



**Shire of Busselton**  
*Geographe Bay*

## **Special Council Agenda**

*13 August 2008*

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST

SHIRE OF BUSSELTON

AGENDA FOR THE SPECIAL COUNCIL MEETING TO BE HELD ON 13 AUGUST 2008

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**SHIRE OF BUSSELTON**

**MEETING NOTICE AND AGENDA – 13 AUGUST 2008**

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**TO: THE SHIRE PRESIDENT AND COUNCILLORS**

**NOTICE** is given that a meeting of the Special Council will be held in Council Chambers, Administration Building, Southern Drive, Busselton on Wednesday 13 August 2008 commencing at 7:00 pm.

Your attendance is respectfully requested.

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**ANDREW MACNISH**  
**CHIEF EXECUTIVE OFFICER**

6 August 2008

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**A G E N D A**

1. **ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE**

2. **PURPOSE OF THE MEETING**

Adoption of the Shire of Busselton's 2008/09 Budget.

3. **PUBLIC QUESTION TIME**

4. **DECLARATION OF DUE CONSIDERATION**

The Presiding Member will request Councillors to acknowledge, in accordance with Clause 8.1 of the Standing Orders, that they have given due consideration to the matters contained within the Agenda.

5. **DECLARATIONS OF INTERESTS**

6. **PRESENTATIONS BY PARTIES WITH AN INTEREST**

## **7. BUSINESS OF THE MEETING**

### **7.1 REAFFIRMATION OF THE COUNCIL'S SCHEDULE OF FEES AND CHARGES - 2008/09 FINANCIAL YEAR**

FILE NO: FIN12

ATTACHMENTS: Nil

#### **PRECIS**

Pursuant to Regulation 5(2) of the Local Government (Financial Management) Regulations, a local government is to undertake a review of its fees and charges regularly (and not less than once in every financial year).

At its meeting of 11 June 2008, the Council adopted (C0806/171) its schedule of Fees and Charges to apply for the 2008/09 financial year.

However, pursuant to Section 6.16 of the Local Government Act, a local government is also required to adopt its fees and charges at which time it adopts its annual budget.

This report therefore seeks the Council's reaffirmation to the adoption of its Schedule of Fees and Charges for 2008/09, subject to several amendments as detailed within the context of this report.

#### **BACKGROUND**

At its meeting of 11 June 2008, the Council adopted (C0806/171) its Schedule of Fees and Charges to apply for the 2008/09 financial year. Whilst the Schedule is to be adopted at the time that the Council adopts its annual budget, it is desirous in any year to have the Schedule of Fees and Charges effective from the commencement of the ensuing financial year (i.e. 1 July). Clearly, this requires the draft Schedule to be presented to the Council prior to the end of June to ensure statutory public notice requirements are complied with.

Consequent to the Council's adoption of the Schedule of Fees and Charges to apply for 2008/09, advice has been received of an amendment to two of the charges as included in the adopted Schedule. As these charges are both set by statute, the Council has no ability to decline or amend these charges. Accordingly, the Schedule as contained within the draft annual budget documentation for adoption reflects these amended fees.

#### **CONSULTATION**

No additional consultation has occurred subsequent to the Council adopting the Schedule of Fees and Charges at its meeting of 11 June 2008.

## **STATUTORY ENVIRONMENT**

The imposition of fees and charges and the setting of the level of fees and charges are detailed within Sections 6.16 - 6.18 of the Local Government Act.

The requirement to review the fees and charges on an annual basis is detailed within Regulation 5 of the Local Government (Financial Management) Regulations.

Additionally, numerous other Acts and Regulations impinge upon the Council's ability to amend specific fees and charges as contained within the Schedule.

## **POLICY IMPLICATIONS**

The Council does not have a specific policy relating to the imposition and review of its fees and charges. However, a number of existing Council Policies do include reference to specific fees and charges, which are consequently reflected in the Schedule of Fees and Charges as adopted by the Council.

## **FINANCIAL IMPLICATIONS**

The 2008/09 draft annual budget as presented for adoption is reflective of the contents of the Schedule of Fees and Charges as adopted by the Council on 11 June 2008.

## **STRATEGIC IMPLICATIONS**

The Schedule of Fees and Charges encompasses "whole of organisation" activities. As such, all key result areas of the Shire's Strategic Plan (2006-2011) are in some manner implicated. In more specific terms however, the Schedule of Fees and Charges most closely aligns with the key result area of Organisational Well Being, and in particular the strategic objective of managing the business of the Shire in a responsible and accountable manner utilising organisational sustainability principles.

