



Shire of  
**Nannup**  
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# Agenda

Special Council Meeting to be held  
on Wednesday 31 July 2019  
Commencing at 6.00 pm  
in the Council Chambers



# Agenda

**1. DECLARATION OF OPENING**

**2. RECORD OF ATTENDANCE**

**3. APOLOGIES**

Cr Norm Steer

**4. LEAVE OF ABSENCE (previously approved)**

Nil

**5. PUBLIC QUESTION TIME**

**6. REPORTS OF OFFICERS**

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6.1	Rate in the Dollar 2019/20	1
6.2	Budget Adoption 2019/20	7

**7. CLOSURE OF MEETING**

AGENDA NUMBER:	6.1
SUBJECT:	Rate in the Dollar 2019/20
LOCATION/ADDRESS:	Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	FNC3
AUTHOR:	Tracie Bishop – Manager Corporate Services
REPORTING OFFICER:	Tracie Bishop – Manager Corporate Services
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	19July 2019
ATTACHMENTS:	6.1.1 - Chart Showing Rate Increases – All Properties 6.1.2 - Chart Showing Rate Increases – UV Properties 6.1.3 - Chart Showing Rate Increases – GRV Properties

## **BACKGROUND:**

Section 6.32 of the Local Government Act 1995 requires that:

*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;*
- (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.*

A minimum rate can only be imposed in conjunction with a general rate and if the minimum rate is more than \$200 it cannot be imposed on more than 50% of rated properties. This limit applies separately to those properties classed as Gross Rental Value (GRV) or Unimproved Value (UV).

The draft budget is included elsewhere on today's agenda. The proposed budget requires a sum of \$1,818,595 to be raised from rates, giving an average increase of 6.4%. If Council changes the total required yield from rates as a result of the adoption of the 2019/20 budget, then the recommendation in this report will need to be amended in line with that resolution.

## COMMENT:

Council's rating model for 2018/19 was:

	Rate in the Dollar	Minimum Rate	Actual Yield raised	Minimums
GRV	0.08698	\$928	\$893,231	43.36%
UV	0.004530	\$1,118	\$811,546	49.14%
			\$1,704,777	

## Principles for Rate Modelling

The rating methodology to be followed is set out in Council resolution 8946 from the meeting of 18 April 2013.

This states:

*In preparing rate models for Council consideration officers should:*

- 1. adopt the principle that future rate increases should be at or above CPI and more closely linked to the LGCI (Local Government Cost Index) given that the latter has more relevance to local governments' costs; and*
- 2. the current balance of payment between UV and GRV properties be maintained; and*
- 3. the rate in the dollar for UV and GRV properties be adjusted up or down, as the case may be, to compensate for general increases or reductions in rateable values for each class of property before applying new rate models.*

In terms of the WALGMC data obtained from their website suggests that both rating categories are under rating UV properties underrated by 22% and GRV properties by 19% as per the WALGMC modelling.

	Actual	Assessed	Scaled %
RCI	\$ 757,000	\$ 846,552	
Agricultural	\$ 634,172	\$ 828,231	
Mining	\$ 17,741	\$ 47,527	
Pastoral	\$ -	\$ -	
Net Investment	\$ 62,390	\$ 35,518	
<b>Total Revenue</b>	<b>\$ 1,471,303</b>	\$ 1,757,829	19.47%
<b>Scaled Down Revenue</b>	<b>\$ 1,534,448</b>		
Rec & Culture	\$ 1,234,873	\$ 612,440	
Community Amenities	\$ 180,968	\$ 209,709	
Governance	\$ 482,759	\$ 278,031	
Law Order & Public Safety	\$ 222,228	\$ 155,445	
Education Health and Welfare	\$ 131,962	\$ 100,077	
Transport	\$ 1,718,686	\$ 1,633,598	-4.95%
<b>Total Expenditure</b>	<b>\$ 3,971,477</b>		
<b>Assessed expenditure</b>	\$ 2,989,302		
<b>Expenditure Less Cost Adjustors</b>	\$ 2,488,374		
<b>2018/19 Equalisation</b>	<b>\$ 1,454,854</b>		
2017/18 Equalisation	\$ 1,257,768		

## Revaluation

### Unimproved Valuations (UV):

UV Valuations are adjusted annually to reflect what the current market price of land within the local government. In making these valuations different trends are analysed to arrive at the final valuation figure for a locality. According to Mr John Benson the local Landgate Valuer for this land type these trends vary from soil type, land usage and market value. For the upcoming period there were only 3 properties with a different value applied from that given within the 18/19 year.

