

Shire of Lake Grace

Special Council Meeting



NOTICE PAPER

To the President and Councillors

In accordance with the provisions of Section 5.5 of the Local Government Act 1995, you are hereby notified that a Special Meeting of Council has been convened:

Date: Friday 29 September 2017

At: Council Chambers, 1 Bishop St, Lake Grace WA

Commencing: 8.00 am

To adopt the 2017/18 Budget as per the item of business in the agenda set out on the following pages.

A handwritten signature in black ink, appearing to read "Denise Gobbart", is written over a horizontal line.

Denise Gobbart
Chief Executive Officer

28 September 2017
Date

Shire of Lake Grace

Special Council Meeting

Agenda

29 September 2017

Meeting Commencing at 8.00 am

Disclaimer

No responsibility whatsoever is implied or accepted by the Shire of Lake Grace for any act, omission or statement or intimation occurring during Council/Committee meetings or during formal/informal conversations with staff. The Shire of Lake Grace disclaims any liability for any loss whatsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's and or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for license, any statement or limitation or approval made by a member or officer of the Shire of Lake Grace during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Lake Grace. The Shire of Lake Grace warns that anyone who has an application lodged with the Shire of Lake Grace must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application and any conditions attaching to the decision made by the Shire of Lake Grace in respect of the application.



CONTENTS

CONTENTS	3
1.0 OPENING & ANNOUNCEMENT OF VISITORS	1
2.0 ATTENDANCE RECORD	1
2.1 PRESENT	1
2.2 APOLOGIES	1
2.3 LEAVE OF ABSENCE PREVIOUSLY GRANTED	1
3.0 PUBLIC QUESTION TIME	1
4.0 DECLARATIONS OF INTEREST	1
4.1 DECLARATIONS OF FINANCIAL INTEREST – LOCAL GOVERNMENT ACT SECTION 5.60A	1
4.2 DECLARATIONS OF PROXIMITY INTEREST – LOCAL GOVERNMENT ACT 1995 SECTION 5.60B .	1
4.3 DECLARATIONS OF IMPARTIALITY INTEREST – ADMINISTRATION REGULATION SECTION 34C	1
5.0 MATTERS FOR CONSIDERATION	2
5.1 2015/16 BUDGET ADOPTION.....	2
6.0 CLOSURE	10
7.0 CERTIFICATION	10

SHIRE OF LAKE GRACE

Agenda for the Special Meeting of Council to be held at Council Chambers, 1 Bishop St Lake Grace on Friday 21 September 2017. The purpose of the meeting is to adopt the 2017/18 Budget.

1.0 OPENING & ANNOUNCEMENT OF VISITORS

The Chairperson (Shire President) opened the meeting at __ pm.

2.0 ATTENDANCE RECORD

2.1 PRESENT

Cr JF De Landgrafft	Shire President
Cr SG Hunt	Deputy Shire President
Cr LW Armstrong	
Cr DS Clarke	
Cr R Chappell	
Cr RA Lloyd	
Cr AD Marshall	

In Attendance

Ms D Gobbart	Chief Executive Officer
Ms L Gray	Deputy Chief Executive Officer

2.2 APOLOGIES

Cr MG Stanton
Cr AJ Walker

2.3 LEAVE OF ABSENCE PREVIOUSLY GRANTED

Cr Armstrong has been granted leave of absence from Thursday 28 September 2017 to Tuesday 3 October 2017 inclusive.