## **STAFF COMMENT**

As detailed within this report, the draft Schedule of Fees and Charges is presented to the Council prior to its formal consideration of the draft budget. The reason for this is to enable the fees and charges to become effective from the commencement of the following financial year. However, as required under Section 6.16 of the Local Government Act, the Schedule of Fees and Charges is to be adopted as part of the overall budget adoption; hence the requirement for this report.

Notwithstanding the above, consequent to the Council adopting the draft Schedule of Fees and Charges on 11 June 2008, advice was received as to amendments to two of the Building related fees as included in the adopted schedule. Details of the amendments are as follows:

\* Builders Registration Board Levy

Advice was received that the Minister for Consumer Protection approved an increase in the Builders Licence Fee (BRB Levy) from \$37 to \$39, effective from 1 July 2008 (pursuant to section 4B(1) of the Builders Registration Act). As this fee is collected by the Shire on behalf of the Builders Registration Board, there is no financial impact for the Shire.

\* Minimum Fee for Building Licence Applications

Advice was received from the Department of Housing and Works that the minimum fee for building licence applications was to increase from \$40 to \$85 effective from 1 July 2008 (pursuant to Regulation 24 of the Building Regulations). The financial impact of this increase is not expected to be of significance to the Shire.

Clearly, the Council has no ability to amend or decline these increased fees. As such, the adopted Schedule of Fees and Charges, including that as set out in the draft budget document, has been updated to reflect the revised fees.

Whilst it is acknowledged that further amendments to the adopted Schedule of Fees and Charges may occur throughout the course of the 2008/09 financial year, it is a requirement that the Council adopts the Schedule, as is current, at the time of adopting its annual budget.

#### **TIMELINE FOR IMPLEMENTATION OF OFFICE RECOMMENDATION**

Not applicable. The Schedule of Fees and Charges as adopted by the Council on 11 June 2008 became effective from 1 July 2008.

#### **VOTING REQUIREMENT**

Absolute Majority decision required

#### **OFFICER RECOMMENDATION**

#### **ABSOLUTE MAJORITY REQUIRED**

1. That the Schedule of Fees and Charges for the 2008/09 financial year, as originally adopted by the Council at its meeting of 11 June 2008, and as set out in the draft budget for the financial year ending 30 June 2009, be reaffirmed.
2. That the Council notes the following amendments to the Schedule of Fees and Charges for the 2008/09 financial year as originally adopted on 11 June 2008:
  - (a) The Builders Registration Board levy is increased from \$37 to \$39; and
  - (b) The minimum fee for building licence applications is increased from \$40 to \$85.

## 7.2 PUBLIC SUBMISSIONS TO THE COUNCIL'S 2008/09 DRAFT ANNUAL BUDGET

FILE NO: FIN8  
ATTACHMENTS:

### **PRECIS**

As part of its annual budget development process, applications are invited from community groups and other non-profit organisations to apply for funding in relation to specific activities or projects proposed to be undertaken by that group or organisation within the ensuing financial year.

Consequent to advertising, those public submissions received in respect of the 2008/09 draft annual budget were provided to Elected Members for review and deliberation.

Subsequent to consideration by Elected Members in a workshop environment, this report seeks the Council's formal endorsement for the inclusion or otherwise, in the 2008/09 annual budget, of those public submissions as described at the 23 July 2008 budget workshop.

### **BACKGROUND**

The Shire of Busselton has historically invited submissions from community groups and other organisations to apply for funding grants as part of the annual budget development process.

Whilst there is a Council Policy (Policy 051/1 - Donations: Recurring Grants Policy), that infers that the Council prefers to re-assess funding applications on an annual basis (as opposed to providing standing or annual grants), there is currently no policy that caps the amount of funding made available for this purpose, nor any specific criteria that public submissions are to be critically assessed against. Notwithstanding this, Elected Members have generally considered funding based on the ability to financially support public submissions received (clearly within budget constraints), and also cognisant of the benefits that will be availed to the overall community (rather than specific groups) by supporting specific activities and/ or projects.

As an initial step in addressing the above, it was proposed that in 2008/09, an amount equivalent to 3% of rates levied be set aside for the purpose of funding public submissions. Whilst this was used as a guide only, it is intended this position be formalised by Council Policy during 2008/09, at which time specific prioritisation criteria will also be established.

Notwithstanding the above, at a budget workshop convened on 23 July 2008, there was a consensus regarding the public submissions to be supported in 2008/09 and also the level of funding to be allocated to those public submissions.

