



**Shire of Busselton**  
*Geopraphe Bay*

## **Special Council Agenda**

***19 August 2009***

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST

**SHIRE OF BUSSELTON**

**AGENDA FOR THE SPECIAL COUNCIL MEETING TO BE HELD ON 19 AUGUST 2009**

**TABLE OF CONTENTS**

<b>ITEM NO.</b>	<b>SUBJECT</b>	<b>PAGE NO.</b>
1.	ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE	2
2.	PURPOSE OF THE MEETING	2
3.	PUBLIC QUESTION TIME	2
4.	DECLARATION OF DUE CONSIDERATION	2
5.	DECLARATIONS OF INTERESTS	2
6.	PRESENTATIONS BY PARTIES WITH AN INTEREST	2
7.	BUSINESS OF THE MEETING	3
7.1	REAFFIRMATION OF THE COUNCIL'S ADOPTED SCHEDULE OF FEES AND CHARGES -2009/10 FINANCIAL YEAR	3
7.2	ADOPTION OF 2009/10 DRAFT ANNUAL BUDGET	6
8.	CLOSURE	31

**SHIRE OF BUSSELTON**

**MEETING NOTICE AND AGENDA – 19 AUGUST 2009**

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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, 19 August 2009 commencing at 2:30 pm.

Your attendance is respectfully requested.

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

12 August 2009

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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 2009/10 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 ADOPTED SCHEDULE OF FEES AND CHARGES -2009/10 FINANCIAL YEAR**

<b>SUBJECT INDEX:</b>	Financial Operations
<b>STRATEGIC INITIATIVE:</b>	5.1.3 Ensure regulatory requirements are met
<b>BUSINESS UNIT:</b>	Finance
<b>SERVICE:</b>	Financial management and control
<b>DATE OF COMPLETION:</b>	Not applicable
<b>VOTING REQUIREMENT:</b>	Absolute Majority
<b>ATTACHMENT(S):</b>	Nil

**PRÉCIS**

Pursuant to Regulation 5(2) of the Local Government (Financial Management) Regulations (the 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 special meeting of 20 May 2009, the Council adopted its Schedule of Fees and Charges to apply for the 2009/10 financial year. Additionally, at its meeting of 24 June 2009, several amendments to the adopted Schedule were endorsed.

Notwithstanding the above, Section 6.16 (3) of the Local Government Act (the Act) also requires a local government 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 the 2009/10 financial year.

**BACKGROUND**

At its special meeting of 20 May 2009, the Council adopted (C0905/153 - C0905/173) its Schedule of Fees and Charges to apply for the 2009/10 financial year. Whilst, pursuant to Section 6.16 of the Act, the Schedule of Fees and Charges is to be adopted at the time that the Council adopts its annual budget, it is desirous in any year to have the Schedule 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.

At its meeting of 24 June 2009, the Council endorsed (C0906/242) several amendments to its previously adopted Schedule of Fees and Charges, in respect of fees and charges associated with the Kookaburra Caravan Park. These amendments are reflected in the Schedule of Fees and Charges as incorporated within the Council's 2009/10 Draft Annual Budget document.

As no further amendments are sought to the currently adopted Schedule of Fees and Charges, the Council is simply being requested to reaffirm its adoption of the same, to ensure compliance with the requirements of Section 6.16 of the Act.

**CONSULTATION**

No additional consultation has occurred subsequent to the Council adopting the Schedule of Fees and Charges to apply for 2009/10.

**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 Act.

The requirement to review the fees and charges on an annual basis is detailed within Regulation 5 of the Regulations.

Additionally, numerous other Acts and Regulations impinge upon the Council's ability to amend specific fees and charges as are comprised 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 2009/10 draft annual budget as presented for adoption is reflective of the contents of the Schedule of Fees and Charges as adopted by the Council.

**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**

The draft Schedule of Fees and Charges is presented to the Council for adoption prior to its formal consideration of the draft annual budget in any year. This is to enable the fees and charges to be effective from the commencement of the ensuing financial year (upon which annual budget estimates have also been predicated). This methodology also provides a consistent approach to fees and charges reviews; to assist staff and those paying fees and charges to pre-plan for any fee and charge amendments.

Notwithstanding the above, Section 6.16 (3) of the Act also requires a local government to adopt its fees and charges at which time it adopts its annual budget.

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

The Schedule of Fees and Charges as adopted by the Council on 20 May 2009, became effective from 1 July 2009, with the subsequent amendments becoming effective from 08 July 2009.

#### **OFFICER RECOMMENDATION**

#### **ABSOLUTE MAJORITY REQUIRED**

That the Schedule of Fees and Charges for the 2009/10 financial year as adopted by the Council at its meeting of 20 May 2009, and as amended by the Council at its meeting of 24 June 2009, and as are set out in the draft annual budget for the financial year ending 30 June 2010, be reaffirmed.

**7.2**      ADOPTION OF 2009/10 DRAFT ANNUAL BUDGET

<b>SUBJECT INDEX:</b>	Budget planning and reporting
<b>STRATEGIC INITIATIVE:</b>	5.1.3 Ensure regulatory requirements are met
<b>BUSINESS UNIT:</b>	Finance
<b>SERVICE:</b>	Financial planning and reporting
<b>DATE OF COMPLETION:</b>	2009/10 annual budget will become effective immediately consequent to adoption by the Council
<b>VOTING REQUIREMENT:</b>	Absolute Majority - Recommendations 1 to 9 Simple Majority - Recommendation 10
<b>ATTACHMENT(S):</b>	2009/10 Draft Annual Budget Two x Public Submissions (Imposing Differential Rates)

**PRÉCIS**

The Local Government Act (the 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 annual budget, this report now seeks the Council's formal adoption of its 2009/10 draft annual budget.

**BACKGROUND**

The 2009/10 draft annual budget as presented for the Council's consideration has been in development for a number of months. Consequent to its initial compilation, the Senior Management Group has been fundamental in reviewing and rationalising the contents of the document, such that the draft budget presented to the Council for adoption is achievable, analogous with the Council's adopted Corporate Plan and represents value for money, especially in light of the prevailing economic conditions.

As the draft budget has developed, Elected Members have remained informed of its progress via number of workshops; that have provided detail in respect of budget assumptions and methodologies, whilst also providing a forum to have specific budget items clarified.

