



# **A G E N D A**

FOR THE

## **SPECIAL COUNCIL MEETING**

To Be Held

Wednesday, 29<sup>th</sup> May 2024  
Commencing at 5.00pm

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

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Upon request.



## NOTICE OF A SPECIAL COUNCIL MEETING

Dear Council Member

The next Special Council Meeting of the Shire of Dardanup Council will be held on Wednesday, the 29<sup>th</sup> May 2024 in Council Chambers, Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton – Commencing at 5.00pm, to discuss a matter affecting staff

A handwritten signature in black ink, appearing to read "A. Schönfeldt", is positioned above the printed name and title.

**MR ANDRÉ SCHÖNFELDT**

Chief Executive Officer

Date: 24<sup>th</sup> of May 2024

**Note:** If interested persons would like to make comment on any items in this agenda, please email [records@dardanup.wa.gov.au](mailto:records@dardanup.wa.gov.au) or hand deliver written comment to the Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton. To be included in the meeting comments are to be delivered no later than 48 hours prior to the meeting.

The Chief Executive Officer will use his discretion as to whether the written comments are relevant and applicable to the meeting before approving their inclusion in the meeting.

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## VISION STATEMENT

“The Shire of Dardanup is a healthy, self-sufficient and sustainable community, that is connected and inclusive, and where our culture and innovation are celebrated.”

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## COUNCIL ROLE

<b>Advocacy</b>	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
<b>Executive/Strategic</b>	The substantial direction setting and oversight role of the Council e.g. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
<b>Legislative</b>	Includes adopting local laws, town planning schemes and policies.
<b>Review</b>	When Council reviews decisions made by Officers.
<b>Quasi-Judicial</b>	When Council determines an application/matter that directly affects a person’s rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.  Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (e.g.: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.

## DISCLAIMER

“Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire’s decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person’s knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request.”

## RISK ASSESSMENT

<b>Inherent Risk</b>	The level of risk in place in order to achieve the objectives of the Council and before actions are taken to alter the risk’s impact or likelihood.
<b>Residual Risk</b>	The remaining level of risk following the development and implementation of Council’s response.
<b>Strategic Context</b>	These risks are associated with achieving Council’s long term objectives.
<b>Operational Context</b>	These risks are associated with the day-to-day activities of the Council.
<b>Project Context</b>	Project risk has two main components: <ul style="list-style-type: none"> <li>• Direct refers to the risks that may arise as a result of project, which may prevent the Council from meeting its objectives.</li> <li>• Indirect refers to the risks which threaten the delivery of project outcomes.</li> </ul>

**RISK CATEGORY CONSEQUENCE TABLE - GUIDELINE**

Rating (Level)	Health	Financial Impact	Service Interruption	Legal and Compliance	Reputational	Environment
<b>Insignificant (1)</b>	Near miss Minor first aid injuries	Less than \$10,000	No material service interruption - backlog cleared < 6 hours	<b>Compliance</b> - No noticeable regulatory or statutory impact. <b>Legal</b> - Threat of litigation requiring small compensation. <b>Contract</b> - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item	Contained, reversible impact managed by on site response
<b>Minor (2)</b>	Medical type injuries	\$10,001 - \$50,000	Short term temporary interruption – backlog cleared < 1 day	<b>Compliance</b> - Some temporary non compliances. <b>Legal</b> - Single minor litigation. <b>Contract</b> - Results in meeting between two parties in which one party expresses concern.	Substantiated, low impact, low news item	Contained, reversible impact managed by internal response
<b>Moderate (3)</b>	Lost time injury <30 days	\$50,001 - \$300,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	<b>Compliance</b> - Short term non-compliance but with significant regulatory requirements imposed. <b>Legal</b> - Single moderate litigation or numerous minor litigations. <b>Contract</b> - Receive verbal advice that, if breaches continue, a default notice may be issued.	Substantiated, public embarrassment, moderate impact, moderate news profile	Contained, reversible impact managed by external agencies
<b>Major (4)</b>	Lost time injury >30 days	\$300,001 - \$1.5 million	Prolonged interruption of services – additional resources; performance affected < 1 month	<b>Compliance</b> - Non-compliance results in termination of services or imposed penalties. <b>Legal</b> - Single major litigation or numerous moderate litigations. <b>Contract</b> - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions	Uncontained, reversible impact managed by a coordinated response from external agencies
<b>Catastrophic (5)</b>	Fatality, permanent disability	More than \$1.5 million	Indeterminate prolonged interruption of services – non-performance > 1 month	<b>Compliance</b> - Non-compliance results in litigation, criminal charges or significant damages or penalties. <b>Legal</b> - Numerous major litigations. <b>Contract</b> - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Uncontained, irreversible impact

**RISK - LIKELIHOOD TABLE**

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	<b>Almost Certain</b>	The event is expected to occur in most circumstances	The event is expected to occur more than once per year
4	<b>Likely</b>	The event will probably occur in most circumstances	The event will probably occur at least once per year
3	<b>Possible</b>	The event should occur at some time	The event should occur at least once in 3 years
2	<b>Unlikely</b>	The event could occur at some time	The event could occur at least once in 10 years
1	<b>Rare</b>	The event may only occur in exceptional circumstances	The event is not expected to occur more than once in 15 years

**LEVEL OF RISK GUIDE**

CONSEQUENCE		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD		1	2	3	4	5
Almost Certain	5	Moderate (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

**SHIRE OF DARDANUP**

**AGENDA FOR THE SHIRE OF DARDANUP SPECIAL COUNCIL MEETING TO BE HELD ON WEDNESDAY, THE 29<sup>TH</sup> MAY 2023, AT SHIRE OF DARDANUP - ADMINISTRATION CENTRE EATON, COMMENCING AT 5.00PM.**

**1 DECLARATION OF OPENING/ANNOUNCEMENTS OF VISITORS**

The Presiding Member to declare the meeting open, welcome those in attendance, refer to the Disclaimer, Acknowledgement of Country, Emergency Procedure and the Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

*Acknowledgement of Country*

*The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region and pay our respects to their elders, past, present and emerging. The Shire of Dardanup also respects and celebrates all cultures of all our residents and visitors to our Shire.*

*Emergency Procedure*

*In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, you will be directed to an appropriate Assembly Area where we will meet (and complete a roll call).*

*Affirmation of Civic Duty and Responsibility*

*Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.*

**2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED**

2.1 Attendance

2.2 Apologies

2.3 Leave of Absence

Cr L W Davies - Elected Member (Res 120-24)  
 Cr A C Jenour - Elected Member (Res 120-24)

2.4 Previous Meetings

DATE	TYPE	CR. T BELL	CR. L W DAVIES	CR. T G GARDINER	CR. S L GILLESPIE	CR. A C JENOUR	CR. E P LILLY	CR. M R HUTCHINSON	CR. J D MANONI	CR. A L WEBSTER
<b>FEBRUARY 2024</b>										
15/02/24	EATON COMMUNITY MEETING			✓			✓			
21/02/24	AF	✓	NA	✓	Ap	✓R	✓	✓	Ap	Ap
22/02/24	FERGUSON COMMUNITY MEETING	✓		✓			✓			
28/02/24	OCM	✓	✓	✓	Ap	✓	✓	✓	✓	✓
<b>MARCH 2024</b>										
06/03/24	CF	Ap	NA	✓	✓	✓R	✓	✓	✓	✓
07/03/24	DARDANUP COMMUNITY MEETING	✓		✓			✓	✓		✓
11/03/24	BUREKUP COMMUNITY MEETING	✓		✓		✓	✓	✓		
20/03/24	AF	✓	NA	✓	✓	✓R	✓	✓	Ap	Ap
27/03/24	OCM	✓	✓	✓	✓	✓	Ap	✓	✓	✓
<b>APRIL 2024</b>										
3/04/24	CF	Ap	✓	✓	✓	✓	LoA	✓	✓	✓
17/04/24	AF	✓	NA	✓	LoA	✓R	LoA	✓	LoA	✓
24/04/24	OCM	✓	✓	✓	LoA	✓	LoA	✓	LoA	✓
<b>May 2024</b>										
15/05/24	AF	✓	NA	✓	✓	✓R	LoA	✓	✓	✓
22/05/24	OCM	✓	✓	✓	✓	✓	✓	✓	✓	✓
29/05/24	SCM									

TYPE LEGEND	
AF	Agenda Forum
CF	Concept Forum
OCM	Ordinary Council Meeting
SCM	Special Council Meeting

ATTENDANCE LEGEND	
✓	Attendance
✓R	Remote Attendance
Ap	Apology
LoA	Leave of Absence



WS	Workshop
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NA	Non Attendance
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**3      RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

None.