### Gross Rental Valuations (GRV):

Historically, GRV valuations are only completed within the Shire of Nannup on a three yearly basis. This should have resulted in a revaluation of this class of land valuations being completed this year however, due to staffing constraints, Landgate have now decided to revalue this class once every five years. For the upcoming 2019/20 year this means that there is no increase shown.

### Workshop Outcomes

During workshops completed this year, three models were submitted for Councillor consideration. After looking at the merits of each of these models the following was considered by Council to demonstrate the most equitable to the majority of land owners while also addressing Council's rating methodology above.

Model	Number of Properties		
	\$0 - \$150	\$151 - \$500	\$501 +
<i>Model 1</i>	1,048	91	9
<i>Model 2</i>	1,048	91	9
<i>Model 3</i>	1,073	70	5

Looking at the three models together, Model Three appears to spread the burden of the rates increase to a larger number of properties. By choosing this model the non-minimum ratepayers have a lower overall rate increase, the rate drops to 5% and overall there are 25 more properties having an increase of under \$150 when compared with the other two models.

In plain terms, an increase in GRV minimums from \$928 to the proposed \$1,039 is an increase of \$111. i.e. \$2.13 per week. The following observations are made in regards to the preferred model:

Model Three looks at increasing the minimums within each class to a point as close as possible to where the 50% quota is achieved.

From a dollar increase perspective:

- 1,073 properties have increases of \$150 or less,
- 38 properties have increases of between \$151 - \$250
- 32 properties have increases between \$251 - \$500
- 4 properties between \$501 to \$750
- 0 properties between \$751 - \$1,000
- 1 property greater than \$1,000

In this model, in dollar amounts, only 37 properties have increases above \$250. The property above \$1,000 is ex gratia and properties with dollar increases above \$151 are mostly either industrial or large continuously rated properties. As with previous models, the only assessment with increase above \$1,000 is an ex gratia assessment.

Inevitably there will always be properties that sustain higher property value increases than those projected from overall budgetary increases. Every year the aim of Officers is to work towards a fair and equitable model that while meeting the rate required for budgeting purposes, also does not disadvantage ratepayers to the best of Council's abilities.

As Councillors are aware, it is important to ensure that ratepayers have an understanding that rates are not raised to cover costs associated with any one property. They are instead raised to cover the costs associated with creating a community for the community. Rates are an annual payment made by property owners to cover costs associated with that locality. Rates are a simple and effective way of paying for the delivery of vital community services and infrastructure, such as roads, footpaths, parks, street lighting and libraries. Based on the summary above the following proposed model is put forward for adoption.

Model 3 - Minimums Adjusted to 50%								
Rate in Dollar	Budget Increase		6.40%			% Inc		Previous Yr
	2019/20	GRV	0.091328	0.08698	0.08698	5.00%	0.7895%	
		UV	0.004761	0.00453	0.00453	5.00%	0.004480%	
Minimum Rate	2019/20	GRV	1039	47.96%	OK	111	12.00%	\$ 928.00
		UV	1165	49.76%	OK	47	4.20%	\$ 1,118.00
<b>Target Yield</b>	1,813,882					1,704,777		1,695,049
<b>Actual Yield GRV</b>	966,157							887,872
<b>Actual Yield UV</b>	852,368							807,992
<b>Actual Yield</b>	1,818,525							
<b>Variance</b>	4,643 Surplus							

The impact of these proposals on rate bills has been modelled and is shown graphically in Attachments 1-3.

### **Waste Avoidance and Resource Recovery Act:**

The Waste Avoidance and Resource Recovery Act 2007 (WARR) has been used with the Shire of Nannup budgets from the 2014/15 financial year onwards.

