

# Shire of Denmark

## Ordinary Council Meeting

# AGENDA

21 FEBRUARY 2023



TO BE HELD IN COUNCIL CHAMBERS, 953 SOUTH COAST HIGHWAY, DENMARK, ON TUESDAY, 21 FEBRUARY 2023, COMMENCING AT 4.00PM.



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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/APPROVED 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 Jan Lewis
- Cr Jackie Ormsby
- Cr Janine Phillips

STAFF:

- David Schober (Chief Executive Officer)
- David King (Deputy Chief Executive Officer)
- Gina McPharlin (Director Corporate & Community Services)
- Claire Thompson (Governance Coordinator)

APOLOGIES

ON APPROVED LEAVE(S) OF ABSENCE

ABSENT

VISITORS

**3. DECLARATIONS OF INTEREST**

Name	Item No	Interest	Nature

**4. ANNOUNCEMENTS BY THE PERSON PRESIDING**

**5. PUBLIC QUESTION TIME**

**5.1 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

## 5.2 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. The procedure for public question time can be found on the wall near the entrance to the Council Chambers or can be downloaded from our website at <http://www.denmark.wa.gov.au/council-meetings>.

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

In accordance with clauses 3.2 (2) & (3) of the Shire of Denmark Standing Orders Local Law, a second Public Question Time will be held, if required, and the meeting is not concluded prior, at approximately 6.00pm.

### Questions from the Public

## 5.3 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

## 5.4 PRESENTATIONS, DEPUTATIONS & PETITIONS

In accordance with Section 5.24 of the Local Government Act 1995, Sections 5, 6 and 7 of the Local Government (Administration) Regulations and section 3.3 and 3.13 of the Shire of Denmark Standing Orders Local Law, the procedure for persons seeking a deputation and for the Presiding Officer of a Council Meeting dealing with Presentations, Deputations and Petitions shall be as per Council Policy P040118 which can be downloaded from the Shire's website at <http://www.denmark.wa.gov.au/council-meetings>.

In summary, however, prior approval of the Presiding Person is required, and deputations should be for no longer than 15 minutes and by a maximum of two persons addressing the Council.

Nil.

## 6. APPLICATIONS FOR FUTURE LEAVE OF ABSENCE

A Council may, by resolution, grant leave of absence, to a member, for future meetings.

## 7. CONFIRMATION OF MINUTES

### 7.1 ORDINARY COUNCIL MEETING – 20 DECEMBER 2022

OFFICER RECOMMENDATION

ITEM 7.1

That the minutes of the Ordinary Meeting of Council held on the 20 December 2022 be CONFIRMED as a true and correct record of the proceedings.

**7.2 STRATEGIC BRIEFING NOTES – 20 DECEMBER 2022**

OFFICER RECOMMENDATION	ITEM 7.2
That the Notes from the Strategic Briefing held on 20 December 2022 be RECEIVED.	

**8. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**9. REPORTS OF OFFICERS**

**9.1 DIRECTOR ASSETS AND SUSTAINABLE DEVELOPMENT**

**9.1.1 PROPOSED REVISED LOCAL PLANNING POLICY NO. 49: ANCILLARY DWELLINGS & DETACHED HABITABLE ROOMS**

<b>File Ref:</b>	PLN.70
<b>Applicant / Proponent:</b>	Not applicable
<b>Subject Land / Locality:</b>	Shire wide (excluding Industrial and General Industry zones)
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	8 February 2022
<b>Author:</b>	Will Hosken, Planning Officer
<b>Authorising Officer:</b>	David King, Deputy CEO
<b>Attachments:</b>	9.1.1a – Proposed revised <i>Local Planning Policy No. 49: Ancillary Dwellings &amp; Detached Habitable Rooms</i> 9.1.1b – Schedule of Submissions

**IN BRIEF**

- On 20 December 2022 the Council endorsed draft revised *Local Planning Policy No. 49: Ancillary Dwellings & Detached Habitable Rooms* for public consultation.
- Public consultation was opened on 22 December 2022 and closed on 1 February 2023, with three (3) submissions received during this time.
- This report recommends final adoption of the draft revised policy with minor changes.

**RECOMMENDATION**

That Council, pursuant to Schedule 2, Part 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015*, resolves to:

1. ADOPT proposed revised *Local Planning Policy No. 49: Ancillary Dwellings & Detached Habitable Rooms* as provided at Attachment 9.x.xa, inclusive of the minor modifications detailed in this report.
2. FORWARD proposed revised *Local Planning Policy No. 49: Ancillary Dwellings & Detached Habitable Rooms* to the WA Planning Commission requesting their endorsement.

3. Following the receipt of advice from the WA Planning Commission, publish notice of the adoption of *Local Planning Policy No. 49: Ancillary Dwellings & Detached Habitable Rooms* on the Shire's website.
- 

## LOCATION

The existing and proposed revised *Local Planning Policy No. 49* relates to all properties within the Shire where a Single House can potentially be developed, which generally includes all zones excepting the Industrial and General Industry zones.

## BACKGROUND

1. On 20 December 2022 the Council considered a report discussing proposed changes to existing *Local Planning Policy No. 49: Ancillary Dwellings* and resolved in accordance with the officer recommendation to endorse a draft revised version of the policy for public consultation.
2. The existing policy provides guidance for the development of 'ancillary dwellings' (commonly known as 'granny flats') and promote their development as a form of small-format housing.
3. Proposed changes to the policy that relate to ancillary dwellings aim to provide improved guidance for landowners and neighbours by detailing expected development standards. This includes for outdoor living areas, store rooms, siting and water supply.
4. Proposed changes to the policy that relate to detached habitable rooms aim to define and provide for the development of additional habitable rooms that are separate from a house or ancillary dwelling. The aim of these new provisions is to formalise this form of development, providing both flexibility and guidance for building design.
5. Further details are provided in the report to Council of 20 December 2022 (Item 9.1.2).

## DISCUSSION / OFFICER COMMENTS

6. The proposed policy changes have been recommended as a result of the Shire's experience in implementing *Local Planning Policy No. 49: Ancillary Dwellings* since its initial adoption in November 2021 and the assessment of development applications for diverse housing designs over a much longer period.
7. Shire officers consider that these policy changes will improve clarity and certainty for landowners and neighbours, and will positively contribute to the community's ability to realise flexible and innovative housing design.
8. As a result of review following Council discussion, public consultation and consideration of the draft provisions in practice by officers, the following modifications are recommended:
  - Proposed clause 5.2.3(f) to be amended to require a minimum 38,000 litre (was proposed 92,000 litres) water supply for the development of an Ancillary Dwelling in an area not serviced by a reticulated water service.

An Ancillary Dwelling is largely considered an extension of an existing residential dwelling and is typically reliant on some or all of its services. In this way an Ancillary Dwelling is distinct from a Grouped Dwelling. This interpretation allows for the Shire not to impose the requirement for a minimum water supply of 92,000 litres as indicated at clause 5.6 of *Town Planning Scheme No. 3*.

Officers support this reduction based on the maximum size and expected occupancy of an Ancillary Dwelling as well as consideration of development costs and housing affordability. Water use varies between households and landowners retain the ability to install a greater amount of water storage if their personal circumstances required this.

A minimum 38,000 litres is recommended as this relates to a standard tank size and will allow for the installation of tanks without planning approval (if under 45,000 litres and otherwise consistent with the standards of the Shire's *Local Planning Policy 40 – Rainwater Tanks & Greywater Use Systems*).

- Proposed clause 5.2.2(c) to be amended to allow a maximum of 30m<sup>2</sup> (was 20m<sup>2</sup>) of *covered* outdoor living areas.

This accommodates a slightly larger outdoor living area while still providing appropriate limits for ancillary development, as well as specifying that this relates to 'covered' outdoor living areas only. There are no limits to the size of outdoor living areas that may be built in association with the primary residence.

Each of these modifications is considered minor and both have been included in the proposed revised policy included at Attachment 9.1.1a.

## CONSULTATION AND EXTERNAL ADVICE

9. The Shire has undertaken public consultation in accordance with the requirements of the *Planning & Development (Local Planning Schemes) Regulations 2015* (the Regulations). The relevant provisions form part of the Schedule 2 which are the 'deemed provisions' included within all local planning schemes.
10. The Regulations required a minimum public comment period of 21 days, noting that the Shire proposed a 30 day comment period and completed this across a period of 42 days to allow for seasonal holidays.
11. Three (3) submissions were received during the public consultation period and prior to the preparation of this report. These submissions are detailed in the Schedule of Submissions attached to this report. No modifications to the draft policy are proposed on the basis of the comments received.
12. It is noted that the proposed policy does not affect any ancillary dwelling or detached habitable room previously approved and does not therefore disadvantage any affected landowner.
13. The revised policy includes development standards for ancillary dwellings that will supplement the Residential Design Codes of WA (R-Codes). For this reason, the Shire is required to seek the endorsement of the WA Planning Commission (WAPC) for the policy. In accordance with Schedule 2, Part 2 of the Regulations, the Shire:

- Consulted with staff at the Department of Planning, Lands & Heritage during development of the revised policy.
- Forwarded notice of the advertising of the revised policy to the WAPC.
- Will forward the policy to the WAPC requesting their endorsement, should the revised policy be adopted by the Council.

### **STATUTORY / LEGAL IMPLICATIONS**

The Shire has observed the requirements of the Regulations in undertaking public consultation.

In accordance with the Regulations, following public consultation the Council must resolve to:

- Proceed with the policy without modification; or
- Proceed with the policy with modification; or
- Not to proceed with the policy.

If the Council resolves to proceed with the revised *Local Planning Policy No. 49: Ancillary Dwellings & Detached Habitable Rooms* the Shire will forward the policy to the WAPC requesting endorsement.

Should the WAPC direct the Shire to modify the policy in any substantial way, including altering the adopted standards or intent, a report will be prepared for the Council.

Should the WAPC advise the Shire of its endorsement of the policy, a notice will be published on the Shires website of the adoption of the policy which will be in force as of this date.

### **STRATEGIC / POLICY IMPLICATIONS**

The proposed Policy is consistent with Council's adopted Strategic Community Plan, Sustainability Strategy and the Corporate Business Plan Actions and Projects in the following specific ways:

#### Denmark 2027

##### 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.*

B3.3 To have a planning framework that is visionary, supports connectivity and enables participation.

##### L5.0 Our Local Government

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

L5.3 To be decisive and to make consistent and well considered decisions.

Sustainability Strategy 2021-2031

- 4.1 Implement responsible and sustainable practices through policy development and land-use planning.