**4      PUBLIC QUESTION TIME**

**5      APPLICATIONS FOR LEAVE OF ABSENCE**

**COUNCIL RESOLUTION**

**THAT ..... be granted leave of absence for the Ordinary Council Meeting to be held on the 26<sup>th</sup> of June 2024.**

**6      PETITIONS/DEPUTATIONS/PRESENTATIONS**

None.

**7      CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

The Minutes of the Ordinary Council Meeting [OCM] held on the 22<sup>nd</sup> of May 2024 will be presented to the OCM to be held on 26<sup>th</sup> of June 2024 for confirmation.

**8      ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

**9 ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED**

None.

**10 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

None.

**11 DECLARATION OF INTEREST**

"Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences."

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CnG CP039.

*Note: Chairperson to ask Councillors and Staff if there are any Declarations of Interest to be declared.*

- *Chief Executive Officer, Mr André Schönfeldt declared a Proximity Interest in item "12.4.1 - Draft Annual Budget 2024/25" Resolution B, as it relates to Gary Engel Park.*
- *Chief Executive Officer, Mr André Schönfeldt declared a Impartiality Interest in item "12.4.1 - Draft Annual Budget 2024/25" Resolution C as it relates to the Building Capital and Maintenance Schedules which relates to the Eaton Family Centre, as his son has attended Eaton Family Centre this financial year.*
- *Chief Executive Officer, Mr André Schönfeldt declared a Impartiality Interest in item "12.4.1 - Draft Annual Budget 2024/25" Resolution F as it relates to adopting the Operating Income and Expenditure which relates to the Eaton Family Centre, as his son has attended Eaton Family Centre this financial year.*

**12      REPORTS OF OFFICERS AND COMMITTEES**

**12.1   EXECUTIVE REPORTS**

None.

**12.2   SUSTAINABLE DEVELOPMENT DIRECTORATE REPORTS**

None.

**12.3   INFRASTRUCTURE DIRECTORATE REPORTS**

None.

## 12.4 CORPORATE & GOVERNANCE DIRECTORATE REPORTS

### 12.4.1      Title: Draft Annual Budget 2024/25

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mr Phil Anastasakis - Deputy CEO</i>
<b>Reporting Officer</b>	<i>Mrs Natalie Hopkins - Manager Financial Services</i>
<b>Legislation</b>	<i>Local Government Act 1995</i>
<b>Council Role</b>	<i>Executive/Strategic.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>Appendix ORD: 12.4.1A – Draft Shire of Dardanup Budget Appendix ORD: 12.4.1B – Risk Assessment</i>

#### **Overview**

This report presents the draft 2024/25 Annual Budget for Council consideration, deliberation, and endorsement. Following the endorsement of the draft Budget, the final 2024/25 Annual Budget papers will be formulated and presented to Council in the statutory format for final adoption at the 26<sup>th</sup> of June 2024 Ordinary Council meeting.

#### **OFFICER RECOMMENDED RESOLUTION “A”**

##### **DRAFT BUDGET FOR 2024/25 – TRANSPORT ASSETS**

**THAT Council endorse the Transport Assets Capital Upgrade/Expansion/Renewal and Maintenance Works as contained in the 2024/25 Draft Budget [Appendix SCM: 12.4.1A].**

#### **OFFICER RECOMMENDED RESOLUTION “B”**

##### **DRAFT BUDGET FOR 2024/25 – PARKS & RESERVES ASSETS**

**THAT Council endorse the Parks & Reserves Assets Capital Construction Expenditure, the Parks & Reserves Maintenance & Minor Expenditure, and the Parks & Reserves Upgrades Expenditure as contained in the 2024/25 Draft Budget [Appendix SCM: 12.4.1A].**

#### **OFFICER RECOMMENDED RESOLUTION “C”**

##### **DRAFT BUDGET FOR 2024/25 – LAND & BUILDING ASSETS**

**THAT Council endorse the Land & Buildings Assets Capital Works Expenditure/Works/Disposals, the Building Maintenance and Minor Work Expenditure, and the Building Major Maintenance as contained in the 2024/25 Draft Budget [Appendix SCM: 12.4.1A].**

**OFFICER RECOMMENDED RESOLUTION “D”****DRAFT BUDGET FOR 2024/25 – OTHER ASSETS**

THAT Council endorse the Plant & Equipment, Motor Vehicles, Furniture & Fittings Capital Acquisition/Works/Disposals as contained in the 2024/25 Draft Budget [Appendix SCM: 12.4.1A].

**OFFICER RECOMMENDED RESOLUTION “E”****DRAFT BUDGET FOR 2024/25 – RESERVE TRANSFERS & LOANS**

THAT Council endorse the Reserve Transfers and Loans as contained in the 2024/25 Draft Budget [Appendix SCM: 12.4.1A].

**OFFICER RECOMMENDED RESOLUTION “F”****DRAFT BUDGET FOR 2024/25 – OPERATING INCOME & EXPENDITURE**

THAT Council endorse the ‘Operating Income and Expenditure presented in Schedules 3 to 14’ as contained in the 2024/25 Draft Budget [Appendix SCM: 12.4.1A], which includes the following:

- Statement of Comprehensive Income by Nature;
- Statement of Financial Activity showing an amount required to be raised from rates for 2024/25 of \$16,814,664;
- Revenue generated from the Schedule of Fees and Charges for 2024/25;
- Notes to and Forming Part of the Budget; and
- Budget Program Schedules.

**OFFICER RECOMMENDED RESOLUTION “G”****GENERAL AND MINIMUM RATES**

THAT Council:

1. In accordance with S6.36 of the Local Government Act 1995, acknowledge that no public submissions were received on the proposed Differential Rates and the Objects and Reasons, with public submissions closing on the 24th May 2024.
2. Endorse the establishment of the following 6 Differential Rates across 14 Rating Categories:
  - RESIDENTIAL (including Residential Vacant)
  - COMMERCIAL (including Commercial Vacant)
  - INDUSTRIAL (including Industrial Vacant)
  - RURAL RESIDENTIAL (including Rural Residential Vacant)
  - ACCOMMODATION
  - UV Rural (including UV1, UV2, UV3 and Mining)

3. For the purposes of yielding the deficiency disclosed by the Draft Budget for 2024/25 adopted as Part F above, endorse the imposition of the following Differential Rates and Minimum Rates on Gross Rental and Unimproved Values to generate a general rate revenue increase of 5.5% (excluding interim rates):

#	Differential Rating Category	Rate in \$ 2024/25	Minimum Rates 2024/25	Rate Yield
1	RESIDENTIAL (including Residential Vacant)	0.115710	\$1,625	\$10,227,693
2	COMMERCIAL (including Commercial Vacant)	0.113990	\$1,722	\$1,718,073
3	INDUSTRIAL (including Industrial Vacant)	0.114260	\$1,722	\$1,227,611
4	RURAL RESIDENTIAL (including Rural Residential Vacant)	0.115270	\$1,722	\$1,218,896
5	ACCOMMODATION	0.115890	\$1,722	\$50,922
	TOTAL GRV			\$14,443,195
6	UV Rural (including UV1, UV2, UV3 and Mining)	0.005633	\$1,722	\$2,226,383
	TOTAL UV			\$2,226,383
	TOTAL GRV & UV YIELD			\$16,669,578
	Plus Interim Rates less concessions			\$145,086
	TOTAL GRV & UV YIELD			\$16,814,664

4. Endorse the raising of the following Specified Area Rates:
- a) “Bulk Waste Collection Levy” on developed residential properties within (and adjoining to) the townsites of Eaton, Dardanup and Burekup that are serviced with Council’s bulk and green waste kerbside pickup to meet the cost of the service and to contribute to the refuse site.
    - Residential GRV = \$0.001735 per specified assessment to yield \$147,869.
  - b) “Eaton Landscaping” levy on properties within the townsite of Eaton for the purpose of maintaining parks and reserves in Eaton townsite.
    - Residential GRV = \$0.002006 per specified assessment to yield \$186,017.
5. Endorse an incentive for the early payment of rates through a rates prize draw of \$1,500 to those ratepayers who pay their rates and charges in full and have no outstanding balance by the rates due date.
6. Endorse an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$15.00 for each instalment after the initial instalment is paid (\$45.00 for four (4) instalment option).
7. Endorse an interest rate of 5.50% where the owner has elected to pay rates (and service charges) through an instalment option.
8. Endorse an interest rate of 11.0% for rates (and service charges) and costs of proceedings to recover such charges that remains unpaid after becoming due and payable.