3.0 PUBLIC QUESTION TIME

4.0 DECLARATIONS OF INTEREST

4.1 DECLARATIONS OF FINANCIAL INTEREST – LOCAL GOVERNMENT ACT SECTION 5.60A

4.2 DECLARATIONS OF PROXIMITY INTEREST – LOCAL GOVERNMENT ACT 1995 SECTION 5.60B

4.3 DECLARATIONS OF IMPARTIALITY INTEREST – ADMINISTRATION REGULATION SECTION 34C

5.0 MATTERS FOR CONSIDERATION

5.1 2017/2018 BUDGET ADOPTION

Applicant: Internal Report
File No. 0781
Attachments: No 1 2017/2018 Statutory Budget
 No 2 Schedules
 No 3 Fees & Charges
Author: Ms Denise Gobbart
 Chief Executive Officer
Disclosure of Interest: Nil
Date of Report: 28 September 2017
Senior Officer: Ms Denise Gobbart



Chief Executive Officer

Summary

To consider and adopt the Municipal Fund Budget for the 2017/2018 financial year together with supporting schedules, including striking of the municipal fund rates, establishment of new reserve funds, setting of elected members fees for the year and other consequential matters arising from the budget papers.

Background

The draft 2017/2018 budget has been compiled based on the parameters established in the Council integrated planning documents including long term financial plan, corporate business plan and strategic community plan.

Council gave consideration to the detail within the budget via a series of workshops held in June, July, and September.

Ministerial Approval was sought and granted for a late adoption of the 2017/2018 budget. The extension was granted to the 30 September 2017.

Comment

The budget has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and *Australian Accounting Standards*. The main features of the draft budget include:

Rate Increase

The budget provides an average 2.5% increase in rates collected, this includes any newly rated properties created through property sales on our most recent subdivision.

The Unimproved Valuations (UV) were completed 1 August 2016 and effective from 30 June 2017. The overall change in valuations was an increase of 10.26%. Given this is the case, there will also be variances greater or less than the 2.5% average rate increase.

Comments from the District Valuer were;

“There has been a moderate increase to unimproved values effective 30 June 2017. The increases are more focused on the western edge of the shire. We note that a significant number of properties have changed hands over the last two seasons.

Some changes to individual assessments may have occurred either as a product of the mass valuation process or where records have been amended or corrected for more up to date information about soil types etc.”

The Gross Rental Valuation (GRV) where completed 01 August 2016 and effective from 01 July 2017, the following statistics are provided in relation to the changes

	% Inc/Dec	Values	Agg.Values	% of Total
Residential	24.65%	322	\$ 3,333,401	70.74%
Commercial	3.85%	32	\$ 660,190	14.01%
Industrial	-0.66%	57	\$ 687,313	14.59%
Vacant Land	37.10%	52	\$ 18,934	0.40%
Misc.	-20.61%	6	\$ 12,400	0.26%
TOTALS	16.9%	469	\$ 4,712,238	100.00%

Given the above variations the rate in the dollar has been reduced to reflect an average 2.5% increase in the total rate collection. Given the changes in valuations there will be properties that have variation higher and lower than average rate increase.

It is noted that property owners have the right to appeal against the valuation of their property. This appeal is made to Landgate the agency responsible for conducting the valuation service. With only minor changes to valuation, it would be unlikely that many appeals would occur this year.

The minimum rate is proposed to be increased to \$420, an increase of 2.5%.

End of year position

The 2016/2017 end of year position is an estimated surplus of \$2,667,279 an increase of approximately \$1,058,709 from the prior year. There were a number of projects that were not undertaken which has led to this surplus.

The budget presented to Council for adoption results in an end of year deficit of \$969.

Fees & Charges

The fees and charges schedule is presented to Council, including the proposed rates in the dollar to be levied. As advised previously the rate charges for the Lake Grace Sewerage Scheme are to remain at similar levels to last year. Generally the fees and charges have remained as imposed last year, with a few minor increases, reflective of consumer price index adjustments; an example is rubbish bin collection charges.

Elected Member Attendance Fees, Allowances & Reimbursement of Costs

The recommendations include the setting of meeting attendance fees and allowances for members. It is proposed to amend the meeting sitting fees to an annual attendance fee; the fees proposed are President \$8,000 and elected members \$4,000.

The Presidents allowance of \$19,864 the Deputy President's allowance \$4,966 are to remain the same as the past year.