Consequent to Elected Members receiving the draft budget working papers in May 2009, a number of subsequent events have occurred that will need to be considered in unison with the document previously provided. With the 2008/09 financial year now finalised, the closing net current position for 2008/09 is known, and this will clearly impact upon the draft budget. Additionally, identified projects that were not commenced/ completed in 2008/09 have also been re-listed as part of this report for consideration (essentially to be funded from the carried forward net current position). These matters are discussed within the context of this report.

As mentioned above, it is considered that the draft budget as presented for consideration by the Council is based on sound financial principles, is consistent with both the Council's adopted Corporate Plan for 2009/10 and also the currently adopted Five Year Financial Plan framework, and whilst demonstrating restraint in respect of short term aspirations, is considerate of the Shire's current and future financial sustainability.

## CONSULTATION

Consultation in respect of the 2009/10 draft annual budget has been comprehensive and has included:

Description	Consultation
<b>Elected Members</b>	<ul style="list-style-type: none"> <li>◦ Budget development process overview - 26 March 2009</li> <li>◦ Community bids workshop - 15 April 2009</li> <li>◦ Draft capital works budget workshop - 06 May 2009</li> <li>◦ Draft operational budgets workshop - 13 May 2009</li> <li>◦ Draft budget workshop - 10 June 2009</li> <li>◦ Draft budget workshop - 15 July 2009</li> <li>◦ Council Agenda Item - Schedule of Fees &amp; Charges</li> <li>◦ Council Agenda item - Notice of Imposing Rates</li> </ul>
<b>Management and Staff</b>	<ul style="list-style-type: none"> <li>◦ Development of draft Business Unit budgets</li> <li>◦ Provision of draft Fees and Charges for 2009/10</li> <li>◦ Ongoing review/ rationalisation of draft budget by Senior Management Group</li> <li>◦ Prioritisation of Community bids</li> <li>◦ Participation in budget workshops</li> </ul>
<b>Members of the Public</b>	<ul style="list-style-type: none"> <li>◦ Invitation to apply for funding via Community Bids process</li> <li>◦ Invitation to apply for funding via the Minor Sporting Grants process</li> <li>◦ Invitation to comment on Notice of Imposing Rates</li> <li>◦ Invitation, as part of the Shire's normal processes, to comment on significant matters that may have budgetary implications</li> </ul>

## STATUTORY ENVIRONMENT

The annual budget development process encapsulates a number of matters that have specific reference to the Act and associated Regulations. These include:

### Adoption of Annual Budget

Section 6.2 of the 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 consideration.

### Notice of Imposing Rates

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

### Reserve Accounts

Section 6.11 of the Act provides guidance in respect of reserve accounts, and also outlines the processes required should a local government determine to amend the purpose of a reserve.

### Power to Borrow

Sections 6.20 and 6.21 of the Act refer to a local government's power to borrow and the administrative requirements associated therewith.

## **POLICY IMPLICATIONS**

There are numerous Council Policy implications that require consideration as part of the Council's budget development process each year. In compiling the 2009/10 draft annual budget, regard has been given to applicable policy requirements and objectives.

## **FINANCIAL IMPLICATIONS**

The adoption of the draft budget will determine the financial operations of the Shire for the 2009/10 financial year.

## **STRATEGIC IMPLICATIONS**

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

## **OFFICER COMMENT**

The 2009/10 draft annual budget has been developed over a number of months. Elected Members, Management and staff and also members of the public have been involved in the development process to date, as discussed below:

Six 'budget' related workshops have been conducted with Elected Members as the draft annual budget has developed. It is considered that these workshops have been interactive and have provided Elected Members with significant opportunity to discuss the budget parameters (in general terms) and also to seek clarification of items comprised within the draft budget document. In addition to the above, a number of 'budget' related Agenda items have been presented to the Council for deliberation as part of the budget development process.

Senior Management has been committed to the achievement of cost rationalisation and efficiency gains wherever possible. Initiatives introduced to attain this outcome have included, amongst others, a directive that no new 'administration' type staff positions would be considered in 2009/10, and additional wages staff would only be considered where off-setting cost savings could be demonstrated. Furthermore, associated 'employee related' budget allocations pertaining to matters such as conferences and training and other staff development and morale activities have also been reduced, in some cases significantly.

Members of the public have also been invited to participate in the budget development process, via both the community bids and minor sporting grant processes. Additionally, public submissions have also been invited in respect of the imposing rates for 2009/10.

As has previously been mentioned, it is considered that the 2009/10 draft annual budget is consistent with the Council's overarching Strategic Plan and annual Corporate Plan for 2009/10, reflects efficiencies that have assisted in offsetting reduced revenue streams (beyond the control of the Shire), is achievable; and represents value for money for ratepayers.

The following sections of this report discuss specific items of note in respect to the 2009/10 draft annual budget and associated matters.

### **2009/10 DRAFT ANNUAL BUDGET - OVERVIEW**

The 2009/10 draft annual budget as presented to the Council for consideration essentially reflects that provided to Elected Members on 28 May 2009. The only subsequent amendments to that document are:

- \* the inclusion of the closing position for 2008/09 (that was previously set at zero for budgeting purposes);
- \* the inclusion of employee provisions totalling \$247K (that do not impact on the net current position).

Whilst budget amendments (due to items required to be re-listed or otherwise) have historically been inserted into the draft budget prior to formal presentation to the Council, it is considered that, for transparency purposes, these items be specifically identified in this report for consideration by the Council.

The draft budget previously presented to Elected Members reflected a 'stand-alone' closing net current position in the order of \$458K (surplus). For the financial year ending 30 June 2009, the Shire recorded a closing net current position of \$1,043K (surplus). As such, the draft budget now reflects a closing net current position of some \$1,501K (surplus) as at 30 June 2010. The subsequent budget amendments, as are included in this report, total approximately \$343K (net). Additionally, this report also recommends that the Council allocates an amount of up to \$190K toward the funding of the Community bids submitted earlier this year (for consideration for inclusion in the 2009/10 annual budget).

The inclusion of these budget allocations, that exclude any other items that the Council determines to include in the annual budget, would result in a revised closing net current position of approximately \$968K (surplus) as at 30 June 2010. A recommendation to the Council as to how the budgeted surplus net current position of \$968K may be allocated (subject to amendments that the Council determines as part of this meeting) is discussed in a following section of this report.

### **RATING**

At a Special Council Meeting convened on 27 July 2009, the Council endorsed (C0907/267), it's 'in principal' differential rates and minimum payments to apply for the 2009/10 financial year, for advertising purposes.