**9. Pursuant to Section 6.47 of the *Local Government Act 1995*, Council:**

- a) grant in 2024/2025 a 100% concession on the local government uniform rate charge to each of the following assessments:

#	Owner	Property Address
A2192	Eaton Bowling and Social Club Inc	(Lot 510) Pratt Road, Eaton - \$18,096

***Change to Officer Recommendation***

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

## **Background**

As part of the Integrated Planning and Reporting cycle, Council has recently reviewed and updated its Council Plan (incorporating the 10 year Strategic Community Plan and four year Corporate Business Plan), and ten year Long Term Financial Plan.

The Corporate Business Plan and Long Term Financial Plan are reviewed annually, with the first year of the Long Term Financial Plan being 'sliced off' to form the basis of the draft annual budget.

The draft 2024/25 Annual Budget has therefore been prepared taking into consideration the preceding reviews and incorporates relevant elements of the various strategies, plans and resolutions adopted by Council.

This report recommends Council endorse the draft Shire of Dardanup 2024/25 Annual Budget, inclusive of the proposed 5.5% rate revenue increase (excluding interim rate income), Reserve transfers, workforce changes, loans, capital works and operational expenditure. [refer to Appendix SCM: 12.4.1A].

## **Legal Implications**

Local Government Act 1995

### **Division 2 — Annual budget**

#### **6.2. Local government to prepare annual budget**

(1) *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt\*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.*

*\* Absolute majority required.*

(2) *In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —*

- (a) the expenditure by the local government; and*
- (b) the revenue and income, independent of general rates, of the local government; and*
- (c) the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.*

(3) *For the purposes of subsections (2)(a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.*

(4) *The annual budget is to incorporate —*

- (a) particulars of the estimated expenditure proposed to be incurred by the local government; and*
- (b) detailed information relating to the rates and service charges which will apply to land within the district including —*
  - (i) the amount it is estimated will be yielded by the general rate; and*
  - (ii) the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;*
- and*
- (c) the fees and charges proposed to be imposed by the local government; and*
- (d) the particulars of borrowings and other financial accommodation proposed to be entered into by the local government; and*
- (e) details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used; and*
- (f) particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and*
- (g) such other matters as are prescribed.*

(5) *Regulations may provide for —*

- (a) the form of the annual budget; and*
- (b) the contents of the annual budget; and*



- (c) *the information to be contained in or to accompany the annual budget.*

### 6.32. Rates and service charges

- (1) *When adopting the annual budget, a local government —*
- (a) *in order to make up the budget deficiency, is to impose\* a general rate on rateable land within its district, which rate may be imposed either —*
- (i) *uniformly; or*
- (ii) *differentially;*
- and*
- (b) *may impose\* on rateable land within its district —*
- (i) *a specified area rate; or*
- (ii) *a minimum payment;*
- and*
- (c) *may impose\* a service charge on land within its district.*

*\* Absolute majority required.*

- (2) *Where a local government resolves to impose a rate it is required to —*
- (a) *set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and*
- (b) *set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.*

### 6.34. Limit on revenue or income from general rates

*Unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —*

- (a) *be more than 110% of the amount of the budget deficiency; or*
- (b) *be less than 90% of the amount of the budget deficiency.*

### 6.37. Specified area rates

- (1) *A local government may impose a specified area rate on rateable land within a portion of its district for the purpose of meeting the cost of the provision by it of a specific work, service or facility if the local government considers that the ratepayers or residents within that area —*
- (a) *have benefited or will benefit from; or*
- (b) *have access to or will have access to; or*
- (c) *have contributed or will contribute to the need for,*
- that work, service or facility.*
- (2) *A local government is required to —*
- (a) *use the money from a specified area rate for the purpose for which the rate is imposed in the financial year in which the rate is imposed; or*
- (b) *to place it in a reserve account established under section 6.11 for that purpose.*

Local Government (Administration) Regulations 1996:

19C. Strategic community plans, requirements for (Acts. 5.56)

19DA. Corporate business plans, requirements for (Acts. 5.56)

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

### **Council Plan**

13.1 - Adopt best practice governance.

**Environment** - None.

### **Precedents**

Each year Council prepares an annual budget for the forthcoming financial year. The annual budget is formed from year one of the Shire of Dardanup Long Term Financial Plan 2024/25 – 2033/34.

### **Budget Implications**

The budget outlines planned expenditure and revenue and determines the financial parameters for the Council to operate within for the 2024/25 financial year.

The draft budget for the year has been prepared on the basis of a 5.5% rate revenue increase (excluding interim rate income), which is forecast to produce an end of year surplus of \$496,660. The small surplus enables Council to withstand any unforeseen financial costs or revenue reductions that may occur during the year.

The current forecast end of year surplus for 2023/24 is \$652,816, which is reflected in the opening surplus at the start of the 2024/25 financial year. This forecast will vary when the final annual financial report is produced for 2023/24, with the final result reflected in the financial statements when the 2024/25 mid-year budget review is conducted in February/March 2025.

The fees and charges when adopted will determine the amount of revenue to be received during the 2024/25 financial year for certain areas. The fees and charges revenue has been forecast in the draft budget income projections and is based on the recent decisions of Council at the Ordinary Council Meeting dated 27<sup>th</sup> of March 2024, Resolution [81-24] to adopt draft Fees and Charges for the 2024/25 period, with additional fees proposed in the final Fees & Charges.

After taking into consideration all other sources of income, Council is required to raise sufficient rates to meet its total expenditure. However, it is allowed to adopt a budget that has a deficit that does not exceed 10% of its rate revenue.

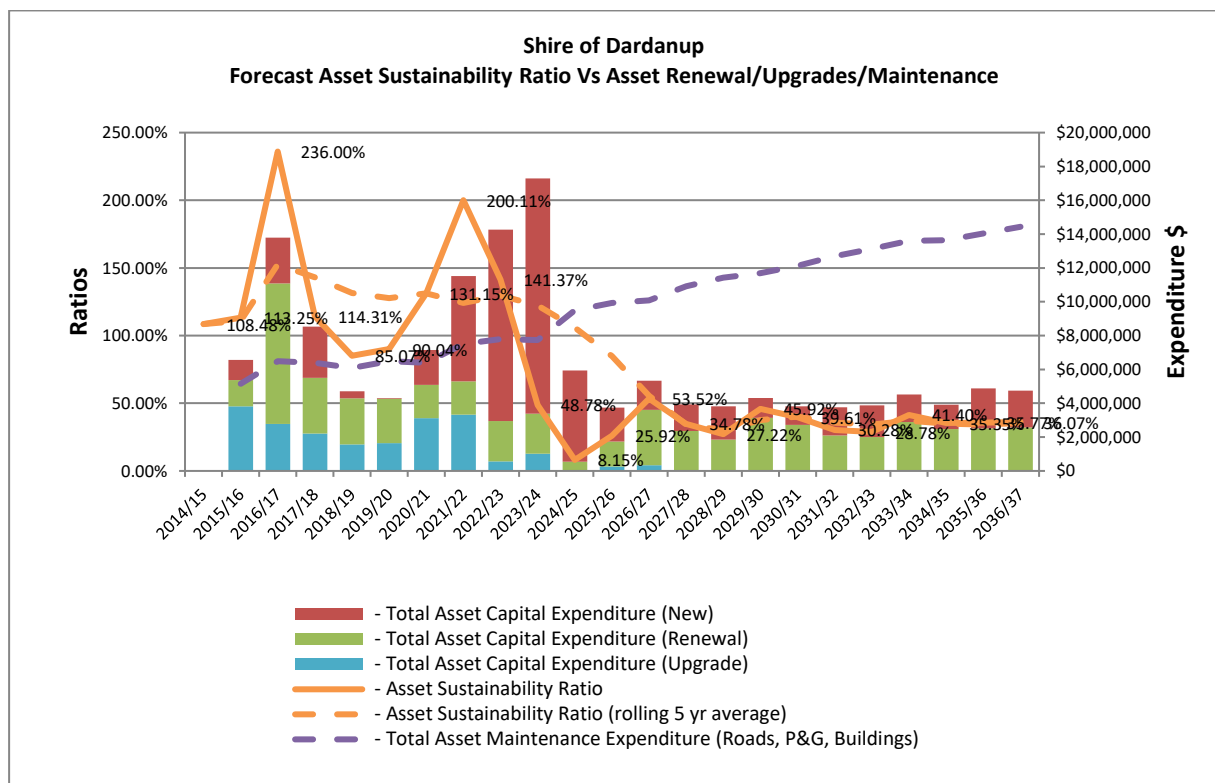
For the 2024/25 budget it is proposed a total of \$16,669,578 be raised from general property rates, \$186,017 for the Eaton Landscaping Specified Area Rate, and \$147,869 for the Annual Bulk Waste Collection Specified Area Rate. In addition, Council forecast Interim Rate revenue of \$163,181 for the 2024/25 financial year. The expected yield from rates will be sufficient to balance the 2024/25 budget after some adjustments have been made to increase other sources of revenue, reduce operating expenditure and to adjust the amount transferred to or from reserves.