Corporate Business Plan

*Building Planning & Health*

- Deliver a review of the entire local planning framework (22/23 – 24/25)

**FINANCIAL IMPLICATIONS**

There are no known financial implications upon either the Council’s current Budget (2022/23) or Long Term Financial Plan.

**OTHER IMPLICATIONS**

**Environmental**

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

**Economic**

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

**Social**

Adoption of the revised policy as recommended in this report is anticipated to have positive social benefits in facilitating diversity in housing design, and enabling the establishment of home businesses and personal hobbies.

**RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire’s Risk Management Governance Framework and no risks have been identified in relation to the officer recommendation or the report.

**VOTING REQUIREMENTS**

Simple majority.

<b>OFFICER RECOMMENDATION</b>	<b>ITEM 9.1.1</b>
<p>That Council, pursuant to Schedule 2, Part 2 of the <i>Planning and Development (Local Planning Schemes) Regulations 2015</i>, resolves to:</p> <ol style="list-style-type: none"> <li>1. ADOPT the revised <i>Local Planning Policy No. 49: Ancillary Dwellings &amp; Detached Habitable Rooms</i> as provided at Attachment 9.1.1a, inclusive of the minor modifications detailed in this report.</li> <li>2. FORWARD the revised <i>Local Planning Policy No. 49: Ancillary Dwellings &amp; Detached Habitable Rooms</i> to the WA Planning Commission requesting their endorsement.</li> <li>3. Following the receipt of advice from the WA Planning Commission, PUBLISH notice of the adoption of <i>Local Planning Policy No. 49: Ancillary Dwellings &amp; Detached Habitable Rooms</i> on the Shire’s website.</li> </ol>	

**9.1.2 PROPOSED LOCAL PLANNING POLICY NO. 50: BUILDING ENVELOPES**

<b>File Ref:</b>	PLN.70
<b>Applicant / Proponent:</b>	Not applicable
<b>Subject Land / Locality:</b>	Special Rural Zone, selected land within the Special Residential, Landscape Protection and Tourist zones, and selected Additional Use sites
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	8 February 2022
<b>Author:</b>	Will Hosken, Planning Officer
<b>Authorising Officer:</b>	David King, Deputy CEO
<b>Attachments:</b>	9.1.2a – Proposed Local Planning Policy No. 50: Building Envelopes 9.1.2b – Schedule of Submissions

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**IN BRIEF**

- On 20 December 2022 the Council endorsed proposed *Draft Local Planning Policy No. 50: Building Envelopes* for public consultation.
- Public consultation was opened on 22 December 2022 and closed on 1 February 2023, with one (1) submission received during this time.
- This report recommends final adoption of the proposed draft policy.

**RECOMMENDATION**

That Council, pursuant to Schedule 2, Part 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015*, resolves to:

1. ADOPT *Local Planning Policy No. 50: Building Envelopes* without modification.
  2. PUBLISH notice of the adoption of *Local Planning Policy No. 50: Building Envelopes* on the Shire's website within 14 days of the Council resolution.
- 

**LOCATION**

Proposed *Local Planning Policy No. 50: Building Envelopes* relates to all lots within the Special Rural Zone, and various properties within the Special Residential, Landscape Protection and Tourist zones and selected Additional Use sites.

**BACKGROUND**

14. On 20 December 2022 the Council considered a report discussing proposed *Draft Local Planning Policy No. 50: Building Envelopes* and resolved in accordance with the officer recommendation to endorse the Draft Policy for public consultation.
15. The purpose of the policy is to provide guidance for the designation and modification of building envelopes. Building envelopes are a commonly used planning tool, the aim

of which is to limit the extent of development and preserve significant remnant vegetation, visual landscape values or other physical or cultural features.

16. The policy aims to provide clarity on how the Shire will interpret and apply the relevant provisions of Town Planning Scheme No. 3 and thereby increase understanding and certainty for landowners.

### **DISCUSSION / OFFICER COMMENTS**

17. While the Shire's current practice aligns with the provisions of the proposed policy, the formal adoption of these will provide increased clarity and certainty for landowners and their neighbours.
18. Adoption of this policy will improve the position of the Shire should there be any legal challenge to how the Shire interprets the existing Scheme provisions.

### **CONSULTATION AND EXTERNAL ADVICE**

19. The Shire has undertaken public consultation in accordance with the requirements of the *Planning & Development (Local Planning Schemes) Regulations 2015* (the Regulations). The relevant provisions form part of the Schedule 2 which are the 'deemed provisions' included within all local planning schemes.
20. The Regulations required a minimum public comment period of 21 days, noting that the Shire proposed a 30 day comment period and completed this across a period of 42 days to allow for seasonal holidays.
21. One (1) submission was received during the public consultation period or prior to the preparation of this report. This submission is detailed in the Schedule of Submissions attached to this report. No modifications to the draft policy are proposed on the basis of the comments received.
22. It is noted that the proposed policy does not affect any building envelope currently designated and therefore does not disadvantage any affected landowner and the proposed provisions reflect current planning practice.

### **STATUTORY / LEGAL IMPLICATIONS**

The Shire has observed the requirements of the Regulations in undertaking public consultation.

In accordance with the Regulations, following public consultation the Council must resolve to:

- Proceed with the policy without modification; or
- Proceed with the policy with modification; or
- Not to proceed with the policy.

If the Council resolves to proceed with proposed *Local Planning Policy No. 50: Building Envelopes* the Shire will publish notice of this resolution, as required by the Regulations.

The Policy will be in force as of the date of this notice. This notice will be published on the Shire's website.

### **STRATEGIC / POLICY IMPLICATIONS**

The proposed Policy is consistent with Council's adopted Strategic Community Plan, Sustainability Strategy and the Corporate Business Plan Actions and Projects in the following specific ways:

#### Denmark 2027

##### **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.

##### **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.*

B3.3 To have a planning framework that is visionary, supports connectivity and enables participation.

#### Sustainability Strategy 2021-2031

4.1 Implement responsible and sustainable practices through policy development and land-use planning.

#### Corporate Business Plan

##### *Building Planning & Health*

- Deliver a review of the entire local planning framework (22/23 – 24/25)

### **FINANCIAL IMPLICATIONS**

There are no known financial implications upon either the Council's current Budget (2022/23) or Long Term Financial Plan.

### **OTHER IMPLICATIONS**

#### **Environmental**

The proposed policy should assist in achieving positive environmental outcomes through the protection of remnant vegetation, landscape features and cultural heritage.

#### **Economic**

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

#### **Social**

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

**RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire’s Risk Management Governance Framework and no risks have been identified in relation to the officer recommendation or the report.

**VOTING REQUIREMENTS**

Simple majority.

OFFICER RECOMMENDATION	ITEM 9.1.2
<p>That Council, pursuant to Schedule 2, Part 2 of the <i>Planning and Development (Local Planning Schemes) Regulations 2015</i>, resolves to:</p> <ol style="list-style-type: none"> <li>1. ADOPT <i>Local Planning Policy No. 50: Building Envelopes</i> without modification.</li> <li>2. PUBLISH notice of the adoption of <i>Local Planning Policy No. 50: Building Envelopes</i> on the Shire’s website within 14 days of the Council resolution.</li> </ol>	

**9.1.3 AMENDMENT TO SCHEDULE OF FEES AND CHARGES 2022/2023 - PROPOSED ELECTRIC VEHICLE CHARGING STATION TARIFF**

<b>File Ref:</b>	PROJ.ENG.19.21_22
<b>Applicant / Proponent:</b>	Not applicable
<b>Subject Land / Locality:</b>	Berridge Park, Hollings Road DENMARK
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	17 January 2023
<b>Author:</b>	Laura Delbene, Sustainable Projects Officer
<b>Authorising Officer:</b>	David King, Deputy Chief Executive Officer
<b>Attachments:</b>	Nil

**IN BRIEF**

- Installation of a dual 22k/W electric vehicle (EV) charger for public use is scheduled for completion by late March 2023 at Berridge Park - Hollings Road, Denmark.
- This report seeks to amend the adopted 2022/2023 Schedule of Fees and Charges to include a tariff for public electric vehicle charging.

**RECOMMENDATION**

That Council;

1. ADOPT a Duration and Energy Tariff at a rate of \$0.45 p/kWh + \$0.10 per minute parking fee after 3 hours for the Berridge Park EV charger;
2. APPROVE the inclusion of an Electric Vehicle Charging Tariff to the 2022/23 Schedule of Fees and Charges; and
3. GIVE public notice of the proposed fee a minimum of seven (7) days prior to the commissioning of the EV charger.

## LOCATION

The EV charger will be located within the Road Reserve adjacent to Berridge Park, on Hollings Road, Denmark. There will be two (2) parallel on-street parking bays dedicated for EV charging only.

## BACKGROUND

1. On 30 November 2020, the Western Australian State Government released the Electric Vehicle (EV) Strategy with initiatives to prepare for the transition to low and zero-emission electric vehicles. The strategy included the creation of an EV highway network throughout regional Western Australia to facilitate travel reaching north to Kununurra, through the southwest as far round as Eucla and east to Kalgoorlie. Implementation is underway, with 49 locations across Western Australia set to receive charging infrastructure. A progressive rollout will see the State's electric vehicle network fully operational by 2024. Denmark was not identified as a strategic location, falling between proposed charger installations in Albany and Walpole.
2. Availability of EV chargers in Denmark is limited, with the Shire offering 1 x 15-amp public charger on the western side of the building. Informal public use of the Shire chargers (2 x 15 amp plugs and 1 x dedicated Tesla charger) under the carport on the east side of the building has been occurring, with increased demand evidenced over the recent Christmas break by the queue of EV cars waiting to charge at the Shire Administration building. Several accommodation providers offer EV charging (AC only); however, this is for paying guests and is not publicly available. There is no DC fast-charging infrastructure in Denmark to date.
3. An application is currently pending with Western Power (WP) for the upgrade of power required to support the installation of a DC fast charger in town. However, this is subject to WP timeframes and additional funding requirements. To provide a more immediate solution, officers are progressing with installing a dual 22k/W AC charger at Berridge Park capable of delivering up to 30km of travel per 15 minutes depending on individual car capability, which will help meet demand whilst the WP application progresses. This report details the costs associated with installing and running the EV charger and the rationale for the proposed tariff.

## DISCUSSION / OFFICER COMMENTS

4. An Ocular IQ Dual 22k/W charger has been procured from EVSE Australia and will come commissioned with 'Exploren' charging software which requires the download of a free app for use. Payment for charging is managed through the app by Exploren, and the revenue generated will be reimbursed to the Shire minus \$0.30 per charging session and 2.5% of the revenue for administration fees and credit card fees every month.
5. The Shire will have ongoing access to the software application to monitor charging sessions and revenue generated. Tariffs can be changed at any time (pending Council approval).