As is required by Section 6.36 of the Act, local public notice of the imposing differential rates and associated minimum payments must be given, with public submissions to the proposal to be invited (for a period of not less than 21 days). The Council is required to consider any submissions received prior to it formally imposing the proposed differential rates and associated minimum payments, with or without modification. The local public notice was advertised on 29 July 2009, with the final date for submissions being 18 August 2009.

As at the time of finalising this report, two letters (that officers have assumed to be public submissions) have been received in respect of this matter. Copies of those submissions are provided as attachments to this report. Should any further submissions be received by the closing date, they will be provided to Elected Members on or before the date of the Special Council Meeting convened to consider the draft annual budget.

As was indicated to the Council at the time that the proposed differential rates and associated minimum payments were recommended for endorsement for advertising purposes, due to technical issues, a full reconciliation of the valuation figures had not been completed. As such, it was considered that further amendments to the proposed differential rates may be required subsequent to final reconciliation and as more detailed rates modelling was undertaken.

As a result of the above, the advertised differential rate in the dollar for Residential/ Industrial/ Commercial Vacant Land has reduced from 6.6870c to a recommended 6.3697c (a reduction of approximately 5%). This is primarily due to the reconciliation process, which saw Gross Rental Valuations (GRV's) increase above initial estimates. The advertised Unimproved Valuation (UV) differential rates have remained unaltered (as this reconciliation had previously been completed).

Consequent to the above, the following general, differential and specified area rates, and also minimum and maximum payments, are recommended for adoption by the Council. It should be noted that these items are further detailed in the Memorandum of Imposing Rates and Charges as is incorporated in the budget document:

Description	Rate in the \$	Minimum Payment	Maximum Payment
<b>Zone Groups (GRV)</b>			
Residential	8.4930c	\$822	NA
Residential - Vacant Land	6.3697c	\$773	NA
Industrial	8.4930c	\$822	NA
Industrial - Vacant Land	6.3697c	\$773	NA
Commercial	8.4930c	\$822	NA
Commercial - Vacant Land	6.3697c	\$773	NA
<b>Land Use Groups (UV)</b>			
Primary Production	0.2155c	\$822	NA
UV Rural	0.2078c	\$822	NA
UV Commercial	0.4156c	\$822	NA
<b>Specified Area Rates</b>			
Port Geographe	1.2081c	NA	NA
Busselton CBD	0.8493c	NA	NA
Provence - GRV	0.6900c	\$138	\$200
Provence - UV	0.0711c	\$138	\$200

The above rating scenario results in rates revenue of \$27.1M being levied in 2009/10, which equates to an increase (in dollar terms) of **approximately 6.5%** over and above that levied in 2008/09.

Whilst the above will reflect an average rate increase of approximately 6.5%, as the Council is aware, the 2009 general valuation (as conducted by Landgate Valuation Services) did identify localities within the Shire whereby, as a result of the 2009 valuation, property valuations were comparatively higher and accordingly, properties within these localities will bear a higher proportion of the rating burden, in reflection of those higher property valuations.

As per the Council's current methodology, the rating burden between the GRV sector and the UV sector has been retained with approximately 79.3% of the rating burden (in dollar terms) being attributed to the GRV sector, with this sector also comprising approximately 79.4% of the number of rateable properties. Please note that specified area rates are excluded from the above calculations.

Whilst the Memorandum of Imposing Rates and Charges provides further detail in respect of the recommended rates in the dollar, minimum and maximum payments and other related information, the following provides a brief overview:

#### **Gross Rental Value (GRV) Zone Groups**

This group comprises approximately 79% of the number of rateable properties within the Shire and as per the recommended rates model for 2009/10, will also contribute to approximately 79% of the budgeted rating revenue.

The differential rate in this group, attributable to vacant land, has again been set at approximately 75% of the general rate, in order to address comparative higher valuations (in most part due to Landgate Valuations Services current methodology for assigning a GRV to vacant land).

### **Unimproved Valuation (UV) Land Use Groups**

This group comprises approximately 21% of the number of rateable properties within the Shire and as per the recommended rates model for 2009/10, will also contribute to approximately 21% of the budgeted rating revenue.

The differential rates in this group relate to UV Rural and UV Commercial. Pursuant to Section 6.33 (3) of the Act, a local government is not to impose a differential rate that is more than twice the lowest differential rate. This requirement has been reflected in the recommended rates model, with the differential rate in the dollar for UV Commercial being twice that for the UV Rural category. Relative rating burdens within the three categories in the UV land use groups has also been maintained in accord with previously adopted models.

### **Specified Area Rates**

#### **Port Geographe**

The Port Geographe specified area rate has been set at 2.6000c since the 2002/03 financial year. In order to compensate for the increased property valuations pursuant to the 2009 general revaluation, the rate in the dollar has been reduced to reflect an increase of 8% on the budgeted dollar value of rates levied in 2008/09. It should be noted that in 2008/09, the Port Geographe specified area rate was equivalent to 23% of the GRV general rate. The proposed rate in the dollar will reduce this to approximately 14% of the GRV general rate.

#### **Busselton CBD**

This rate has been set at 10% of the GRV general rate since 2003/04. The value of rates to be levied in 2009/10 is consistent with that included in the 2009/10 Busselton CBD Specified Area Rate budget as was adopted by the Council at its meeting of 10 June 2009 (C0906/202).

#### **Provence**

At its meeting of 11 June 2008, the Council endorsed (C0806/172) the levying of specified area rates in respect of the Provence subdivision. As part of this same resolution, minimum and maximum payments of \$138 and \$200 respectively were also endorsed (to initially apply for the 2008/09 financial year). Consequent to review, it is considered that the existing rates in the dollar, and also the existing minimum and maximum payments, are sufficiently adequate to maintain consistency with the associated funding model.

It is considered that the recommended rates in the dollar and associated minimum/maximum payments as included in the 2009/10 draft annual budget are both reasonable and comparable (from a rate increase perspective) to those of neighbouring local government authorities and are also within the likely (state average) rate increase range of 4 - 8% as advised by WALGA.

### **RESERVE FUNDS**

As part of the 2009/10 budget development process, the change in the purpose for a number of existing reserve accounts has been identified for consideration by the Council. Section 6.11 of the Act permits the Council (by absolute majority) to amend the purpose of reserve accounts (excepting those as otherwise prescribed) and where the change of purpose is disclosed in the annual budget, local public notice is not required.