**Budget – Whole of Life Cost**

While the budget contains new assets and infrastructure, this report does not deal directly with the whole of life costs of those items. Consideration of the whole of life costs relevant to those items forms part of the individual project or asset evaluation and justification.

The rating strategy deployed by Council in the 2024/25 financial year has formed part of a long term financial planning strategy to maintain the sustainable operations of Council. If Council is not able to adequately fund operations in the 2024/25 financial year, then the financial position of Council will potentially deteriorate in future years as assets age further and demand for services increase with projected population growth.

The following graph illustrates Council’s Asset Sustainability Ratio, compared against past and projected future Asset Renewal, Upgrade, New and Maintenance works. The Asset Sustainability Ratio should ideally be between 90-110%.



### **Council Policy Compliance**

Council Policy CnG CP018 – *Corporate Business Plan & Long Term Financial Plan* notes that each year with the best endeavours Council aims to consider a draft budget for adoption by the end of June. To achieve this aim the draft Corporate Business Plan and Long Term Financial Plan (budget) needs to be compiled within the last weeks of May or early June.

### **Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to [Appendix ORD: 12.4.1B] for full assessment document.

<b>Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.</b>	
Risk Event	Draft Annual Budget 2024/25
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance      Legislative requirements and compliance determine the need for the production of the Annual Budget.</p> <p>Financial                      The financial implications associated within the elements of the Annual Budget can affect the financial sustainability of Council.</p> <p>Reputational                  The inclusion of projects and works within the various plans within the Annual Budget build community expectation.</p>

### **Officer Comment**

The draft budget document follows a similar format to that intended for the final document and includes the following information:

- Financial statements including the Statement of Comprehensive Income (by Nature), Budget Summary and Statement of Financial Activity;
- Notes to and forming part of the budget including notes on operating expenditure and revenue, loan borrowings, transfers to and from reserves, rating information and grants (to be provided with the final budget document); and
- Detailed Financial Information for each Schedule at account level, with Sundry Notes providing a greater level of detail for each account. This information is formatted with the account number, description and totals for the 2024/25 Budget.

The 2024/25 draft budget has been prepared utilising the various elements that Council has previously resolved to adopt. These include:

- Strategic Community Plan;
- Corporate Business Plan;
- Long Term Financial Plan;

- Debt Management Plan;
- Reserve Funds;
- Rating Strategy;
- Workforce Plan;
- Asset Management Plans;
  - Pathways;
  - Roads;
  - Parks & Reserves;
  - Buildings;
  - Stormwater Drainage;
  - Plant & Vehicles;
  - Compliance & Executive Vehicles;
  - Information Technology;
  - Eaton Recreation Centre Equipment;
- Elected Member Fees, Expenses & Allowances;
- Community Budget Requests;
- Events, Festivals & Community Services Programs;
- Community Funding Applications;
- Minor & Community Grants;
- Elected Member and staff Budget Requests; and
- Fees & Charges Schedule.

While the 2023/24 financial year has not yet ended, the draft 2024/25 Budget document presented to Council represents the current forecast closing surplus on the 30<sup>th</sup> of June 2024.

The final 2024/25 Budget document is scheduled to be presented to Council and adopted at the Ordinary Council Meeting on the 26<sup>th</sup> of June 2024. It is not anticipated that the final budget document will vary from the current draft budget, unless Council resolves to vary any of the revenue of expenditure items presented in the draft budget.

- *Statement of Financial Activity (formerly Rate Setting Statement)*

This statement shows the proposed financial position for the year, after including all operating revenue and expenditure, capital expenditure, loan repayments, transfers to and from reserves, income from sale of assets and rates (refer to page 2 of the draft budget). The statement is designed to show how much must be raised from rates to record a breakeven result.

The draft Budget for 2024/25 as presented produces a surplus of \$496,660 at the end of the financial year. There is effectively a deficit of \$156,156 for the 12-month period, as the forecast opening surplus of \$652,816 is taken into consideration when calculating the end of year position.

If grants, revenue and the estimated brought forward surplus do not meet expectations or there are requests to increase or add expenditure items, this position will not be achievable. The other factor to be taken into account is the value of projects and items that have not been completed in 2023/24 and need to be brought forward to 2024/25 through the Carried Forward Projects Reserve.

- Rates

The draft 2024/25 Budget includes a 5.5% rate revenue increase (excluding interim rate income) spread across the six Differential Rating categories. This in accordance with Council’s previous resolution through the adoption of the Long Term Financial Plan and Ordinary Council Meeting dated 27<sup>th</sup> March 2024 [Resolution 92-24] whereby Council endorsed a projected rate revenue increase of 5.5% for the 2024/25 budget.

After taking into consideration all other sources of income, Council is required to raise sufficient rates to meet its total expenditure. However, it is allowed to adopt a budget that has a deficit that does not exceed 10% of its rate revenue.

For the 2024/25 budget it is proposed a total of \$16,669,578 be raised from general property rates, \$186,017 for the Eaton Landscaping Specified Area Rate, and \$147,869 for the Annual Bulk Waste Collection Specified Area Rate. In addition, Council forecast Interim Rate revenue of \$163,181 for the 2024/25 financial year. The expected yield from rates will be sufficient to balance the 2024/25 budget after some adjustments have been made to increase other sources of revenue, reduce operating expenditure and to adjust the amount transferred to or from reserves.

Based on a 5.50% rate revenue increase, the Differential Rates Categories and Minimum Rates are included as follows:

**2024/25 – Differential Rates**

#	Differential Rating Category	Rate in \$ 2024/25	Minimum Rates 2024/25	Rate Yield
1	RESIDENTIAL (including Residential Vacant)	0.115710	\$1,625	\$10,227,693
2	COMMERCIAL (including Commercial Vacant)	0.113990	\$1,722	\$1,718,073
3	INDUSTRIAL (including Industrial Vacant)	0.114260	\$1,722	\$1,227,611
4	RURAL RESIDENTIAL (including Rural Residential Vacant)	0.115270	\$1,722	\$1,218,896
5	ACCOMMODATION	0.115890	\$1,722	\$50,922
	<b>TOTAL GRV</b>			<b>\$14,443,195</b>
6	UV Rural (including UV1, UV2, UV3 and Mining)	0.005633	\$1,722	\$2,226,383
	<b>TOTAL UV</b>			<b>\$2,226,383</b>
	<b>TOTAL GRV &amp; UV YIELD</b>			<b>\$16,669,578</b>
	Plus Interim Rates less concessions			\$145,086
	<b>TOTAL GRV &amp; UV YIELD</b>			<b>\$16,814,664</b>

Comparison for last year’s Gross Rental Value (GRV) and Unimproved Value (UV) is provided below:

	Unimproved Value Rate in Dollar	Gross Rental Value Rate in in Dollar	GRV Minimum Rate	UV Minimum Rate
2023/24 – Current	\$0.005974	\$0.109420	\$1,547.50	\$1,640.35

## 2024/25 Specified Area Rate

Comparison on last year’s 2023/24 UV and GRV

	Specified Area Rate Bulk Waste	Specified Area Rate Eaton Landscaping
2023/24 – Current	\$0.001315	\$0.002925
2024/25 – Proposed	\$0.001735	\$0.002006 *

\*The reduction in Specified Area Rate in the dollar is primarily related to the reduction of Capital Works Collected under the Eaton Landscaping Levy. The 2024/25 levy is fully allocated across Parks and Reserves Maintenance in Eaton/Millbridge (ie not capital expenditure).

