# SHIRE OF DENMARK

# Special Council Meeting

for the purpose of adopting the

2026/27 Budget and Fees and Charges Schedule.

# AGENDA

# 11 August 2026

TO BE HELD IN THE COUNCIL CHAMBERS,

953 SOUTH COAST HIGHWAY, DENMARK,

ON TUESDAY 11 AUGUST 2026, COMMENCING AT 4.00PM.

# 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

# 2 RECORD OF ATTENDANCE

MEMBERS

Cr Aaron Wiggins (Shire President)
Cr Clare Campbell (Deputy Shire President)
Cr Nathan Davenport
Cr Kingsley Gibson
Cr Jay Hockey
Cr Jan Lewis
Cr Janine Phillips
Cr Alex Sleeman
Cr Dominic Youel

STAFF

David King (Chief Executive Officer)
Rob Westerberg (Director Infrastructure & Assets)
Kellie Jenkins (Executive Manager Corporate Services)
Claire Thompson (Governance Coordinator)

ON APPROVED LEAVE OF ABSENCE

ABSENT WITHOUT LEAVE

VISIOTRS

# 3 DECLARATION OF INTEREST

| Name | Item No. | Interest Type | Nature |
|---|---|---|---|
| | | | |
| | | | |

# 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 Council Meeting, such as this, **they must 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 THE 2026/2027 BUDGET

| | |
|---|---|
| **File Reference** | FIN.66.2026/27 |
| **Applicant** | Not Applicable |
| **Disclosure of Officer Interest** | Nil |
| **Date** | 24 July 2026 |
| **Author** | Kellie Jenkins, Executive Manager Corporate Services |
| **Authorising Officer** | Kellie Jenkins, Executive Manager Corporate Services |
| **Attachments** | 5.1a – Differential Rates Submissions 2026/2027<br>5.1b – Proposed 2026/2027 Budget |

**EXECUTIVE SUMMARY**

(1) This report presents the proposed 2026/2027 Annual Budget for Council consideration and adoption. The Budget has been prepared in accordance with legislative requirements and the Shire's integrated planning framework, following Council workshops and consideration of community submissions on the proposed differential rates and minimum payments.

(2) The Budget provides for operating revenue of $16.50 million and operating expenditure of $21.40 million. After recognising capital grants, asset disposals and non-cash expenditure, it delivers a balanced budget, with no forecast surplus or deficit at 30 June 2027.

(3) A capital works program of $15.48 million is proposed, including investment in community facilities, roads, bridges, paths, drainage, parks and reserves, plant and equipment. Major projects include the Berridge Park Precinct Redevelopment, Depot Redevelopment, library relocation and road and bridge renewal. The program is funded through $8.56 million in grants and contributions, $3.11 million in new borrowings, $2.32 million from reserves, $1.11 million from municipal funds and $387,000 from asset sales.

(4) The Budget also provides $1.07 million in community contributions, including service and funding agreements, community grants and events, rate waivers and the value of peppercorn leases. Public consultation on the proposed differential rates and

minimum payments was undertaken from 1 to 22 July 2026, with 12 submissions received and considered in finalising the Budget.

(5) Council is requested to note the submissions, adopt the advertised differential general rates and minimum payments through the 2026/2027 Annual Budget, adopt the associated Waste Facilities Maintenance rate, and endorse a materiality threshold of greater than both 10% and $50,000 for reporting monthly budget variances.

**VOTING REQUIREMENTS**

(6) Simple majority

| OFFICER RECOMMENDATION | ITEM 5.1a) |
|---|---|
| That Council NOTES the 12 public submissions received during the 21 day advertising period regarding the proposed 2026/2027 differential general rates and minimum payments and officers' responses as per Attachment 5.1a. | |

(7) Absolute majority

| OFFICER RECOMMENDATION | ITEM 5.1b) |
|---|---|
| That Council,<br>1. ADOPTS the 2026/2027 Budget, as per Attachment 5.1b.<br>2. In accordance with Section 66 of the Waste Avoidance and Resource Recovery Act 2007, applies the minimum payment provision of Section 6.35 of the Local Government Act 1995, and ADOPTS a Waste Facilities Maintenance rate to be imposed on all rateable properties for 2026/2027 financial year as follows:<br>a. GRV Properties – Rate in the dollar: 0.0001 Cents, Minimum $83.50<br>b. UV Properties – Rate in the dollar: 0.0010 Cents, minimum $83.50. | |

(8) Simple majority

| OFFICER RECOMMENDATION | ITEM 5.1c) |
|---|---|
| That Council ENDORSES a materiality threshold of greater than both 10% and $50,000 for reporting budget variances in the monthly Statement of Financial Activity for the 2026/2027 financial year, in accordance with regulation 34(5) of the Local Government (Financial Management) Regulations 1996, and AASB 101 Presentation of Financial Statements. | |

**LOCATION**

(9) Nil.