Based on our current costs associated with running this establishment, as well as looking towards the projections for the upcoming period, total expenses are still tracking higher than income received from this site.

At the May 2016 Ordinary Meeting of Council, Council endorsed the following action

#### **16074 STEVENSON/SLATER**

- 1. That Council endorse that the annual increases in the Waste Avoidance and Resource Recovery Act 2007 be set at 20% until such time as full recovery is achieved.***

**CARRIED (7/1)**

Based on this the following income stream is suggested which would bring the WARR fee per land owner to \$98.00 for the 2019/20 year – Current WARR Fee is \$82. WARR Income based on this increase is estimated to be \$105,673.

### **Conclusion**

It is noted that the increase in rates each year is a burden felt by the whole community however as costs increase it is inevitable that the Rate in the Dollar must also rise. It is also noted that for local governments that have an increasing population with a far greater uptake of new housing per annum, there is less of a need to increase rates to similar levels as in the Shire of Nannup. For these Councils, the growth in rates is supplemented by the growth in properties.

There is also the requirement of the Department of Local Government for Councils to show that wherever possible it is taking steps to be sustainable. This is evidenced through the need to explain adverse ratio trends. For the Shire of Nannup, as with many other Councils, an adverse trend is currently showing within Council's Operating Surplus Ratio. This ratio is calculated as the percentage by which the annual operating surplus or deficit varies from total operating income. To reverse this trend, along with finding efficiencies wherever possible within Council's operating budget there is also the need to increase the operating income. For most smaller Councils this is only achievable through Rates and Charges.

### **STATUTORY ENVIRONMENT:**

Local Government Act 1995 Section 6.32.



**POLICY IMPLICATIONS:**

Nil.

**FINANCIAL IMPLICATIONS:**

The resolution on the rate in the dollar is required to fund the 2019/20 budget.

**STRATEGIC IMPLICATIONS:**

Nil.

**NOTE:**

No recommendation provided as included in Item 6.2.

AGENDA NUMBER:	6.2
SUBJECT:	2019/20 Budget Adoption
LOCATION/ADDRESS:	Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	FNC 3
AUTHOR:	Tracie Bishop – Manager Corporate Services
REPORTING OFFICER:	Tracie Bishop – Manager Corporate Services
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	19 July 2019
ATTACHMENTS:	6.2.1 - Budget Schedules 2019/20 6.2.2 - Fees & Charges 2019/20 6.2.3 – Community Requests / Subsidies 2019/20 6.2.4 – Surplus carried forward incorporated into 19/20 budget

## **BACKGROUND:**

The 2019/20 Budget is presented to Council for adoption and setting of rating levels. This recommended budget is the product of numerous budget workshops completed by both Councillors and staff members. These workshops have examined all areas of committed and uncommitted income and expenditure with the output from this process providing the guidance to officers on which items should be included or excluded from the final budget submission for 2019/20.

## **COMMENT:**

### **Budget Assumptions**

In compiling the base budget an assessment of probable levels of inflation and interest rates has been taken. Reasonable account has been taken of known or anticipated price increases and other committed expenditure. Inflation of 2.0% has been added to the base level of expenditure where confirmed price increases are not known.

Council has a degree of control over the main areas of uncertainty in the budget and should therefore be able to moderate its exposure to significant variations through the decisions taken during the budget process. However, the unpredictability of many of the factors influencing the Council's budget remains a risk and this is addressed through prudent estimates.

There are three major factors affecting the revenue budget:

- (a) The base budget for 2019/20 includes income from fees and charges of approximately \$471,483 however these are not guaranteed revenue streams.