## Differential Rates Submissions

The Differential Rate and Specified Area Rate Workshop held with Councillors on the 6<sup>th</sup> of September 2023 examined and defined the proposed Differential Rating Categories. Based on the subsequent Council decision, 14 Rate Categories have been created under the Differential Rating system to provide the flexibility to monitor GRV/UV valuation changes in each rate category and enable future expansion of Differential Rates if appropriate in the future. The 14 Rating Categories and description are:

UV Rates	Description
<b>UV Rural</b>	Properties that have an exclusive rural land use located outside of townsite boundaries and applies generally to agricultural areas. Sets the base rate for which UV Tiered differential rating categories UV1, UV2 and UV3 are applied. A minimum rate of \$1,722.00 is applied.
<b>UV Rural Additional Use 1</b>	UV1 applies to properties where the predominant use of the land is prima-facie rural and the property has one approved non-rural use excluding residential and ancillary residential uses. The rate in the dollar equates to the UV base rate which recognises the additional cost to Council of servicing such land, of which the predominant non-rural use is tourism-related, which attracts greater numbers of vehicle usage on Council roads. This ensures that such commercial activities contribute to the cost of Council providing tourism-related facilities and services. The rate also recognises the lower cost of operating commercial activities on such land in comparison to operating such activities on GRV land. A minimum rate of \$1,722.00 is applied.
<b>UV Rural Additional Use 2</b>	UV2 applies to properties where the predominant use of the land is prima-facie rural and the property has two approved non-rural uses excluding residential and ancillary residential uses. The rate in the dollar equates to the UV base rate which recognises the additional cost to Council of servicing such land, of which the predominant non-rural use is tourism-related, which attracts greater numbers of vehicle usage on Council roads. This ensures that such commercial activities contribute to the cost of Council providing tourism-related facilities and services. The rate also recognises the lower cost of operating commercial activities on such land in comparison to operating such activities on GRV land. A minimum rate of \$1,722.00 is applied.
<b>UV Rural Additional Use 3</b>	UV3 applies to properties where the predominant use of the land is prima-facie rural and the property has three or more approved non-rural uses excluding residential and ancillary residential uses. The rate in the dollar equates to the UV base rate which recognises the cost to Council of servicing such land, of which the predominant non-rural use is tourism-related, which attracts greater numbers of vehicle usage on Council roads. This ensures that such commercial activities contribute to the cost of Council providing tourism-related facilities and services. The rate also recognises the lower cost of operating commercial activities on such land in comparison to operating such activities on GRV land. A minimum rate of \$1,722.00 is applied.

UV Rates	Description
<b>Mining</b>	Properties that have a mining land use located outside of townsite boundaries. The rate in the dollar equates to the UV base rate which reflects the additional cost to Council of servicing such land which attracts greater numbers of heavy haulage vehicle usage on Council roads. This ensures that such mining activities contribute to the cost of Council providing mining-related facilities and services. The rate also recognises the lower cost of operating mining activities on such land in comparison to operating such activities on GRV land. A minimum rate of \$1,722.00 is applied.
GRV Rates	Description
<b>Residential</b>	Properties that have a residential land use located primarily within the Shire's townsites of Eaton, Millbridge, Dardanup and Burekup. Consist of Residential and Ancillary Residential Uses (dwellings, home occupations and home offices). These properties have access to most Council services including footpaths, street lighting, parks, etc. A minimum rate of \$1,625.00 is applied.
<b>Residential Rural</b>	Properties that have a residential rural land use located outside of townsite boundaries. As a result of the higher GRV valuations for these properties and less services provided (i.e.: no footpaths or street lighting) the rate in the dollar is lower than the residential rate. A minimum rate of \$1,722.00 is applied.
<b>Commercial</b>	Properties that have a commercial land use generally within the town centres' business districts including cafés, restaurants, food and clothing shops, showrooms, etc. As a result of the higher GRV valuations for these properties, the rate in the dollar reflects the additional cost to Council of servicing such commercial activity including CBD car parking, lighting, walkways, landscaping and other amenities, which also attracts greater numbers of vehicle usage on Council roads. This rate ensures that such commercial activities contribute to the cost of Council providing these commercial related facilities and services. A minimum rate of \$1,722.00 is applied.
<b>Industrial</b>	Properties that have an industrial and composite industrial land use may include light industry, fuel depots, motor vehicle repairs, showroom, storage facilities, warehouses, workshops, waste processing or landfill facilities. As a result of the higher GRV valuations for these properties, the rate in the dollar reflects the cost to Council of servicing such industrial activity including increased planning and environmental management, and the servicing of land which attracts greater numbers of heavy haulage and light vehicle usage on Council roads. This rate ensures that such industrial activities contribute to the cost of Council providing these industrial related facilities and services. A minimum rate of \$1,722.00 is applied.
<b>Accommodation</b>	Properties that have an accommodation land use generally include camping grounds, caravan parks, chalets, motels and holiday units. The rate in the dollar reflects the additional cost to Council of servicing such land, of which the predominant use is tourism-related, which attracts greater numbers of vehicle usage on Council roads. This rate ensures that such accommodation activities contribute to the cost of Council providing accommodation and tourism-related facilities and services. A minimum rate of \$1,722.00 is applied.
<b>Vacant Land – Residential</b>	Properties with a Residential zoning that are vacant. The rate in the dollar equates to the GRV Residential base rate and reflects the need to maintain a relative contribution towards total rating income from the category and ensure all property owners are paying a fair and equitable contribution to works and services. The minimum is the same as the Residential developed category. A minimum rate of \$1,625.00 is applied.
<b>Vacant Land – Residential Rural</b>	Properties with a Rural Residential zoning that are vacant. The rate in the dollar equates to the GRV Rural Residential base rate and reflects the need to maintain a relative contribution towards total rating income from the category and ensure all property owners are paying a fair and equitable contribution to works and services. The minimum is the same as the Rural Residential developed category. A minimum rate of \$1,722.00 is applied.



UV Rates	Description
<b>Vacant Land – Commercial</b>	Properties with a Commercial zoning that are vacant. The rate in the dollar equates to the GRV Commercial base rate and reflects the need to maintain a relative contribution towards total rating income from the category and ensure all property owners are paying a fair and equitable contribution to works and services. The minimum is the same as the Commercial developed category. A minimum rate of \$1,722.00 is applied.
<b>Vacant Land – Industrial</b>	Properties with an Industrial zoning that are vacant. The rate in the dollar equates to the GRV Industrial base rate and reflects the need to maintain a relative contribution towards total rating income from the category and ensure all property owners are paying a fair and equitable contribution to works and services. The minimum is the same as the Industrial developed category. A minimum rate of \$1,722.00 is applied.

As part of the introduction of Differential Rates, each year public submissions are invited on the proposed Differential Rates and the Objects and Reasons for each proposed rate and minimum payment. Submissions close on the 24<sup>th</sup> of May 2024 at 4pm. At the time of printing no submissions were received. Should any submissions be received they will be tabled at the meeting.

No	SUBMITTER	SUBMITTER COMMENT	APPLICANT’S COMMENT/OFFICER COMMENT
1	No submissions received		

The increase applied to the Differential Rating Categories represents Council’s endorsement of a 5.5% rate revenue increase for the 2024/25 budget (OCM 27<sup>th</sup> of March 2024 Res: 92-24).

