



A G E N D A

SPECIAL COUNCIL MEETING

To Be Held

Wednesday, 17th of November 2021
Commencing at 3.30pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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NOTICE OF A SPECIAL COUNCIL MEETING

Dear Council Member

The next Special Meeting of the Shire of Dardanup Council will be held on Wednesday, the 17th of November 2021 in the Council Chambers, Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton – Commencing at 3.30pm.

MR ANDRÉ SCHÖNFELDT
Chief Executive Officer

Date: 10th of November 2021

Note: If interested persons would like to make comment on any items in this agenda, please email records@dardanup.wa.gov.au or hand deliver written comment to the Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton. To be included in the meeting comments are to be delivered no later than 48 hours prior to the meeting.

The Chief Executive Officer will use his discretion as to whether the written comments are relevant and applicable to the meeting before approving their inclusion in the meeting.

VISION STATEMENT

“Provide effective leadership in encouraging balanced growth and development of the Shire while recognizing the diverse needs of our communities.”

TABLE OF CONTENTS

1	DECLARATION OF OPENING/ANNOUNCEMENTS OF VISITORS.....	1
2	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED	1
2.1	<i>Attendance.....</i>	<i>1</i>
2.2	<i>Apologies.....</i>	<i>1</i>
2.3	<i>Leave of Absence.....</i>	<i>1</i>
3	RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE	2
4	PUBLIC QUESTION TIME.....	2
5	APPLICATIONS FOR LEAVE OF ABSENCE	2
6	PETITIONS/DEPUTATIONS/PRESENTATIONS	2
7	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	2
7.1	<i>Ordinary Council Meeting Held on the 27th of October 2021</i>	<i>2</i>
8	ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION	3
9	ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED.....	3
10	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN.....	3
11	DECLARATION OF INTEREST	3
12	REPORTS OF OFFICERS AND COMMITTEES	4
12.1	EXECUTIVE REPORTS.....	4
12.2	SUSTAINABLE DEVELOPMENT DIRECTORATE REPORTS	4
12.3	INFRASTRUCTURE DIRECTORATE REPORTS	4
12.4	CORPORATE & GOVERNANCE DIRECTORATE REPORTS.....	4
12.4.1	<i>Title: 2021/22 Budget Review – October 2021.....</i>	<i>4</i>
12.5	COMMITTEES.....	18
13	ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	18
14	NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING.....	18
15	PUBLIC QUESTION TIME.....	18
16	MATTERS BEHIND CLOSED DOORS	18
17	CLOSURE OF MEETING	18

COUNCIL ROLE

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council e.g. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (e.g.: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

DISCLAIMER

"Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire's decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request."

RISK ASSESSMENT

Inherent Risk	The level of risk in place in order to achieve the objectives of the Council and before actions are taken to alter the risk's impact or likelihood.
Residual Risk	The remaining level of risk following the development and implementation of Council's response.
Strategic Context	These risks are associated with achieving Council's long term objectives.
Operational Context	These risks are associated with the day-to-day activities of the Council.
Project Context	<p>Project risk has two main components:</p> <ul style="list-style-type: none">• Direct refers to the risks that may arise as a result of project, which may prevent the Council from meeting its objectives.• Indirect refers to the risks which threaten the delivery of project outcomes.

RISK CATEGORY CONSEQUENCE TABLE - GUIDELINE

Rating (Level)	Health	Financial Impact	Service Interruption	Legal and Compliance	Reputational	Environment
Insignificant (1)	Near miss Minor first aid injuries	Less than \$10,000	No material service interruption - backlog cleared < 6 hours	Compliance - No noticeable regulatory or statutory impact. Legal - Threat of litigation requiring small compensation. Contract - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries	\$10,001 - \$50,000	Short term temporary interruption – backlog cleared < 1 day	Compliance - Some temporary non compliances. Legal - Single minor litigation. Contract - Results in meeting between two parties in which one party expresses concern.	Substantiated, low impact, low news item	Contained, reversible impact managed by internal response
Moderate (3)	Lost time injury <30 days	\$50,001 - \$300,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Compliance - Short term non-compliance but with significant regulatory requirements imposed. Legal - Single moderate litigation or numerous minor litigations. Contract - Receive verbal advice that, if breaches continue, a default notice may be issued.	Substantiated, public embarrassment, moderate impact, moderate news profile	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury >30 days	\$300,001 - \$1.5 million	Prolonged interruption of services – additional resources; performance affected < 1 month	Compliance - Non-compliance results in termination of services or imposed penalties. Legal - Single major litigation or numerous moderate litigations. Contract - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than \$1.5 million	Indeterminate prolonged interruption of services – non-performance > 1 month	Compliance - Non-compliance results in litigation, criminal charges or significant damages or penalties. Legal - Numerous major litigations. Contract - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Uncontained, irreversible impact

RISK - LIKELIHOOD TABLE

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	Almost Certain	The event is expected to occur in most circumstances	The event is expected to occur more than once per year
4	Likely	The event will probably occur in most circumstances	The event will probably occur at least once per year
3	Possible	The event should occur at some time	The event should occur at least once in 3 years
2	Unlikely	The event could occur at some time	The event could occur at least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	The event is not expected to occur more than once in 15 years

LEVEL OF RISK GUIDE

CONSEQUENCE		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD		1	2	3	4	5
Almost Certain	5	Moderate (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

SHIRE OF DARDANUP

AGENDA FOR THE SHIRE OF DARDANUP SPECIAL COUNCIL MEETING TO BE HELD ON WEDNESDAY, THE 17TH OF NOVEMBER 2021, AT SHIRE OF DARDANUP - ADMINISTRATION CENTRE EATON, COMMENCING AT 3.30PM.