## **CONSULTATION**

An invitation for community groups and other non-profit organisations to apply for funding as part of the Council's 2008/09 draft annual budget was advertised in the Council for the Community page during January 2008. Elected Members were subsequently provided with a copy of all public submissions received in April 2008.

Elected Members deliberated the public submissions at a draft budget workshop held on 23 July 2008.

## **STATUTORY ENVIRONMENT**

Those public submissions supported through the process thus far form part of the draft annual budget for consideration by the Council. Section 6.2 of the Local Government Act and concomitantly, Part 3 of the Local Government (Financial Management) Regulations, detail the form and manner in which an annual budget is to be presented to the Council.

## **POLICY IMPLICATIONS**

Council Policy 051/1 - "Donations: Recurring Grants Policy", affirms the position in relation to the consideration of public submissions received as part of the annual budget development process. This policy has guided both the initial submission process and the subsequent review by Elected Members of public submissions in respect of the 2008/09 draft annual budget.

## **FINANCIAL IMPLICATIONS**

The 2008/09 draft annual budget was predicated on an amount of \$293K being made available for the purpose of public submission funding. The total value of the public submissions identified by Elected Members (at the 23 July 2008 budget workshop) for inclusion in the 2008/09 draft, and as is reflected in the Officer Recommendation hereto, totals \$292.4K.

## **STRATEGIC IMPLICATIONS**

The public submissions received in respect of the 2008/09 draft annual budget cover a diverse range of activities and projects. Consequently, many if not all of the Strategic Objectives as set out in the Shire's Strategic Plan 2006-2011 are implicated in some manner.

## **STAFF COMMENT**

As previously detailed within the context of this report, Elected Members have considered, in a workshop environment, all public submissions received both as a result of the invitation advertised earlier this year and also where requests have been made to Elected Members directly to raise funding requests. The outcomes of those workshop deliberations are reflected in the Officer Recommendation section of this report.

Consequent to the workshop deliberations, it is considered appropriate that a number of matters relating to specific public submissions be raised for further consideration or clarification. These are as follows:

\* Busselton Wood-turners Group

The Busselton Wood-turners Group applied for funding of \$10K to fit external roller doors to their workshop area situated at the Agricultural Department Building. Whilst Elected Members present at the 23 July 2008 budget workshop agreed to provide (conditional) funding of \$5K for this purpose, it has since been confirmed that these works were actually completed in June 2008.

\* Dunsborough & Districts Progress Association

The Dunsborough & Districts Progress Association made a number of submissions to the 2008/09 draft budget, one of which related to the completion of the Yallingup Boardwalk and Awareness Pathway. The 2008/09 draft annual budget already included an amount of \$50K for this purpose and as such, no further funding is required in relation to this project.

\* Geographe Bay Tourism Association (GBTA)

Elected Members in attendance at the budget workshop (23 July 2008) indicated support for an increase in the annual funding grant paid to the GBTA from \$50K to \$100K. It is considered appropriate that, should this increase in funding be approved, then it should be conditional upon a number of factors.

Firstly, in terms of the lease agreement between the Shire and the GBTA, upon expiry of the lease of the premises currently utilised by the GBTA (lease expiry in 2019), then the Shire may be required to purchase (buy-back) the premises at a sum equivalent to the depreciated value of the building at that time. Based on a 1.25% reducing balance depreciation calculation this would amount to approximately \$184K. It is therefore considered that, in providing additional funding above the historical \$50K per annum (the amount provided to the GBTA for over 10 years now), this additional funding should be used to off-set any liability to the Shire (dollar for dollar) in respect of the relevant clause of the lease agreement.

Additionally, the Shire is charged by the GBTA for a number of services provided by the GBTA such as annual memberships (e.g. Kookaburra Caravan Park and Geographe Leisure Centre) in addition to advertising costs associated with, amongst others, the annual Busselton Visitors Guide book. In 2007/08 these expenses amounted to approximately \$7K. It is therefore considered appropriate that, in return for any additional grant funding above the historical \$50K, the Shire is exempted from all charges raised by the GBTA relating to Shire sponsored tourism facilities and activities.

Clearly, if the Council agreed to support the above recommendations, then a formal funding agreement and an amended lease agreement would ideally be executed prior to any payment being made to the GBTA above the historical \$50K funding grant.

It should be noted that as part of the policy development on public submissions, matters such as the establishment of specific funding agreements, critical analysis of the overall community benefit applicable to funding submissions and the acquittal of funding grants will be raised for consideration for inclusion within the guiding policy.