Details of the proposed amendments are as follows:

#### **Waste Management Facility and Plant Reserve**

As is detailed in the 2008/09 adopted budget, the purpose of this reserve is:  
*"To fund the acquisition of additional waste plant, waste facility infrastructure and post closure management".*

In order to provide funding for specialised 'waste related' consultants to assist in the development of waste operational and development strategies, it is proposed that the purpose of the reserve be amended to the following:  
*"To fund the acquisition of additional waste plant, waste facility infrastructure, **waste related consultancy services** and post closure management".*

#### **Busselton Library Extension Reserve**

As is detailed in the 2008/09 adopted budget, the purpose of this reserve is:  
*"To provide construction funding for a stand alone facility adjacent to the Busselton Public Library".*

A report is to be presented to the Council for consideration at its 12 August 2009 meeting (Interim Accommodation Strategy for the Busselton Public Library and Construction of a Community Resource Centre - Lotteries House) that seeks the Council's approval to amend the purpose of the reserve to fund preliminary works in respect of the library expansion and associated facilities. That report recommends the purpose of the reserve be amended to: *"To provide funding for the expansion of the Busselton Library including a local studies facility".*

As this Agenda is proposed to be distributed to Elected Members on or before 12 August 2009, it is considered appropriate to also include this proposal as part of this Agenda such that, if the change of purposes is endorsed by the Council, the annual budget document will immediately reflect this amendment.

## **PROPOSED BORROWINGS**

The 2009/10 draft annual budget includes \$4.8M in either newly proposed or re-listed loan facilities. These borrowings as summarised as follows:

<b>Description</b>	<b>Amount \$M</b>
Busselton Jetty Refurbishment	\$2.1
Dunsborough Oval Reconstruction	\$1.6
GLC - Group Fitness Room	\$0.6
Reserve Acquisition	\$0.5
<b>TOTAL</b>	<b>\$4.8</b>

### Busselton Jetty Refurbishment

At a Special Council Meeting convened on 01 April 2009, the Council resolved (C0904/102) to award the contract for the Busselton Jetty Refurbishment to Marine & Civil Construction Company Pty Ltd. As part of that same meeting, the Council endorsed the "Whole of Project" cost estimate and associated financial estimates in respect of the project. In order to fund the Shire's component of the refurbishment costs, the draft annual budget includes a loan facility for \$2.1M.

### Dunsborough Oval Reconstruction

At its meetings of 11 February 2009 and 25 February 2009, the Council resolved (C0902/038 & C0902/056 respectively) that a new oval be constructed at the Dunsborough Playing fields and that the existing oval be reconstructed; and that the Royalties for Regions funding allocation of approximately \$1.3M be utilised to assist in funding this project. With the costs associated with this project estimated to be \$2.9M (excluding lighting), the 2009/10 draft annual budget includes a loan facility of \$1.6M to fund the shortfall.

### Geographe Leisure Centre - Group Fitness Room

At its meeting of 11 July 2007, the Council endorsed (C0707/153) the construction of a Group Fitness Room at the Geographe Leisure Centre. In order to fund this project, the Shire would borrow \$0.6M, with external funding to be provided for the remaining third of the construction costs.

Due to a number of delays in the commencement of the project, there has been no requirement to utilise the budgeted borrowing, however, with the project expected to be completed this financial year, the borrowing of \$0.6M has been re-listed in the 2009/10 draft annual budget.

### Reserve Acquisition

This borrowing facility has been re-listed in the 2009/10 draft annual budget for consideration by the Council. The acquisition has been deferred for several years now due to reasons beyond the Shire's control (including Native Title matters).

However, it is considered that, with those outstanding issues closer to resolution, the acquisition will occur in 2009/10, and the associated loan facility drawn.

Based on the draft annual budget for 2009/10 as presented (excluding those items to be separately considered as part of this meeting, the Debt Service ratio has been calculated at approximately 2.3%. This is significantly less than the Council's endorsed (C0704/084) maximum ratio of 10%, as is also recommended by the Department of Local Government (Operating Guidelines - Financial Ratios).

### **COMMUNITY BIDS**

Invitations for Community Groups to apply for funding as part of the Council's 2009/10 draft annual budget were advertised during January and February this year. As a result of the above, approximately forty bids were received, with an estimated \$492K in funding being applied for (excluding those where no specific value was provided). As a number of the Community bid applications had already been included in the draft budget, whilst others have subsequently been addressed, the remaining value of the applications (ex draft budget) has been reduced to approximately \$315K.

Pursuant to Council Resolution C0810/315, whereby the Council endorsed the use of a 'Sustainability Analysis Tool' to assess Community bids received in respect of the 2009/10 annual budget, staff then undertook the task of assessing and prioritising those bids received, prior to presentation to Elected Members.

A workshop was subsequently held with Elected Members on 15 April 2009 to learn of the Community bids received, the assessment outcomes (using the analysis tool) and also to seek an indication as to the range of funding that the Council may consider allocating to Community bids as part of its 2009/10 budget.

A further budget workshop was held with Elected Members on 15 July 2009, where the matter of Community bids was again presented by officers, albeit no specific determination was made at that time as to how this process would be progressed to resolution.

It is acknowledged that the establishment of a Council Policy for addressing the Community bids process is required. Whilst the Council has endorsed the use of the sustainability analysis tool in this process, it is considered necessary that a measurable annual budget allocation also be determined, such that this can be incorporated into forward financial planning models, whilst also providing the Council with a known allocation of funds that can be earmarked for funding Community bids in any year (as part of a wider allocation for specific donations and sponsorships).

As was alluded to during the 2008/09 budget development process, it is considered that an allocation of 2.5% of budgeted rates levied in any year would provide a reasonable level of funding for the purpose of donations and sponsorships, including in-kind works, unclassified donations, sporting and environmental grants and also the (currently) 'recurrent' donations and sponsorships such as the Ironman, Geographe Bay Tourism Association and the

Senior Citizens Centre budget allocations. Additionally, and subject to the provision of 'notional' commercial rental valuations, the subsidised rentals that the Shire provides to Community Groups should ideally also be incorporated into any such allocation assessment, albeit this will be for the Council to deliberate as it considers the draft policy.

Based on the 2009/10 draft annual budget as presented, 2.5% of budgeted rates to be levied equates to approximately \$680K. It should be noted that at this time, the draft budget includes approximately \$900K in allocations designated as either contributions and donations or sponsorships (excluding notional donations by way of subsidised rentals). However, this figure does include a number of allocations that, due to their nature, could reasonably be excluded from any calculation (e.g. CBD specified area rate funding, cost sharing arrangements with FESA for the Fire Prevention Officer and also Leavers Week donations - as they are not funded from general revenue). As a consequence of the above, the \$900K could readily be reduced to approximately \$555K, thus allowing a further \$125K (\$680K-\$555K) to be allocated to donations and sponsorships from the Community bids listing (based on the proposed 2.5% allocation).