1 DECLARATION OF OPENING/ANNOUNCEMENTS OF VISITORS

The Presiding Member to declare the meeting open, welcome those in attendance, refer to the Disclaimer, Acknowledgement of Country, Emergency Procedure and the Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region and pay our respects to their elders, past, present and emerging.

Emergency Procedure

In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, you will be directed to an appropriate Assembly Area where we will meet (and complete a roll call).

Affirmation of Civic Duty and Responsibility

Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.

2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED

2.1 Attendance

2.2 Apologies

2.3 Leave of Absence

3 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

None.

4 PUBLIC QUESTION TIME

5 APPLICATIONS FOR LEAVE OF ABSENCE

COUNCIL RESOLUTION

THAT be granted leave of absence for the Ordinary Council Meeting to be held on the 24th of November 2021.

6 PETITIONS/DEPUTATIONS/PRESENTATIONS

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7.1 Ordinary Council Meeting Held on the 27th of October 2021

Note: The Minutes of the Ordinary Council Meeting held on Wednesday, 27th of October 2021 will be confirmed at the next Ordinary Council Meeting on Wednesday, 24th of November 2021.

8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

9 ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

None.

10 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

11 DECLARATION OF INTEREST

“Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.”

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CnG CP039.

Note: Chairperson to ask Councillors and Staff if there are any Declarations of Interest to be declared.

12 REPORTS OF OFFICERS AND COMMITTEES

12.1 EXECUTIVE REPORTS

None.

12.2 SUSTAINABLE DEVELOPMENT DIRECTORATE REPORTS

None.

12.3 INFRASTRUCTURE DIRECTORATE REPORTS

None.

12.4 CORPORATE & GOVERNANCE DIRECTORATE REPORTS

12.4.1 Title: 2021/22 Budget Review – October 2021

<i>Reporting Department:</i>	<i>Corporate & Governance Directorate</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis - Deputy CEO</i>
<i>Legislation:</i>	<i>Local Government Act 1995 Local Government (Financial Management) Regs 1996</i>
<i>Attachments:</i>	<i>Appendix SCM: 12.4.1A – Summary Financial Statement Appendix SCM: 12.4.1B – Statement of Comprehensive Income – by Nature Appendix SCM: 12.4.1C – Summary of Budget Amendments Appendix SCM: 12.4.1D – Schedules and Notes Appendix SCM: 12.4.1E – Risk Assessment</i>

Overview

This report requests that Council consider the 2021/22 Budget Review as presented in the *Summary Financial Statement* and *Statement of Comprehensive Income – by Nature & Type*, for the period 1 July 2021 to 31 October 2021, together with the requested budget amendments.

Background

A *Summary Financial Statement* (Appendix SCM: 12.4.1A) and *Statement of Comprehensive Income – by Nature & Type* (Appendix SCM: 12.4.1B) incorporating year to date budget variations as at 31st October 2021, together with forecasts to the 30 June 2022 are presented for Council's consideration. The purpose of this additional Budget Review is to update the adopted 2021/22 Budget with changes that have occurred relating to:

- i) Major capital works projects and various grants received,
- ii) Reflect the actual Carried Forward Surplus from 2020/21; and
- iii) For Council to consider how to utilise the updated forecast Year End Surplus at 30 June 2022.

The Local Government (Financial Management) Regulations 1996, Regulation 33A, requires that a Local Government conduct a budget review between 1 January and 31 March each financial year. The intention of the legislation is to ensure Local Governments conduct at least one budget review between six and nine months into a financial year.

This Budget Review to 31st October 2021 is in addition to the Mid-Year Budget Review that will be conducted in February/March 2022.

The budget review is a detailed comparison of the forecast year end results with the original adopted budget and year to date budget amendments adopted by Council. It establishes whether a Local Government is able to continue to meet its budget commitments, and is in receipt of income and incurs expenditure in accordance with the adopted budget. Through this comparison, Council is able to consider any new budget requests and/or amendments.

Council staff have completed a comprehensive review of the 2021/22 Annual Budget during October/November 2021. The budget review document has been prepared to include information required by the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards. Council adopted a 5% or a \$25,000 minimum for the reporting of material variances to be used in the monthly statements of financial activity. This same level of variance reporting has been utilised in this budget review to highlight larger variances in the Summary of Budget Amendments (Appendix SCM: 12.4.1C). The full variance listing is also detailed in the attached Schedules and Appendices attached to this Budget Review (Appendix SCM: 12.4.1D).