Notwithstanding the above, and as previously stated within this report, Elected Members have considered these matters (informally) when addressing those submissions identified for inclusion, or otherwise, in the 2008/09 annual budget.

### **TIMELINE FOR IMPLEMENTATION OF OFFICE RECOMMENDATION**

The public submissions endorsed by the Council for inclusion in the annual budget will clearly form part of the final adopted budget document. After the Council formally adopts its 2008/09 annual budget, confirmation of approval will be provided to the successful applicants and, subject to any conditions, funding can then be made available in due course.

### **VOTING REQUIREMENT**

Absolute Majority decision required

### **OFFICER RECOMMENDATION**

#### **ABSOLUTE MAJORITY REQUIRED**

1. That the Council endorses the inclusion in the 2008/09 annual budget of the funding grant of \$100,000 as submitted by the Geographe Bay Tourism Association (GBTA), subject to the following conditions:
  - (a) That the Council's increased level of support (over it's historical \$50,000 per annum) is made on the basis that for this and each subsequent year that the Council's donation exceeds \$50,000, then the additional amount shall be used to reduce the depreciated liability accrued to the Shire by virtue of Clause 5 of the GBTA's lease of the current Peel Terrace premises. Additionally, the Chief Executive Officer will be required to formalise a new lease agreement with the GBTA to reflect the above
  - (b) That the GBTA agree (by way of a formal funding agreement if required) that, for this and each subsequent year that the Council's donation exceeds \$50,000, then the Shire will be exempted from fees previously charged by the GBTA relating to Shire sponsored tourism facilities and activities

(c) That any grant monies paid to the GBTA pending formalisation of the above is not to exceed \$50,000

2. That the Council endorses the inclusion in the 2008/09 annual budget of the following funding grant applications:

Applicant	Purpose	Amount
Artatac - Busselton Beach Festival	Assist with running of Busselton Beach Festival - 2009	\$5,000
Bare Naked Theatre Company	Sponsorship - Bard on the Bay Festival	\$5,000
Busselton Art Society Inc	Assist with Art in the Park event	\$1,200
Busselton Community Garden (Inc)	Assist with construction of Eco Centre at Community Garden	\$20,000
Busselton RSL Sub Branch	In-kind support for various events	\$5,500
Busselton Senior Citizens Centre	Assist with annual Xmas Luncheon	\$925
Busselton Youth Initiative - Southern Rip	Assist with ongoing Youth Initiatives	\$25,000
Busselton YouthCare	Chaplaincy Services	\$30,000
Down South Writers	Ongoing operations and workshops	\$1,500
Dunsborough & Districts Progress Association	Dunsborough Historic Project - Presentation File	\$800
Dunsborough & Districts Progress Association	Dunsborough Arts Festival & Jazz by the Bay	\$5,000
Dunsborough Senior Community Group	Assist with annual Xmas Luncheon	\$600
Festival Of Busselton	Assist with Festival of Busselton events (cash and in-kind funding)	\$8,000
Friends of the Cape to Cape Track (inc)	Assist with construction of hybrid toilet	\$20,000
Keep Busselton Beautiful (Inc)	Ongoing operations	\$1,000
Leeuwin Ocean Adventure Foundation Ltd	Annual Scholarship Funding	\$2,000
Naturaliste Volunteer Sea Rescue Group (Inc)	Assist with purchase of jinker for new Sea Rescue Vessel	\$15,000
Quit Forest Rally	In-kind Support for 2009 Forest Rally	\$10,000
Rapid Ascent	Assist with Anaconda Adventure Race	\$10,000
Rotary Club of Busselton- Geographe Bay	Carols by Candlelight 2008	\$5,000
Wardan Aboriginal Centre	Assist in funding Senior Citizens Cultural Exchange Workshops	\$4,825
Busselton Hockey Stadium Club	Assistance with 2008 Australian Country Hockey Championships	\$1,000
Dunsborough/ Yallingup Chamber of Commerce & Industry	Assistance with Dunsborough Foreshore Development Design Project	\$10,000
Wonnerup Action Group	Assist with beachfront restoration activities - Wonnerup	\$5,000
<b>TOTAL</b>		<b>\$192,350</b>

3. That the Council endorses that the following funding grant applications be deferred from inclusion in the Council's 2008/09 annual budget:

<b>Applicant</b>	<b>Purpose</b>	<b>Amount</b>
Dunsborough & Districts Progress Association	Dunsborough War Memorial	\$45,000
Rotary Club of Busselton - Geographe Bay	Assist with construction of Busselton/Bali Memorial	\$17,000
Busselton Family Centre	Upgrade existing play area	No Costing provided

### 7.3 ADOPTION OF 2008/09 DRAFT ANNUAL BUDGET

FILE NO: FIN7  
 ATTACHMENTS: A. 2008/09 Draft Annual Budget  
 B. Copy of Submission to Notice of Imposing Rates

#### PRECIS

The Local Government Act requires a local government to prepare and adopt an annual budget prior to the 31st of August in each year, or such extended time as the Minister allows.