6. Five (5) main types of Tariff structures can be set (figures are examples only):
  - **Flat rate** -  
e.g., \$ 25 flat rate no matter how much energy is used
  - **Duration** -  
e.g., \$0.25/30 mins
  - **Energy** -  
e.g., \$0.25/kWh
  - **Duration + Energy** -  
e.g., \$0.25/kWh + \$0.25/30mins
  - **Duration + Energy Time of Day** -  
e.g. \$0.45/kWh + \$0.25/30mins from 6AM to 4PM and \$0.25/kWh from 4PM to 6AM

7. A review of Tariffs charged across the southwest is presented in Table 1 below:

Table 1: Indicative EV charging tariffs across the southwest

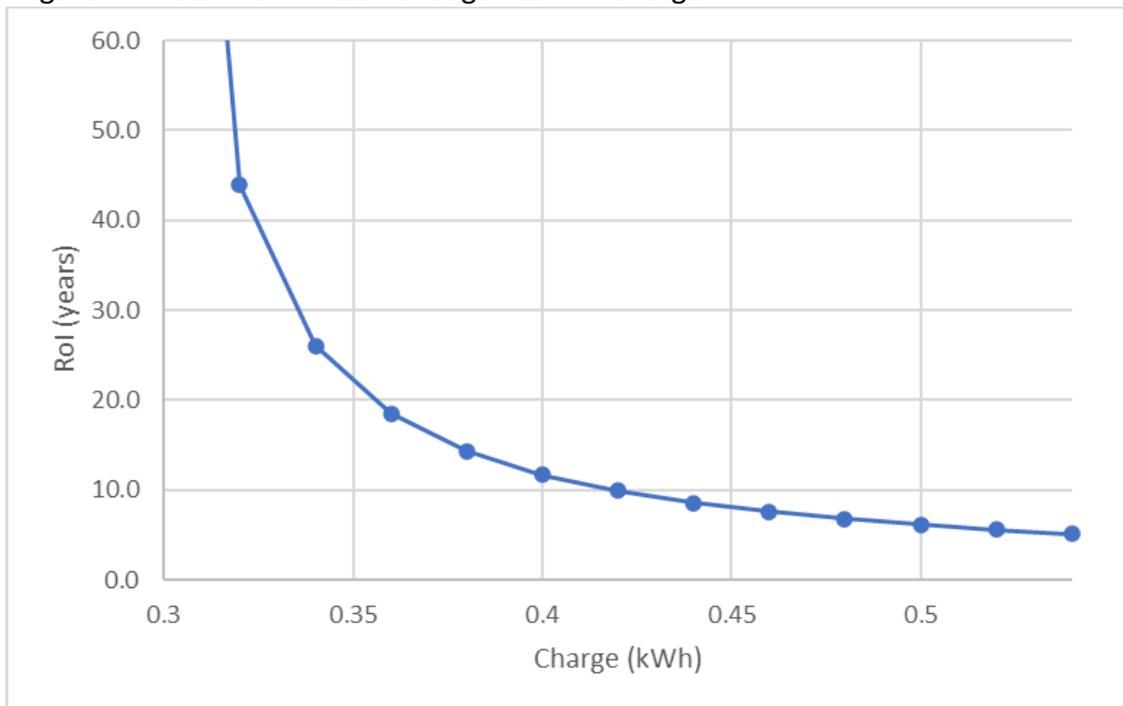
Charger Type	Location	Tariff
50kW DC	Kojonup	\$0.55 per kWh
250kW Supercharger	Williams	\$0.69 per kWh + \$1 per minute idle fee
50kW DC	Pemberton	\$0.45 per kWh
50kW DC	Collie	\$0.40 per kWh
50kW DC	Bridgetown	\$0.45 per kWh
50kW DC	Augusta	\$0.45 per kWh
250kW Supercharger	Margaret River (Town centre)	\$0.69 per kWh + \$1 per minute idle fee
50kW DC	Margaret River (Walcliffe Rd Parking Lot)	\$0.45 per kWh
50kW DC	Busselton	\$0.45 per kWh
50kW DC (maximum 35kW due to power grid limitations)	Katanning	\$0.45 per kWh + 10 cents per minute parking fee after 2 hours
50kW DC	Pemberton	\$0.45 per kWh
50kW DC	Lake Grace	\$0.40 per kWh
50kW DC (maximum 20kW due to power grid limitations)	Ravensthorpe	\$0.50 per kWh

8. The cost for the charging unit and installation is approximately \$20,000. Additional charges include an annual software subscription and Open Charge Point Protocol (OCPP) connection charges. The current consumption charge (excluding service provider charges) is \$0.27c p/kWh at the Berridge Park location.
9. It is recommended that the Duration + Energy option be implemented at a rate of \$0.45/kWh + \$0.10 per minute parking fee after 3 hours, as this will allow for the cost of power and administrative costs to be recovered and incentivises owners to move when an adequate charge is reached.
10. Figure 1 below shows the return on investment against kWh charge for use. This is based on the following assumptions:

- 11kWh charge rate for 4 hours per day, 365 days/year
- \$20,000 installation cost
- Average charge time (per vehicle) 2 hours
- No duration fee (\$0.10/minute after 3 hours)

At \$0.45/kWh the return on investment is approximately 8 years.

Figure 1 – Return on investment against kWh charge.



**CONSULTATION AND EXTERNAL ADVICE**

11. Officers provided a project update and sought comments from the Sustainable Projects Committee regarding the EV charger costs and proposed tariff structure and rate.
12. The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council’s Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

**STATUTORY / LEGAL IMPLICATIONS**

The *Local Government Act 1995* as it relates to fees and charges as follows:

Section 6.16. Imposition of fees and charges

- (1) A local government may impose\* and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.
- (2) A fee or charge may be imposed for the following —

- a) providing the use of, or allowing admission to, any property or facility wholly or partly owned, controlled, managed, or maintained by the local government.
- (3) Fees and charges are to be imposed when adopting the annual budget but may be:
- a) imposed during a financial year; and
  - b) amended from time to time during a financial year.

Section 6.19. Local government to give notice of fees and charges.

If a local government wishes to impose any fees or charges under this Subdivision after the annual budget has been adopted it must, before introducing the fees or charges, give local public notice of —

- a) its intention to do so; and
- b) the date from which it is proposed the fees or charges will be imposed.

### **STRATEGIC / POLICY 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

##### N2.0 Our Natural Environment

- N2.3 To reduce human impact on natural resources, reduce waste and utilise renewable energy.

##### B3.0 Our Built Environment

- 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.

#### Corporate Business Plan

##### Sustainability: Transport and Travel

- Deliver an electric vehicle charging station in the CBD.

### **FINANCIAL IMPLICATIONS**

The Council's current budget provides for the purchase and installation of EV charging infrastructure. This report seeks to apply a tariff to cover ongoing administrative and utility costs, including annual software subscriptions to run the EV charger.

### **OTHER IMPLICATIONS**

#### **Environmental**

Installation of the EV charger supports the Western Australian State Government Electric Vehicle (EV) Strategy initiatives to transition to low and zero-emission electric vehicles.

**Economic**

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

**Social**

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

**RISK MANAGEMENT**

**Risk Analysis Table**

Risk	Risk based on history and with existing controls			Proposed Treatment/Control
	Likelihood	Consequence	Risk Rating	
<b>Reputational:</b> That the EV charger installed does not meet community/visitor expectations for the rate of charge (power) available and the tariff imposed.	Likely (4)	Minor (2)	Moderate (8)	Risk acceptable-communicate plans for any additional infrastructure and review tariffs as necessary

**VOTING REQUIREMENTS**

Absolute majority.

OFFICER RECOMMENDATION	ITEM 9.1.3
<p>That Council;</p> <ol style="list-style-type: none"> <li>ADOPT a Duration and Energy Tariff at a rate of \$0.45 p/kWh + \$0.10 per minute parking fee after 3 hours for the Berridge Park EV charger;</li> <li>APPROVE the inclusion of an Electric Vehicle Charging Tariff to the 2022/23 Schedule of Fees and Charges; and</li> <li>GIVE public notice of the proposed fee a minimum of seven (7) days prior to the commissioning of the EV charger.</li> </ol>	

\* Absolute majority required.

**9.2 DIRECTOR CORPORATE AND COMMUNITY SERVICES**

**9.2.1 FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2022**

<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>	18 January 2023
<b>Author:</b>	Lee Sounness, Manager Corporate Services
<b>Authorising Officer:</b>	Gina McPharlin, Director Corporate & Community Services
<b>Attachments:</b>	9.2.1 – November 2022 Monthly Financial Report 9.2.2 – November 2022 Investment Register

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**IN BRIEF**

- Under the Local Government Financial Management Regulations, a local government is to prepare, on a monthly basis, a statement of financial activity that reports on the Shire’s financial performance in relation to its adopted budget.
- The Shire of Denmark’s Statement of Financial Activity for the period ending 30 November 2022 has been prepared and is attached.

**RECOMMENDATION**

That with respect to the Financial Statements for the period ending 30 November 2022 Council RECEIVE the Financial Reports, incorporating the Statement of Financial Activity and other supporting documentation.

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**LOCATION**

Nil

**BACKGROUND**

1. In order to fill statutory reporting obligations, the Monthly Financial Report prepared provides a snapshot of the Shire’s year-to-date financial performance. The report provides:
  1. Statement of Financial Activity by Nature or Type;
  2. Statement of Financial Activity by Program;
  3. Explanation of Material Variances;
  4. Net Current Funding Position;
  5. Receivables;
  6. Capital Acquisitions;
  7. Cash Backed Reserve Balances;
  8. Loan Schedule.
2. Each year a local government is required to adopt a percentage or value to be used in the Statement of Financial Activity for reporting material variances. Under Resolution

030822, Council adopted 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.

- Pursuant to the Shire’s Investment Policy, an investment report and investment register (Attachment 9.2.2) are to be provided to Council on a monthly basis, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio.