- (b) Council receives income from investment interest. Interest rates are fluid and can fluctuate. In this regard Council has no control over actual income received through investment interest. For the 2019/20 period, an analysis has been undertaken based on current year interest received. For the 19/20 year, 50% of Federal Assistance Grants was received as an early payment within the 18/19 year. This has the benefit to Council of freeing up Council's cash flow for the initial period where rates have not been raised. In terms of the effect of early payments and interest earned, included within the current budget is an amount of \$11,000 interest received based on this analogy. This is lower than the prediction for the previous year based on the downward trend in interest rates at this point in time.
- (c) Council does not maintain a general level of working balances which can absorb unexpected fluctuations in its income and expenditure. In the event that there are significant adverse variations during the year money would need to be released from other earmarked reserves to cover any shortfall. For the financial year 2019/20, this risk is heightened as a result of the current Local Government Advisory Board Inquiry into the Lower Donnelly River Huts. Should this Inquiry find on behalf of the applicants this would result in approximately \$40,000 of lost rate income. It is assumed that the formal inquiry will have been completed before the budget review process and as a result any modifications to the budget will be made at that time.

In the light of the assumptions made in compiling these estimates and reflected in the recommendation it is considered that the budget as presented is sufficient to meet the liabilities facing the Council during 2019/20.

### **Changes to the Base Budget**

Initially, at the beginning of the budgeting workshops Council looked at the cost of carrying out the same level of activity as in 2018/19. After taking into account the costs associated with the removal of capital grant income and including inflationary increases for this financial year the base budget income was assessed. Following analysis of this figure, further cuts and efficiencies were considered and where feasible made. There was also analysis made of projects and expenditure that due to time constraints, other priorities or review into the necessity of the works have resulted in a surplus carried forward for the 18/19 financial year. This figure has been included into the upcoming budget to lower the overall budget amount required from Rates and Charges and other streams of own source income. The combination of all of these considerations has now formed the 19/20 Budget included today for Council consideration. Taking all factors into consideration there is a net committed increase of 6.40%

### **Reserves**

The budget process provides an opportunity for Council to assess the adequacy of its reserves. Council maintains a number of Reserves set up for specific purposes. The table shown below details the Reserve position as reflected in the recommended budget.

Included within the 19/20 budget is the addition of two new reserves. These are the Trails Reserve and a Footpath Reserve. If Nannup is to continue in the pursuit of becoming a “Trails Town” and have the opportunity to attract external funding to aid in the provision of new trails, there will be the expectation that there will be ‘buy-in’ from the community via Council. By committing funds to this reserve for the next few years Council will be in a better position to achieve this.

The Footpath Reserve is in response to the aging footpaths within our townsite. There are considerable lengths of footpaths that are now at the point that replacement should be considered. Financially this would create a burden on Council that in order to be accommodated would result in other infrastructure works i.e. roads and bridges, having to be shelved. While Council is mindful that there needs to be a complete hierarchy created and that footpaths are as important as roadworks, Officers are also aware that it is not possible to replace the lengths of footpaths that are aging within a timely fashion and still complete the current obligations of our road/bridges program. As a result, it is envisaged that through provision in the Reserve Accounts, should a footpath fail within a year where capital works to this footpath were not planned, there would be dedicated funds that could be used to treat this. Additionally, over time, if funds are continued to be accrued within this reserve these funds can be used to support a capital footpath replacement program.

<b>Reserve</b>	<b>Opening Balance 1 Jul 2019</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Interest</b>	<b>Closing Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Leave Reserve	181,131	15,000	(10,000)	3,000	<b>189,131</b>
Plant Reserve	420,340	140,000	(22,000)	7,000	<b>545,340</b>
Recreation Centre Reserve	560	-	-	-	<b>560</b>
Equipment Reserve	96,829	30,000	(31,000)	1,000	96,829
Asset Management	729,735	90,000	(24,000)	11,000	<b>806,735</b>
Main Street Upgrade Reserve	58	-	-	-	<b>58</b>
Landfill Reserve	115,449	40,000	-	1,500	<b>156,949</b>
Emergency Management Reserve	57,256	-	-	1,000	<b>58,256</b>
Aged Housing Reserve	377,564	-	-	6,500	<b>384,064</b>
Gravel Pit Reserve	122,000	20,000	-	1,000	<b>143,000</b>
Community Bus Reserve	24,819	5,000	-	1,000	<b>30,819</b>
Infrastructure Reserve	155,000	10,000	-	1,000	<b>166,000</b>