Subsequent to a number of workshops convened with Elected Members to discuss the draft budget, this report now seeks the Council's formal adoption of its 2008/09 draft annual budget.

#### BACKGROUND

The 2008/09 draft annual budget, as presented herewith for the Council's consideration, has been in development for numerous months. Subsequent to initial compilation and subsequent review by Senior Management, Elected Members have had significant input into the draft budget, via involvement in a number of budget related workshops and presentations.

The draft annual budget presented for the Council's adoption reflects the culmination of the outcomes of both the Management review and also the Elected Member workshops.

#### CONSULTATION

Consultation in respect of the 2008/09 draft budget has included:

Description	Comments
Elected Members	<ul style="list-style-type: none"> <li>▪ Budget Development Process Overview - 16 April 2008</li> <li>▪ Capital Works Budget Workshop - 12 May 2008</li> <li>▪ Budget Workshop - 18 June 2008</li> <li>▪ Budget Workshop - 23 July 2008</li> <li>▪ Council Agenda Item - Schedule of Fees and Charges</li> <li>▪ Council Agenda Item - Notice of Imposing Rates</li> </ul>
Members of the Public	<ul style="list-style-type: none"> <li>▪ Invitation to apply for funding grants via the public submission process</li> <li>▪ Invitation to comment on the Notice of Imposing Rates</li> <li>▪ Invitation to comment on significant budget related items throughout the course of the year</li> </ul>
Management & Staff	<ul style="list-style-type: none"> <li>▪ Development and review of responsible operational</li> </ul>

Description	Comments
	and capital budgets <ul style="list-style-type: none"> <li>▪ Input into and review of Fees and Charges</li> <li>▪ Participation in budget workshops held with Elected Members</li> </ul>

## STATUTORY ENVIRONMENT

### Adoption of Annual Budget

Section 6.2 of the Local Government Act and concomitantly, Part 3 of the Local Government (Financial Management) Regulations detail the form and manner in which an annual budget is to be presented to the Council for adoption.

### Notice of Imposing Rates

Section 6.36 of the Local Government Act details the requirement for a local government to give local public notice of its intention to impose differential rates in any budget year. The local public notice is to provide details of each differential rate or minimum payment the local government intends to impose and must also invite public submissions in respect of the proposed rates, for a period of not less than 21 days.

## POLICY IMPLICATIONS

There are numerous Council Policy implications that require consideration in respect of the Shire's annual budget development process each year. In compiling the 2008/09 draft annual budget, regard has been given to ensure conformity with relevant Council Policies.

## FINANCIAL IMPLICATIONS

The adoption of the draft annual budget determines the financial operations of the Shire for the 2008/09 financial year.

## STRATEGIC IMPLICATIONS

The Council's draft annual budget in any year essentially reflects the financial means by which the Shires Strategic Plan and concomitantly, the annual Corporate Plan, objectives are funded.

## OFFICER COMMENT

As previously discussed, the 2008/09 draft annual budget has been developed over a number of months and with significant input from both Elected Members and Senior Management. This input has included three 'budget specific' workshops during which guidance and direction from Elected Members in respect of the draft budget has been sought and provided; and clarification of budget matters has also been provided by Senior Management.

Additionally, members of the public have been given the opportunity to participate in the budget development process, via an invitation to submit applications for funding to the draft annual budget, whilst also being invited to comment of the imposing rates to be levied in 2008/09.

Finally, management and staff have been heavily involved in the budget development process. In addition to the compilation of operational and capital budgets, much internal negotiation has had to occur to prioritise activities, projects and resourcing requirements within increasingly tightening funding constraints.

Cognisant of the above, the draft budget document presented herewith for adoption by the Council includes input and involvement from all key stakeholders. As much of the draft budget document has been previously been discussed with Elected Members as part of the workshopping process, the following provides a brief overview of the 2008/09 draft annual budget, whilst also highlighting several matters of specific relevance.