Due to the change in rating methodology from Uniform Rating to Differential Rating, it is not possible in 24/25 to produce a direct comparison of rate percentage increases for each Rating Category, however the outcome of the rates modelling required to produce an overall 5.5% rate revenue increase is summarised in the below table. This shows the mean (average), median (midpoint) and mode (most common) rate for each rating category (excludes Specified Area Rates, Waste Charges and ESL Levy):

Rating Category	Value	Differential Rate	Number on Minimum Rate	Number on General Rate	Mean Rate	Mean Increase / (Decrease)	Median Rate	Mode Rate Range
1. Residential	GRV	1. Residential	319	4,464	\$2,060.00		\$2,075.84	\$2,102 - \$2,201
2. Residential Vacant	GRV	1. Residential	192	9	\$1,864.25		\$1,625.00	\$1,602 - \$1,701
3. Commercial	GRV	2. Commercial	5	58	\$27,155.28		\$4,787.58	\$3,002 - \$3,101
4. Commercial Vacant	GRV	2. Commercial	2	2	\$1,822.79		\$1,801.42	\$1,702 - \$1,801
5. Industrial	GRV	3. Industrial	7	70	\$14,934.14		\$6,856.74	\$10,001 - \$15,001
6. Industrial Vacant	GRV	3. Industrial	39	3	\$1,849.58		\$1,722.00	\$1,702 - \$1,801
7. Residential Rural	GRV	4. Rural Residential	12	397	\$2,679.36		\$2,637.38	\$2,602 - \$2,701
8. Residential Rural Vacant	GRV	4. Rural Residential	67	2	\$1,783.18		\$1,722.00	\$1,702 - \$1,801

Rating Category	Value	Differential Rate	Number on Minimum Rate	Number on General Rate	Mean Rate	Mean Increase / (Decrease)	Median Rate	Mode Rate Range
9. Accommodation	GRV	5. Accommodation	0	2	\$25,461.04		\$25,461.04	\$15,002 - \$20,001
10. UV Rural	UV	6. UV Rural	101	474	\$3,474.62		\$2,962.96	\$1,702 - \$1,801
11. UV1	UV	6. UV Rural	7	25	\$4,831.51		\$3,050.27	\$1,702 - \$1,801
12. UV2	UV	6. UV Rural	0	5	\$4,190.95		\$3,785.38	\$2,402 - \$2,501
13. UV3	UV	6. UV Rural	0	3	\$6,156.87		\$4,557.10	\$2,302 - \$2,401
14. Mining	UV	6. UV Rural	20	0	\$1,722.00		\$1,722.00	\$1,702 - \$1,801
<b>TOTAL</b>			<b>771</b>	<b>5,514</b>	<b>\$2,409.60</b>	<b>\$133.18</b>	<b>\$2,045.75</b>	<b>\$2,102 - \$2,201</b>

\* Note: the Mean Increase/Decrease is based on the total as an exact comparison cannot be produced due to the change in Rating Categories associated with the change from Uniform to Differential Rating.

It should be noted, that similar to previous rating models (e.g. GRV and UV properties), Differentially Rated Properties will receive either an increase or decrease in their rates due to recent Landgate GRV and UV revaluations. Valuation methodologies and revaluations are effectively outside of Council’s control, however, property owners are entitled to appeal valuations issued by Landgate should they believe their UV valuation is not correct.

At the Ordinary Council Meeting held on the 27<sup>th</sup> of March 2024 [Res: 92-24], Council endorsed the gradual removal of the Eaton Landscaping Specified Area Rate, incorporating a 0% additional general rate revenue increase for the levy in 2024/25 (based on the removal of the capital works element of \$100,000).

Council resolved to: *Endorse the projected additional rate revenue increase to compensate for the gradual removal of the Eaton Landscaping Specified Area Rate, based on the following:*

- *0% for 24/25*  
*(based on the removal of all (\$100,000) capital works. SAR Funds raised allocated to Millbridge Public Open Space maintenance – 100% of 23/24 mtce),*
- *0.60% for 25/26*  
*(based on the removal of all capital works. SAR Funds raised allocated to Millbridge Public Open Space maintenance – 80% of 23/24 mtce),*
- *0.55% for 26/27*  
*(based on the removal of all capital works. SAR Funds raised allocated to Millbridge Public Open Space maintenance – 60% of 23/24 mtce),*
- *0.50% for 27/28*  
*(based on the removal of all capital works. SAR Funds raised allocated to Millbridge Public Open Space maintenance – 40% of 23/24 mtce),*
- *0.30% for 28/29*  
*(based on the removal of all capital works. SAR Funds raised allocated to Millbridge Public Open Space maintenance – 20% of 23/24 mtce).*

In line with Council's decision for a 0% increase in 2024/25, and to abide by the principle where Specified Area Rates are based on the recovery of costs, there is no increase forecast for Specified Area Rates Eaton Landscaping in 24/25. Furthermore, the 2024/25 draft budget includes a reduction in the Eaton Landscaping Specified Area Rates due to the removal of parks capital works funded by the levy.

The Bulk Waste Specified Area Rate is expected to increase as this is based on a cost recovery methodology. Household waste collection charges have been increased 18.8% from \$261.00 to \$310.00 to predominantly reflect the forecast increase in kerbside recycling contract pickup and disposal costs associated with the waste contract and the introduction of the three bin FOGO system from 2021/22, and expansion of the FOGO service to surrounding areas.

- *Brought Forward Position*

The draft 2024/25 Budget includes an estimated brought forward surplus from 30<sup>th</sup> of June 2024 of \$652,816. The surplus compares favourably with the amended budget position of \$103,425. This is primarily attributed to some revenue items exceeding budget forecasts, some expenditure items being lower than budget and the carrying forward of some capital works projects.

- *Staffing*

A concerted effort has been made in this budget to contain staff costs in the 2024/25 budget and future years, however the Council is growing, and additional staff may be required to maintain and develop Council's facilities and services to the community. Provision has been made in the 2024/25 Budget for a Fair Work Australia minimum wage increase. As Council pays over the award an overall increase of 3.0% is forecast for 2024/25 with an allocation of 1.5% for performance increases, which are advancing employees to a higher level due to promotion, new qualifications or responsibilities, above standard performance or providing a performance bonus.

At the Ordinary Council Meeting held on the 24<sup>th</sup> of April 2024 Resolution [115-24], Council endorsed the draft Workforce Plan for the 2024/25 – 2033/34. The Workforce Plan identifies the full-time equivalent staff required for Council's operations.

Based on the Workforce Plan, the total number of full-time equivalent (FTE) staff at the end of 2024/25 will be 119.47 FTE noting that the increase of 1.0 FTE to 120.47 FTE includes a grant funded Information Document Services Traineeship position (previously 119.47 FTE). The total salaries and wages cost (including superannuation) associated with the employment of 120.47 FTE's is \$12,267,569, partially offset by the traineeship grant of \$38,000, resulting in an overall small decrease (from 119.4 FTE excluding grant funded role) in full-time equivalent staff from the adopted 2023/24 budget of 120.18 FTE.

Employee costs consist of direct salary and wages, annual and long service leave provisions, workers compensation insurance, training costs, superannuation contributions, uniforms and protective clothing, professional development, fringe benefits tax and any other costs related to the employment of staff.

Total insurance costs for Council, incorporating Workers Compensation and General Insurances has increased from the 2023/24 forecast of \$639,022 to \$664,401 in 2024/25. This is due largely to the new buildings built by Council and increased Workers Compensation claims.

Fringe Benefits Tax is incurred by Council for benefits provided to Council employees. The primary area of benefit provided is the private use of Council motor vehicles, with very minor costs for phone and entertainment. Fringe benefits tax is estimated to continue to remain within overall forward budget estimates from an adopted budget of \$134,264 in 2023/24 to \$143,903 in 2024/25.

- *(Profit)/Loss on Asset Disposals*

The forecast profit and loss on disposal for the 2024/25 financial year is nil, implying that the budgeted trade in values of Council vehicles is in line with the written down value contained within Council's Motor Vehicle Asset Management Plans. The majority of vehicle/plant disposals (13) scheduled to be carried out in 2024/25 reflect the adopted 2024/25 Executive and Compliance Vehicle Asset Management Plan, 2024/25 Plant & Vehicle Asset Management Plan, and the timing of carried forward vehicle deliveries. The actual profit or loss on asset disposal on all other plant and vehicle disposals will be calculated during the year based on the sale price and written down asset value.