Strategic Reserve	308,000	-	(7,000)	1000	<b>302,000</b>
Youth Reserve	16,250	-	(10,000)	-	<b>6,250</b>
Trails Reserve - New	-	30,000	-	-	<b>30,000</b>
Footpath Reserve - New	-	10,000	-	-	<b>10,000</b>
<b>Total</b>	<b>2,604,991</b>	<b>390,000</b>	<b>(104,000)</b>	<b>35,000</b>	<b>2,925,991</b>

## Funding Corporate Priorities

Funding priorities for the 2019/20 year were analysed within the budget workshops. Priorities identified during this process include:

### Infrastructure Network

Planned Infrastructure works for the upcoming period have been consolidated, with the outcome that, where possible, roadworks are to be completed by Council employees rather than contractors. What this will mean to the overall program is less sealing works and more gravel, road shoulders and drainage works. Roads that have been identified for improvement in 2019/20 are:

1. Cundinup South;
2. Fouracres Road;
3. Bridgetown Road;
4. Johnston Road;
5. Governor Broome Road.

Council's Road program is subsidised by way of Federal and State Funding. Subsidized funding for this period is possible through:

- Roads to Recovery Income (\$306,800) – fully funded program not requiring addition of Council contributions; and
- Regional Road Works Funding (\$210,000). - Requires a 1/3 Council contribution

There is also built into the budget a \$14,000 budget to footpath repairs within the current year. This is over and above the reserve contribution mentioned above.

### Plant Purchases

This financial year there is inclusion in the budget for the purchase of a Grader Mounted Roller. This purchase should allow increased efficiencies to be built into Council's Work's Program. Currently there is a requirement for both a Grader and a Roller to be taken to jobs. This then requires two employees to be tied to the one job. By purchasing the Grader Mounted Roller there is only a need for the one employee to be utilised allowing the other employee to work towards other infrastructure outcomes required for the year. The purchase of this piece of equipment is through a Plant Reserve Contribution.

While not a plant purchase, Council has included within the budget an amount to allow a Wet Hire of a Side Arm Mower attachment. The Side Arm Mower would be used to

work on road shoulders and within Council's bushfire mitigation works. Should the trial be a success, the purchase of a similar piece of equipment may be included in an upcoming budget.

### Capital Works Program – excluding Roads

There are a number of capital works inclusions within this budget. The table below highlights the program that the works relate to and details of what the works will cover.

<b>Capital Works Per Program</b>			
<b>Program</b>	<b>Works</b>	<b>Council Contribution</b>	<b>Grant Funding</b>
Governance			
	Upgrade Telephone System	10,000	
	Upgrade Photocopier	11,000	
	Council Chambers	10,000	
Law & Order			
	Cundinup VBFB – Truck & Shed	-	Fully grant funded
Housing			
	28 Carey Street	15,000	
	29 Carey Street	3,000	
	30 Dunnet Road	6,000	
Rec & Culture			
	Halls - Other	6,500	
	Recreation Centre	2,600	
	Town Hall	18,750	
	Old Roads	4,000	

	Bowling Club	3,500	
Community Amenities			
	Waste Site	33,260	
Economic			
	Trails – Masterplan	6,000	149,000
	Scott River Feasibility Study	5,000	39,000

#### ***Waste Facility***

Within the 2018/19 budget deliberations, Council endorsed that the Waste Management Facility should be taken back into the control of the Shire of Nannup. This was to allow a better understanding by Council of the true costs of running such a facility. The trial was to run for 12 months after which time a full detailed analysis would be completed by Officers for Councillors to deliberate.

This trial commenced on the 1 October 2018 and so still has two months to be completed before the full analysis will be completed.

Regardless of the outcomes of this trial there still remains capital works that need to be addressed at this facility and as a result included in the table above is funding towards Vermin Proof Fencing and a Biodiversity Study. In terms of operational funding, for the purposes of this budget it has been considered that the facility will remain status quo. It is envisaged that if an alternative waste model is the outcome of the analysis the funding already committed would be moved to this model.