#### 2008/09 DRAFT ANNUAL BUDGET - OVERVIEW

As reflected in the draft annual budget attached (and from a cash budget perspective), the Shire is proposing a budget in 2008/09 that results in a deficit net current asset position of approximately \$44K as at 30 June 2009. A summary of the 2008/09 annual draft budget as compared to that adopted in 2007/08 is provided below for reference purposes:

Description	2007/08 Adopted Budget \$000's	2008/09 Draft Budget \$000's	Variance 07/08-08/09 Budget \$000's	Variance 07/08-08/09 Budget %age
<b>Revenue</b>				
Operating Revenue	34,951	40,211	+ 5,260	+ 15.0%
Capital Revenue	10,779	27,068	+ 16,289	+ 151.1%
<b>TOTAL</b>	<b>45,730</b>	<b>67,279</b>	<b>+ 21,549</b>	<b>+ 47.1%</b>
<b>Expenditure</b>				
Operating Expenditure	28,447	31,093	+ 2,646	+ 9.3%
Capital Expenditure	21,731	37,967	+ 16,236	+ 74.7%
Plant Dep'n Write Back	-539	-497	+ 42	
<b>TOTAL</b>	<b>49,639</b>	<b>68,563</b>	<b>+ 18,924</b>	<b>+ 38.1%</b>

The 2008/09 draft annual budget (on a stand-alone basis), is predicated on a deficit in the order of \$1.28M (that is expenditure exceeds revenue by \$1.28M). However, as at 30 June 2008, the final closing net current position for the 2007/08 financial year was \$1.24M surplus, hence the budgeted net current position of \$0.04M deficit in respect of the 2008/09 draft annual budget.

As detailed in the above table, the 2008/09 draft annual budget includes projected increases in operating revenue and operating expenditure over the 2007/08 adopted budget figures of 15.0% and 9.3% respectively. In consideration of the 8% increase in rates, coupled with the increases in fees and charges that are able to be indexed by the Shire to maintain alignment with cost indexes, the increase in operating revenue is as would be expected. Likewise, the increase in operating expenditure is due to many factors affected by both the CPI (e.g. salaries), and more importantly the Local Government Cost Index (5.15% as at 30 June 2008) that provides a more realistic measure of the increasing costs attributable to local government authorities.

The above table also reflects the projected increases in capital revenue and capital expenditure over the 2007/08 adopted budget figures of 151.1% and 74.7% respectively. Clearly, the respective percentage increases are inflated due to the Busselton Jetty reconstruction project that includes \$18.6M in budgeted capital revenue in 2008/09, of which \$12M is proposed to be expended.

The following section of this report provides the Council with an overview of other matters relevant to the 2008/09 draft annual budget, including rates, reserve matters and also proposed borrowings as included in the draft budget document.

#### RATES IN THE DOLLAR, MINIMUM PAYMENTS AND SPECIFIED AREA RATES

At its meeting of 09 July 2008, the Council adopted (C0807/205), its imposing rates and minimum payments (in principal) to apply for the 2008/09 financial year, for advertising purposes.

As required by Section 6.36 of the Local Government Act, local public notice advertising the imposing rates in the dollar and minimum payments is required, with public submissions to the proposal to be invited. The local public notice was given on 16 July 2008, with the final date for submissions being 06 August 2008.

At the time of compiling this report, only one submission had been received, a copy of which is included in the attachments to this report for the Council's consideration. Should any further submissions be received within the statutory timeframe, copies will be provided to Elected Members prior to the date of the Special Council Meeting to consider the draft annual budget.

Cognisant of the outcomes of the budget workshops held with Elected Members, this report recommends that the Council formally adopts the rates and minimum payments as endorsed for advertising purposes.

Whilst not required to be advertised, this report also recommends that the Council formally adopts the following specified area rates for 2008/09:

Description	Rate in the \$	Comment
Port Geographe	2.6000c	This rate has been set at 2.6000c in the dollar since 2002/03. In the absence of any information at this time to warrant a change in the prevailing rate in the dollar, it is recommended that this rate remain at 2.6000c
Busselton CBD	1.1256c	This rate has historically been set at 10% of the prevailing general GRV rate
Provence - GRV	0.6900c	This rate is consistent with that proposed as per Council Resolution C0806/172
Provence - UV	0.0711c	This rate is consistent with that proposed as per Council Resolution C0806/172

It should be noted that, at this time, negotiations are still occurring with respect to the Vasse-Newtown specified area rate (as conditionally approved by the Council at its meeting of 11 June 2008 - C0806/173) and until such time as this matter is resolved to the Council's satisfaction, the specified area rate is not to be levied.