This review generally consisted of the following:

- a) Including any unbudgeted income/expenditure or budget amendment items adopted by Council during the 1st July to 31st October 2021 period.
- b) Comparison of the actual year to date (YTD) income/expenditure to the original or amended budget adopted for each line item of operating and capital revenue and expenditure.
- c) Projection of the forecast income/expenditure to the end of the financial year and comparing this with the Original/Amended Annual Budget to determine if the line item is forecast to remain within budget.
- d) Identification of any material events or changes that may impact on Council finances.
- e) Flagging incomplete projects and unspent grants that were carried forward into the 2021/22 budget or projects that may be carried forward into the 2022/23 budget.
- f) Identifying any offsetting increases in revenue or reduction in expenditure that will reduce major variations.

- g) Calculation of an updated Forecast end of year (Surplus)/Deficit to 30th June 2022 as part of assessing whether there is sufficient cash flow to 30th June 2022 to meet budget and forecast commitments.
- h) Identifying any new budget requests from Council officers that Council may wish to consider.
- i) Identifying Options to utilise the improved Forecast end of year Surplus funds.

The original adopted budget cash position prior to any adopted budget amendments was an estimated year-end surplus of **\$16,552**.

Following the inclusion of the budget amendments adopted by Council since 1st July 2021, the budgeted cash position prior to the completion of the budget review was an estimated year-end surplus of **\$469,938**.

As a result of a detailed and comprehensive budget review process involving managers and the Executive Management Team, the forecast year end surplus is estimated at **\$1,106,584**.

This forecast year end surplus will change further during the 2021/22 financial year due to future decisions of Council, or additional grant income and expenditure, which will be reflected in the mid-year budget review and annual 2022/23 budget development process.

Full details of budget review variances can be found in the *Budget Review Report* (Appendix SCM: 12.4.1C) and (Appendix SCM: 12.4.1D).

Legal Implications

Regulation 33A of the Local Government (Financial Management) Regulations requires a review of the budget to be conducted.

(1) *Between 1 January and 31 March in each year a local government is to carry out a review of its annual budget for that year.*

(2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*

(3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

*Absolute majority
required.

(4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

Strategic Community Plan

Strategy 1.3.1 - Implement the Integrated Planning and Reporting Framework including the Long Term Financial Plan, Workforce Plan, Asset Management Plans and Corporate Business Plan. (Service Priority: High)

Strategy 1.3.2 Monitor and produce statutory budgetary and financial reporting requirements applicable to local government operations. (Service Priority: High)

Environment - None.

Precedents

While an additional budget review has not regularly occurred in recent years, a mid-year budget review is conducted each year.

Budget Implications

Appendix SCM: 12.4.1C of the *Budget Review Report* details material variances from the Adopted Budget. As a result of the review, staff forecast a surplus of **\$1,106,584** at 30th June 2022.

Budget – Whole of Life Cost

While the budget review does not impact directly on the whole of life cost of assets, it does indirectly refer to assets through budgeted acquisition and disposals.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix SCM: 12.4.1E) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2021/22 Budget Review to 31 October 2021
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance Risk of Council breaching the Local Government Act 1995 – Risk that the 2021/22 Mid-Year Budget Review is not received by Council; or within two months of the review period.
	Financial Risk that the budget review amendments are not updated into Council’s Revised Budget, resulting in an incorrect end of year budget forecast. Risk under or over budget expenditure is not reflected in Council’s Revised Budget.

Officer Comment

When the 2021/22 budget was prepared in May 2021, it was estimated that the carried forward surplus from 2020/21 would be \$169,557. For a number of reasons, the actual 2020/21 carried forward surplus is \$961,193; this is \$791,636 higher than anticipated. Below is an explanation of the significant areas of variance and the causes for those variances. A detailed breakdown of all variances is provided within the Schedules and Notes provided in (Appendix SCM: 12.4.1D).

- **Carried Forward Surplus from 2020/21:**

Although the 2020/21 Annual Financial Statements are yet to be verified by Council's auditors, management estimate an end of year surplus at 30 June 2021 of \$961,193. This increased surplus of \$791,636 is a combination of both operational and capital savings from under budget expenditure and over budget revenue during the 2020/21 financial year.