A \$2,000 allowance is included for each member to provide for costs associated with information and communication technology expenses incurred by members in carrying out their functions on behalf of the Shire.

Annual attendance fees and allowances are intended to be paid monthly in arrears, this eliminates the need to recoup funds if an elected member who may resign.

Claims such as travelling will need to be submitted monthly or more frequently should a member so require. All payments may be made direct to Members designated bank accounts. These fees and allowances are in accordance with Sec 5.98, 5.98A, 5.99 and 5.99A of the Local Government Act and the Local Government (Administration) Regulations. These fees are within the determinations for Band 4 as set by the Salaries and Allowances Tribunal 11 April 2017.

Salaries & Wages

The budget for Salaries & Wages has increased by the Fair Work Commission wage increase of 3.3%. It is projected that Salaries and Wages will increase in approximately \$71,726 on the prior year estimates. This includes increasing the Visitor Centre position to a full time equivalent position.

Road Funding

The road program has significant funding of \$1,178,346 from the Department of Infrastructure and Regional Development. This has once again led to a significant road program for the 2017/2018 year. A portion of these works will be put out to contract as we do not have the capacity to undertake the works ourselves. The total of our Road funding sources are as follows;

Grants Commission Roads	\$1,264,649
MRWA Direct Grant	\$ 170,765
Black Spot North Lake Grace- Karlgarin Rd 0065	\$ 67,031
RRG Holt Rock South Road 0219	\$ 272,768
RRG Magenta Road 0092	\$ 133,058
Roads to Recovery 17/18	<u>\$1,178,346</u>
	\$3,086,617

In 2018/2019 our Roads to Recovery balance of life funding projected to be spent is estimated to be \$1,562,076. After which a return to the annual contribution of \$589,173 is projected.

With the recovery from the February 2017 Flood event an allocation of \$8,000,000 has been made to commence the recovery works. Funding is being sourced from WANDDRA the total damage estimate is \$10.6 million.

Reserve Transfers

As we are in the position this year to have our road construction team work predominately funded through external sources in addition to the Building Team construction the new Independent Living Units (ILUs) in Lake Grace being funded externally, it has allowed for significant transfers to be made to various reserve funds.

It is intended to utilise our reserve funds to provide cashflow for restoration works whilst undertaking WANDRRA funded projects. It is proposed that the funds would be returned to the relevant reserves at the end of the financial year. Advice provided from the Department of Local Government, Sport and Cultural Industries is as follows;

1. Use of Funds is Disclosed (Approved) in Annual Budget

- a. Budget for a transfer from reserve(s) to place funds in municipal account.
- b. Budget for a transfer to reserve(s) to return funds to reserve account(s).
- c. Adjust budget for interest earnings.
- d. Recommend detail be included in the Budget under the reserve fund note to explain/summarise the WANDRRA transfers. This is considered important as there may be other project transfers affecting the reserve(s), so transparency of the different purpose(s) is important.

2. Use of Funds Approved Outside of Annual Budget

- a. In this situation, Section 6.11(2) of the *Local Government Act 1995* applies, as the local government **must give one month's local public notice of the proposed change of purpose or proposed use**.
- b. Council decision must be by an absolute majority.
- c. Budget for a transfer from reserve(s) to place funds in municipal account.
- d. Budget for a transfer to reserve(s) to return funds to reserve account(s).
- e. Adjust budget for interest earnings if considered necessary.
- f. Council item should provide detail to give transparency of transactions affecting the reserve account(s).
- g. Undertake one month local public advertising once proposed use approved by council.

Section 6.11 of the *Local Government Act 1995* on Reserve accounts is the key reference.

Legal Implications

Section 6.2 of the *Local Government Act 1995* requires that not later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, (Absolute Majority required) in the form and manner prescribed, a budget for its municipal fund for the financial year ending 30 June of the next year.