For information purposes, the major contributors to the draft budget allocation for donations and sponsorships include:

- \* Ironman - \$150K
- \* Geographe Bay Tourism Association - \$100K
- \* Senior Citizens Centre - \$74K

The above scenario has been provided simply to illustrate to the Council the impact of endorsing a Policy that guides the value of donations and sponsorships to be included in the Council's annual budget. Clearly however, any decision in respect of the extent to which the remaining Community bids (valued at approximately \$315K) are to be funded in 2009/10 is at the discretion of the Council, pending the endorsement of an associated future policy.

In order to progress the 2009/10 draft budget to adoption, and based on discussions so far held in respect of the Community bids received and the process of prioritisation, it is proposed that the Council formally considers the Community bids consequent to its budget adoption this year (at which time it is also proposed that a draft policy will also be presented for the Council's consideration). To enable this to occur, the Council will be requested, as part of this meeting, to determine a funding allocation to be included in the adopted budget, which will then inform the extent to which the remaining Community bids can be accommodated.

Based on previous consideration of this matter, a 'staged' reduction, to achieve the 2.5% (of rates levied) allocation for donations/ sponsorship funding, may be appropriate. As such, this report recommends that, in respect of the 2009/10 financial year, this allocation be set at 2.75% of budgeted rates levied. This will result in a notional allocation of approximately \$745K, increasing the funds available to consider the remaining Community bids to approximately \$190K (\$745K-\$555K). On the basis of the nature of the bids received, the general

discussions held by Elected Members (in a workshop setting) in relation to funding the bids, and also subsequent events, it is considered that this allocation is certainly reasonable.

### **PROPOSED DRAFT BUDGET AMENDMENTS**

It is not uncommon that, at the end of any financial year, a number of budgeted projects have either not been able to be completed, or in some instances commenced. Furthermore, it is generally not known until late in the financial year the extent to which (from a financial perspective) identified projects will need to be re-listed for funding in the ensuing years annual budget. Additionally, consequent to the initial draft budget document being presented to Elected Members (usually by the end of May), further amendments are subsequently identified for inclusion in the draft budget.

In past years, these types of draft budget amendments have typically been incorporated in the draft annual budget document prior to the budget being presented to the Council for formal consideration. However, and primarily for transparency purposes, it has been determined this year that all such budget amendments be provided to the Council for consideration as part of its budget deliberations.

It should be noted that, in respect of many of the proposed budget amendments as are detailed below, the funds have already been committed by the Shire (as works were completed but not invoiced in 2008/09), or alternatively, projects that were not completed attributed to the closing net current position surplus in 2008/09.

Whilst it is acknowledged that the list of proposed amendments, as summarised below, is extensive, it is also important to note that the draft budget document presented herewith reflects that provided to Elected Members in May 2009, apart from the inclusion of the (now known) carried forward net current position from 2008/09, and also the inclusion of the draft budget for employee provisions (that does not impact on the net current position). As such, Elected Members, who have been in possession of the draft budget working papers for approximately 11 weeks, should be sufficiently familiar with that document's contents such that the items as detailed below may be the only specific line items that now require further clarification.

<b>Directorate</b>	<b>Expenditure \$</b>	<b>Revenue \$</b>	<b>Comment</b>
<b>Systems &amp; Information</b>			
Information Technology	11,000		Network cabling - Systems Centre (completed in July 2009)
Customer Services	24,000		Establishment of after hours telephone service
Grants Commission Financial Assistance Grant (FAG)		-438,110	Early receipt of 1st instalment of 2009/10 FAG Grant transferred to Reserve in 2008/09 (as per C0906/227). Whilst budgeted revenue in 2009/10 to be reduced by this amount, an equity transfer to an equivalent amount is to

Directorate	Expenditure \$	Revenue \$	Comment
			be made to bring back funds reserved in 2008/09
Transfer from Salaries & Wages Contingency Reserve		438,110	Recognition of equity transfer as discussed above
<b>Total</b>	<b>35,000</b>	<b>0</b>	
<b>Community &amp; Organisational Dev't</b>			
Business Development	50,000	100,000	Busselton Foreshore Working Group. Additional \$50K in expenses, with \$100K in offsetting revenue (transfer from Strategic Projects Reserve plus \$50K grant from SWDC)
Legal & Admin Services	15,000		Airport Local Law (as per C0905/188)
Tourism & Area Promotions	-10,000		Removal of Anaconda Adventure Race budget allocation
Recreation Administration	-20,000		Removal of duplicated Minor Sporting Grants budget allocation
Busselton Jetty Communications Plan	10,000	10,000	BJECA contribution to Busselton Jetty Communications Strategy
Administration Centre Planning	100,000		Funding allocation to progress future Administration Centre planning matters
Civic Precinct	-460,000		Deletion of budgeted capital expenditure on this project. Refer Administration Centre Planning item above
Organisational & People Dev't	8,000		CEO's Performance Review (as per C0906/216)
Organisational & People Dev't	10,000		Occupational Safety and Health Audit required - Shire Administration Building
Employee Medicals (ORGANISATIONAL)	11,200		Organisational budget allocation erroneously removed from draft budget
Employee Other Interview Expenses (ORGANISATIONAL)	8,200		Organisational budget allocation erroneously removed from draft budget
Employee Relocation Expenses (ORGANISATIONAL)	22,800		Organisational budget allocation erroneously removed from draft budget
Salaries and Wages adjustments (ORGANISATIONAL)	100,000		Increase in organisational salaries budget required due to under-estimation of CPI for salary adjustments. Whilst estimated at 1.0%, CPI at 30 June 2009 was 1.4%. This allocation also allows for other minor salaries related matters.
Salaries & Wages Contingency Reserve (ORGANISATIONAL)	100,000	100,000	Equity transfer to and from the Salaries & Wages Contingency Reserve to fund salaries related matters as referred to above. N.B. Transfer from Reserve will only occur should salaries be over-expended as at 30 June 2010.
<b>Total</b>	<b>-54,800</b>	<b>210,000</b>	

