuant to the provisions of Section 6.2(1) of the *Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996*, ADOPTS the Shire of Denmark Annual Budget for the year ended 30 June 2023 as contained in Attachment 5.1a which includes:

- Statement of Comprehensive Income by Nature and Type showing a net result for 2022/2023 of \$2,179,890;
- Statement of Cash Flows showing cash & cash equivalents at year end of \$4,553,929;
- Rate Setting Statement showing an amount to be raised from rates of \$7,635,814;
- Notes to and forming part of the Budget;
- Operating Budget Program Schedules;

- Transfers to Reserve accounts of \$846,168 and from Reserve accounts of \$1,997,975;
- Capital Expenditure Program showing a total of \$10,346,667.

2. Material Variance Reporting for 2022/2023

Pursuant to *Local Government (Financial Management) Regulation 34* regarding levels of variances for financial reporting, ADOPTS the monthly reporting variance for the 2022/2023 financial year of 10% or greater for each program area in the budget, as a level that requires an explanation or report, with a minimum dollar variance of \$10,000;

3. Elected Members Fees and Allowances for 2022/2023

Pursuant to *Section 5.99 of the Local Government Act 1995* and *Regulation 34 of the Local Government (Financial Management) Regulations 1996*, ADOPT the following annual fees for payment of elected members in lieu of individual meeting member's fees:

President	\$14,260
Councillors	\$14,260

Pursuant to *Section 5.98 (5) of the Local Government Act 1995* and *regulation 33 of the Local Government (Financial Management) Regulations 1996*, ADOPT the following annual local government allowance to be paid in addition to the annual meeting allowance:

President	\$32,199
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Pursuant to *Section 5.98A of the Local Government Act 1995* and *regulation 33A of the Local Government (Financial Management) Regulations 1996*, ADOPT the following annual local government allowance to be paid in addition to the annual meeting allowance:

Deputy President	\$8,050
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Pursuant to *Section 5.99A of the Local Government Act 1995* and *regulation 34A and 34AA of the Local Government (Financial Management) Regulations 1996*, ADOPT the following annual allowances for elected members:

Communications Allowance	\$2,975
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4. Schedule of Fees and Charges

Pursuant to *Section 6.16 of the Local Government Act 1995*, ADOPT the Fees and Charges of the 2022/2023 Budget included as Attachment 5.1b of this agenda and minutes.

* *Absolute majority required.*

OFFICER RECOMMENDATION

ITEM 5.1(c)

That Council;

1. Rate Waivers

Pursuant to *Section 6.47 of the Local Government Act 1995*, WAIVES the 2022/2023 local government rate charge, including any and all future interim adjustments for the property assessments listed in Note 1 of the 2022/2023 Municipal Budget, noting that the amount totalling \$70,343 is subject to final confirmation during the 2022/2023 rate billing process.

6. MATTERS BEHIND CLOSED DOORS

Nil

7. CLOSURE OF MEETING