Divisions 5 and 6 of the *Local Government Act 1995* refer to the setting of budgets and raising of rates and charges. *The Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The draft 2017/18 budget as presented is considered to meet statutory requirements.

- *Cemeteries Act 1986*
- *Waste Avoidance and Resources Recovery Act 2007*
- *Local Government (Miscellaneous Provisions) Act 1960*

Policy Implications

Policy 3.3 - Specified Area Rating is used for consideration of rating levied for the Lake Grace Sewerage Scheme and the Recreation and Culture specified areas for Lake Grace, Lake King, Newdegate and Varley.

Consultation

Internal Staff
 Council

External Community groups (and Councillors) have had the opportunity to submit budget requests

Financial Implications

The Budget document establishes activities which the Shire will pursue during the 2017/18 financial year taking into account the Shire of Lake Grace Corporate Business Plan and Long Term Financial Plan.

Strategic Implications

Shire of Lake Grace Strategic Community Plan 2017 – 2027

Leadership – Strong governance and leadership, demonstrating fair and equitable community values.

Outcome 4.2 An efficient and effective organisation

- 4.2.1 Maintain accountability and financial responsibility through effective planning
- 4.2.2 Comply with statutory and legislative requirements

Recommendation – Absolute Majority Required

PART A - MUNICIPAL FUND BUDGET FOR 2017/18

That Council, pursuant to the provisions of section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, adopt the Municipal Fund Budget as contained in the attachment of this agenda for the Shire of Lake Grace for the 2017/18 financial year which includes the following:

- Statement of Comprehensive Income by Nature and Type on page 2 showing a net result for that year of \$-720,548.
- Statement of Comprehensive Income by Program on page 3 showing a net result for that year of \$-720,548.
- Statement of Cash Flows on page 4.
- Rate Setting Statement on page 5 showing an amount required to be raised from rates of \$2,894,538.
- Notes to and Forming Part of the Budget on pages 6 to 33.
- Budget schedules as detailed in Pages 34 to 153.
- Transfers to/from Reserve accounts as detailed on page 28

Recommendation – Absolute Majority Required**PART B – GENERAL AND MINIMUM RATES, INSTALMENT PAYMENT ARRANGEMENTS**

1. That Council, for the purpose of yielding the deficiency disclosed by the Municipal Fund Budget adopted at Part A above, pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*, impose the following general and minimum rates on Gross Rental and Unimproved Values.

1.1 General Rates

Gross Rental Value (GRV)	7.9820 cents in the dollar
Rural (UV)	0.8217cents in the dollar

1.2 Minimum Rates

Gross Rental Value (GRV)	\$420
Unimproved Value (UV)	\$420

2. That Council, pursuant to section 6.45 of the *Local Government Act 1995* and regulation 64 (2) of the *Local Government (Financial Management) Regulations 1996*, offers a one, two and four instalment payment option, and nominates the following due dates for payment in full or by instalments:

- Full payment and 1st instalment due date 13 November 2017
- 2nd half instalment due date 12 January 2018
- 2nd quarterly instalment due date 12 January 2018
- 3rd quarterly instalment due date 13 March 2018
- 4th quarterly & final instalment due date 14 May 2018

3. That Council, pursuant to section 6.45 of the *Local Government Act 1995* and regulation 67 of the *Local Government (Financial Management) Regulations 1996*, adopts an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$11 for each instalment after the initial instalment is paid.
4. That Council, pursuant to section 6.45 of the *Local Government Act 1995* and regulation 68 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option.
5. That Council, pursuant to section 6.51 (1) and subject to section 6.51 (4) of the *Local Government Act 1995* and regulation 70 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 11% for rates (and service charges) and costs of proceedings to recover such charges that remains unpaid after becoming due and payable.

Recommendation – Absolute Majority Required**PART C – GENERAL FEES AND CHARGES FOR 2017/18**

That Council, pursuant to section 6.16 of the *Local Government Act 1995*, adopts the fees and charges included at pages 154 to 165 inclusive of the draft 2017/2018 budget included as attached to this agenda.