**DISCUSSION / OFFICER COMMENTS**

- The Statement of Financial Activity for November 2022 shows a year-to-date closing funding surplus of \$7,422,364 compared to the year-to-date budget surplus of \$7,375,041, a minor variance of \$47,323. The reason why the first six (6) months of any financial year has a large surplus is that over 75% of the total revenue has been recognised (from the raising of rates and fees and charges); however, most of the Shire’s expenditure occurs evenly over the 12 months. This results in a timing variance, and the surplus reduces as the financial year progresses.
- A summary of the financial position for November 2022 is detailed in the table below:

	Amended Annual Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)
	\$	\$	\$	\$	%
<b>Opening Funding Surplus / (Deficit)</b>	<b>2,192,772</b>	<b>2,192,772</b>	<b>1,493,572</b>	<b>(699,200)</b>	<b>-32%</b>
<b>Revenue</b>					
Operating revenue	13,411,131	11,097,172	11,249,203	152,031	1%
Capital revenue, grants and contributions	8,872,105	542,888	563,443	20,555	4%
	<b>22,283,236</b>	<b>11,640,060</b>	<b>11,812,646</b>	<b>172,586</b>	
<b>Expenditure</b>					
Operating Expenditure	-16,349,642	-6,702,963	-7,157,560	-454,597	7%
Capital Expenditure	-11,585,161	-1,207,828	-1,016,455	191,373	-15%
	<b>-27,934,803</b>	<b>-7,910,791</b>	<b>-8,174,015</b>	<b>-263,224</b>	
Funding balance adjustments	3,458,795	1,453,000	2,290,162	837,162	57%
<b>Closing Funding Surplus / (Deficit)</b>	<b>0</b>	<b>7,375,041</b>	<b>7,422,364</b>	<b>47,323</b>	<b>0%</b>

- Investment Report (Investment Register - Attachment 9.2.2)  
Pursuant to the Shire’s Investment Policy, an investment report and investment register are to be provided to Council on a monthly basis, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio. The Investment Register is also to provide details of investment income

earned against budget, whilst confirming compliance of the portfolio with legislative and policy limits.

7. As at 30 November 2022, total cash funds held (including trust funds) totals \$11,888,064

(Summary – Investment Register).

- Municipal Funds total \$7,056,527
- Shire Trust Funds total \$850
- Reserve Funds (restricted) invested, total \$4,830,687
- Municipal Funds (unrestricted) invested, total \$5,002,290

8. The official Reserve Bank of Australia's (RBA) cash rate increased during November by 0.25% from 2.60% to 2.85%. Further increases are expected in the coming months.

9. Emergency Maintenance Expenditure - Coastal Infrastructure

Emergency maintenance expenditure of up to \$100,000 is forecast to mitigate unforeseen erosion of a section of Prawn Rock Channel (within the vicinity of the footpath, boardwalk and pontoon bridge).

All of the expenditure associated with the Prawn Rock Channel emergency repairs will be costed to Job No.11042 – Coastal Infrastructure Maintenance, which has a 2022/23 budget of \$26,000. Officers will request an amendment to this account at the 2022/23 Mid-Year Budget Review, with the additional budget expenditure to be funded by operational savings identified during the review or by applicable reserve funds.

#### **CONSULTATION AND EXTERNAL ADVICE**

The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

#### **STATUTORY / LEGAL IMPLICATIONS**

Regulation 34 (1-5) of the Local Government (Financial Management) Regulations 1996, details the form and manner in which a local government is to prepare financial activity statements.

The Local Government Act 1995 – Section 6.14.

The Trustees Act 1962 – Part III Investments.

The Local Government (Financial Management) Regulations 1996 - Reg. 19, 28 and 49; and The Australian Accounting Standards, sets out the statutory conditions under which Council funds may be invested.

#### **STRATEGIC / POLICY IMPLICATIONS**

Implement a financial strategy to ensure the Shire of Denmark's financial sustainability.

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

- L5.0 Our Local Government
  - L5.4 To be fiscally responsible.

**FINANCIAL IMPLICATIONS**

The Shire’s 2022/2023 Annual Budget provides a set of parameters that guides the Shire’s financial practices.

Any financial implications or trends are detailed within the context of this report.

**OTHER IMPLICATIONS**

**Environmental**

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

**Economic**

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

**Social**

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

**RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire’s Risk Management Governance Framework, and no risks have been identified in relation to the officer recommendation or the report.

**VOTING REQUIREMENTS**

Simple majority.

<b>OFFICER RECOMMENDATION</b>	<b>ITEM 9.2.1</b>
<p>That with respect to the Financial Statements for the period ending 30 November 2022, Council RECEIVE the Financial Reports, incorporating the Statement of Financial Activity and other supporting documentation.</p>	

**9.2.2 LIST OF PAYMENTS FOR THE PERIOD ENDING 30 NOVEMBER 2022**

<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>	13 January 2022
<b>Author:</b>	Lee Sounness, Manager of Corporate Services
<b>Authorising Officer:</b>	Gina McPharlin, Director Corporate & Community Services
<b>Attachments:</b>	9.2.2 – November 2022 Monthly List of Payments Summary

**IN BRIEF**

The purpose of this report is to advise the Council of payments made during the period 1 November 2022 to 30 November 2022.

**RECOMMENDATION**

That with respect to the attached Schedule of Payments, totalling \$1,282,446.17, for the month of November 2022, Council RECEIVE the following summary of accounts:

- Electronic Funds Transfers EFT34090 to EFT34313 - \$696,983.01.
- Municipal Fund Cheque No’s 60510 – 60511 - \$4,257.50;
- Internal Account Transfers (Payroll) - \$429,986.39; and
- Direct Debit - \$9,604.89;
- Corporate Credit Card; \$4,396.78;
- Department of Transport Remittances; \$93,966.70 and
- Loan Payments: \$43,250.90

**LOCATION**

Nil

**BACKGROUND**

Nil

**DISCUSSION / OFFICER COMMENTS**

Nil

**CONSULTATION AND EXTERNAL ADVICE**

The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council’s Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

**STATUTORY / LEGAL IMPLICATIONS**

Local Government (Financial Management) Regulation 13 relates:

**STRATEGIC / POLICY IMPLICATIONS**

Delegation Number D040201 relates.

Implement a financial strategy to ensure the Shire of Denmark’s financial sustainability.

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

L5.0 Our Local Government

L5.4 To be fiscally responsible.

**FINANCIAL IMPLICATIONS**

There are no known significant trends or issues to be reported.

**OTHER IMPLICATIONS**

**Environmental**

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

**Economic**

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

**Social**

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

**RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire’s Risk Management Governance Framework and no risks have been identified in relation to the officer recommendation or the report.

**VOTING REQUIREMENTS**

Simple majority.

<p><b>OFFICER RECOMMENDATION</b></p> <p>That with respect to the attached Schedule of Payments, totalling \$2,159,538.05, for the month of December 2022, Council RECEIVE the following summary of accounts:</p> <ul style="list-style-type: none"> <li>• Electronic Funds Transfers EFT34314 to EFT34608 - \$1,410,085.35;</li> <li>• Municipal Fund Cheque No’s 60512 – 60520 - \$9,431.11;</li> <li>• Internal Account Transfers (Payroll) - \$610,697.82; and</li> <li>• Direct Debit - \$9,529.26;</li> <li>• Corporate Credit Card; \$6,409.10;</li> <li>• Department of Transport Remittances; \$67,036.25 and</li> <li>• Loan Payments: \$46,349.16</li> </ul>	<p><b>ITEM 9.2.2</b></p>
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**9.2.3 FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022**

<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>	2 February 2023
<b>Author:</b>	Lee Sounness, Manager Corporate Services Gina McPharlin, Director Corporate & Community Services
<b>Authorising Officer:</b>	
<b>Attachments:</b>	9.2.3a – December 2022 Monthly Financial Report 9.2.3b – December 2022 Investment Register

**IN BRIEF**

- Under the Local Government Financial Management Regulations, a local government is to prepare, on a monthly basis, a statement of financial activity that reports on the Shire's financial performance in relation to its adopted budget.
- The Shire of Denmark's Statement of Financial Activity for the period ending 31 December 2022 has been prepared and is attached.

**RECOMMENDATION**

That with respect to the Financial Statements for the period ending 31 December 2022, Council RECEIVE the Financial Reports, incorporating the Statement of Financial Activity and other supporting documentation.

**LOCATION**

Nil

**BACKGROUND**

1. In order to fill statutory reporting obligations, the Monthly Financial Report prepared provides a snapshot of the Shire's year-to-date financial performance. The report provides:
  - Statement of Financial Activity by Nature or Type;
  - Statement of Financial Activity by Program;
  - Explanation of Material Variances;
  - Net Current Funding Position;
  - Receivables;
  - Capital Acquisitions;
  - Cash Backed Reserve Balances;
  - Loan Schedule.
2. Each year a local government is required to adopt a percentage or value to be used in the Statement of Financial Activity for reporting material variances. Under Resolution 030822, Council adopted 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.

- Pursuant to the Shire’s Investment Policy, an investment report and investment register (Attachment 9.2.2b) are to be provided to Council on a monthly basis, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio.

**DISCUSSION / OFFICER COMMENTS**

- The Statement of Financial Activity for December 2022 shows a year-to-date closing funding surplus of \$6,156,022 compared to the year-to-date budget surplus of \$5,861,112, a minor variance of \$294,910. The reason why the first six months of any financial year has a large surplus is that over 75% of the total revenue has been recognised (from raising of rates and fees and charges), however, most of the Shire’s expenditure occurs evenly over the 12 months. This results in a timing variance and the actual surplus reduces as the financial year progresses.
- A summary of the financial position for December 2022 is detailed in the table below:

	Amended Annual Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)
	\$	\$	\$	\$	%
<b>Opening Funding Surplus / (Deficit)</b>	<b>2,192,772</b>	<b>2,192,772</b>	<b>1,493,572</b>	<b>-699,200</b>	<b>-32%</b>
<b>Revenue</b>					
Operating revenue	13,411,131	11,315,308	11,589,907	274,599	2%
Capital revenue, grants and contributions	8,872,105	557,888	596,512	38,624	7%
	<b>22,283,236</b>	<b>11,873,196</b>	<b>12,186,418</b>	<b>313,222</b>	
<b>Expenditure</b>					
Operating Expenditure	-16,349,642	-7,930,066	-8,531,752	-601,686	-8%
Capital Expenditure	-11,585,161	-2,003,389	-1,622,297	381,092	-15%
	<b>-27,934,803</b>	<b>-9,933,455</b>	<b>10,154,049</b>	<b>-220,594</b>	
Funding balance adjustments	3,458,795	1,728,600	2,630,081	901,481	52%
<b>Closing Funding Surplus / (Deficit)</b>	<b>0</b>	<b>5,861,112</b>	<b>6,156,022</b>	<b>294,910</b>	<b>5%</b>

- Investment Report (Investment Register - Attachment 9.2.2b)  
Pursuant to the Shire’s Investment Policy, an investment report and investment register are to be provided to Council on a monthly basis, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio. The Investment Register is also to provide details of investment income earned against budget, whilst confirming compliance of the portfolio with legislative and policy limits.