Included within this budget is the inclusion of a piece of plant, should the analysis support continued running of this facility by Council, to be purchased via a loan from Western Australian Treasury Corporation. It is important to note that there will be no movement on this loan agreement or purchase until after the twelve-month analysis of the facility has been completed and brought before Council for consideration. There will be an opportunity at budget review to calculate financial impacts for Council's consideration in regards to the way forward of this facility.

#### ***Biosecurity***

Biosecurity was an area that was again considered within the 2019/20 budget. Council has included a figure of \$3,000 for this purpose to go towards the Feral Pig Eradication Program.

### ***Community Requests***

There were numerous Community group requests for contributions to ensure that their service could be continued these have all been considered on a case by case basis and wherever possible funding to continue to support these groups has been included within the budget. These are shown within Attachment 3.

### ***Scott River Sustainability Study***

An Economic Feasibility Study of the Scott River area is being commissioned as a joint project between Augusta Margaret River and the Shire of Nannup. The aim of this project is to gain a better understanding of the infrastructure requirements of this region moving forward. Within the 2019/20 budget an amount of \$5,000 has been included as Council's contribution.

### ***Other Inclusions***

A number of smaller items are included in the proposed budget to support existing council services and details of all the proposed changes to the budget are set out in the attachment. After taking these requests into account the overall increase in the budget is 6.40%.

## **Financial Overview**

This year's budget continues with a similar rate increase as the previous. As shown within previous long term financial planning, there is a need to mitigate against the current trend of decreasing government funding opportunities. For this reason, in the short term if Council continued to have a 6.4% rate increase this should mitigate against the reduced funding options. Overall, by continuing in this manner, this should then allow Council to reach a position where operating costs is equal to own source revenue and operating grants with non-operating income being used solely for projects.

With the introduction of the Office of Auditor General (OAG) now overseeing Council's financial sustainability ratios, operating sustainability, at this present time within the Shire of Nannup, has an adverse financial trend. This needs to be addressed through rate increases, own source revenue and or efficiencies in all operating areas. This has already been noted by the OAG, with a current request for Council to provide an explanation as to why this trend continues to be an adverse one.

At this point in time, managers are addressing through this budget via increased own source income, i.e. rate increases and fees and charges, as well as incorporating efficiencies through technology rather than job losses. This would appear to be the best approach but will continue to be monitored and adjusted as required.



## **Overall Community Strategic Planning Inclusions**

As part of ensuring compliance with Integrated Planning, there is a requirement for Council to consider the wants and needs of the broader community when preparing a budget. With this in mind the budget has been created to incorporate outcomes of the current Community Strategic Plan 2017 – 2027. These include:

### ***Priority One***

- Walk Bike Trails
  - Reserve Contribution to be used in the future to allow further funding to be secured;
  - Creation of a Bike Masterplan – a jointly funded project through various agencies;
  - Maintenance of current trails;
  - Community grant to Friends of Donnelly River for establishment of a heritage trail
- Waste Management Facility – Improved facilities
  - Security Camera installation
  - Biodiversity Study completed
  - Vermin Proof Fencing
  - Staff Training
  - Purchase of traxcavator (dependent on outcome of 12-month analysis)
  - Education program for community
    - Possibly with focus on green waste – still being considered
    - Waste Pamphlet included with rates notice

### ***Priority Two***

- Sustainability – Purchase of Hybrid vehicle
- Traineeship reintroduced in Administration

### ***Priority Three***

- Disability and Inclusion Plan

### ***Priority Four***

- Festival Sponsorship
  - – Sponsorship of Flower and Garden, Music Festival. TOMR, Forest Rally, South West Foodbowl - \$26,500
- Support Events & Activities
  - Nannup Auskick, Nannup Teeball, Nannup RSL, Nannup Film Society, Nannup Community Bus, BigN Christmas Lights competition, NDHS prizes and scholarship, Nannup Arts Council, Lions Club Auction
- Councillor training
- Tourist Bureau
  - Inclusion of funding towards a Visitors' Service locally
  - Via collaboration within the Southern Forests and Blackwood River Visitors Service –