### RESERVE FUNDS

The 2008/09 draft annual budget includes the establishment of two new reserve funds, in addition to the change in title and purpose of an existing reserve. These matters are summarised as follows:

#### New Reserve Funds

##### Professional Development Reserve

As part of the remuneration packages negotiated with staff employed on a contractual basis with the Shire, individual salary packages include a professional development component. This component is to provide funding assistance to enable staff to participate in professional development activities aligned with their roles and responsibilities at the Shire.

Up until now, all accumulated professional development monies for applicable staff were included in the draft budget, with the full accumulation expensed each year. However, it has now been proposed that a specific reserve fund be established to hold all accumulated professional development funds. Whilst this will enable accumulated professional development funds to be more easily reconciled, it will also assist in reducing the need to budget for the full expenditure of all accumulated professional development monies each budget year. It is also proposed that where a contracted staff member does not expend their full (accrued) entitlement upon contract expiry or resignation, those unspent funds will be transferred to the existing Salaries and Wages Contingency Reserve.

Provence Landscape Maintenance Reserve

At its meeting of 11 June 2008, the Council endorsed (C0806/172) the establishment of a specified area rate in relation to the Provence subdivision. As part of this same resolution, the Council also approved the creation of a new reserve fund for the purpose of holding funds for the maintenance of the approved higher standard of landscaping within the Provence subdivision in accordance with Council Policy 185/3 including future capital replacement of landscaping structures as may be required.

Change in Title and Purpose of Existing Reserve FundAirport Runway Reseal Reserve

The 2007/08 adopted annual budget includes the above-named reserve fund, with its purpose being; *To provide funding for the reseal of the Busselton Regional Airport runway.*

It has been proposed that the title of the reserve fund be amended to the; *Airport Infrastructure Renewal and Replacement Reserve* with the purpose of the reserve fund being amended to; *To provide funding for the renewal, replacement, upgrading and installation of Airport Infrastructure; and to facilitate the implementation of the Noise Management Plan and related activities.*

This amendment will enable the reserve fund to be utilised for other purposes aligned with the Busselton Regional Airport, rather than just the runway reseal.

PROPOSED BORROWINGS IN 2008/09

The 2008/09 draft annual budget includes \$12.1M in either newly proposed or re-listed borrowings. These borrowings are summarised as follows:

Description	Amount \$M
Busselton Jetty Reconstruction	\$5.0
Busselton Jetty Reconstruction (interest only)	\$6.0
Geographe Leisure Centre - Group Fitness Room(Stage 1)	\$0.3
Geographe Leisure Centre - Group Fitness Room (Stage 2)	\$0.3
Reserve Acquisition	\$0.5
	<b>\$12.1</b>

Busselton Jetty Reconstruction

The proposed borrowings of \$11M in respect of the Busselton Jetty reconstruction are included in the draft annual budget pursuant to the funding model as endorsed by the Council at its Special Meeting of 16 April 2008 (C0804/119)

### Geographe Leisure Centre - Group Fitness Room

The proposed borrowings of \$0.6M in respect of the construction of a Group Fitness Room at the Geographe Leisure Centre are included in the draft budget pursuant to the Council's endorsement of this project at its meeting of 11 July 2007 (C0707/153).

### Reserve Acquisition

This borrowing facility has been re-listed in the 2008/09 draft budget. The acquisition has been deferred due to ongoing delays beyond the control of the Shire (including native title matters). However, it is believed that all outstanding matters will be resolved during the current financial year, thus allowing the acquisition to proceed.

### ORGANISATIONAL STRUCTURE CHANGES

During the 2007/08 financial year, a number of organisational structure changes were introduced within the Shire. The amended structure has subsequently been reflected in the 2008/09 draft budget. The effect of the restructure (from a budget variance perspective) is that a number of related budgets will reflect, in some areas, significant variances in items such as salaries and employment related costs. Examples of these variances can be found in the previous Governance and Strategic Projects area, Public Relations, Legal and Risk Management, Economic Development and also the Town Planning areas.

Whilst the restructure has resulted in a number of salary adjustments, the major movements simply relate to salaries and associated costs being transferred between areas. As such, the overall impact of the restructure is insignificant from a financial perspective. It should also be noted that Elected Members were provided with a detailed breakdown of the organisational salaries budget as an attachment to documentation provided in advance of the budget workshop held on 18 June 2008.

A matter that is considered worthy of the Council's consideration is an increase to the elected member support services. The initial sharing of a resource between the CEO and the Shire President has largely proven to allow little scope for additional support for elected members generally. An example of this is the stated desire of elected members to have a consolidated calendar of events circulated regularly, with corresponding assistance for elected members to arrange attendance at any items of interest.