Recommendation – Simple Majority Required

PART D – OTHER STATUTORY FEES FOR 2016/17

1. That Council, pursuant to Part 7 Local Government Planning Charges *Planning and Development Regulations 2009* adopts the Fees and Charges for Planning Services within the Shire of Lake Grace as included at pages 159 to 160 of the draft 2017/2018 budget included as attached to this agenda.
2. That Council, pursuant to section 53 of the *Cemeteries Act 1986* adopts the Fees and Charges for Cemeteries within the Shire of Lake Grace as included at page 160 of the draft 2017/2018 budget included as attached to this agenda.
3. That Council, pursuant to section 245A(8) of the *Local Government (Miscellaneous Provision) Act 1960* adopts the swimming pool inspection fee included at page 164 of the draft 2017/2018 budget included as attached to this agenda.
4. That Council, pursuant to section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, adopt the charges for the removal and deposit of domestic and commercial waste as included at page 158 of the draft 2017/2018 budget included as attached to this agenda.

Recommendation – Absolute Majority Required

PART E – ELECTED MEMBERS FEES AND ALLOWANCES FOR 2017/18

1. That Council, pursuant to section 5.98(1)(b) of the *Local Government Act 1995* and within the range determined by the Salaries and Allowances Tribunal, adopt the following annual attendance fees for elected members:

President	\$8,000 per annum
Councillors	\$4,000 per annum

2. That Council, pursuant to section 5.99A of the *Local Government Act 1995* and within the range determined by the Salaries and Allowances Tribunal, adopts the following annual Information & Communication Technology (ICT) expenses allowance for elected members:

ICT Expenses Allowance	\$2,000
------------------------	---------

3. That Council, pursuant to section 5.98(5) of the *Local Government Act 1995* and within the range determined by the Salaries and Allowances Tribunal, adopts the following annual local government allowance to be paid in addition to the meeting attendance fees:

President	\$19,864
-----------	----------

4. That Council, pursuant to section 5.98A of the *Local Government Act 1995* and within the range determined by the Salaries and Allowances Tribunal, adopts the following annual local government allowance to be paid in addition to the meeting attendance fees:

Deputy President	\$4,966
------------------	---------

Recommendation - Simple Majority Required

PART F – MATERIAL VARIANCE REPORTING FOR 2017/18

That Council, in accordance with regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, and *AASB 1031 Materiality*, the level to be used in statements of financial activity in 2017/18 for reporting material variances shall be a percentage of ten (10) or a minimum of \$5,000, whichever is the greater.

Recommendation - Simple Majority Required

PART G – SPECIFIED AREA RATES – RECREATION & CULTURE

That Council in accordance with section 6.37 of the *Local Government Act 1995* levy specified area rates to yield sufficient funds to equal the expenditures in Recreation and Culture for the defined areas of Lake Grace, Newdegate, Lake King and Varley as included on page 30 of the draft 2017/2018 budget included as attached to this agenda.

Recommendation - Simple Majority Required

PART G – SPECIFIED AREA RATES – LAKE GRACE SEWERAGE

That Council in accordance with section 6.37 of the *Local Government Act 1995* levy specified area rates to yield sufficient funds to equal the expenditures of the Lake Grace Sewerage Scheme within the Lake Grace town site, as included on page 30 of the draft 2017/2018 budget included as attached to this agenda.

Voting Requirements

Absolute majority (5) and Simple majority required.

Resolution

Moved Cr

Seconded Cr

6.0 CLOSURE

There being no further business, the Chairperson closed the meeting at ___ am.

7.0 CERTIFICATION

I Jeanette Frances De Landgraft certify that the minutes of the special meeting held on the 29 September 2017 as shown were confirmed as a true record at the meeting held on the 25 October 2017.

Shire President

Date