### ***Priority Five***

- Management of finances
  - Addressing operating ratios,
  - OAG audit of financial activities
  - Reserve contributions
- Eco-Tourism – Maintenance budget of Bridle Trail
- Improved Library facilities
  - ongoing library activities both young children and adults
  - Home library program

**CONCLUSION:**

The proposed rate requirement is \$1,818,525, an increase of 6.40% on 2018/19. The budget presented for adoption overall assumes a balanced budget, with a surplus brought forward of approximately \$879,142. This surplus has been included within the budget for 2019/20 to offset total budgetary requirements. It is made up of budgeted items brought forward (to be completed within the upcoming period) and savings made wherever possible.

A full breakdown of this surplus is included within Attachment 5.

The final surplus figure brought forward will not be known until the Annual Financial Statements have been completed and audited by our external auditors. This may show movement between the predicted surplus brought forward and the actual. The reason for the uncertainty is as a result of actual spending for the current year still being received and outstanding purchase orders that will be completed within this timeframe.

As with all other unknown outcomes at this point, any savings identified will be included within the budget review process. It is Officer recommendation that should savings above those known come to fruition that these savings be placed in to our Reserve accounts.

The proposed 2019/20 budget is considered, after taking all the above factors into account, sufficient to meet the liabilities facing the Council during 2019/20.

**STATUTORY ENVIRONMENT:**

Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

Section 6.2 of the Local Government Act 1995 stipulates that no later than 31 August each financial year or such extended time as the Minister allows each local government is to prepare and adopt by absolute majority in the form and manner prescribed a budget for its municipal fund for the financial year ending on the next following 30 June.

**POLICY IMPLICATIONS:**

None.

**FINANCIAL IMPLICATIONS:**

A rate requirement for 2019/20 of \$1,818,525.

**STRATEGIC IMPLICATIONS:**

The adoption of the proposed 2019/20 budget is the cornerstone of developing the long term financial sustainability of the Shire.

**VOTING REQUIREMENTS:**

Absolute Majority

**RECOMMENDATION:**

That the following proposed recommendations be endorsed by Council:

**Recommendation One – Rate in the Dollar and Minimum rates applied:**

That Council impose the following Rates & Charges

Rate Type	Minimum Rate in \$	Rate in \$	Yield
GRV	\$1,039	0.091328	966,157
UV	\$1,165	0.004761	852,368
			\$1,818,525

**Voting Requirements: Absolute Majority**

**Recommendation Two – Dates for payments in full and by instalments**

Pursuant to Section 6.45 of the Local Government Act 1995 and regulations 64(2) of the Local Government (Financial Management) Regulations 1996, Council nominates the following due dates for payment in full by instalments:

- Full Payment and 1st instalment due: 07/10/2019
- 2nd Quarterly Instalment due 06/12/2019
- 3rd Quarterly Instalment due 03/02/2020
- 4th Quarterly Instalment Due 03/04/2020

**Voting Requirements: Absolute Majority**

### **Recommendation Three – Interest and Penalties**

- Council charge an 11% penalty charge per annum, calculated by simple interest on rates paid after the 35th day of service of the rates notice in accordance with the Local Government Act 1995;
- Council charge a \$5 Administration Fee per remittance notice, per instalment, for rates levied in the 2019/20 financial year in accordance with the Local Government Act 1995;
- Council charge a 5.5% interest charge per annum, calculated by simple interest on instalment payments for rates levied in the 2019/20 financial year in accordance with the Local Government Act 1995;
- Council charge a 5.4% interest charge per annum, calculated by simple interest on deferred rates held after 1 July 2018 in accordance with the requirements stipulated by the Office of State revenue.

**Voting Requirements: Absolute Majority**

### **Recommendation Four – Waste Management Levy**

1. That Council set the following rate under S66 of the Waste Avoidance and Resource Recovery Act 2007 to cover costs associated with management of the Waste Management Facility for 2019/20:

	Rate in the Dollar	Minimum Rate
GRV	0.000324	\$98
UV	0.000082	\$98

**Voting Requirements: Absolute Majority**

### **Recommendation Five – Rubbish Service Charges:**

That Council set rubbish service charges at \$300 per service for the 2019/20 year and recycling service charge at \$180.00 per service for the 2019/20 year for all users within the Shire of Nannup.

