



# Special Council Meeting

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## Consideration of 2015/2016 Draft Budget and Appointment of Manager Works and Services

Held on

Tuesday, 4 August 2015

Commencing at 4.06pm

In Council Chambers

Cnr Bentley and Collins Streets, Donnybrook WA 6239

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A handwritten signature in blue ink, appearing to read "JR Attwood".

**JR Attwood**  
Chief Executive Officer

**28 August 2015**

### **Disclaimer**

The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

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**SPECIAL COUNCIL MEETING**  
**DRAFT BUDGET AND APPOINTMENT OF**  
**MANAGER WORKS AND SERVICES**

4 August 2015

**TABLE OF CONTENTS**

1	PUBLIC QUESTION TIME .....	3
2	APPLICATION FOR LEAVE OF ABSENCE .....	3
3	DECLARATION OF FINANCIAL/IMPARTIALITY INTEREST .....	3
4	PETITIONS/DEPUTATIONS/PRESENTATIONS .....	3
5	ELECTED MEMBERS MOTIONS .....	4
	5.1.1 SUBJECT: JUSTIFICATION OF A 2015/16 RATE RISE LIMITED TO APPROXIMATELY 3% (IN LINE WITH 2014 CPI AND INFLATION AND PROJECTIONS FOR 2015/16) .....	4
	8.1.5 SUBJECT: FUNDING OF EVENTS AND ATTRACTIONS.....	7
6	REPORTS OF OFFICERS .....	9
	6.1 Manager Finance and Administration.....	9
	6.1.1 SUBJECT: PRESENTATION OF DRAFT BUDGET .....	9
	6.2 Chief Executive Officer.....	12
	6.2.1 SUBJECT: CONFIDENTIAL - APPOINTMENT OF MANAGER WORKS AND SERVICES.....	12
7	CLOSURE OF MEETING .....	12

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# SHIRE OF DONNYBROOK-BALINGUP

## SPECIAL COUNCIL MEETING

### DRAFT BUDGET & APPOINTMENT OF MW&S

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Held in Council Chambers on Tuesday, 4 August 2015 commencing at 4.06pm

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#### MEMBERS PRESENT

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##### COUNCILLORS

Cr Dilley (President)  
Cr Mitchell (Deputy President)  
Cr Bailey  
Cr Crowley  
Cr Duncan  
Cr Dawson  
Cr Logiudice  
Cr King

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##### STAFF

John Attwood – CEO  
Greg Harris – Manager Finance and Administration

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#### PUBLIC GALLERY

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#### APOLOGIES

Cr McCabe

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#### 1 PUBLIC QUESTION TIME

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Nil

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#### 2 APPLICATION FOR LEAVE OF ABSENCE

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Nil

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#### 3 DECLARATION OF FINANCIAL/IMPARTIALITY INTEREST

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Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

Nil

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#### 4 PETITIONS/DEPUTATIONS/PRESENTATIONS

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Nil

**Notice of Motion:**

**Moved: Cr Bailey**

**Seconded: Cr Duncan**

**That Council suspend standing orders to discuss item 6.1.1 – Presentation of the Draft Budget.**

**Carried 6/0**

\*\*4.09pm – Cr King arrived at the meeting

\*\*4.10pm – Cr Mitchell arrived at the meeting

**Notice of Motion:**

**Moved: Cr Bailey**

**Seconded: Cr Duncan**

**That Council resume standing orders.**

**Carried 8/0**

Note: Voting on item 6.1.1 took place as per the order of business.

\*\*6.00pm – Meeting suspended for dinner

\*\*6.15pm – Meeting resumed

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**5 ELECTED MEMBERS MOTIONS**

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The following elected member's motions were resolved to be deferred until the 2015/16 draft budget.

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<b>5.1.1</b>	<b>SUBJECT:</b>	<b>JUSTIFICATION OF A 2015/16 RATE RISE LIMITED TO APPROXIMATELY 3% (IN LINE WITH 2014 CPI AND INFLATION AND PROJECTIONS FOR 2015/16)</b>
	<b>Location:</b>	<b>N/A</b>
	<b>Applicants:</b>	<b>Cr Mike King</b>
	<b>Zone:</b>	<b>N/A</b>
	<b>File Ref:</b>	<b>CNL 34H</b>
	<b>Author:</b>	<b>John Attwood, CEO</b>
	<b>Report Date:</b>	<b>17 March 2015</b>
	<b>Attachments:</b>	<b>Nil</b>

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Cr King has proposed the following Notice of Motion:

**Notice of Motion:**

**The Donnybrook Balingup Council endorse a responsible and sustainable annual rate rise target which limits rate increases to approximately 3% in the 2015-2016 budget, with future rises to be reflective the WA economic situation and reflective of CPI, Inflation and average wage increases.**

## Cr King Comment

The Council has instructed the CEO to prepare Draft Budget options for 2015-2016, allowing increased rates of 3%, 4%, 5%, and 6%, and to detail what services might have to be dropped to achieve say a 3% rate rise, rather than services provided at the ongoing 6% and higher rate rises which have been imposed over the last four years.