There are a number of variances across the full budget that have resulted in the higher than expected surplus at 30th June 2021. The major variances include:

<u>2020/21 Operating Expenditure</u>	Favourable (Unfavourable)	
Public Toilets Maintenance	22,593	Anticipated additional costs for new toilet maintenance at Gnomesville and Don Hewison Centre.
Public Halls Maintenance	23,583	Cleaner vacancy reduced wages; materials and contracts under expenditure.
Parks & Gardens Maintenance	81,834	Vacancies/workers compensation; materials and contracts under expenditure.
Road Maintenance	59,047	Vacancies/workers compensation in salaries and wages budget further compounded by reduced overheads.
Admin Building Maintenance	44,185	Combined Eaton & Dardanup Office Mtce; staff working from home/reduced utilities/Cleaner vacancy reduced wages.
Software & Licencing Costs	134,588	Savings in Microsoft licencing budget from LG resource sharing arrangement.
Leased Equipment	25,801	Leases extended or deferred (eg Photocopiers).
Consultants – Total	58,462	Across all budget programs.
Staff Training - Total	37,685	Reduced opportunity for training (pandemic) / increase in online training at reduced cost.
		General cost reduction measures applied by management towards the end of 2020/21 to assist the low forecast 2021/22 surplus.
<u>2020/21 Capital Expenditure</u>		
Furniture & Equipment	53,651	Unspent Meeting Recording Equipment/Sundry Equipment for Chambers (\$25,000); Unspent ECL Furniture/RFID (\$5,000); Unspent General Furniture & Equipment across the organisation (\$15,000); Unspent IT budget ie Generator; Mapping Units (\$8,651)
<u>2020/21 Revenue</u>		
Town Planning Application Fees	45,551	Increase in development applications.
DFES BFB Supplement 19/20 Acquittal	30,327	Funds received for prior year grant acquittal.

2020/21 Cost Reallocation		
Capital Projects	58,748	Reduced project management employee costs allocated from engineering staff to capital projects – these employee costs are reallocated to operating expense.

Gross Salaries & Wages 2020/21

Employee Costs of \$10,661,612 is presented in the draft 2020/21 financial statements against an adopted budget of \$10,505,383. While this total unfavourable variance of (\$156,229) exceeds the budget, the following component breakdown helps to understand the most significant causes:

a) **Pay Out of Employee Leave Entitlements** – (\$158,633):

Employee leave entitlements for annual leave, rostered days off and time off in lieu paid out when an employee leaves the organisation (\$86,912); long service leave on termination (\$22,260) and a redundancy termination payment (\$49,461) caused salaries and wages to be higher.

b) **Reduced Salaries and Wages related to Staff Vacancies** - \$313,052:

Various staff vacancies totalling 268 weeks for 22 staff (excluding 25 Casual/Sessional staff) throughout the financial year helped to soften the impact of over expenditure on salaries and wages accounts. Some of these vacancies included the Senior Assets Officer (19 weeks), Manager Recreation Centre (12 weeks), Manager Operations (13 weeks), Building Assets Officer (16 weeks), 2 x General Hand – works (30 and 23 weeks), GIS Officer (30 weeks), WHS Coordinator (28 weeks) and General Hand – Parks (20 weeks), with many falling into the latter part of the financial year. Some of these roles were partly serviced through external contractors in the interim.

c) **Increased Leave Provisions** – (\$256,705):

An additional factor causing actual Employee Costs to be higher than the budget was related Council's employee leave provisions increasing substantially in 2020/21 (\$256,705) compared to the budget of \$0, and a forecast of \$58,627. This can be attributed to staff not taking leave and/or employees reaching their pro-rata entitlement of long service leave (7 years), which increases the probability of leave actually being incurred in the future.

- **Estimated Carried Forward Surplus as at 30th June 2022:**

The 2021/22 budget estimated that over the 12 month period of the budget, a deficit of \$153,005 would be incurred. This was based on a Carried Forward Surplus from 2020/21 of \$169,557 reducing to a small Surplus at the end of 2021/22 of \$16,552.

Based on the Budget review undertaken as at 31st October 2021, it is now forecast that Council will generate a \$145,391 surplus for the 12 month period of 2021/22 rather than a deficit of (\$153,005). This \$298,396 turnaround will result in an estimated \$1,106,584 surplus as at 30th June 2022, and has been forecast based on the following major factors:

a) **Pay Out of Employee Leave Entitlements** – (\$88,939):

Employee leave entitlements for annual leave, rostered days off and time off in lieu paid out when an employee leaves the organisation (\$40,339); and long service leave on termination (\$48,600) causing these employee costs to be higher.

b) Reduced Salaries and Wages related to Staff Vacancies - \$464,427:

Various staff vacancies totalling 230 weeks for 16 staff year to date (excluding Casual staff) and forecast replacement times have resulted in estimated reduced salaries, wages and superannuation expenditure of \$464,427 – Note: this value may reduce further during the financial year due to the backfilling of certain roles. Some of these vacancies included the DAMA Officer (26 weeks), Accounts Payable Officer (7 weeks), Manager Information Services (17 weeks), IT Team Leader (8 weeks), GIS Officer (26 weeks), Strategic Planning Officer (16 weeks), Statutory Enforcement Officer (12 weeks), Manager Assets (15 weeks), Senior Projects Officer (24 weeks), Leading Hand – Works (15 weeks) and General Hand – Works (26 weeks). Some of these roles were partly serviced through external contractors or relief staff in the interim, resulting in increased costs in those relevant areas.

c) Rates & Charges:

General Rates Levied for the 2021/22 financial year are within budget estimates; \$13,893,232 rates raised against an adopted budget of \$13,893,232. Interim rates revenue estimates have not been revised from the adopted budget of \$92,600 at this time, but will be reviewed at the mid-year budget review. Collection of outstanding rates is on target and forecast to achieve less than 4% of collectable rates outstanding as at 30th June.

d) Interest Revenue – Municipal Fund:

Interest Revenue for the Municipal Fund has been amended from an adopted budget estimate of \$27,090 to a revised budget of \$20,000. Interim revenue is predominantly received from investment in term deposits to obtain the highest return on investment or the on-hold accounts, however, due to unprecedented low interest rates, interest income is lower than originally budgeted.

e) Interest Revenue – Reserve Fund:

Interest Revenue for the Reserve Fund was reduced in the adopted budget (\$54,883) compared to previous years actual (\$132,565), and is on track to being achieved in 2021/22. Council's Investment Policy CP036 provides flexible options for short term cash investments whilst ensuring Council's liquidity needs can be met.

As per the adopted budget, Council will allocate 50% of the Interest received on Reserve Fund investments across Council's various Reserve Accounts, with the remaining 50% to be utilised in the year end surplus.

f) WA Local Government Grants Commission (LGGC) Grants:

The 2021/22 LGGC Financial Assistance and Local Roads grant revenue has decreased from a combined original budget of \$1,497,376 to a revised budget of \$1,467,255, an unfavourable variance of \$30,121. However, Council was successful in obtaining grant funding of \$646,000 from the WA LGGC for Special Project Bridge Upgrades, being Hynes Road Bridge 3660, Recreation Road Bridge 3665A, and Crooked Brook Road Bridge 3671A.

An additional \$600,000 is also to be received through the Regional Road Safety Program and used to improve the shoulders on Henty Road.

g) Transport:

The total Road Maintenance & Construction budget has been amended from an adopted budget of \$8,261,861 to a revised forecast budget of \$9,069,848. This has included a number of formal budget amendments adopted by Council, together with adjustments to the various funding sources. The main changes in the capital works program are highlighted yellow on the Transport worksheet.

h) **Land & Buildings:**

There are no Budget Amendments or Forecast changes in the Land Development and Building Construction worksheet.

i) **Parks & Reserves:**

There are four formal budget amendments adopted by Council included in the Parks and Reserves Construction worksheet, together with one Forecast change (highlighted yellow) relating to the Eaton Foreshore.

A detailed breakdown of all variances is provided within the Schedules and Notes included in Appendix SCM: 12.4.1D).

In producing the 2021/22 Budget Forecast, it is recognised that a number of assumptions need to be made relating to the financial estimates. These assumptions include:

- The calculation of Contract Liabilities associated with the recognition of Grant Revenue is linked to the amount of expenditure incurred (Capital or Operating). Any variations in these grant funded expenditure items will directly impact on the final calculation of Contract Liabilities on the Summary Financial Statement – currently \$3,053,775. As Contract Liabilities reduce, they are recognised as Revenue. Conversely Contract Liabilities will increase as new tied grants are received.
- It is assumed that there will be no Carried Forward Projects at the 30th June 2022, and that all Carried Forward Projects from 2020/21 have been fully completed. If there are Carried Forward Projects, then this may impact on the calculation of Contract Liabilities, Grant Income and expenditure.
- Due to the level of complexity and work required, there has not been any adjustment to the original budgeted Administration Overhead, Public Works Overhead or Plant Overhead rates. This calculation is undertaken quarterly and fully reconciled annually when the Annual Financial Statements are produced.
- Due to the level of complexity and work required, there has not been any adjustments to the original budgeted Non-Cash Adjustment items on the Summary Financial Statement, other than Non-current leave accruals. This calculation is undertaken quarterly and fully reconciled annually when the Annual Financial Statements are produced.
- To keep the budget review documentation succinct, only the most relevant Budget Financial Statements, Schedules and Notes have been updated and provided to Council.

• **Impact on the Long Term Financial Plan:**

The financial impact on the 2021/22 Long Term Financial Plan (LTFP) adopted by Council, and the forward projections contained in the LTFP over the next 10 years, will be influenced by how Council decides to utilise the additional surplus funds of \$1,090,032.

The LTFP includes a new \$6 million loan in 2022/23 for the new Administration/Library building, and a total of \$1.5 million in loans in 2023/24 for the new Administration/Library building (\$320,163), Sport Lighting (\$179,786), Burekup Pavilion (\$598,384), and Eaton Recreation Centre (\$401,667). Council may determine to allocate the surplus funds to the Building Reserve and reduce the amount of loans required in the next two years. If this occurs then this will result in longer term savings in loan interest and fees.

The LTFP also includes a projected rate increase of 4.0% for 2022/23 and all future years. Council may determine to carry forward into 2022/23 some or all of the surplus and reduce the projected rate increase from 4.0%. As a general measure, a 1.0% rate decrease generates approximately \$140,000 less

rate income in one year. If Council does determine to reduce the projected rate increase for 2022/23, then the compounding effect of reduced rates over the full 10 years of the LTFP needs to be considered. As a general measure, a 1.0% rate decrease in 2022/23 generates approximately \$1.68 million less rate income over 10 years.