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<b>Lifestyle Development</b>			
Environmental Planning	4,000	4,000	Completion of Acid Sulphate Soil Project - grant funded
Environmental Planning	5,000		Re-list of unexpended Consultancy funds
Environmental Planning	12,100		Carry-over of unexpended 2008/09 budget allocation for completion of Western Ringtail Possum Habitat Plan. N.B. Works now complete and expenditure committed
Environmental Planning	10,000		Busselton Wetlands project progression
Environmental Planning	52,000		Vasse River East Trail (subject to external funding approval)
Other Law, Order & Public Safety	25,000		Mobility Software Program - \$10K software, \$7K Consulting, \$4K hardware, \$2.5K call plan ^ \$1.5K maintenance
Fire Prevention - Council	22,000	5,000	Fire Management Plan - \$15K in grants received in 08/09, with only \$8K expended.
Preventative Services		15,000	Transfer from Restricted Assets to partially offset Larvicide program chemical purchases
Preventative Services		20,000	Transfer from Restricted Assets to partially offset Mosquito Strategy Implementation Program
Cultural Planning	10,000	10,000	Artwork for Queen St roundabout- to be funded by the Pro-Busselton Committee
<b>Total</b>	<b>140,100</b>	<b>54,000</b>	
<b>Community Infrastructure</b>			
Waste Facilities	38,500	38,500	Progression of Landfill Contamination Assessment
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Bovell Park Lighting	140,000	68,420	Carryover of 2008/09 budget allocation plus additional funds required to complete project. Revenue from Community Facilities \$21.7K and grant funding of \$46.7K (to be confirmed)

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Fleet Management	54,000		Director, Lifestyle Development vehicle changeover - sale proceeds received in 2008/09
Fleet Management	41,730		Courier vehicle changeover - sale proceeds received in 2008/09
Fleet Management	53,000	26,000	Director, Community Infrastructure vehicle changeover
Kaloorup Road Bridge	414,000	414,000	Awaiting invoice from Main Roads. Revenue is represented by restricted grant monies
Commonage Road footpath	30,000		Carryover of a portion of 2008/09 budget allocation
Pedestrian Bridge 244 - Caves Road	228,000		Carryover of 2008/09 budget allocation - awaiting invoice from Main Roads
Pedestrian Bridge 245 - Caves Road	135,000		Carryover of 2008/09 budget allocation - awaiting invoice from Main Roads
Wonnerup Seawall	208,000	104,000	Works completed. Shire is awaiting DPI advice before making payment, and claiming DPI's contribution
Port Geographe Development Reserve		316,400	Transfer from reserve to assist in funding related expenditures (previously omitted from draft budget awaiting confirmation of 2008/09 expenditure)
Consultant Special Projects - Vasse		-20,000	Revenue erroneously included in draft budget by Finance
Tuart Drive Retention Monies	10,740	10,740	Repayment of retention monies currently held in Restricted Assets.
Dunsborough Oval	-308,400	-308,400	Reduction in draft budget due to works completed in 2008/09
Dunsborough Oval Lighting	145,000	145,000	Additional Royalties for Regions funding made available to progress this matter
Concrete Crushing Project	119,000	119,000	Carryover of unspent funds to enable completion of project
Shire Administration Building	15,000		Upgrade air-conditioning units in Finance and Lifestyle Development
Veteran Car Club Hall	12,000		Replace electrical wiring and split power sources
Ambergate Hall	2,990		Additional funds (to increase budget to \$5,000) to carry out safe closure (C0906/241)
Centennial Park Toilets	5,000		To enable roof to be sealed and repainted
Busselton Jetty	120,000		Reconstruction of Busselton Jetty abutment to assist in coastal erosion issues
New Water Fountain	3,390	3,390	Drinking fountain in Mitchell Park - to be funded by Busselton Water
Shoreline Planform Movement	34,500	34,500	Project to detail long term shoreline movement in Busselton/ Geographe Bay area. Funding confirmed via Community Coastcare Grant
Jindong Treeton Road		37,100	Additional developer contribution income

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			identified to assist in funding this expenditure
Fairbairn Road		1,230	Additional developer contribution income identified to assist in funding this expenditure
Geographe Leisure Centre Extensions	313,330	313,330	Additional funds (over and above borrowings) to complete Group Fitness Room. This amount to be funds from CSRFF grant.
Wonnerup DUP	-91,000	-45,500	Grant application unsuccessful
Bike Plan	30,000	12,000	Development of bike plans for Busselton & Dunsborough. Grant funding of \$12K confirmed
Harmans Road South	45,000	30,000	Regional Road Group grant confirmed for \$30K to carry out widening and re-seal
On call Allowance - Depot Staff	10,000		An allowance of \$150 per week is to be paid to the employee having responsibility for the after hours mobile phone for the Depot
Busselton Jetty Refurbishment	6,576,170	6,716,390	Amended expenditure/ revenue allocations consequent to a review of works undertaken during 2008/09
<b>Total</b>	<b>8,550,950</b>	<b>8,064,600</b>	
<b>GRAND TOTAL</b>	<b>8,671,250</b>	<b>8,328,600</b>	
<b>NET EXPENDITURE</b>	<b>342,650</b>		

As has been previously discussed in this report, the draft budget as presented reflects a net current position of \$1,501K (surplus). Should the Council endorse the proposed budget allocation of \$190K for Community bids, and should the budget amendments as listed above also be approved (net expenditure of \$343K), this will reduce the budgeted closing net current position to approximately \$968K (surplus). Additionally, it is believed that a number of additional budget bids are proposed to be raised by Elected Members as part of the budget meeting that may further impact on the budgeted closing net current position.

#### **OPTIONS FOR ADDRESSING 2009/10 DRAFT BUDGET SURPLUS**

Based on the revised draft budget closing net current position of \$1,501K and assuming the Council's adoption of the budget allocations as discussed above, the closing net current position for 2009/10 would be in the order of \$968K (surplus). There are a number of options that the Council could consider in addressing the budgeted surplus position, which could include reducing budgeted rates revenue (with \$270K equating to approximately 1% of rates), transferring the budgeted surplus to the Councils Asset Depreciation Reserve to assist in cash backing a portion of the annual asset depreciation costs, or a combination of both of the above.

However, a third option, the matter of which will be presented to the Council imminently for consideration, would be to consider earmarking the budgeted surplus for the Shire's future accommodation needs. This proposal will recommend an initial outlay \$1.3M for this purpose. As is detailed in the proposed draft budget amendments as contained within this report, an allocation of \$100K

has been requested to progress the operational component of this matter. This is 'notionally' proposed to be funded from the deletion of the current draft budget allocation of \$460K set aside to progress the Civic Precinct project.