The Shire of Balingup Donnybrook rate increases over the last 4 years have been 6.0, 7.0, 6.7 and 6% respectively, or roughly double the CPI and rates of inflation during those years. In last year's budget discussions it was evident that a reduction of \$117,000, or roughly savings of 1% across the total Shire expenditure, would have allowed a rates increase of 3.0% (rather than the 6% increase last year).

Some elected members have suggested the rate rise for 2015/2016 be limited to 3-4%, which would reflect the economic situation in WA which in turn provides the basis of income for many shire ratepayers. Obviously a cut in Shire revenue, even if it is only 1% of revenue, will reflect in some services previously offered by the Shire being cut or curtailed. An explanation of which services are affected and how will necessarily be part of the discussion.

The reality of the WA economic situation is:-

- Federal and State Government revenues have fallen, and will continue to be below past revenues.
- CPI, Inflation and Average wage increases have been less than 3% over 2013-2015.
- There have been unprecedented redundancies across both Government and the private sectors. 1500 WA government redundancies (West Australian 3/12/14), 45 laid off by Griffin Coal (12/12/14), 5000 positions lost from Goldfields workforce of some 30,000 over 2014, 800 positions to be axed by Rio Tinto (28/2/15), 4000 positions made redundant by Worley Parsons over 2014(28/2/15), Woodside warning of further minesite cuts to their workforce(28/2/15), McMahon Contracting laying of 80 personnel (on 4/3/15), Alcoa putting 4000 workers on redundancy notice (9.3.15), and Water Corps announcement of 300 retrenchments from its W.A. workforce. Albeit that Iluka has announced the recommissioning of SR2 which will provide 150 positions, the trend is definitely towards greater unemployment, and as a result reduced cash in the economy.
- This at a time when unemployment is above 6.3%, record levels not seen for 12 years. On 5.3.15 the ABS announced that Australia's Economic Growth had slowed further in the September –December quarter. The RBA retained interest rates at 2.25%, and the Federal Government soften its stance on military pay increases and offered the military a 2% pay increase, including those serving in war zones overseas.
- Unemployment is currently at 6.3 to 6.4 %, the highest in 12 years, and this has not seen many of the announced impending redundancies implemented (Qantas, Toyota and Holden and flow on into support industries) Commentators are suggesting the rise in unemployment will probably continue. Already many of our ratepayers are regrettably affected by this contraction in the economy.
- The WA average private sector increase in wages was 2.0% in 2014, and an overall increase of 2.3% (when government wage rises were added to the private sector

increases). In this period Shire salaries and wage increases generally ranged between 1-5%

Correspondents and journalists in reflecting public opinion have indicated a high level of frustration at general Shire rate rises in recent years, with statements in the West Australian such as:-

- Are WA Councils gouging their ratepayers?
- The only growth area in the WA Economy is the local government sector!

These are informed opinions only, but they indicate a level of frustration amongst ratepayers, and point out that levels of rate rises well above CPI, inflation and general wage rises are not sustainable indefinitely. Councils and their Shires must in the longer term operate within the constraints dictated by the economy.

To bring the Donnybrook Shire rates increases back to 3% in 2014-2015 would have required savings of approximately \$117,000 (or 1% savings over the annual Budget). This is not a big ask, and is essential to allow sustainability over the longer term.

I therefore request Council support of a target of approximately 3% rate rise in the 2015-2016 budget.

### **Policy/Statutory/Voting Requirements**

#### Policy

N/A

#### Statutory

N/A

#### Voting

Simple Majority

### **CEO Comment**

Council has endorsed a 10 year Long Term Financial Plan which provides for the level of service provided to the rate payers to remain at the current level. Any reduction in the proposed rate increase will require a corresponding reduction of budgets, maintenance and asset management goals in the Long Term Financial Plan. It is incumbent on Council to consider all of these scenarios prior to committing to the annual rate setting statement.