7. As at 31 December 2022, total cash funds held (including trust funds) totals \$10,496,569  
(Summary – Investment Register).
  - Municipal Funds total \$5,649,398
  - Shire Trust Funds total \$850
  - Reserve Funds (restricted) invested, total \$4,846,320
  - Municipal Funds (unrestricted) invested, total \$4,004,157
8. The official Reserve Bank of Australia's (RBA) cash rate increased during the month of December by 0.25% from 2.85% to 3.10%. Increases are expected in the coming months, further increasing the cash rate.
9. Emergency Maintenance Expenditure - Coastal Infrastructure  
Due to unforeseen erosion of a section of prawn rock channel within the vicinity of the footpath, boardwalk and pontoon bridge, emergency maintenance expenditure of up to \$100,000 is forecast to mitigate this issue. All expenditure related to the emergency repairs of prawn rock will be costed to Job No.11042 – Coastal Infrastructure Maintenance, which has a 2022/23 budget of \$26,000. At the 2022/23 mid-year budget review, officers will request amendment to this account, with the additional budget expenditure to be funded by operational savings identified during the review or by applicable reserve funds.

#### **CONSULTATION AND EXTERNAL ADVICE**

The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

#### **STATUTORY / LEGAL IMPLICATIONS**

Regulation 34 (1-5) of the Local Government (Financial Management) Regulations 1996, details the form and manner in which a local government is to prepare financial activity statements.

The Local Government Act 1995 – Section 6.14.

The Trustees Act 1962 – Part III Investments.

The Local Government (Financial Management) Regulations 1996 - Reg. 19, 28 and 49; and The Australian Accounting Standards, sets out the statutory conditions under which Council funds may be invested.

#### **STRATEGIC / POLICY IMPLICATIONS**

Delegation Number D040201 relates:

Implement a financial strategy to ensure the Shire of Denmark's financial sustainability.

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

L5.0 Our Local Government

L5.4 To be fiscally responsible.

**FINANCIAL IMPLICATIONS**

The Shire’s 2022/2023 Annual Budget provides a set of parameters that guides the Shire’s financial practices.

Any financial implications or trends are detailed within the context of this report.

**OTHER IMPLICATIONS**

**Environmental**

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

**Economic**

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

**Social**

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

**RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire’s Risk Management Governance Framework and no risks have been identified in relation to the officer recommendation or the report.

**VOTING REQUIREMENTS**

Simple majority.

OFFICER RECOMMENDATION	ITEM 9.2.3
<p>That with respect to the Financial Statements for the period ending 31 December 2022, Council RECEIVE the Financial Reports, incorporating the Statement of Financial Activity and other supporting documentation.</p>	

**9.2.4 LIST OF PAYMENTS FOR THE PERIOD ENDING 31 DECEMBER 2022**

<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>	1 February 2023
<b>Author:</b>	Lee Sounness, Manager of Corporate Services
<b>Authorising Officer:</b>	Gina McPharlin, Director Corporate & Community Services
<b>Attachments:</b>	9.2.4 – December 2022 Monthly List of Payments Summary

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**IN BRIEF**

The purpose of this report is to advise the Council of payments made during the period 1 December 2022 to 31 December 2022.

**RECOMMENDATION**

That with respect to the attached Schedule of Payments, totalling \$2,159,538.05, for the month of December 2022, Council RECEIVE the following summary of accounts:

- Electronic Funds Transfers EFT34314 to EFT34608 - \$1,410,085.35;
  - Municipal Fund Cheque No’s 60512 – 60520 - \$9,431.11;
  - Internal Account Transfers (Payroll) - \$610,697.82; and
  - Direct Debit - \$9,529.26;
  - Corporate Credit Card; \$6,409.10;
  - Department of Transport Remittances; \$67,036.25 and
  - Loan Payments: \$46,349.16
- 

**LOCATION**

Nil

**BACKGROUND**

Nil

**DISCUSSION / OFFICER COMMENTS**

Nil

**CONSULTATION AND EXTERNAL ADVICE**

The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council’s Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

**STATUTORY / LEGAL IMPLICATIONS**

Local Government (Financial Management) Regulation 13 relates:

**STRATEGIC / POLICY IMPLICATIONS**

Delegation Number D040201 relates:

Implement a financial strategy to ensure the Shire of Denmark’s financial sustainability.

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

L5.0 Our Local Government

L5.4 To be fiscally responsible.

**FINANCIAL IMPLICATIONS**

There are no known significant trends or issues to be reported.

**OTHER IMPLICATIONS**

**Environmental**

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

**Economic**

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

**Social**

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

**RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire’s Risk Management Governance Framework and no risks have been identified in relation to the officer recommendation or the report.

**VOTING REQUIREMENTS**

Simple majority.

<b>OFFICER RECOMMENDATION</b>	<b>ITEM 9.2.4</b>
<p>That with respect to the attached Schedule of Payments, totalling \$2,159,538.05, for the month of December 2022, Council RECEIVE the following summary of accounts:</p> <ul style="list-style-type: none"> <li>• Electronic Funds Transfers EFT34314 to EFT34608 - \$1,410,085.35;</li> <li>• Municipal Fund Cheque No’s 60512 – 60520 - \$9,431.11;</li> <li>• Internal Account Transfers (Payroll) - \$610,697.82; and</li> <li>• Direct Debit - \$9,529.26;</li> <li>• Corporate Credit Card; \$6,409.10;</li> <li>• Department of Transport Remittances; \$67,036.25 and</li> <li>• Loan Payments: \$46,349.16</li> </ul>	

### 9.2.5 ADOPTION OF 2022/2023 BUDGET REVIEW

<b>File Ref:</b>	FIN.9
<b>Applicant / Proponent:</b>	Not applicable
<b>Subject Land / Locality:</b>	Not applicable
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	1 February 2023
<b>Author:</b>	Scott Sewell, Accountant Lee Sounness, Manager of Corporate Services
<b>Authorising Officer:</b>	Gina McPharlin Director Corporate & Community Services
<b>Attachments:</b>	9.2.5a – 2022/2023 Statement of Budget Review 9.2.5b - 2022/2023 Detailed Budget Review

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#### IN BRIEF

To consider for adoption the Mid Year Budget Review as presented, in the attached Statement of Budget Review, for the period 1 July 2022 to 31 December 2022.

#### RECOMMENDATION

That Council ADOPT the 2022/2023 Budget Review in accordance with regulation 33A of the Local Government (Financial Management) Regulations 1996, including the endorsement of proposed amendments to 2022/2023 Municipal Budget as detailed in the attached Statement of Budget Review.

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#### LOCATION

Nil

#### BACKGROUND

1. Council adopted its 2022/2023 Municipal Budget at a special meeting held on 2 August 2022 (Res: 020822). Regulation 33A of the Local Government (Financial Management) Regulations 1996 requires local governments to review their annual budget after six (6) months. Council is required to consider the results of this review.
2. The Budget Review has been prepared to include information required by the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.
3. To determine the expected financial position as at 30 June 2023, the budget reviewed financial statements contain all actual revenue and expenditure totals at Program and Nature & Type level to 31 December 2022 (refer to pages 1 & 2 of Attachment 9.2.5a - 2022/2023 Statement of Budget Review).
4. The Budget Review is conducted by looking at projected gains and reductions in operating and non-operating revenue as cost savings and overruns in operating and capital expenditure. The proposed adjustments to accounts or jobs and the recommended revised budget for those line items, including a brief explanation of the

circumstances, are outlined in Attachment 9.2.5b - 2022/2023 Detailed Budget Review.

5. The Budget Review includes acknowledgment of the significantly decreased surplus brought forward position as at 1 July 2022 as per the final draft of the annual statements currently awaiting audit sign-off for the year ended 30 June 2022. An explanation of the decrease in surplus is provided in this report in the FINANCIAL IMPLICATIONS section of this report - 4. Opening Surplus / Brought Forward)
6. Further details surrounding the more significant items listed in the budget review are provided in this report.
7. Council adopted 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 \$10,000. (Res: 020822) This figure is generally used in the monthly Statements of Financial Activity and the Budget Review.

### **DISCUSSION / OFFICER COMMENTS**

8. The budget review has been prepared to include information required by the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.
9. This review is completed by looking at projected gains and reductions in operating revenue cost savings and overruns in operating expenditure, a review of the entire capital expenditure program and its funding sources and includes acknowledgement of the decreased surplus brought forward position as at 1 July 2022 as per the final draft of the annual statements awaiting audit sign off for the year ended 30 June 2022.
10. The ability to complete capital works and operational projects due to a lack of available contractors and services and increasing costs of materials and contracted suppliers is an ongoing concern for the Shire. There are also impacts from the State's skills shortage and a lack of local housing availability for employees. Tender pricing for projects received in the first six (6) months of the financial year has shown significant variance to initial cost estimates. This trend is expected to continue in 2023/2024.
11. Should Council accept the Officer's recommendation to amend the budget as per the attached summary, the overall net impact on the end-of-year position is nil. The original budget as adopted was based on the assumption of a balanced budget and a zero year-end surplus brought forward position as at 30 June 2023.
12. The Officer recommends that Council adopt the Budget Review as presented.

### **CONSULTATION AND EXTERNAL ADVICE**

Internal consultation was undertaken with the Chief Executive Officer, Directors and Managers regarding the status of budget projects included within their area of responsibility.

### **STATUTORY / LEGAL IMPLICATIONS**

Local Government Act 1995 section 6.2 Municipal Budget

Local Government (Financial Management) Regulations 1996 Regulation 33A – Review of Budget:

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *The review of an annual budget for a financial year must –*
  - a) *consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
  - b) *consider the local government’s financial position as at the date of the review; and*
  - c) *review the outcomes for the end of that financial year that are forecast in the budget.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out, it is to be submitted to the Council.*
- (3) *A council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

### **STRATEGIC / POLICY 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

L5.4 To be fiscally responsible.

### **FINANCIAL IMPLICATIONS**

1. The 2022-2023 Municipal Budget was adopted on the basis of a zero surplus at year-end.
2. Council has accepted the following formal Council Meeting amendments to the adopted 2022-2023 annual budget. These amendments have not altered the budgeted closing position estimate, as the adjustments were funded from Reserves or were cost neutral:
  - 15 November 2022 (Res: 151122) - AMEND the 2022/2023 annual budget to reflect the following:
    - Mount Shadforth Road budget (Job No. 50371) be reduced by \$682,000 to \$50,000 for design component only;
    - Lights Road budget (Job No. 50374) be increased by \$682,000.
  - 20 December 2022 (Res. 101222) - APPROVE the following amendments to the 2022/2023 adopted budget to remove replacement of Ammann Multi Tyred Roller (Asset – ROLLER2) and increase the value for the replacement of the Nissan UD 320 tip Truck (Asset - TRUCK18) by making the following:

- A/c 1230493 – reduce non cash operating income for profit on sale of asset by \$4,500;
  - A/c 1231055 – reduce proceeds from sale of assets by \$30,000; and
  - A/c 9502021 – increase transfer from Plant Reserve by \$30,000.
- 20 December 2022 (Res. 101222) - APPROVE the following amendment to the 2022/2023 adopted budget in relation to the capital purchase of a vehicle for the Bushfire Risk Management Program Officer:
    - A/c 1511054 – increase capital expenditure for purchase Plant and Equipment – Fire by \$45,000; and
    - A/c 9502021 – increase transfer from Plant Reserve by \$45,000

3. The Statement of Financial Activity (Table 1) shows the following proposed amendments to the adopted Budget and maintains a closing position surplus of zero.

