

## ***Foreword***

The introduction of the Local Government Act 1995, brought about considerable change to the way in which Local Government is regulated and the levels of public accountability required. Part of that change is the obligation on Local Governments to prepare a Plan of Principal Activities for a period of at least four years.

This is the fifth detailed Principal Activities Plan for the Shire of Nannup and provides an overview of the major expenditure areas and significant projects planned for implementation by the Council over the period of the plan.

The Plan recognises that the Shire of Nannup needs to increase its effort in the maintenance of infrastructure assets. The Plan also recognises the need for improvements in the levels of services to our community. The increase in emphasis on waste management and major asset replacement are evidence of this. The maintenance of essential local government infrastructure such as roads, drainage, parks and reserves and community facilities are contained in the operational area of the summary of the plan and are not as detailed as Council's end adopted budget document.

This plan exceeds the requirements of the legislation in that it provides additional information on the Council's cash backed reserves and the disclosure of the anticipated rating levels to ensure a 'balanced budget' position.

I encourage all residents and ratepayers of the Shire of Nannup to avail themselves of the opportunity to examine the Principal Activities Plan and to lodge a submission if you so desire. Your views are important to Council and whether you concur with the plan or not, every consideration will be given to your submission by your elected representatives.

**CR BARBARA DUNNET  
SHIRE PRESIDENT**

# INTRODUCTION TO THE SHIRE OF NANNUP PRINCIPAL ACTIVITIES PLAN

## **INTRODUCTION**

The process of planning requires projections and estimates, based upon present conditions and knowledge. A plan can only provide a series of intentions based upon that knowledge and assumptions of future conditions.

The principal activities identified and documented in this plan are the result of careful consideration of the future needs of the community and should be seen as priorities and targets for future achievement. It must be emphasized however, that the plan must be a 'living document' and is not cast in concrete. Annual reviews are required by the legislation and priorities may change from time to time necessitating variations to the plan.

This plan will provide the elected members and staff with a management tool previously not available to them, and the ratepayers and residents with information on the direction intended for the Shire.

## **LEGISLATIVE REQUIREMENTS**

The Local Government Act 1995 imposes legislative obligations upon Local Governments to prepare a plan of principal activities, identifies a number of specific requirements in relation to the contents of those plans and obligations for Local Governments arising from them.

### **Definition of Principal Activity**

A principal activity is defined by section 5.52 of the Act as:

- a) a major capital works project to be undertaken by the Local Government,
- b) a major service to provided by the Local Government,
- c) a program for the replacement of the Local Government's major assets,

- d) major land transactions and major trading undertakings within the meaning of Section 3.59, and
- e) such other activities as may be prescribed.

Each Local Government must decide which existing and proposed activities are appropriate for inclusion in the Plan of Principal Activities. For the purposes of this plan, the Council has decided that activities satisfying the following criteria shall be considered to be a principal activity.

- Programs or activities which currently, or are likely to involve 5% or more of the proposed total annual expenditure
- Services or projects considered being of significant interest to the community.

The ongoing principal activities chosen for the Shire of Nannup, in accordance with those criteria are:

1. Bridge Maintenance
2. Building Maintenance
3. Fire Fighting Equipment
4. Footpath Construction
5. Loan Repayments
6. Plant Replacement
7. Reserve Funds
8. Road Construction
9. Waste Management
10. Capital Works – Parks, Gardens and Reserves

In addition the plan also highlights planning for future “one off” programs that are not necessarily ongoing but are none the less significant. There is one only of these programs currently included for the 2003/04 – 2007/08 plan being the development of a Waste Transfer Station. The previous other once off program of Foreshore Park has been incorporated in the ongoing program developed titled “Capital Works – Parks, Gardens and Reserves.”

## **Plan Contents**

The plan for each principal activity must provide details of:

- a) the principal activities that are proposed to be commenced or continued in each financial year affected by the plan;
- b) the objectives of each principal activity;
- c) the estimated cost of and proposed method of funding each principal activity and how the Local Government proposes to assess its performance in relation to each principal activity;
- d) the estimated income and expenditure for each financial year affected by the plan, and
- e) such other matters as may be prescribed.

## **Public Consultation**

Following the preparation of its plan, the Local Government is required to give local public notice and make the plan available for public inspection for a period of 42 days at the Local Government office and each public library in the district. The notice is required to invite public submissions on the plan and the Local Government shall consider each submission received and must then adopt the plan with or without modification.