**BACKGROUND**

(10) The 2026/2027 Budget has been informed by Councillor feedback received through a series of workshops held between April and June 2026. It aligns with the Shire of

Denmark's integrated planning framework, including Council Plan: Our Future 2035 Plan, Workforce Plan, Long Term Financial Plan and Asset Management Plan. The Budget also considers community submissions on the proposed differential rates and the economic environment.

**DISCUSSION / OFFICER COMMENTS**

(11) The proposed 2026/2027 Budget includes information required by the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and the Australian Accounting Standards.

(12) The budget is structured in the following format:

c. Annual Statutory Budget

d. Appendix A - Capital Expenditure by Asset Class

e. Appendix B - Community Contributions

f. Appendix C - Schedule of Fees and Charges

(13) The Budget provides for operating revenue of $16.50 million and operating expenditure of $21.40 million. After recognising capital grants, asset disposals and non-cash expenditure, the Budget is balanced, with no forecast surplus or deficit at 30 June 2027.

**Differential Rates**

(14) The Local Government Act 1995 provides the legislative framework to levy and collect rates, which supports the financial sustainability of local government services and operations.

(15) Rates are calculated by applying the rate in the dollar, determined by Council as part of the budget process, to the property valuation supplied by the Valuer General through Landgate, subject to the applicable minimum payment. The basis of valuation and rating methodology are prescribed under State legislation.

(16) At its Ordinary Meeting held on 30 June 2026, Council resolved to advertise the proposed 2026/2027 differential rates in the dollar and minimum payments in accordance with section 6.36 of the Local Government Act 1995 and invite public submissions for a period of not less than 21 days.

(17) The proposed differential rates and minimum payments were advertised for public comment from 1 July 2026 to 22 July 2026.

*Table: Advertised Differential Rates and Minimum Payment*

| Differential Rate Category | Proposed 2026/2027 Rate in Dollar ($) | Proposed 2026/2027 Minimum Payment ($) |
|---|---|---|
| **Gross Rental Value (GRV)** | | |
| Improved | 0.086758 | 1,612 |
| Holiday Purposes | 0.169178 | 1,935 |
| Vacant | 0.172649 | 1,578 |
| **Unimproved Value (UV)** | | |
| Rural | 0.003795 | 1,853 |
| Rural - Additional Use Holiday | 0.004934 | 2,407 |
| Rural - Additional Use Commercial | 0.006452 | 3,519 |

(18) The differential rates and minimum payments included in the proposed Budget are unchanged from those advertised. Total rates revenue is budgeted to increase from $9.16 million in 2025/2026 to $9.82 million in 2026/2027, an increase of approximately $660,000 or 7.2%. This reflects the 4.6% CPI assumption, an additional 2% to support asset renewal and maintenance, and growth in the number of new rateable properties.

(19) The impact of the proposed rating model varies between differential rate categories because rates are calculated using the applicable rate in the dollar and individual property valuations. Average rate movements range from 6.1% to 10.0%, while all minimum payments are proposed to increase by 6.6%. The higher average movement in some categories reflects valuation changes within those categories and does not mean that every property will experience the average percentage shown. Actual changes will depend on the property valuation and whether the minimum payment applies.

*Table: Average Rates by Category*

| Differential Rate Category | 2025/26 Average Rate ($) | Proposed 2026/27 Average Rate ($) | Change (%) |
|---|---|---|---|
| **Gross Rental Value (GRV)** | | | |
| Improved | 2,051 | 2,193 | 6.9% |
| Holiday Purposes | 3,741 | 4,022 | 7.5% |
| Vacant | 1,896 | 2,014 | 6.2% |
| **Unimproved Value (UV)** | | | |
| Rural | 2,660 | 2,824 | 6.1% |
| Rural – Additional Use Holiday | 2,884 | 3,172 | 10.0% |
| Rural – Additional Use Commercial | 4,669 | 4,962 | 6.3% |

*Table: Minimum Payments by Category*

| Differential Rate Category | 2025/26 Minimum Payment ($) | Proposed 2026/27 Minimum Payment ($) | Change (%) |
|---|---|---|---|
| **Gross Rental Value (GRV)** | | | |
| Improved | 1,512 | 1,612 | 6.6% |
| Holiday Purposes | 1,815 | 1,935 | 6.6% |
| Vacant | 1,480 | 1,578 | 6.6% |
| **Unimproved Value (UV)** | | | |
| Rural | 1,738 | 1,853 | 6.6% |
| Rural – Additional Use Holiday | 2,258 | 2,407 | 6.6% |
| Rural – Additional Use Commercial | 3,301 | 3,519 | 6.6% |

(20) Total rates revenue includes growth from new properties entering the Shire's rating base. This growth is not an additional percentage increase applied to existing ratepayers. While new properties generate additional rates revenue, they also increase demand for local government services and infrastructure. Accordingly, the 7.2% increase in total rates revenue should not be interpreted as the increase applying to every existing property.