**Table: 1 - Statement of Financial Activity**

	<b>Adopted Budget</b>	<b>Budget Amendment</b>	<b>Revised Budget</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1. Operating Revenue	\$13,467,031	<b>\$236,124</b>	\$13,703,155
2. Operating Expenditure	\$(16,370,643)	<b>\$(1,262,643)</b>	\$(17,633,286)
3. Net Operating Surplus (Deficit)	\$(2,903,612)	<b>\$(1,026,519)</b>	\$(3,930,131)
4. Non-Operating Grants	\$5,083,502	<b>\$(2,125,000)</b>	\$2,958,502
5. Net Result	\$2,179,890	<b>\$(3,151,519)</b>	\$(971,629)
6. Depreciation	\$3,487,325	<b>\$1,102,895</b>	\$4,590,220
7. Adjustments to provisions	\$1,870	<b>\$ 0</b>	\$1,870
8. (Profit)/Loss on Sale of assets	\$(34,900)	<b>\$(5,500)</b>	\$(40,400)
9. Capital Expenditure	\$(10,346,667)	<b>\$4,369,374</b>	\$(5,977,293)
10. Transfer to Reserves	\$(846,168)	<b>\$(70,000)</b>	\$(916,168)
11. Transfer from Reserves	\$1,997,975	<b>\$(502,000)</b>	\$1,495,975
12. Proceeds from Disposal of Assets	\$171,500	<b>\$(45,000)</b>	\$126,500
13. Repayment of Debentures	\$(263,209)	<b>\$70,950</b>	\$(192,259)
14. Proceeds from S/S Loans	\$23,729	<b>\$ 0</b>	\$23,729
15. Proceeds from New Borrowings	\$1,520,000	<b>\$(1,070,000)</b>	\$450,000
16. Principal elements of finance leases	\$(84,117)	<b>\$ 0</b>	\$(84,117)
17. Opening Surplus (Deficit) July 1 B/Fwd	\$ 2,192,772	<b>\$( 699,200)</b>	\$1,493,572
<b>Closing Surplus/(Deficit) June 30 C/Fwd</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 00</b>

The following overview is provided with respect to:

- actual financial result for the period ended 31 December 2022 (actuals) and;
- projected estimates for the period 1 January 2022 to 30 June 2023.

4. **OPENING SURPLUS (BROUGHT FORWARD)** (Item #17 **Table 1**)

The Budget for 2022-2023 financial year was adopted on the basis of a surplus brought forward of **\$2,192,772**. However, the 2021-2022 final draft annual financial statements (awaiting audit sign-off) currently show an adjusted closing surplus position of **\$1,493,572**. A variance of **(\$699,200)**.

5. The **(\$699,200)** variance reduction in the estimated surplus brought forward was due to an statutory accounting requirement to remove a revenue recognition accrual for an estimate of monies owing to Council for Disaster Recovery Funding Arrangements Western Australia (DRFAWA) from Department of Fire and Emergency Services (DFES) as at 30 June 2022.
6. Revenue recognition standards determine that a trading entity, such as local government, is not able to recognise the revenue in such circumstances like the funding arrangements for DRFAWA until the point in which it is received. This creates the potential for a disjoint in timing between the the expense being incurred and/or grant funding settlement.
7. The mechanism of approval and payment of the DFES administered DRFAWA funding has been challenging. However, it is noted that these challenges are being similarly experienced by other WA Local Governments and has been acknowledged by Emergency Services Minister, Mr Stephen Dawson's announcement on Friday 3 February 2023, "welcoming the Commonwealth's decision to commission an independent review into Australia's Disaster Recovery Funding Arrangements (DRFA) to ensure the scheme meets the expectations of Western Australians."
8. The affect to the Shire's cash flow due to the delays in receiving DRFAWA funding has the potential to cause financial pressure. Cash flow needs to be monitored. It is also important for Council to continue to advocate to the State Government for more expedient payment of disaster funds.
9. At the Mid-Year Review the timing of the Shire's DRFAWA claims remains uncertain and it is unclear if any funds will be recieved prior to 30 June 2023. As such, no provision has been made for the receipt of funding in this budget review.
10. Other minor adjustments in finalising the year-end accruals account for the balance of the variance to the budget opening surplus position. These adjustments relate to finalising the reconciliation of contract assets and liabilities after the adoption of the 2022/2023 Budget.
11. **OPERATING REVENUE** (Item #1 **Table 1**)  
The total operating revenue estimate for 2022/2023 has increased by **\$236,124**.
12. Details of significant items contributing to the variance (rounded) are listed in Attachment 9.2.7b and are discussed below:

13. **General Purpose Funding – Revenue Gain \$103,000** (lines 8 - 10 & 12 Attachment 9.2.5b)
- Rates Enquiry Fees – revenue estimated to increase by \$5,000 to reflect the higher volume of property transfers within the Shire.
  - Interest on Investment Earnings– revenue estimated to increase by \$82,841 due to investments earning higher average interest returns than the budgeted amount of 2%.
  - Annual Financial Assistance Grants - Increase to income by \$15,136 overall to align to confirmed funding amount for 2022-23.
14. **Governance – Revenue Gain \$14,300** (line 14 of Attachment 9.2.5b)
- Grants Income Governance – revenue has increased by \$14,300 due to successful grants being received for an Australia Day event and a Volunteer Recognition program. This income is offset by additional costs incurred to run the events.
15. **Law, Order & Public Safety – Revenue Gain \$6,800** (line 22 Attachment 9.2.5b)
- Grant Income – Emergency Services – income for the ESL operating grant has increased by \$6,797 due to adjustments in the budgeted funding.
16. **Community Amenities – Revenue Gain \$132,500** (lines 27–29, 34 and 38 Attachment 9.2.5b)
- Domestic waste collection services – fees revenue is expected to increase by \$17,500.
  - Container Deposit Scheme - an increase of \$30,000 in revenue over the budgeted amount is projected and aligns with Y.T.D.trends.
  - Planning Application Fees - \$25,000 increase due to the high volume of Development Applications received.
  - Sustainability Grants & Contributions – revenue has increased by \$60,000 due to an unbudgeted grant being approved to update Council’s Coastal Reserves Management Plan. The increase in income is offset by additional costs in the matching expense account.
17. **Recreation and Culture – Revenue Gain \$107,350** (lines 41, 45, 47 and 52 Attachment 9.2.5b)
- Contribution – Public Halls Maintenance – Adjustment increase of \$28,000 to reflect the final insurance settlement for repair works required to Parryville Hall. This increase in income is offset by additional costs in the matching expense account.
  - Contribution – Coastal Area Repairs & Reinstatement – Unbudgeted insurance settlement of \$83,350 for costs associated with coastal area storm damage reinstatement incurred during the previous financial year.
  - Grant / Contribution – Recreation Facilities Upgrade – a contribution of \$50,000 from Denmark Surf Club towards the upgrade of the Surf Club will not be received due to the development not commencing this financial year. This project and its matching funding will be re-budgeted for the 2023/2024 year.
  - Recreation Centre - revenue gains for increased attendances at Recreation Centre programs totalling \$46,000, that reflect actual trend.

**18. Transport – Revenue Gain \$17,700** (lines 54, 59, 60 & 83 Attachment 9.2.5b)

- Contribution to Roadworks – Revenue has been received for an adjusted roadworks upgrade project claim previously paid resulting in an adjustment to the budget of \$24,200.
- Profit on Sale of Asset – A higher than expected sale price was achieved for the disposal of the tipper truck resulting in an increased profit on asset disposal revenue recognition of \$18,302 (noting the sale of the Kubota Tractor will not proceed in the current financial year reducing this amount by about \$8,000).
- Vehicle Inspection Fees – budgeted revenue of \$16,500 from this source has been removed as the Shire is currently not able to provide this service.

**19. Economic Services – Revenue Reduction (\$141,000)** (lines 64 & 67 Attachment 9.2.5b)

- Building Licence Fees Income - increased activity in the Building Licences area is expected to continue, and a \$24,000 increase in revenue is estimated.
- Sale of Lime Sand Income – due to lower demand it is anticipated that only 8,000 tonnes of lime will be sold this year which will reduce income from this source by \$165,000.

**20. OPERATING EXPENDITURE (Item #2 Table 1)**

The total operating expenditure estimate for 2022/2023 has been increased by **\$1,262,643** from the adopted budget. Details of the items that have contributed to this variance (rounded) are listed in Attachment 9.2.5b (Detailed Statement of Budget Review) and are further explained below:

**21. General Purpose Funding – Reduction in Expenditure \$ 84,000** (line 11 Attachment 9.2.5b)

- GRV Valuation Expenses – the budget provision of \$84,000 for costs associated with a general GRV property revaluation for the Shire is not required as Landgate has confirmed that this work has been postponed until 2023/2024 for regional WA Local Government.

**22. Governance – Additional Expenditure (\$ 110,000)** (lines 13 and 15 – 17 Attachment 9.2.5b)

- Civic Receptions: Australia Day and Volunteer Recognition - expansion of the Australia Day event budget by \$10,000 and volunteer recognition expenditure by \$5,000 to reflect additional funding secured, as referenced earlier in this report.
- Depreciation Expense Administration (Non-Cash) – increase in budget provision by \$86,000 to reflect adjustments to asset values and depreciation assumptions as defined by the asset revaluation outcomes performed in June 2022.
- Debt Write-Off Expense – increase in budget expenditure by \$13,000 to allow for debt write-off as per Council decision (December 2022 OCM).

**23. Law, Order & Public Safety – Additional Expenditure (\$ 16,100)** (lines 18 – 21 Attachment 9.2.5b)

- Bushfire Risk Management Planning Program - adjustment reduction to budget expenditure provisions by \$15,300 due to Council decision (December 2022 OCM) to purchase a vehicle in lieu of incurring leasing costs.
- Depreciation – budget adjustment increase of \$31,400 of non-cash expense relating to depreciation of non-current assets after revaluation outcomes.