While not included in the draft budget, it is considered appropriate that a dedicated Elected Member's resource be appointed within the 2008/09 financial year. It is suggested that a (part time) position (0.6FTE) would initially be adequate to provide specific and necessary support to the Shire President and elected members. The annual salary and associated on-costs for this position would equate to approximately \$36K.

Potential savings in the current draft budget were flagged as part of the draft "*Fees, Allowances and Expenses for Elected Members Policy*" that will be presented to the Council for consideration at its 27 August, 2008 meeting. These have arisen due to the Council's decision and corresponding approval from the Electoral Commissioner to leave vacant the position of former Councillor Alan MacGregor.

Direct savings in budgeted sitting fees, communications allowances and other allowances (eg clothing) would amount to at least \$10,500 and could potentially double should the Council proceed to make application to leave a second position vacant following Cr Wheeler's resignation (effective in October) yesterday.

Furthermore, and based on a pro-rata allocation of other budgeted Councillor related expenses such as conferences, travelling allowances and computer expenses, then a further \$18K may be available within the 2008/09 draft budget to fund this dedicated resource. Some of the costs usually associated with the addition of a staff resource, such as office space, desk, chair and computer system would be avoided by locating the new part-time resource in the Councillors' resource room to better liaise with Councillors which is also in close proximity to the Shire President's office.

## **SUMMARY**

As discussed within the context of this report, key stakeholders have had input and involvement with the development of the 2008/09 draft annual budget, with the resultant outcomes reflected in the document presented herewith for consideration and proposed adoption by the Council.

It is noteworthy that the draft budget has been able to be developed in such a manner that has enabled significant projects to be accommodated therein, whilst also funding ongoing operating and capital projects, within the constraints of an 8% rate increase. Examples of these significant projects include the Busselton Jetty reconstruction project (borrowings of \$11M), in addition to \$0.9M being allocated to commence the Community Civic Precinct Project.

It is considered that the draft budget presented for adoption has been predicated on sound financial principles, and with full regard to the Shire's Strategic Plan and subsidiary annual Corporate Plan. Consequently, it is strongly recommended that the Council adopts the 2008/09 draft annual budget as presented herewith.

## **TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

The 2008/09 draft annual budget will become effective immediately consequent to adoption by the Council.

## **VOTING REQUIREMENT**

Absolute Majority decision required

**OFFICER RECOMMENDATION****ABSOLUTE MAJORITY REQUIRED**

1. That the Council adopts its 2008/09 annual budget based upon the draft Municipal (including Loan and Reserve Accounts), Restricted Fund and Trust Fund budget depicted in the Management Schedules marked 2 to 16 and 21, presented to this meeting and incorporating:
  - (a) Any consequential alterations made during the course of this meeting (in addition to the dedicated elected member administrative resource);
  - (b) Annual depreciation amounts, non cash employee costs and a year end current position, as depicted in the draft budget, amended if necessary to reflect any changes consequent upon item a) above;
  - (c) An Income Statement Budget to be finalised using information from the above items;
  - (d) A Statement of Cash Flows Budget to be finalised using information from the above items; and
  - (e) A Rate Setting Statement to be finalised using information from the above items.
  
2. That the following general rates, differential rates, specified area rates and minimum payments, and other charges, impositions and concessions as specified in the memorandum of imposing rates and charges as contained within the draft budget, and consequent to any alterations made during the course of this meeting, be imposed upon all rateable properties within the district of the Shire of Busselton for the 2008/09 financial year, in accordance with the provisions of the Local Government Act 1995 and Health Act 1911 and subject to all necessary pre-requisites and protocols there under

Rating Groups	Rate in the \$	Minimum Payment
<b>Zone Groups</b>		
Residential	11.2560c	\$761
Residential Vacant Land	8.4252c	\$716
Industrial	11.2560c	\$761
Industrial Vacant Land	8.4252c	\$716
Commercial	11.2560c	\$761
Commercial Vacant Land	8.4252c	\$716
<b>Land Use Groups</b>		
Primary Production	0.2539c	\$761
UV Rural	0.2440c	\$761
UV Commercial	0.4880c	\$761

Rating Groups	Rate in the \$	Minimum Payment
<b>Specified Area Rates</b>		
Port Geographe	2.6000c	N/A
Busselton CBD	1.1256c	N/A
Provence - GRV	0.0711c	N/A
Provence - UV	0.6900c	N/A

8. CLOSURE