There is a statutory obligation on a Local Government to review its plan annually and to complete the public consultation process following each annual revision. These revisions provide an opportunity to:

- update income and expenditure estimates;
- change priorities to reflect changing circumstances;
- add, modify or delete activities according to needs, and
- respond appropriately to changes of community needs and perceptions, as expressed through the submissions lodged each year.

## **Annual Budget**

Council is required to have regard to the contents of its Principal Activities Plan when preparing its annual budget.

## **Annual Reporting**

Each Local Government is to prepare an annual report for each financial year and that report is to include details of principal activities commenced or continued during the financial year, an assessment of performance in relation to each principal activity and an overview of the principal activities proposed to commence during the following year.

Council's Annual Financial Report is to include details of principal activities not commenced during the financial year, those commenced but not completed during the financial year, the reasons for non completion and the extent to which non compliance with the plan affect the current position balance when compared to the budget estimate for that current position balance.

## **REVENUE AND EXPENDITURE ASSUMPTIONS**

### **Inflation**

As this plan is an activity plan, all calculations have been made on the basis of today's dollar values.

### **Depreciation**

Significant increases in asset depreciation arise as a direct consequence of the requirement by Australian Accounting Standard 27 for infrastructure assets such as roads, drains, footpaths and parks to be depreciated. Council accepts that true costs would be understated if depreciation was excluded from principal and non-principal activity costing but has no desire to levy rates to meet this non-cash cost. Consequently, a corresponding adjustment is made in the various tables to deduct that depreciation for the purpose of assessing rating and other income required.

## **Goods and Services Tax**

The impact of the introduction of the Goods and Services Tax (GST) on Council's Principal Activity Plan (and budget) will be cost neutral except where associated with supplies that are input taxed. Input taxed supplies include most financial supplies, supplies of residential rent and residential premises, and some supplies of precious metals.

Where the impact of the GST does impact this Principal Activity Plan, allowances have been made.

## **INCOME**

Although not classified as a Principal Activity under the Local Government Act, it is important that the community is made aware of how the preceding Principal Activity Plan will be funded. As such, the following summary of income categories is provided:

### **Grants**

Grants are available for Roadworks, Bushfire Equipment, special projects (for example toward the restoration of the Old Railway Bridge) and General Purpose Grants from the Local Government Grants Commission. Discussion with the Commission indicates only a minimal opportunity for any increase in this area over the next two to three years.

The bulk of other grants are for roads and bridges and these are pre-determined by Main Roads WA and the Regional Road Group.

### **Loans**

Council is attempting to minimise its use of loans for any expenditure other than long term community use assets. As such no loans, aside from the carry forward loan from 2002/03 for the development of recycling facilities and a waste transfer station at the refuse site off Mowen Road are intended. This loan is valued at \$34,000 and is anticipated to be repaid over a period of ten years.

## **RATES AND OTHER INCOME**

### **Other Income**

This section comprises all income other than the other five categories listed. This includes all fees, licenses, fines, hire of property, commissions, operational grants and rubbish disposal/collection charges.

To fund the increased levels of services provided, Council recognises the need to fund it's increased commitment to Town Planning, Environmental Health and Building Services through increased fees, on a user pays basis.

Council also recognises the higher cost of waste disposal utilising the waste transfer station and as such will seek to offset this cost partially through an increase in household refuse collection charges and the introduction of tipping fees.

### **Rates**

Rate income is the only source of significant income over which Council has control. Council recognises that rates have traditionally been very low in Nannup compared to those paid in adjoining councils. Council at its January 2002 meeting resolved to remove all reference to an ongoing percentage increase in rates as well as any reference to linking any rate increase to the Consumer Price Index. The intent is that Council will assess the amount of income required to be raised through rates in any given year in accordance with the governing legislation and normal budget deliberations.

Council may choose to set a rate in the dollar that is demonstrably linked to a percentage increase or the Consumer Price Index when a final budget is adopted.

### **Reserve Funds**

This represents the transfer of funds from reserves developed specifically to fund future programs and projects. By setting aside money over a period of years Council is able to offset major impacts on cash flows.

### **Sale of Assets**

This section, for the term of this plan represents the trade in value of major plant as part of the Plant Replacement Program.