Council is subject to a number of cost increases, the same as the general public! Council is not immune to increases in insurance premiums, ESL Levies, water rates charges, electricity charges, sewerage rates, labour costs etc. In addition to this Council is also subject to reductions in grants from both the state and federal governments and exposed to cost shifting exercises (Cat Act, DAFWA, Cotton Bush Contract). Council will assess all of these items including any proposed staff pay increases when adopting the budget. For instance, Council has committed to the Enterprise Bargaining Agreement and process formed in legislation that binds Council for an agreed increase for affected employees.

**Cr King's Notice of Motion:**

**Moved: Cr King**

**Seconded: Cr Bailey**

**The Donnybrook Balingup Council endorse a responsible and sustainable annual rate rise target which limits rate increases to approximately 3% in the 2015-2016 budget, with future rises to be reflective the WA economic situation and reflective of CPI, Inflation and average wage increases.**

**Lost 3/5**

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<b>8.1.5</b>	<b>SUBJECT:</b>	<b>FUNDING OF EVENTS AND ATTRACTIONS</b>
	<b>Location:</b>	<b>WA</b>
	<b>Applicants:</b>	<b>Cr King</b>
	<b>Zone:</b>	<b>N/A</b>
	<b>File Ref:</b>	<b>CNL 34H</b>
	<b>Author:</b>	<b>John Attwood, CEO</b>
	<b>Report Date:</b>	<b>15 May 2015</b>
	<b>Attachments:</b>	<b>Nil</b>

Cr King has proposed the following notice of motion:

**That Shire allocate an equal annual grant within the Shire Budget (commencing in 15/16 a nominal grant of not more than \$2000 with indexation is suggested) to each of the nominated Events or Attractions to assist them in the hire of Shire assets for the event and in meeting recurrent costs associated with their events or attraction.**

**Cr Kings Comment**

Over a period of time Donnybrook Balingup Shire has provided limited support to a number of iconic, not for profit events and attractions which substantially benefit the Shire's residents. Such events and attractions include:

- Donnybrook Apple Festival
- Donnybrook Art and Wine Festival
- Balingup Small Farm Field Day
- Balingup Medieval Carnival
- Balingup Telling Tales
- Golden Valley Tree Park

This support often takes the form of a grant of equal value to the hire of Shire assets required to stage the event, in some cases a community grant, and provision of Shire officers such as the Shire rangers and health officers.

Rather than having multiple applications for funding assistance from these organisations should Council assign a fixed annual grant to each approved organisation, should Council allocate a fixed contribution to each event within the annual budget. Such grants to be

indexed to CPI. The award of this grant would preclude the organisation for applying for a Community Grant Award.

It is proposed that other similar not for profit events could apply to be considered for inclusion on the listing.

### **Policy/Statutory/Voting Implications**

Policy

N/A

Statutory

N/A

Voting

Simple Majority

### **CEO Comment**

Council has a history of supporting these local events, and it is reasonable to expect future applications for funding and in-kind assistance will be received from these organisations. These applications may be handled in a number of ways:

- Council may wish to consider, as part of the 2015/16 Budget Review, the establishment of an Events/Promotional budget to cater for all annual and bi-annual events in the shire
- Assess applications as part of the Community Grant Scheme as well as in-kind support via Shire Staff where practicable;
- Offer in-kind support but do not fund the events;
- Do not support the events financially or in-kind.

### **Cr King's Notice of Motion**

**Moved: Cr King**

**Seconded: Cr Bailey**

**That Shire allocate an equal annual grant within the Shire Budget (commencing in 15/16 a nominal grant of not more than \$2000 with indexation is suggested) to each of the nominated Events or Attractions to assist them in the hire of Shire assets for the event and in meeting recurrent costs associated with their events or attraction.**

**Lost 1/7**



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## 6 REPORTS OF OFFICERS

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### 6.1 *Manager Finance and Administration*

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<b>6.1.1</b>	<b>SUBJECT:</b>	<b>PRESENTATION OF DRAFT BUDGET</b>
	<b>Location:</b>	<b>Shire Donnybrook-Balingup</b>
	<b>Applicants:</b>	<b>Administration</b>
	<b>Zone:</b>	<b>N/A</b>
	<b>File Ref:</b>	<b>FNC 04/1</b>
	<b>Author:</b>	<b>Greg Harris – Manager Finance and Administration</b>
	<b>Report Date:</b>	<b>29 July 2015</b>
	<b>Attachments:</b>	<b>5.1.1 Draft Budget</b>

### **Background**

The Draft Budget has been prepared, taking into account requests made by Council and staff during the last twelve months and applications submitted by Community organisations.