(21) A total of 12 submissions were received during the advertising period (refer Attachment 5.1a. Most submissions opposed the proposed increase, citing cost-of-living pressures, housing affordability, increasing business costs and the cumulative effect of rate increases on households and landowners. Several submitters also requested that Council continue to pursue efficiencies and review expenditure priorities before increasing rates.

(22) A recurring theme throughout the submissions was a request for clearer information about the purpose of the proposed increase and the projects, services and asset renewal activities it is intended to support. Submitters also sought further information about infrastructure renewal requirements, organisational efficiencies, employee costs, Council member remuneration and expenditure priorities. Some submissions raised concerns about the balance between investment in tourism-related initiatives and services that directly benefit residents, while others sought comparisons with neighbouring local governments.

(23) Notwithstanding the concerns raised, a number of submitters acknowledged the importance of maintaining roads, community facilities and other essential infrastructure. The predominant concern was not the need for investment in community assets, but the scale of the proposed increase and the justification provided in support of it.

(24) The proposed increase has been developed with reference to the Shire's Long Term Financial Plan and Strategic Asset Management Plan. It is intended to maintain existing

services, respond to increasing service delivery costs and contribute to the renewal and maintenance of community assets.

(25) After considering the submissions, officers recommend retaining the advertised differential rates and minimum payments because the associated revenue remains necessary to deliver the proposed operating and capital program and support the Shire’s long-term financial sustainability.

**Waste Facilities Maintenance Fee**

(26) It is proposed to increase the minimum payment for the Waste Facilities Maintenance rate to $83.50 per rateable property for the 2026/2027 financial year, reflecting a CPI adjustment.

(27) The Waste Facilities Maintenance rate provides funding for the management of the Shire’s waste facilities, including the operation, improvement, rehabilitation, capping and closure of the Denmark Waste Management and Refuse Facility and the operation and improvement of the Peaceful Bay Transfer Station.

**Fees and charges**

(28) The Local Government Act 1995 provides the legislative framework for local governments to impose fees and charges for services, facilities and approvals.

(29) Local governments may set fees and charges for a range of services. In doing so, they should consider the cost of providing the service, while also recognising that some services may be subsidised for community benefit or policy reasons.

(30) Some fees and charges are set by legislation or regulation, such as registration fees for dogs and cats. These statutory fees will be updated in accordance with the relevant legislative requirements.

(31) Officers have generally applied a 4.6% CPI increase, rounded to the nearest whole dollar where applicable.

**Community Contributions**

(32) The Budget provides $1.07 million in community contributions, comprising service and funding agreements, support for community halls, grants and events, rate waivers and the value of peppercorn leases. Presenting these contributions in Appendix B provides a consolidated view of the Shire’s support for community organisations and activities.

**Capital Expenditure**

(33) The proposed Budget includes capital expenditure of $15.48 million, funded by $8.56 million in grants and contributions, $3.11 million in new borrowings, $2.32 million from reserves, $1.11 million from municipal funds and $387,000 from asset sales. This funding mix enables the Shire to progress a substantial capital program while limiting the direct municipal contribution.

(34) Major projects include the Berridge Park Precinct Redevelopment, Depot Redevelopment, library relocation, Hardy Street remediation works, Turner Road upgrades and road, bridge, path and drainage renewal. The Berridge Park Precinct

Redevelopment is fully funded through government grants and is expected to progress from detailed design and preliminary works into construction during 2026/2027.

(35) New borrowings of $3.11 million are proposed for the Depot Redevelopment and Emergency Services Facility. Repayment of the Emergency Services Facility loan is expected to be funded by the Department of Fire and Emergency Services through the 2026/2027 Local Government Grant Scheme for Bush Fire Brigades, subject to grant approval.

**Reserves**

(36) The Budget includes transfers of $1.39 million to reserves and $2.19 million from reserves, resulting in an estimated reserve balance of $5.57 million at 30 June 2027. Reserve funds are applied to identified purposes including infrastructure, plant and recreation facilities, while maintaining funds for future commitments.

**Cash Position and Restricted Funds**

(37) The Budget forecasts cash and cash equivalents of $8.26 million at 30 June 2027, of which $6.35 million is restricted for reserves and other specific purposes. The remaining unrestricted cash supports working capital and the Shire’s capacity to meet operating commitments.

**OTHER INFORMATION**

**Materiality**

(38) Regulation 34 of the Local Government (Financial Management) Regulations 1996 requires that a Statement of Financial Activity be prepared each month reporting on the sources and application of funds as set out in the Annual Budget. Further, the statement is to report material variances between the amended Budget and actual sources and application of funds.