The remaining \$1.2M funding requirement of the Staff Accommodation project could readily be raised from new borrowings. Over a term of five years, annual repayments would equate to approximately \$280K. Should this be the preferred option, this would still enable an amount of approximately \$688K to be transferred to the Asset Depreciation Reserve. Notwithstanding this, the Council is encouraged to consider the merits of borrowing for this purpose against significantly funding this component from its own cash resources.

The option of reducing rates is not considered to be financially prudent (from an organisational sustainability perspective), and as such, the transfer of the budgeted surplus to the Asset Depreciation Reserve is the recommended option. However, and as mentioned above, if the Council was positioned to progress the proposed Staff Accommodation proposal with nominal or possibly no borrowings, it may be considered advantageous to do so.

#### **SHORT TERM OPERATIONAL FUNDING REQUIREMENTS**

At its meeting of 10 June 2009, the Council resolved (C0906/210) not to adopt an Officer Recommendation to progress the establishment of an overdraft facility for up to \$4M, to assist in funding the Shire's operations pending the adoption of the 2009/10 annual budget. The Council decision did however authorise the Chief Executive Officer to utilise other funds (principally restricted assets and reserve monies) to provide the necessary funding requirements.

Based on the above resolution, and also in applying Section 6.8 of the Act (that permits expenditure to occur before the adoption of the annual budget - so long as that expenditure is subsequently included in the annual budget), the Shire's cash-flow has been able to be managed such that external funding assistance has thus far not been required. Notwithstanding the above, with all available transfers from reserves having now been processed, and with grant monies (e.g. Royalties for Regions payments) being used to fund operations in the interim, it is considered that the Shire's available cash resources will be fully expended by 31 August 2009.

Assuming that the Council adopts its annual budget at this meeting, it would be anticipated that rates revenue would commence flowing in from early October 2009. Consequently, external funding would be required during the month of September, and possibly longer should there be issues associated with the printing of rates notices this year. Based on salaries costs of approximately \$1.3M, and estimated creditor payments of approximately \$2.0M (both for the month of September only), less operational revenue from fees and charges and other sources, it is estimated that an overdraft facility of up to \$3.0M may be required pending receipt of rates revenue. Clearly, should unforeseen issues arise in respect of rates, creditor payments may need to be negotiated until such time as funds permit the payment thereof.

Cognisant of the above, the draft annual budget includes a note to the effect that an overdraft facility of up to \$3M may be used by the Shire during the 2009/10 financial year, upon application [refer Note 15 (c) of statutory budget]. Pursuant to Section 6.20 of the Act, where included in the annual budget, local public notice of this proposal is not required, and as such, application can be made immediately upon adoption of the annual budget. As has previously been advised to the Council, the 2009/10 draft annual budget includes an allocation to cover applicable fees and interest charges to accommodate this requirement.

#### **VARIANCE REPORTING THRESHOLD - 2009/10 FINANCIAL YEAR**

Regulation 34(5) of the Local Government (Financial Management) Regulations requires that in each year, a local government adopts a percentage or value, calculated in accordance with Accounting Standard AASB1031 - Materiality, to be used for reporting material variances.

Accounting Standard AASB1031 states that; *"general purpose financial reporting involves making decisions about the information to be included in general purpose financial reports and how it is presented. In making these judgements, considerations of materiality play an essential part. This is because the inclusion of information which is not material or the exclusion of information which is material may impair the usefulness of the information provided to users"*.

The Standard also suggests quantitative thresholds in the consideration of the materiality of variances, as follows:

- (a) *An amount which is equal to or greater than ten percent (10%) of the appropriate base amount may be presumed to be material unless there is evidence or convincing argument to the contrary; and*
- (b) *An amount which is equal to or less than five percent (5%) of the appropriate base amount may be presumed not to be material unless there is evidence or convincing argument to the contrary.*

The Standard does not confer on variances between five percent (5%) and ten percent (10%) and as such, it can be assumed that reporting variances between these thresholds is therefore at the discretion of the individual organisation.

Since the inception of this requirement some four years ago, the Council has adopted a [+/- 10%] reporting threshold each year. It is considered that, in adopting this threshold, the Council has been fully informed of material financial variances as part of the monthly Financial Activity Statement reporting. This view is supported by the Councils Auditor, who (as part of the 2007/08 Audit Management Letter) stated, *" The monthly financial reports presented to the Council continue to be of the highest quality with detailed variance analysis providing Management and Councillors with relevant information to enable informed decisions to be made"*.

Cognisant of the above, this report recommends that the Council adopts a variance reporting threshold of equal to or greater than 10% of the year to date

budget amount as detailed in the Income Statement by Nature and Type for the 2009/10 financial year.

#### **CLOSING SUMMARY - CHIEF EXECUTIVE OFFICER**

Whilst the Shire is still compiling its infrastructure asset database for integration into the new corporate software system, what is known is that the annual rate established through the financial assessment of depreciation has been steadily rising and now amounts to approximately \$7.5M (annual). Each year, the Council has been encouraged to set aside funds to 'cash back' at least a reasonable portion of this cost so as not to lumber the future generation of ratepayers with the accumulating significant problem.

The intergenerational equity approach indicates it is unreasonable for those using the assets to not be paying the full cost of that use. The alternative to funding the depreciation is to let the asset wear away and not replace it, but this policy position would have to be clearly articulated well in advance; and has not been. The years of analysis for the replacement and sustainable maintenance of the Busselton Jetty has highlighted the need to have sufficient income to service whole of life costs for all assets deemed necessary to be retained (as opposed to those left to wear away and not be replaced). In this respect, and noting the already accumulated total infrastructure asset depreciation amount resulting from the difference between the written down value and the replacement value for the Shire is in the order of \$76M, it would be financially irresponsible to decrease the rate base that the Council has planned to grow in recent times in the absence of any alternative 'gap' funding strategy.

Specifically, recognising the above issue and allocating end of year surpluses to the depreciation 'gap' has been deemed to have been acceptable by the Council whilst it dealt with other organisational operational type issues stemming from an extended period of growth. Now the growth is projected to level out and with the organisation's internal capacity reaching an acceptable standard for an organisation of this type and size, attention must be given to cash backing the depreciation of assets that will be required to be maintained for future generations.