- **Items for Consideration in the 2021/22 Budget Review:**

As noted above, the 2021/22 budget is now forecast to produce an end of year surplus of \$1,106,584 compared with the original budgeted surplus of \$16,552. This revised forecast surplus is made up of a larger carried forward surplus from 2020/21 of \$791,636 and a surplus of \$145,391 for 2021/22 rather than the projected deficit of (\$153,005) - a \$298,396 turnaround.

It is recommended that Council retain a modest surplus of \$161,783 to carry forward into the 2022/23 Annual Budget, and consider the following options for the remaining funds of \$944,801:

- **Option 1** – Allocate all of the remaining funds of \$944,801 to the Building Maintenance Reserve to assist in offsetting recent building project cost increases;
- **Option 2** – Allocate a portion of the remaining funds (\$_____) to the Building Maintenance Reserve to assist in offsetting recent building project cost increases, and allocate (\$_____) towards the following requested Budget Amendments:
 - i.) _____
 - ii.) _____
 - iii.) _____;
- **Option 3** – Allocate all of the remaining funds of \$944,801 to the Building Maintenance Reserve to assist in reducing the future loan requirement for the new Administration/Library building;
- **Option 4** – A combination of Options 1, 2 or 3;

New or expanded Projects referred to the budget review for consideration are: -

i.) **1. Public Relations - Newsletter - \$20,000**

The current budget provision does not provide adequate funds for Publications such as the 2050 Vision, advocacy strategy or investment brochures. Council staff seek endorsement for an additional \$20,000 budget provision for the professional publication of various organisational documents eg Grants brochures, information notices for residents.

ii.) **2. Public Relations - Website - \$80,000**

Council adopted the Information Communication Technology Strategy in July 2020, and the Communications Plan in April 2021. Both these plans include the development of a new website as a high priority. A new website could provide significant improvement in making information available to the public, automating some transactions and increase productivity as a result. By allocating funds towards this project in this financial year it may be possible to coordinate the launch of the new website with the new Strategic Community Plan by June 2022.

iii.) 3. Bunbury Geographe Chamber of Commerce – Membership - \$1,000

Request to increase contribution from \$1,000 to \$2,000 per annum. The Bunbury Geographe Chamber of Commerce and Industry (BGCCI) membership fees increased from \$1,000 per annum to \$2,000 per annum. Whilst \$14,000 was budgeted for Bunbury Geographe Economic Alliance (BGEA) membership the membership fee was only \$13,500. The two memberships together is therefore only \$500 over budget. Officers recommend that Council in next year's budget make provision for the increased BGCCI membership and reflect the BGEA membership fees.

iv.) 4. Eaton Foreshore Master Plan - \$50,000

Council staff seek endorsement for a new \$50,000 budget provision to undertake the Eaton Foreshore Masterplan, which will include the Eaton Oval (Pratt Road), Foreshore Precincts (Shire of Dardanup Reserves) and the Eaton Activity Centre area (around the Admin Building and Skate Park). The Masterplan is to consider the connection of the building/s to its surrounding areas and within the Precinct, allow for possible staging options and QS costings to implement the Master Plan and to inform the Long Term Financial Plan and Asset Management budget. The Master Plan including landscape plans, is to develop a contemporary design and layout that will be capable of meeting the needs of the users and wider community, and will include a Place Plan. This should provide Council with the ability to be ready to try and attract funding by the State and Federal election promises, grants, etc.

v.) 5. Building Maintenance – Public Conveniences - \$9,992

An additional \$9,992 is requested for additional maintenance expenditure for the current 11 public convenience buildings in place. The increase funds will be utilised for additional cleaning products as well as additional staffing costs to clean two of our facilities for an additional day each week (Gnomesville and Dardanup Hall public toilets). The current cleaning regime of public toilets in our Shire should be tailored around usage levels for each toilet. Most of our public facilities are cleaned twice weekly but at some of these busier facilities the community and residents have requested that this be reviewed and found insufficient. We are therefore requesting these additional funds be allocated to enable us to increase the cleaning regime at both Gnomesville and Dardanup hall.

We have also experienced an increase in vandalism at the Dardanup Hall public convenience and Wells Recreation Toilet facilities. No cleaning regime alone will counteract this and therefore, to try and resolve this problem, all toilet roll holders in the above facilities will now be replaced with double-roll toilet tissue dispensers with controlled delivery which will restrict the flow of toilet paper. These supply and installation costs are included in the additional public convenience funds being requested.

vi.) 6. Building Maintenance – Public Halls & Civic Centre- \$4,500

An additional \$4,500 is requested for ceiling repairs undertaken at the Dardanup Community Centre due to emergency repairs for a ceiling collapse. This was due to ceiling supports rusted through which caused the ceiling sagging and part collapse of this ceiling.