- *Capital Works Programme*

A total of \$7,293,191 is to be spent in 2024/25 on the acquisition and/or construction of furniture, equipment, vehicles, plant, buildings and infrastructure assets, including carried forward projects, with a further \$520,000 loan funded expenditure for the ERP Project and \$21,000 Grant funded expenditure for the Make-it Space. Council will allocate \$6,212,485 from Reserves to fund this expenditure, with the balance of funding sourced from external grants and contributions and proceeds from the sale of assets. Refer to pages 85 to 104 of the draft budget for a detailed list of asset acquisitions, works and disposal.

Council has established Asset Management Plans for its various classes of assets, which project over a 10+ year period the required capital upgrade, expansion and renewal requirements. These Asset Management Plans include the regular transfer of funds to Reserves to ensure the Council's cash flow requirements can be met each year.

These Asset Management Plans were considered and adopted by Council at the Ordinary Council Meeting on 27<sup>th</sup> of March 2024.

Of the \$7,293,191 capital expenditure budget, the following is the breakdown based on Asset Category:

- Asset Renewal \$2,282,347 (31.3%);
- Asset Upgrade \$1,673,278 (22.9%); and
- New Assets \$3,337,566 (45.8%).

- *Carried Forward Projects*

The 2024/25 draft budget includes a number of carried forward projects that were not able to be completed during the 2023/24 financial year due to a number of factors. These projects are predominantly capital Transport Construction, Building Construction and Parks & Reserves Construction and are identified in their respective sections of the budget.

Whilst there remains a number of carried forward projects for 2024/25, with careful consideration by the Executive and Management, Council Officers have reduced the number of projects considerably including:

Carried Forward Project	Job Ref	Expenditure \$	Funding Source
<b>Transport Construction</b>			
Pratt Road Modifications	J12904	256,269	Carried Forward Projects Reserve
Crampton Avenue Pathway	J12921	51,500	Carried Forward Projects Reserve
<b>Building Construction</b>			
Dardanup Hall – Repairs	J11708	113,612	Carried Forward Projects Reserve
<b>Parks &amp; Reserves Construction</b>			

Carried Forward Project	Job Ref	Expenditure \$	Funding Source
Eaton Foreshore – Tendered Works	J11665	527,500	Carried Forward Projects Reserve; Unspent Specified Area Rate Eaton Landscaping Reserve
Eaton Foreshore Bore & Landscaping Improvements	J11661	47,519	Carried Forward Projects Reserve
Eaton Drive Islands and Verges	J11662	47,475	Carried Forward Projects Reserve
Glen Huon Oval (Fencing Reinstatement)	J11659	52,300	Carried Forward Projects Reserve

- *Loan Borrowings*

The 2024/25 budget includes the raising of one new loan during the year of \$1,600,000 (refer to page 85 of the draft budget (Appendix ORD: 12.4.1A)). The \$1,600,000 loan will be utilised to fund the implementation of the ERP Project (refer to page 86 of the draft budget (Appendix ORD: 12.4.1A)).

Council will continue to repay existing loans during the year, with total Principal payments of \$541,020 and Interest/Government Guarantee Fee payments of \$522,545.

- *Reserves*

Transfers to reserves are expected to total \$6,212,485 for the 2024/25 year. Reserve Interest of \$515,170 is forecast to be earned on cash backed reserves during 2024/25, with 100% returned to the Reserve fund. This compares with the forecast interest for 2023/24 of \$818,000. This reduced earnings forecast is attributed to reduced cash reserves.

Transfers from reserves (including carried forward projects) totalling \$7,367,765 are primarily used for capital projects.

Reserve transfers are detailed in the explanatory information of the draft budget document (refer to page 105 to 110 of the draft budget (Appendix ORD: 12.4.1A)) in accordance with the reserve transfers endorsed by Council at the 27<sup>th</sup> of March 2024 Ordinary Council meeting, together with the various Reserve balances, subject to two adjustments required to maintain the reserve balances in the positive:

- i.) Increase of \$200,000 in 2026/27 to the Road Construction & Major Maintenance Reserve
- ii.) Decrease of \$200,000 in 2026/27 to the Building Reserve.

The 2024/25 Budget expects less funds to be transferred to reserves than from reserves. If the reserve transfers proceed as budgeted, the expected balance of reserves at 30<sup>th</sup> June 2025 will be \$13,902,925 and is a decrease on the expected balance at the start of the year of \$14,620,538.

- *Revenue and Expenditure Explanatory Information*

This area of the budget primarily represents the operating expenditure and revenue for the coming year.

- *Schedule 3 - General Purpose Funding*

In accordance with Council's previous resolution through the adoption of the Long Term Financial Plan and Corporate Business Plan, the draft budget has been formulated on a 5.5% increase in overall rate revenue. The minimum rates for all Differential Rating Categories is \$1,722, with the exception of a lower Minimum Rate of \$1,625 for Residential (including Residential Vacant). In comparison to 2023/24 rating year, the GRV Minimum Rate was \$1,547.50, and UV Minimum Rate was \$1,640.35.

The WA Local Government Grants Commission (WALGGC) has not yet finalised the grants for 2024/25. It is expected the 2024/25 grant allocation will reflect the 2023/24 grant funds received. Management

has undertaken a conservative approach and forecast of estimated 3.5% increase in the Financial Assistance Grants revenue as per the actual 2023/24 figures, which reflects the forecast National (All Groups) CPI increase.

It is expected that Council will receive General Purpose Grant revenue of \$1,011,465 and Local Roads Grant revenue of \$609,542, noting that it is estimated 100% of these grant funds have been received in June 2024, and subsequently will be transferred to the Unspent Grants Reserve.

Interest earned on investments is expected to be as per 2024/25 budget estimates. Investments are placed in accordance with Council's investment policy and are limited to secure and liquid investment options such as term deposits. The 2024/25 budget forecasts Municipal Fund interest of \$216,497, and Reserve Fund interest of \$515,170. Reserve Fund interest is accumulated throughout the year with 100% distributed across all of Council's Reserve Accounts at year-end.

Total interest revenue for the Council, inclusive of interest charged on instalments and overdue rates, is budgeted to be \$884,598, which is an increase on the original budget estimate for 2023/24 of \$626,059. Increasing interest rates on investments (term deposits) and an increase of interest on rates are significant factors in this estimate.

- *Schedule 4 – Governance*

Schedule 4 contains the provision for Members of Council expenditure which includes the President/Councillor Meeting Attendance Fees combined budget of \$140,803. This includes a 4.0% increase applied to the SAT Band, and application of Council's decision to increase Councillor fees to reflect 85% of the SAT Band fee per Ordinary Council Meeting 27<sup>th</sup> of March 2024 [Res: 79-24]. In addition, Councillors are entitled to an annual Telecommunications allowance of \$2,925 per Councillor as adopted by Council. Councillor training and conference expenditure is budgeted at \$27,983.

Forecast expenditure of \$38,750 is budgeted for Council Refreshments/Receptions which includes Council meeting meals, regional meetings plus general refreshments (sundry items for both Council and staff kitchen areas). Total Audit Fees expenditure is forecast at \$69,958 and comprises of Council's audit contract \$45,458, the Financial Management System Review \$13,500 plus grant acquittals scheduled for 2024/25.

- *Schedule 5 – Law, Order & Public Safety*

Emergency Services Levy (ESL) expenditure and revenue is recorded in the Fire Prevention section of the draft annual budget. Council estimates ESL expenditure across all eight brigades of \$235,870 which is funded through DFES's (Department Fire Emergency Services) ESL program. ESL levies are raised through Council's rating system and subsequently the funds collected are remitted to DFES.

Although the timing of Bushfire Vehicles is at the discretion of DFES, the draft budget also includes a budget provision for three (3) Bushfire Brigade vehicle appliance changeovers which are fully funded from DFES.

Ranger Services and Emergency Services staff are contained within Law, Order & Public Safety. Budgeted salaries and wages are spread over Animal Control and Other Law, Order and Public Safety to a combined salaries including superannuation budget of \$514,562. Animal Management Program expenditure includes a budget allocation of \$5,250 in the draft budget. Dog and Cat Registration revenue is budgeted at \$51,433 and \$8,220 respectively, whilst Animal Infringement fines is forecast at \$10,000 for 2024/25.