**Voting Requirements: Absolute Majority**

### **Recommendation Six – Fees & Charges:**

That Council adopts the 2019/20 Shire of Nannup Schedule of Fees and Charges as per Attachment 2.

**Voting Requirements: Absolute Majority**

### **Recommendation Seven – Elected Members Fees and Allowances for 2018/19**

1. Pursuant to Section 5.99 of the Local Government Act 1995 and Regulations 34 of the Local Government (Administration) Regulations 1996, Council adopts the following sitting fees for individual meeting attendance:
  - a. Shire President \$170 per Council meeting
  - b. Shire President \$65 per Committee meeting
  - c. Councillors \$150 per Council meeting
  - d. Councillors \$65 per Committee meeting
2. Pursuant to Section 5.99A of the Local Government Act 1995 and regulation 34A and 34AA of the Local Government (Administration) Regulations 1996, Council adopts the following annual allowances for elected members:

a. Travel Allowance

<b>Regular Car</b>	<b>Cents / Km</b>
Up To 1600cc	0.51
1601cc – 2600cc	0.654
Over 2600 Cc	0.91

- b. IT Allowance \$1,100 per annum

3. Pursuant to Section 5.98(5) of the Local Government Act 1995 and Regulation 33 of the Local Government (Administration) Regulations 1996, Council adopts the following annual Local Government Allowance to be paid in addition to the meeting attendance fees:
  - a. Shire President \$9,000
  - b. Deputy Shire President \$2,250

**Voting Requirements: Absolute Majority**

### **Recommendation Eight – Statutory Compliance:**

That Council confirms that it is well satisfied with the services and facilities it provides. Council will continue to:

- a) Integrate and co-ordinate, as far as practicable, with any provided by the Commonwealth, State or any other public body;
- b) Will not duplicate, to an extent that the Local Government considers inappropriate, services or facilities provided by the Commonwealth, the State or any other body or person, whether public or private and;
- c) Be managed efficiently and effectively.

In accordance with Section 3.18(3) of the Local Government Act 1995.

**Voting Requirements: Absolute Majority**

### **Recommendation Nine – Material Variance Reporting 2018/19:**

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 2019/20 for reporting material variances shall be +/- 10% or \$30,000, whichever is greater.

**Voting Requirements: Absolute Majority**

**Recommendation Ten – Ordinary Citizen Transactions:**

That Council endorse the exclusion of the following transactions from any Related Party Disclosures required under AASB 124 for Key Management Personnel (KMP) for the financial year 2019/20on the basis that these transactions represent arm’s length transactions similar in nature to any transactions between Council and any Ordinary Citizen of the Shire of Nannup.

- Paying rates
- Fines
- Use of Shire of Nannup owned facilities such as Recreation Centre, Civic Centre, library, parks, ovals and other public open spaces (whether charged a fee or not)
- Attending council functions that are open to the public

Where these services were not provided at arm’s length and under the same terms and conditions applying to the general public, elected Council members and KMP will be required to make a declaration in the Related Party Disclosures - Declaration form about the nature of any discount or special terms received.

**Voting Requirements: Absolute Majority**

**Recommendation Eleven – Budget Document:**

That Council adopt the 2019/20 Shire of Nannup budget as presented. Financial implications being a cash budget inflow of \$1,818,595 and represents a 6.40% increase from the previous year.

**Voting Requirements: Absolute Majority**

**7. CLOSURE OF MEETING**



## Agenda Attachments

Item	Attach	Title
<b>6.1</b>	1	Chart Showing Rate Increases – All Properties
	2	Chart Showing Rate Increases – UV Properties
	3	Chart Showing Rate Increases – GRV Properties
<b>6.2</b>	1	Budget Schedules 2019/20
	2	Fees & Charges 2019/20
	3	Community Requests / Subsidies 19/20
	4	Surplus carried forward incorporated into 19/20 budget