vii.) 7. Staff Training – Organisational Development - \$30,000

Whilst there were some savings in the training budget for 20/21, this is in part due to training and professional development not actively being encouraged during 2020 whilst dealing with the COVID restrictions. In the recent Staff surveys on Organisational Culture and also Satisfaction levels, staff expressed a need and desire for more training. During November performance reviews, training will again be encouraged and it is expected that the current allocation will be used up as staff take up the opportunity again. The additional allocation is requested to provide a specific program for the Leadership team which will focus on developing a High Performance Team.

viii.) 8. Animal Cage for Ranger Vehicle - \$5,000

Request to purchase an animal cage to be fitted to the rear of the Ranger vehicle. This will assist in holding more than 1 animal at a time and assist with the movement of animals into the cage. Funding for this purchase can be reallocated from minor asset purchases.

ix.) 9. Town Planning Consultants - \$30,000

Request to increase the consultants' budget for town planning from \$20,000 to \$50,000 in order to complete a detailed masterplan for the Dardanup Townsite combined with a Place Plan, in order to be ready to try and attract funding by the Federal election. The Masterplan is to consider the connection of the building/s to its surrounding areas and within the Precinct, allow for possible staging options and QS costings to implement the Master Plan and to inform the Long Term Financial Plan Asset Management budget. The Master Plan including landscape plans is to develop a contemporary design and layout that will be capable of meeting the needs of the users and wider community; it will include a Place Plan. This should provide Council with the ability to be ready to try and attract funding by the State and Federal election promises, grants, etc.

x.) 10. & 11. Charlotte Street Toilets - \$50,000, funded from Building Maintenance Reserve

Council is requested to make available a provisional amount of \$50,000 to fund the potential costs associated with extending the services to the proposed location of the Public Toilet (now intended along Boyanup Picton Road). The additional funds are also intended to provide for the installation of a RV dump point at the same location. Existing LRCI funding of \$100,000 is insufficient to complete the project (toilet block and pathway including railway crossing). It is requested that Council allocate an additional \$50,000 required to complete the project.

xi.) 12, 13. & 14. Eaton Skate Park - \$40,000, funded from Building Maintenance Reserve \$47,002 & Carried Forward Projects Reserve (&,002)

Council is requested to make available a provisional amount of \$40,000 to allow the inspection and reinforcement of the stormwater pipe (if required) under the newly developed Eaton Skatepark.

xii.) 15. Bunbury Geographe Group of Councils - \$4,668.55

The Bunbury Geographe Group of Councils (BGGC) in 2018/19 resolved to reimburse each of the member Councils with 50% of the Regional Waste coordinator Project Officer Cost charged by the City of Busselton to the respective Councils. As a result, the Shire of Dardanup claimed back the following amounts against the BWGC Trust:

• 27/06/2019	\$3,400.50
• 24/03/2020	<u>\$1,288.05</u>
Total	\$4,688.55

At a meeting of the BGGC 14th December 2020 it was raised that if all local governments took up this 50% the following issues would occur:

1. There would not be enough funds in the trust to pay this to all local governments;
2. The smaller local governments' contributions are significantly smaller than that of City of Bunbury and Shire of Harvey and as such the smaller local governments would effectively subsidise the larger local governments.

Besides the Shire of Dardanup, the only other two local governments that claimed the 50% is the Shire of Collie - \$1,689.50 on 24/03/2020, and the Shire of Donnybrook Balingup \$489.96 on 24/06/2020. At the 14 December 2020 BGGC Meeting it was resolved by the Group that the 50% should not be claimed in future and the local governments who did claim this was requested to refund the amounts claimed.

To ensure fairness and equity in the BGGC partnership, it is recommended that Council support the Group being reimbursed with the \$4,688.55

xiii.) **16. Regional Waste Management - \$9,722**

Council at its Ordinary Meeting on 30th June 2021 resolved as follows:

THAT Council:

1. *Receives the Regional Options Paper and Strategic Recommendations document [Appendix ORD: 12.1.2A], delivered as part of the South West Regional Waste Group (the Group) to guide ongoing work in finding regional solutions that divert waste from landfills; and*
2. *Requests the Chief Executive Officer writes to the Group noting the following:*

“That the Shire of Dardanup at this point in time is not committed to establishing a regional management body; and recommends that the focus of the Group over the next 12 months should be on finalizing an Integrated Waste Management Plan, inclusive of a business case for a South West Waste to Energy Plant and a South West Material Resource Recovery Facility to divert waste from landfill and to improve recycling processes including other waste streams such as e-waste. If the Group does not include the Waste to Energy Business Plan in the next 12 months the Shire of Dardanup will be withdrawing from the Group. The Shire of Dardanup will not take on any liability for any site used by the Regional Management Body that has not previously been lined.”

No specific budget was included for this initiative. Correspondence received from the Regional Waste Coordinator indicates that a business case will be prepared for a Waste to Energy solution. A report on the Shire’s previous business case for a pyrolysis plant was received on 8th November 2021. The report indicates that pyrolysis may form part of a broader solution and that further work will need to be done to develop up the full business case.