This budget has been prepared on the basis of a 5.0% increase in rates in Gross Rental Valuation areas and a 5.0% increase in rates in Unimproved Valuation areas. An increase of 5.0% on the minimum rate imposed on Gross Rental properties and Unimproved properties is also proposed. Council's Long Term Financial Plan (LTFP) indicates a requirement to increase rates by 6.7% to maintain services at current levels and to fund known projects and activities.

Council's current rating strategy is to move towards a uniform minimum rate across the district i.e. the same minimum rate applying to all properties regardless of whether they are rated on a gross rental or unimproved valuation basis. When considering the level at which to set rates Council may wish to consider increasing the GRV minimum by more than 6% to bring it closer to the UV minimum rate. Council is however bound by the provisions of the Local Government Act 1995 which require no more than 50% of properties within a rating area to be on the minimum rate.

Any modifications to the draft budget by virtue of any increase or decrease in expenditure or income will have a direct effect on the amount rates required to be raised. Alternatively other projects will need to be modified to ultimately produce a balanced budget.

### **Comment**

Due to time constraints it is proposed to keep the length of the meeting to no more than four hours. This will mean that the procedure for presentation of the Draft Budget will be the same as last year addressing only new or significant items within the budget document. Councillors will also have the opportunity to make comment or raise questions in respect to any item. Therefore it is recommended that Councillors prepare for the meeting by highlighting within the draft budget document specific issues they wish to discuss at the meeting.

The budget schedules contain the detail of all proposed income and expenditure and commence with the Fees and Charges schedule on page F1. Although all pages in the document are relevant, it is recommended that councillors concentrate on pages with grey shading. This information is then duplicated on the un-shaded pages for reconciliation purposes.

The budget has been prepared on the basis of a cash surplus of \$1,932,785 as at 30<sup>th</sup> June 2015, predominately made up of a number of restricted assets and carry forward projects together with a 50% advance payment from the WA Local Government Grants Commission for the 2015/16 General Purpose and Road Funding Grants. The final position will not be known until the final Budget meeting to be held in late August and adjustments can be made to the budget to reflect any variation in the final result.

Once the final end-of-year result is determined then adjustments can be made to the budget to accommodate any surplus or deficit in cash with the ultimate aim of producing a balanced budget for the 2015/2016 year.

A number of Council projects and community requests have been excluded from the document and these items can be considered at this meeting. A list of these items is included in the Draft Budget document and will be discussed at the meeting.

### **Policy/Statutory Implications**

Section 6.2 (1) of the Local Government Act 1995 provides that not later than 31<sup>st</sup> August in each financial year, each local government is to prepare and adopt a budget for its municipal fund for the financial year ending on the next following 30 June.

### **Financial Implications**

The budget forms the basis of all Council operations.

### **Strategic Implications**

The budget is the tool by which Councils Strategic objectives are achieved.

**Council Decision****Moved: Cr Dawson****Seconded: Cr Crowley**

**That the 2015/2016 Draft Budget be received and that Council staff proceed to prepare the 2015/2016 Annual Budget on the basis of the recommendations of Council:**

<b>Account</b>	<b>Description</b>	<b>Action</b>
101320	Refreshments	Consider reducing budget provision (no action)
159120	Risk Management	Reduce expenditure by \$2k
110420	Public Relations	Shire Calendars & Newspaper column considered for deletion but retained
105020	Sundry Other Governance	Consider reducing budget provision (no action)
169320	Councillor Training	Consider reducing budget provision (no action)
105820	Contract staff wages	Consider making an allocation to provide relief for senior staff
111320	Community Emergency Management Officer	Reduce budget from \$30k to \$15k
153920	Crime Prevention Strategies	Increase budget provision for CCTV design by \$5k
152920	Land Development Costs	Delete \$30k budget item for demolition of old depot
147420	Economic Development	Reduce general provision for unspecified projects by \$5k
175720	Bunbury Entertainment Centre	Review purpose of grant allocation and advise Councillors
104750/133410	Amphitheatre Grant – SWDC	Grant income shown twice – remove duplication
	Supply of Fuels and Oils	Review procurement process
	Events Policy	Prioritise development of a policy

**Carried 8/0**

**That the Meeting be closed to the public under the *Local Government Act 1995* for:**

**Moved: Cr Duncan****Seconded: Cr Mitchell**

**Item 6.1.1 Confidential – Appointment of Manager Works and Services – S5.23 (2) (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting.**

**Carried 8/0**