**24. Education & Welfare – Additional Expenditure (\$ 43,400)** (lines 23 – 24 of Attachment 9.2.5b)

- Depreciation – budget adjustment increase of \$43,400 of non-cash expense relating to depreciation of non-current assets after revaluation outcomes.

**25. Housing – Reduction in Expenditure \$ 5,000** (line 25 of Attachment 9.2.5b)

- Hardy Street Development Plan – reduction in expenditure estimate.

**26. Community Amenities – Additional Expenditure (\$ 78,800)** (lines 26, 30 – 33 and 35 - 37 of Attachment 9.2.5b)

- Recycling Waste Collection Contract – expenditure savings of \$30,000 to be achieved relating to this activity.
- Depreciation – budget adjustment increase of \$63,000 of non-cash expense relating to depreciation of non-current assets after revaluation outcomes.
- Sustainability Projects Planning and Studies – an increase in expenditure provision of \$60,000 to include an updated Coastal Reserves Management Plan. Expenditure is offset by additional grant funding income as mentioned earlier in this report.
- Interest on Loan for Solar Energy Project – removal of debt service interest cost estimate of \$14,175 as the loan for this project will not be drawn down prior to 30 June 2022.

**27. Recreation & Culture – Additional Expenditure (\$ 844,000)** (lines 39 – 40, 42 – 44, 46, 49 - 51 and 53 Attachment 9.2.5b)

- Depreciation – budget adjustment increase of \$725,650 of non-cash expense relating to depreciation of non-current assets after revaluation outcomes.
- Parryville Hall Maintenance Expense – increase to expenditure provision of \$32,000 to finalise insurance claim damage repairs. Expenditure is offset by additional funds to be received for the insurance claim settlement as mentioned earlier in this report.
- Civic Centre Maintenance Expense – increase of \$6,000 expenditure allocated to align with anticipated costs for 2022/2023.
- Coastal Infrastructure Maintenance Expense – increase to expenditure provision of \$95,000 to cover the cost of emergency works required to repair coastal erosion damage to Prawn Rock Channel area.
- Interest on Loan for Surf Club Precinct Upgrade – removal of debt service interest cost estimate of \$14,775 as the loan for this project will not be drawn down prior to 30 June 2022.

**28. Transport – Additional Expenditure (\$ 91,300)** (refer to line 55, 57 – 58 and 61 - 62 of Attachment 9.2.5b)

- Depreciation – budget adjustment increase of \$91,340 of non-cash expense relating to depreciation of non-current assets after revaluation outcomes.

29. **Economic Services – Additional Expenditure (\$ 102,000)** (refer to lines 63 and 65 - 66 of Attachment 9.2.5b)
- Depreciation – budget adjustment increase of \$62,000 of non-cash expense relating to depreciation of non-current assets after revaluation outcomes.
  - remove
  - Lime Quarry Expenses – due to reduced demand it is not intended to mine the 15,000 tonnes permitted annually under the licence which is expected to result in a saving in expenditure of \$40,000 for lime extraction.
30. **Other Property & Services – Additional Expenditure (\$ 66,000)** (refer lines 68 – 69 of Attachment 9.2.5b)
- Office Expense Infrastructure - increase in budget provision by \$6,000 to reflect additional costs expected based on trend.
  - Plant Maintenance Expenses – increase in budget provision by \$60,000 to reflect additional costs incurred relating to plant breakdowns requiring significant parts and repairs investment.
31. **NON-OPERATING GRANTS (Item #4 Table 1)**  
Non-operating grants have decreased by **(\$2,125,000)** overall to the adopted budget from \$5,083,502 to \$2,958,502. The previous budget amendments relating to capital works agreed by Council in November 2022 had no impact on non-operating grants.
32. Further amendments to the capital works program for 2022-2023 as part of this Budget Review, including the removal of the costs associated with the Surf Club Precinct redevelopment project, require that the following capital (non-operating) grant funding sources be adjusted as part of the amended budget.
33. **Recreation and Culture – Revenue Reduction (\$2,675,000)** (refer line 48 of Attachment 9.2.5b).
- Capital Grant Income – Recreation Facilities Infrastructure - \$2,675,000 in grant funding for Surf Club Upgrade and Prawn Rock Channel repurposed or deferred to 2023/2024.
34. **Transport – Revenue Increase \$550,000** (refer line 56 of Attachment 9.2.5b).
- Capital Grant Income LRCI Funding - \$550,000 in grant funding repurposed for 2022/2023 Capital Works Program.
35. **CAPITAL EXPENDITURE (Item #9 Table 1)**  
Capital expenditure has decreased by **(\$4,369,374)** overall to the adopted budget from \$10,346,667 to \$5,977,293. The previous budget amendments (adopted at December 2022 OCM) related to capital expenditure had adjusted spending to the various asset classes as follows:
- Plant & Equipment – increase \$45,000
36. An overall decrease of **(\$4,369,374)** in capital expenditure which includes the above adjustment, is summarised as follows:

**Table: 2 Capital Expenditure by Type**

<b>Expense Type</b>	<b>Budget Amount</b>	<b>Adjustment</b>	<b>Revised Budget</b>
Capital Works on Land & Buildings	\$4,139,874	(\$4,124,874)	\$15,000
Road Infrastructure Capital Works	\$3,949,043	(\$535,000)	\$3,414,043
Recreation Infrastructure Capital Works	\$620,000	\$350,000	\$970,000
Other Infrastructure Capital Works	\$84,000	\$8,000	\$92,000
Purchase Plant & Equipment	\$1,463,750	(\$67,500)	\$1,396,250
Purchase Furniture & Equipment	\$90,000	\$0	\$90,000
<b>Total</b>	<b>\$10,346,667</b>	<b>(\$4,369,374)</b>	<b>\$5,977,293</b>

**37. Capital works on land and buildings will decrease by (\$4,124,874)**

- (\$3,624,574) - Removal of Surf Club Precinct redevelopment project - (refer line 74 of Attachment 9.2.5b)
- (\$500,000) – Removal of Solar Energy project - (refer line 72 of Attachment 9.2.5b)

**38. Capital works on road infrastructure expense will decrease by (\$535,000)**

- (\$535,000) – Removal of contractor costs related to Denmark East Redevelopment project works - (refer line 78 of Attachment 9.2.5b)

**39. Capital works on recreation infrastructure expense will increase by \$350,000**

- \$350,000 Increase due to Ministerial agreement to repurpose funds from Denmark East Development to build new infrastructure at Prawn Rock Channel - (refer line 76 of Attachment 9.2.5b)

**40. Capital works on other infrastructure expense will increase by \$8,000**

- \$8,000 – Additional fund required to complete drainage upgrade works at Parry Beach – (refer line 84 of Attachment 9.2.7b)

**41. Capital expense on plant and equipment purchase or replacement will decrease by (\$67,500)**

- (\$112,500) Decrease due to adjustments to or deferral in replacement of various items of plant and equipment - (refer lines 70, 77 and 81 of Attachment 9.2.5b)
- \$45,000 - Previously agreed Council budget amendment(s) Dec. 2022 OCM.

**42. PROCEEDS FROM BORROWINGS (Item #15 Table 1)**

Three new loans totalling \$1,520,000 were proposed for and included in the 2022-2023 adopted budget to fund capital acquisitions as follows:

- Loan 160 – Surf Club Precinct Redevelopment - \$570,000

- Loan 161 – Purchase New Waste Compactor Truck - \$450,000
- Loan 162 – Solar Energy Project Development - \$500,000

43. Loan 160 and Loan 162 will not be drawn upon as expenditure associated with the Surf Club Precinct Redevelopment project (refer to line 86 of Attachment 9.2.5b) and the Solar Energy Project Development project are not forecast to commence prior to 30 June 2023 (refer to line 85 of Attachment 9.2.5b).

44. **REPAYMENT OF DEBT PRINCIPAL ON BORROWINGS (Item #13 Table 1)**

The adopted budget provision for the repayment of principal of two (2) of the three (3) new loans mentioned above will not be required and the repayment costs of the loan for the new Waste Compactor Truck will be reduced an amount totalling \$70,950 for debt service principal repayment will not be required – (refer to lines 71, 73 and 75 of Attachment 9.2.5b)

45. **PROCEEDS FROM DISPOSAL OF ASSETS (Item #14 Table 1)**

The adopted budget contained \$171,500 for the proceeds from the sale of assets as per the Plant Replacement Program. As a result of Council's decision at the December 2022 OCM to not proceed with the replacement of the Roller and the deferment of the replacement of the Tractor included as part of this review the amount now expected for proceeds from the sale of assets has reduced by \$45,000 to \$126,500 – (refer to lines 5 and 82 of Attachment 9.2.5b)

#### **OTHER IMPLICATIONS**

##### **Environmental**

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

##### **Economic**

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

##### **Social**

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

#### **RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire's Risk Management Governance Framework and no risks have been identified in relation to the officer recommendation or the report.

**Risk Analysis Table**

Risk	Risk based on history and with existing controls			Proposed Treatment/Control
	Likelihood	Consequence	Risk Rating	
<b>Financial Impact:</b> Financial mismanagement and/or Budget overruns.	Rare	Moderate	Low	Accept Officer Recommendation
<b>Compliance:</b> Not meeting Statutory Compliance	Rare	Moderate	Low	Consider Budget Review and accept Officer Recommendation or alternate Council Resolution

**VOTING REQUIREMENTS**

Absolute majority.

OFFICER RECOMMENDATION	ITEM 9.2.5
<p>That Council ADOPT the 2022/2023 Budget Review in accordance with regulation 33A of the Local Government (Financial Management) Regulations 1996, including endorsement of proposed amendments to the 2022/2023 Municipal Budget as detailed in the attached Statement of Budget Review.</p>	

\* *Absolute majority required.*

**9.3 CHIEF EXECUTIVE OFFICER**

**9.3.1 LEASE AND CONTAINERS FOR CHANGE HANDOVER TO GREEN SKILLS INC.**

<b>File Ref:</b>	LEA.58 and WST.5.B
<b>Applicant / Proponent:</b>	Green Skills Inc.
<b>Subject Land / Locality:</b>	Portion of Reserve 23067, being portion of Lot 326 on Deposited Plan 403090
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	10 February 2023
<b>Author:</b>	Claire Thompson, Governance Coordinator
<b>Authorising Officer:</b>	David Schober, Chief Executive Officer
<b>Attachments:</b>	9.3.1a - Draft Lease 9.3.1b - WARRRL Agreement

**IN BRIEF**

- Officers have been informally negotiating with Green Skills Inc. staff regarding the take over of the Containers for Change operations in Denmark.
- This item considers the proposal to lease the current Containers for Change premises to Green Skills Inc.