- *Schedule 7 - Health*

The Health program covers maternal and infant health expenditure which incorporates Council's building maintenance costs for the Eaton Family Centre.

Preventative Services contains all expenditure relating to Health Administration and Inspections. Health fees and charges are forecast at \$29,000 for the 2024/25 budget year reflecting an increase in these fees.

Pest Control expenditure is budgeted at \$3,500 for Mosquito Control, and \$5,000 contribution towards the 2024/25 Leschenault CLAG contribution scheme administered by the City of Bunbury.

- *Schedule 8 – Education & Welfare*

Education and Welfare comprises of operational expenditure and revenue attributed to Education, Aged & Disabled Care, and Other Welfare. The draft budget also includes a reallocation from Library Salaries and Wages including superannuation totalling \$22,285 to the dedicated Make It Space Salaries and Wages and Superannuation accounts in accordance with Activity Based Costing financial reporting requirements.

The Annual School Awards are a budgeted donation totalling \$1,350 where Council contributes towards both primary and secondary school awards. In addition Council donates \$6,445 towards the Chaplaincy Program at Eaton Community College and Eaton Primary School.

Other Welfare expenditure and revenues pertains to costs relating to Culture & Community Services. The Community Services Programs expenditure, as listed on page 29 of the draft budget, is forecast at \$30,000 and includes the Youth Development Programs, School Holiday Workshops & Activities, Minor and Community Event Assistance, and the Reconciliation Action Plan.

Donation expenses is budgeted at \$31,956 which includes donations to various community groups and projects, Seniors Christmas Dinners, and Council's Personal Development Scheme.

- *Schedule 10 – Community Amenities*

Community Amenities encompasses Sanitation, Refuse, Protection of Environment, Town Planning and Regional Development, and Other Community Amenities expenditure and revenue.

The total provision for all Sanitation Household expenditure including kerbside refuse and recycling removal and disposal, processing and operational Refuse Site expenditure is budgeted at \$2,302,459.

Domestic Refuse, Recycling and FOGO levies are budgeted at a combined \$1,789,072 in the 2024/25 draft budget. In addition to the rubbish, recycling and FOGO levies, Council has forecast Specified Area Rate (SAR) - Bulk Waste Collection revenue of \$147,8697 of which \$112,781 is allocated to the Bulk Waste Collection, and \$35,088 contribution to the Transfer Station.

Revenue for Refuse Site Fees and Charges is budgeted at \$136,496 for 2024/25 financial year, which is a small increase on the previous year's forecast.

Environmental Expenditure is budgeted at \$35,000 and incorporates expenditures on projects including declared weeds management, revegetation projects, grant seed funding (match funding grant expenditure) and other projects as determined by management. The full extent of works is further defined in the Environmental Management Plan.

Town Planning expenditure items include \$221,000 for Consultancy, consisting of \$150,000 for Wanju and Waterloo Consultancy for the Development Contribution Plan which is funded from the Wanju Unspent Loan Funds Reserve, and \$21,000 for various Town Planning projects and \$50,000 for the Structure Plan Review.

Town Planning Application revenue is budgeted at \$89,265 in 2024/25, which is an increase from the previous year's forecast of \$84,000 during the 2023/24 financial year. Town Planning applications revenue is primarily due to an increase in the market economy and planning activities within the Shire.

Other Community Amenities includes operational expenditure on Dardanup and Ferguson cemeteries' maintenance, disability services expenditure, public toilets maintenance and street furniture maintenance.

- *Schedule 11 – Recreation & Culture*

Recreation and Culture includes Public Halls, Parks Gardens and Reserves, Eaton Recreation Centre, Eaton and Dardanup Libraries and Other Culture.

As detailed on page 115 of the draft budget, Appendix C – Building Maintenance and Minor Works Program includes public hall budget maintenance of \$127,064. Included in this figure is the estimated 2024/25 operational expenditure of \$44,838 on the Dardanup Hall, which is partly offset by budgeted Dardanup Hall hire revenue of \$9,500.

The adopted 10 year Building Asset Management Plan 2024/25 – 2033/34 includes building capital expenditure projects, including the remaining works on the Eaton Administration/Library Building Project, and Eaton Recreation Centre (ERC) Toilets/Change Rooms Refurbishment.

Preservation and Renewals capital works are also included in the draft budget for the carried forward Dardanup Hall Repairs, Don Hewison Centre, Eaton Basketball Courts and the ERC Exterior and Interior Finishes.

Parks, Gardens and Reserves operational expenditure is budgeted at \$4,075,114 for Reserves detailed on page 118 'Appendix E – Parks & Reserves Maintenance and Minor Works Expenditure'.

Parks and Reserves capital expenditure is listed on page 98 and budgeted at \$827,371 and is part funded by Reserve transfers, grants and the Unspent Specified Area Rate (SAR) held in Reserve.

Operating Revenue includes a budget provision of \$186,017 for Specified Area Rate for Eaton Landscaping fully allocated to Millbridge Public Open Space Maintenance.

The Eaton Recreation Centre (ERC) operating deficit for 2024/25 is forecast to be \$197,375, excluding depreciation and administration overhead costs. Operational expenditure including building maintenance, plus lease repayments and capital equipment, is budgeted at \$1,853,306. A full breakdown of ERC 2024/25 draft budget is included on pages 50 and 51, and by cost centre on page 60.

- *Schedule 12 - Transport*

Road Maintenance expenditure is budgeted at \$2,605,785, Bridges Maintenance \$184,258 and Ancillary Maintenance of \$481,510.

Capital Transport Projects are forecast at a total \$3,571,420 for Road Upgrades, Renewals, Pathway and Drainage projects. Transport Grant Revenue is budgeted at \$1,814,000 in Regional Road Group Funding, \$316,000 for Roads to Recovery projects and \$147,350 from LRCI Grant Funding Program.

Transport Construction Expenditure also includes several carried forward capital road upgrade and renewal projects which are funded from the Carried Forward Projects Reserve



- *Schedule 13 – Economic Services*

Economic Services contains expenditures and revenues for Tourism and Area Promotion, Building Control and Other Economic Services. Budgeted Tourism donations totalling \$83,500 and Economic Development expenditure of \$42,000 are included in the draft annual budget.

Building Licence revenue is budgeted at \$116,000 for 2024/25 financial year, and Swimming Pool levies is forecast at \$31,500 in 2024/25.

- *Schedule 14 – Other Property & Services*

Administration Overheads, Public Works Overheads, Plant Operation and Salaries and Wages are reported in the Other Property & Services Function. Recent changes over the last three financial years have impacted how the Public Works Overheads (PWOH) are allocated to capital works projects, to ensure compliance with the Australia Accounting Standards where administration overheads are not capitalised. Administration overheads can still be applied to maintenance works.

The changes resulted in a PWOH rate of 122% being applied to capital works and 352% for maintenance works for the 2024/25 budget, in addition to several engineering staff's salary costs being applied directly to capital works. This reallocation of PWOH from capital works to maintenance works has not only increased the maintenance overhead rate, but has also required a corresponding reduction in the transfer to the Road Reserve to maintain the same end of year surplus.

Other significant budget forecasts include workers compensation insurance budget of \$257,948, Interest Expense of \$367,569 for the Eaton Administration Centre loan, IT Equipment Leasing Expenditure of \$46,691 which includes IT Equipment leased as per IT Asset Management Plan, and Software Licencing Expenses \$1,172,363 of which \$1,126,672 includes Annual licencing and software as a service, new CRM for the ERC \$35,000 and other IT licence costs.

- *Summary*

The draft budget for 2024/25 is balanced and Councillors are encouraged to examine the document thoroughly. Councillors are welcome to contact the Deputy Chief Executive Officer or Manager Financial Services prior to the Council meeting to discuss any questions.

END REPORT

**12.5 COMMITTEES**

None.

**13 ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

None.

**14 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING**

None.

**15 PUBLIC QUESTION TIME**

**16 MATTERS BEHIND CLOSED DOORS**

None.

**17 CLOSURE OF MEETING**

The Presiding Officer advises that the date of the next:

- Ordinary Meeting of Council will be Wednesday, the 26<sup>th</sup> of June 2024, commencing at 5.00pm at the Shire of Dardanup - Administration Centre Eaton.

There being no further business the Presiding Officer to declare the meeting closed.