(39) Each financial year, a local government is required to adopt a percentage or value, calculated in accordance with Australian Accounting Standards, to be used for reporting material variances.

(40) The current materiality threshold for reporting budget variances is greater than 10% or $50,000, with variances meeting either threshold requiring explanation. In the 2024/2025 financial year, the threshold was greater than 10% or $10,000.

(41) It is proposed to amend the materiality threshold to greater than both 10% and $50,000. Under this approach, a variance would require explanation only where it exceeds both thresholds. This would reduce reporting on lower-value budget items where a relatively small dollar variance may exceed 10%, while maintaining focus on variances that are material in both percentage and financial terms.

(42) The proposed change better aligns variance reporting with the scale of the Shire's current budget and will assist in directing officers and Council attention to the most financially significant variances.

**CONSULTATION AND EXTERNAL ADVICE**

(43) Public consultation on the proposed differential rates and minimum payments was undertaken from 1 to 22 July 2026. The predominant community feedback opposed the proposed above-CPI rate increase. While most submitters acknowledged the need for ongoing investment in infrastructure and asset renewal, respondents consistently cited cost-of-living pressures and requested greater transparency regarding the need for the increase, the projects to be funded and the efficiency measures undertaken by the Shire. Additional concerns included housing affordability, value for money, spending priorities and the impact of continued above-CPI increases on residents, businesses and the broader community.

(44) Officers considered all submissions and have provided responses to the issues raised in Attachment 5.1b.

**STATUTORY / LEGAL IMPLICATIONS**

**Local Government Act 1995**

(45) Section 6.2 – Requirement for Local Governments to prepare and adopt an annual budget by an absolute majority. In preparing the annual budget, the local government is to have regard to the contents of the Plan for the Future.

**Local Government (Financial Management) Regulations 1996**

(46) Regulation 34(5) – Each financial year a local government is to adopt a material percentage or value for reporting purposes.

**STRATEGIC / POLICY IMPLICATIONS**

**Council Plan Our Future 2035**

(47) Openness and Transparency

g. Community Contribution Reporting – Include a clear statement in the annual budget outlining the Shire’s financial contributions to community organisations.

h. Your Denmark Engagement – Support ongoing community engagement through the Your Denmark platform by providing information on Shire projects and opportunities for feedback, including consultation on the proposed differential rates and minimum payments.

**FINANCIAL IMPLICATIONS**

(48) The Annual Budget establishes the Shire’s financial direction for 2026/2027 and has been prepared with reference to the Council Plan, Long Term Financial Plan and other informing strategies. Adoption enables the Shire to levy rates, maintain service delivery, progress the approved capital program and manage cash flow and financial commitments throughout the year.

## OTHER IMPLICATIONS

### Environmental

(49) There are no known significant environmental implications arising from the report or officer recommendation.

### Economic

(50) The proposed Budget has economic implications for ratepayers through the annual rates and charges levied. These impacts have been considered alongside the need to maintain services, renew assets and support the Shire's long-term financial sustainability.

(51) The Australian Bureau of Statistics reported that Perth's CPI increased by 1.2% in the March 2026 quarter, bringing annual inflation to 4.6%, in line with the national rate. Key inflation drivers were housing, transport, and food and non-alcoholic beverages, reflecting ongoing cost pressures on households.

(52) Sustained inflation continues to increase the cost of goods, services and service delivery, placing pressure on households, communities and local government. These conditions reinforce the need for prudent financial planning to maintain services, renew assets and respond to growing community demand.

### Social

(53) The Budget has social implications through its impact on household affordability and the continued delivery of community services, facilities and infrastructure. These matters were reflected in the submissions received and have been considered as part of the budget process.

## RISK MANAGEMENT

(54) Risk Table

| Risk | Risk based on history and with existing controls | | | Proposed Treatment/Control |
|---|---|---|---|---|
| | Likelihood | Consequence | Risk Rating | |
| **Financial Impact:** That Council does not endorse the 2026/2027 Budget. The delay in adopting the budget may affect cash flow, planned projects and | Unlikely (2) | Moderate (3) | Moderate (6) | Monitor cash flow, restrict expenditure to authorised commitments until adoption, and implement the adopted budget |

| | | | | |
|---|---|---|---|---|
| the timely delivery of services. | | | | through regular financial reporting. |
| **Legal / Regulatory Compliance:** That Council does not adopt the 2026/2027 Budget by 31 August 2026, resulting in non-compliance with statutory requirements and delaying the raising of rates and planned expenditure. | Unlikely (2) | Major (4) | Moderate (8) | Adoption of the budget within the statutory timeframe, supported by Council workshops, legislative review, public consultation on differential rates and ongoing financial monitoring. |

# 6 CLOSURE OF MEETING