This cannot happen where rates are not increased at least in line with the Council's existing Five Year Financial Plan. Even within that framework, consideration should be given to the sustainable nature of funding certain elements/items within the budget given that every service, and most studies, require increasing funding in order to sustain their compliant implementation (for a growing resident and visitor population). In addition, most projects lead to pressure for increased funding unless they are geared to asset preservation.

Given the Shire is projected to exist (or its functions will exist in one form or another) in perpetuity, and the Council is but a steward (at a moment in time) of the significant assets comprising the organisation (including some \$230M in infrastructure and other non-current assets), budget decisions must therefore be made not on a short-term basis or where some in the community might be facing a challenging year, but on the basis of the organisation's sustainable existence in

perpetuity. Good governance demands the organisation's Council to ensure the organisation (as the primary instrument of implementing good governance) is sustainably supported and nurtured as are the (infrastructure) assets it owns/controls.

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

The 2009/10 annual budget will become effective immediately consequent to adoption by the Council.

#### **OFFICER RECOMMENDATION**

#### **ABSOLUTE MAJORITY REQUIRED**

1. That the following general rates, differential rates, specified area rates and minimum and maximum payments, along with other charges, impositions and concessions as specified in the Memorandum of Imposing Rates and Charges as is contained within the draft annual budget, and consequent to any alterations made during the course of this meeting, be adopted by the Council for imposition upon all rateable properties within the district of the Shire of Busselton for the 2009/10 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:

Description	Rate in the \$	Minimum Payment	Maximum Payment
<b>Zone Groups (GRV)</b>			
Residential	8.4930c	\$822	NA
Residential - Vacant Land	6.3697c	\$773	NA
Industrial	8.4930c	\$822	NA
Industrial - Vacant Land	6.3697c	\$773	NA
Commercial	8.4930c	\$822	NA
Commercial - Vacant Land	6.3697c	\$773	NA
<b>Land Use Groups (UV)</b>			
Primary Production	0.2155c	\$822	NA
UV Rural	0.2078c	\$822	NA
UV Commercial	0.4156c	\$822	NA
<b>Specified Area Rates</b>			
Port Geographe	1.2081c	NA	NA
Busselton CBD	0.8493c	NA	NA
Provence - GRV	0.6900c	\$138	\$200
Provence - UV	0.0711c	\$138	\$200

2. That public submissions received in respect of the Council's proposed Differential Rates and associated Minimum Payments to apply for the 2009/10 financial year be noted.

3. That the purpose of the Waste Management Facility and Plant Reserve be amended to: *"To fund the acquisition of additional waste plant, waste facility infrastructure, waste related consultancy services and post closure management"*.
4. That the purpose of the Busselton Library Extension Reserve be amended to: *"To provide funding for the expansion of the Busselton Library including a local studies facility"*.
5. That an allocation of \$190K be made in the 2009/10 annual budget for the purpose of funding Community Bids submitted for consideration for inclusion in the Councils 2009/10 annual budget.
6. That the following list of proposed budget amendments be endorsed for inclusion in the 2009/10 annual budget:

Directorate	Expenditure \$	Revenue \$	Comment
<b>Systems &amp; Information</b>			
Information Technology	11,000		Network cabling - Systems Centre (completed in July 2009)
Customer Services	24,000		Establishment of after hours telephone service
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			this project. Refer Administration Centre Planning item above
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Concrete Crushing Project	119,000	119,000	Carryover of unspent funds to enable completion of project
Shire Administration Building	15,000		Upgrade air-conditioning units in Finance and Lifestyle Development
Veteran Car Club Hall	12,000		Replace electrical wiring and split power sources
Ambergate Hall	2,990		Additional funds (to increase budget to \$5,000) to carry out safe closure (C0906/241)
Centennial Park Toilets	5,000		To enable roof to be sealed and repainted
Busselton Jetty	120,000		Reconstruction of Busselton Jetty abutment to assist in coastal erosion issues
New Water Fountain	3,390	3,390	Drinking fountain in Mitchell Park - to be funded by Busselton Water
Shoreline Planform Movement	34,500	34,500	Project to detail long term shoreline movement in Busselton/ Geographe Bay area. Funding confirmed via Community Coastcare Grant
Jindong Treeton Road		37,100	Additional developer contribution income identified to assist in funding this expenditure
Fairbairn Road		1,230	Additional developer contribution income identified to assist in funding this expenditure
Geographe Leisure Centre Extensions	313,330	313,330	Additional funds (over and above borrowings) to complete Group Fitness Room. This amount to be funds from CSRFF grant.
Wonnerup DUP	-91,000	-45,500	Grant application unsuccessful
Bike Plan	30,000	12,000	Development of bike plans for Busselton & Dunsborough. Grant funding of \$12K confirmed
Harmans Road South	45,000	30,000	Regional Road Group grant confirmed for \$30K to carry out widening and re-seal
On call Allowance - Depot Staff	10,000		An allowance of \$150 per week is to be paid to the employee having responsibility for the after hours mobile phone for the Depot
Busselton Jetty Refurbishment	6,576,170	6,716,390	Amended expenditure/ revenue allocations consequent to a review of works undertaken during 2008/09
<b>Total</b>	<b>8,550,950</b>	<b>8,064,600</b>	
<b>GRAND TOTAL</b>	<b>8,671,250</b>	<b>8,328,600</b>	

7. That, consequent of those budget amendments adopted as part of this meeting, that any residual (budgeted) surplus be transferred to the Asset Depreciation Reserve.

8. That the inclusion in the 2009/10 annual budget of the Shire's intention to utilise an overdraft facility of up to \$3M within the 2009/10 financial year be endorsed.
9. That in accordance with Section 6.2 of the Local Government Act, the Council adopts its 2009/10 annual budget as presented, and incorporating:
  - (a) Consideration of the proposed budget amendments as recommended for adoption as part of this meeting.
  - (b) Any consequent amendments made during the course of this meeting, including associated adjustments as required.
  - (c) An Income Statement to be finalised subsequent to the Councils determination in respect of items a) and b) above.
  - (d) A Cash Flow Statement to be finalised subsequent to the Councils determination in respect of items a) and b) above.
  - (e) A Rate Setting Statement to be finalised subsequent to the Councils determination in respect of items a) and b) above.

**SIMPLE MAJORITY REQUIRED**

10. That, pursuant to Regulation 34(5) of the Local Government (Financial Management) Regulations, the Council adopts a material variance reporting threshold with respect to financial activity statement reporting for the 2009/10 financial year to comprise variances equal to or greater than 10% of the year to date budget amount as detailed in the Income Statement by Nature and Type.

**8. CLOSURE**