The SW Group has also called for Expressions of Interest for a broader waste solution aimed at either diverting the bulk waste volumes from landfill facilities in the South West, or undertaking landfill operations more cost effectively and more environmentally friendly. This may include a Material Resource Recovery Facility and Waste to Energy options – the EOI does not specify a methodology, technology, operating model or legal structure.

As the SW waste group have taken on board Council’s request it is therefore recommended that provision be made for the Shire to contribute to the Regional Waste Coordinator cost. The Shire’s share of the costs to employ the regional waste coordinator for 21/22 is \$9,722.

xiv.) **17. Grants Officer FTE increase – \$25,605**

Council is requested to consider under the website project an increase in the Grants Officer FTE from 0.5FTE to 0.8 FTE for the remainder of 21/22. This is to utilise internal skills on promotions and graphic design in the website development and ensure best outcomes. With regards to the Grants officer role itself the officer have been able to attract \$20,000 in sponsorships and has applied for over \$1.5million in funding. Details are provided in the table below:

Source	Project	Amount	Status
Tronox	Spring Out Festival	\$10,000	Successful
Healthway	Summer in Your Park Series	\$10,000	Successful
Lotterywest	Enlighten 2022	\$32,500	Awaiting outcome
RAC – Reconnect WA	Dardanup Depot	\$125,000	Finalist - Awaiting final outcome
DLGSC - Regional and Remote Festival Fund	Enlighten 2022	\$32,500	Awaiting outcome
CSRFF – Night Lights	Glen Huon Football and Softball	\$223,619	Awaiting outcome
CSRFF – Forward Planning	R&J Fishwick Pavilion at Eaton Oval	\$1,066,667	Awaiting outcome
Tourism WA Regional Event Scheme	Enlighten 2023	\$40,000	Awaiting outcome
WA Cricket Infrastructure	Wells Recreation Club Rooms / Nets	\$30,000	In progress
RISE grant	Enlighten 2023	\$40,000	In progress

xv.) **18. Transfer Remaining Surplus back to the Building Maintenance Reserve - \$700,000**

The purpose of this item is for Council to consider transferring the remaining portion of the forecast surplus back into the Building Maintenance Reserve, after endorsing any additional budget amendments and allowing for a small Carried Forward Surplus of approximately \$160,000 as at 30th June 2022.

For Councillors additional information, the following capital works projects may be deferred at the mid-year budget review in March 2022:

- **Henty Road SLK 2.5-5.5** – Clearing Permits and Bridge Widening is dependent on external agencies and contribution. This project is therefore flagged to Council as being “On Hold” pending confirmation that this can be achieved. Officers are in contact with relevant funding agencies to see if this project could be deferred to 2022/23 should these aspects not be able to be finalised in time.
- **Hynes Road** - Procurement on Hynes Road has come in over budget. This project requires night works and associated traffic management. Additional funding from the Shire’s Roads Reserve of \$20,000 may be requested to allow this project to be completed.

A detailed Project Reconciliation Report will be presented to Council for the Eaton Drive and the Eaton Bowling Club projects, once these projects are completed.

Council Role - Executive/Strategic.

Voting Requirements - Absolute Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT Council: -

- 1. Receive and acknowledge the 2021/22 Budget Review – 31st October 2021 report and associated Summary Financial Statement, Statement of Comprehensive Income – by Nature & Type, Summary of Budget Amendments, Schedules and Notes (Appendix SCM: 12.4.1A, 12.4.1B, 12.4.1C, 2.4.1D);**
- 2. Based on previous resolutions of Council, receive and acknowledge the Budget Amendments contained within the report;**
- 3. Receive and acknowledge the 2021/22 Forecast Revenue and Expenditure items contained within the report;**
- 4. Receive and adopts the following requested 2021/22 budget amendments:**
 - i.) _____
 - ii.) _____
 - iii.) _____
 - iv.) _____
 - v.) _____
 - vi.) _____
 - vii.) _____
 - viii.) _____
 - ix.) _____
 - x.) _____
 - xi.) _____
 - xii.) _____
 - xiii.) _____
 - xiv.) _____
 - xv.) **Transfers an additional \$_____ to the Building Reserve to assist in offsetting recent building project cost increases;**
 - xvi.) **Transfers an additional \$_____ to the Building Reserve to assist in reducing the future loan requirement for the new Administration/Library building;**
- 5. Retains the remaining 2021/22 Forecast Budget Surplus as a Carried Forward Surplus to the next 2022/23 budget period.**

By Absolute Majority

12.5 COMMITTEES

None.

13 ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

None.

14 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING

15 PUBLIC QUESTION TIME

16 MATTERS BEHIND CLOSED DOORS

None.

17 CLOSURE OF MEETING

The Presiding Officer advises that the date of the next:

- Ordinary Meeting of Council will be Wednesday, the 24th of November 2021, commencing at 5.00pm at the Shire of Dardanup - Administration Centre Eaton.

There being no further business the Presiding Officer to declare the meeting closed.