**RECOMMENDATION**

That with respect to the Denmark Containers for Change Scheme, Council:

1. AGREE to relinquish the operation to Green Skills Incorporated;
2. AUTHORISE the Chief Executive Officer to negotiate with WA Return Recycle Renew Ltd, the transfer of the Shire’s Containers for Change Agreement to Green Skills Inc.;
3. AGREE to lease the premises to Green Skills Inc, in accordance with the terms and conditions contained in the draft lease, as per Attachment 9.3.1a; and
4. Subject to Ministerial Consent, AUTHORISE the Shire President and Chief Executive Officer to execute the lease, with the expiry date of 1 October 2025.

**LOCATION**

Portion of Reserve 23067, being portion of Lot 326 on Deposited Plan 403090.

Below is an aerial map showing the Tip Shop lease area (delineated in green). This area is currently leased to Green Skills Inc. and is due for review this year.

The area delineated in red, is the proposed lease area for the new lease to Green Skills Inc. for the Containers for Change purpose built shed.



**BACKGROUND**

1. Upon the adoption of the State Government’s legislation to create Container Deposit Schemes within Western Australia, the Shire sought interest from local commercial operators and community groups. There was no interest in taking on the scheme, probably largely due to the fact that there was a requirement for the scheme operator to set up and fund the infrastructure required for the operation.
  
2. As a result, in 2020, the Shire of Denmark entered into an agreement with WA Return Recycle Renew Ltd to participate in a beverage container refund scheme for the purposes of reducing the volume of waste and promoting the recovery, reuse and recycling of empty beverage containers in Western Australia. This was to provide the

service to the Denmark community and facilitate waste reduction in the Shire of Denmark. A copy of the agreement is attached (see Attachment 9.3.1b).

3. In 2021/22, the Shire reviewed the operation. The Shire's audit highlighted concerns regarding the requirement for staff to manage cash at the site, and the security associated with it. The operation is also quite unique and administratively onerous for the Shire.
4. Shire Officers approached Green Skills Inc. to ascertain their interest in taking over the operation, given that they operate the Tip Shop (on the same reserve and adjacent to the premises), the nature of the Containers for Change scheme aligns well with the organisation's objectives, and they have been successfully operating the scheme in Albany since its inception in 2020. The addition of the Denmark operations provides Green Skills Inc. with economies of scale which the Shire is unable to achieve.
5. The objects of Green Skills Inc. are:
  - To assist in the provision of relief from poverty, sickness, suffering and distress to disadvantaged or unemployed persons within Western Australia, without discrimination.
  - To promote and create opportunities for ecologically sustainable employment and to assist disadvantaged persons to obtain employment.
  - To increase opportunities for ecologically sound and socially responsible activities, training and skill development.
  - To increase research and delivery of sustainable projects.

#### **DISCUSSION / OFFICER COMMENTS**

6. Attached is a copy of the draft lease (Attachment 9.3.1a), which is generally consistent with the Shire's other community group leases. The exceptions to the standard are the Lessors Property, the Special Conditions and the responsibility for the cost of electricity. It is envisaged that the operation of the scheme will be very similar to the way that the Shire has run it to date and the electricity use is nominal. Also, the IT equipment in the shed remains the Shire's property as it is used by employees tending persons entering and paying for waste disposal.
7. Green Skills Inc. have confirmed that WARRRL are prepared to transfer the operation to them and WARRRL will provide a copy the the new agreement to the Shire (to be appended to the lease) if the Council decide to proceed with the transfer.
8. Attachment 9.3.1b is the current WARRRL agreement with the Shire of Denmark, the terms and conditions of which will be consistent with the agreement between WARRRL and Green Skills Inc.
9. The term of the lease will be for the period between the date of Ministerial Approval and the expiry of the WARRRL Agreement, being 1 October 2025. All agreements for WA schemes have the same commencement and expiry date.

## CONSULTATION AND EXTERNAL ADVICE

The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

Councillors were provided information on the proposal at an informal briefing held in August 2022.

## STATUTORY / LEGAL IMPLICATIONS

### LOCAL GOVERNMENT (FUNCTIONS AND GENERAL) REGULATIONS 1996

Regulation 30(2)(b) would deem the lease a class of disposal exempt from the requirements under s 3.58 of the Local Government Act 1995.

### LAND ADMINISTRATION ACT 1997

Section 18 requires that any dealing involving Crown Land requires Ministerial Consent.

## STRATEGIC / POLICY IMPLICATIONS

### Denmark 2027

#### N2.0 Our Natural Environment

N2.3 To reduce human impact on natural resources, reduce waste and utilise renewable energy.

#### B3.0 Our Built Environment

B3.4 To manage assets in a consistent and sustainable manner.

#### L5.0 Our Local Government

L.5 To embrace change, apply technological advancement and pursue regional partnerships that drive business efficiency.

### Corporate Business Plan 2022 – 2025

Community Priority – Environmental protection, maintenance and enhancement of our unique natural environment, sustainability and waste management.

Sustainable Projects – Our community expects us to *deliver reduced human impact on natural resources, reduce waste and utilise renewable energy.*

### Sustainability Strategy 2021 – 2031

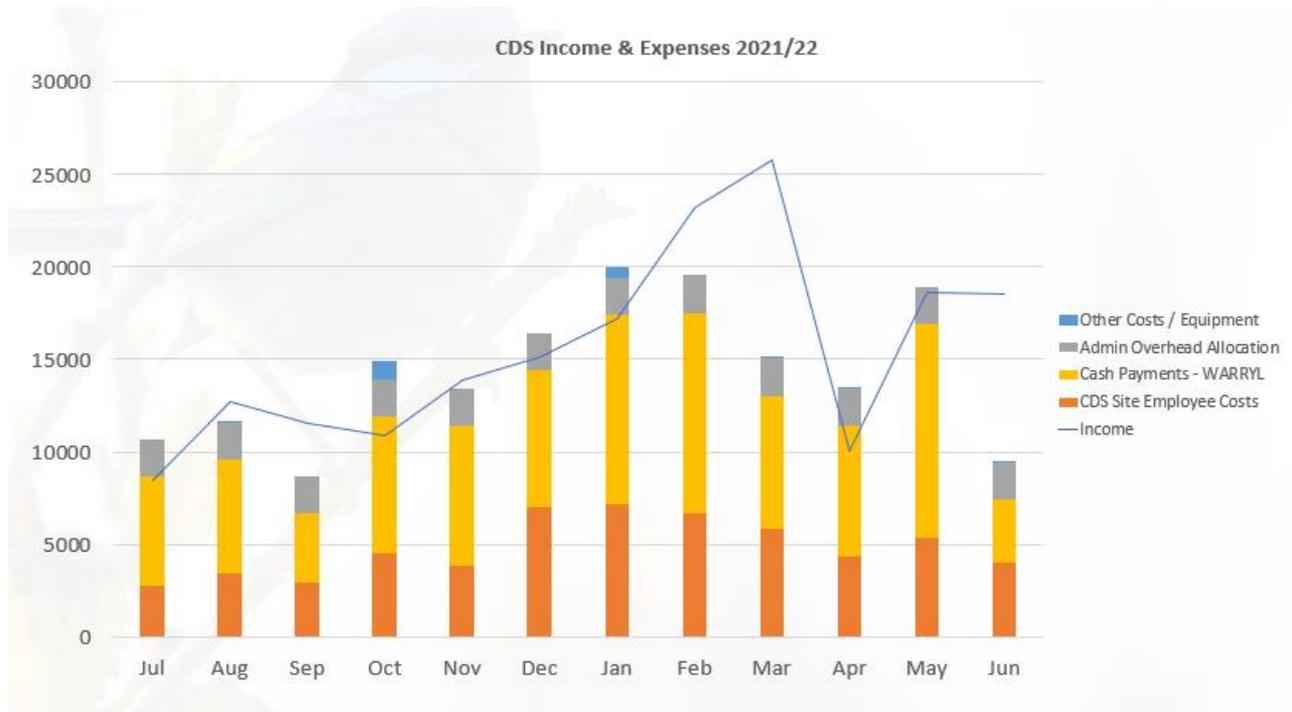
Zero Waste – *Aim for zero waste to landfill by 2030 (9.1).*

## FINANCIAL IMPLICATIONS

Income generated from the Container Deposit Scheme for 2021/22 was \$180,096.

Expenditure incurred by the Container Deposit Scheme for 2021/22 was \$172,220.

The graph below shows the monthly breakdown of expense types that the Shire incurred for the financial year 2021/22 compared to monthly income earned.



The scheme is a service for the community that is considered break even for the Shire and therefore, relinquishing it to Green Skills Inc. will have an insignificant impact on the overall annual budget.

**LEASE RENTAL & RATES**

Officers have considered seeking a return on the lease to recover the capital expenditure and startup costs, and concluded that given that Green Skills Inc. exist to support sustainable and environment based outcomes, officers are of the view that a lease fee should not be charged.

In conversations with Green Skills, officers alluded to the preference that any profit generated from the Denmark operation be spent in Denmark on local projects. Whilst, this cannot be enforced, Green Skills representatives were amenable to the concept.

Special Condition 10.1 of the lease states that the Council will consider waiving the rates annually during budget deliberations. This condition is consistent with the Shire’s other community group leases.

**OTHER IMPLICATIONS**

**Environmental**

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

**Economic**

Taking over management and operations of the Container Deposit Scheme will provide Green Skills Inc. with an additional income stream, boosting their financial capacity to achieve the objects of their organisation, which benefit the wider community.

**Social**

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

**RISK MANAGEMENT**

An assessment of evident risks has been undertaken in accordance with the Shire’s Risk Management Governance Framework and no risks have been identified in relation to the officer recommendation or the report.

**VOTING REQUIREMENTS**

Simple majority.

OFFICER RECOMMENDATION	ITEM 9.3.1
<p>That with respect to the Denmark Containers for Change Scheme, Council:</p> <ol style="list-style-type: none"> <li>1. AGREE to relinquish the operation to Green Skills Incorporated;</li> <li>2. AUTHORISE the Chief Executive Officer to negotiate with WA Return Recycle Renew Ltd, the transfer of the Shire’s Containers for Change Agreement to Green Skills Inc.;</li> <li>3. AGREE to lease the premises to Green Skills Inc, in accordance with the terms and conditions contained in the draft lease, as per Attachment 9.3.1; and</li> <li>4. Subject to Ministerial Consent, AUTHORISE the Shire President and Chief Executive Officer to execute the lease, with the expiry date of 1 October 2025.</li> </ol>	

**10. COMMITTEE REPORTS AND RECOMMENDATIONS**

Nil

**11. MATTERS BEHIND CLOSED DOORS**

Nil

**12. NEW BUSINESS OF AN URGENT NATURE**

Nil

**13. CLOSURE OF MEETING**