



## NOTICE OF MEETING

Notice is hereby given that a Corporate Strategy Committee Meeting will be held in the Council Chambers, 136 Vincent Street Beverley, on Thursday 18 July 2024.

### **Program**

10:00am

Corporate Strategy Meeting

A handwritten signature in black ink, appearing to read 'S. Gollan', written over a horizontal line.

Stephen Gollan  
Chief Executive Officer

19 July 2024





**18 JULY 2024**

**CORPORATE STRATEGY  
COMMITTEE MEETING**

**AGENDA**



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## **1. OPENING**

The President to declare the meeting open.

The Shire of Beverley acknowledge the Traditional Owners of the land on which we meet, the Ballardong People. We pay our respects to Elders past and present.

## **2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE**

### **2.1 Members**

Cr DC White	Shire President
Cr DL Brown	
Cr DW Davis	
Cr CJ Lawlor	
Cr SW Martin	
Cr JR Maxwell	
Cr AFC Sattler	

### **2.2 Staff**

Mr SP Gollan	Chief Executive Officer
Mr SK Marshall	Deputy Chief Executive Officer
Mr SP Vincent	Manager of Works
Ms A Lewis	Executive Assistant

### **2.3 Observers And Visitors**

### **2.4 Apologies and Approved Leave of Absence**

Cr DJ Ridgway	Deputy President
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## **3. DECLARATIONS OF INTEREST**

#### **4. CONFIRMATION OF MINUTES**

##### **4.1 Minutes of the Corporate Strategy Committee Meeting 20 July 2023**

###### **OFFICER'S RECOMMENDATION**

That the Minutes of the Corporate Strategy Committee Meeting held on Thursday 20 July 2023 be confirmed.

(Provided under separate cover)

## **5. OFFICER REPORTS**

### **5.1 2024/25 Material Variances**

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<b>Submission To:</b>	<b>Corporate Strategy Meeting 18 July 2024</b>
<b>Report Date:</b>	<b>7 June 2024</b>
<b>Applicant:</b>	<b>N/A</b>
<b>File Reference:</b>	<b>ADM 0092</b>
<b>Author and Position:</b>	<b>Simon Marshall, Deputy Chief Executive Officer</b>
<b>Previously Before Council:</b>	<b>Annually</b>
<b>Disclosure(s) Of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<b>Nil</b>

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#### **SUMMARY**

That the Corporate Strategy Committee consider recommending to Council the material variance reporting parameters for 2024/25.

#### **BACKGROUND**

Council is required under the *Local Government (Financial Management) Regulations 1996* to set material variance (Budget versus Actual) reporting parameters for the forthcoming financial year.

Previously, Council adopted a budget variance reporting parameter of 10% on budgeted items of \$10,000 or greater for the 2023/24 financial year at the July 2023 Ordinary Meeting.

#### **COMMENT**

It is believed that the Committee is satisfied with the current level of reporting and there is no reason to recommend that Council change the reporting parameters for the 2024/25 financial year.

#### **STATUTORY ENVIRONMENT**

Regulation 34 (5) of the *Local Government (Financial Management) Regulations 1996* provides that each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

#### **CONSULTATION**

N/A

#### **FINANCIAL IMPLICATIONS**

Nil

#### **STRATEGIC IMPLICATIONS**

Strategic Pillar: 4. Civic Leadership  
Strategic Priorities: 4.2 Continuous organisational improvement  
4.3 Responsible planning

#### **POLICY IMPLICATIONS**

Nil



## RISK IMPLICATIONS

It is a requirement under the *Local Government (Financial Management) Regulations 1996* to set material variance (Budget versus Actual) reporting parameters for the forthcoming financial year. This report and adoption mitigates the risk of non-compliance.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Likelihood</b>					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

## VOTING REQUIREMENTS

Simple Majority

## OFFICER'S RECOMMENDATION

That the Corporate Strategy Committee recommend to Council that a budget variance reporting parameter of 10% on budgeted items of \$10,000 or greater for the 2024/25 financial year be adopted.

## **5.2 2024/25 Budget – Elected Member Sitting Fees**

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<b>Submission To:</b>	<b>Corporate Strategy Meeting 18 July 2024</b>
<b>Report Date:</b>	<b>1 July 2024</b>
<b>Applicant:</b>	<b>N/A</b>
<b>File Reference:</b>	<b>ADM 0092</b>
<b>Author and Position:</b>	<b>Simon Marshall, Deputy Chief Executive Officer</b>
<b>Previously Before Council:</b>	<b>N/A</b>
<b>Disclosure(s) Of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<b>Nil</b>

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### **SUMMARY**

That the Corporate Strategy Committee consider recommending to Council that the Elected Member Sitting Fees be increased for 2024/25.

### **BACKGROUND**

Shire of Beverley sitting fees have not increased for 8 years (2016/17).

At the 2023 Election, Elected Member numbers decreased from 9 to 8. Consequently, the workload for each Councillor has increased given the reduced number and the increasing compliance expectation and scrutiny on Local Government affairs has contributed to this as well.

2023/24 Sitting Fees were as follows:

Member Sitting Fee (inc Deputy President)	\$3,600
President Sitting Fee	\$12,100
President Allowance	\$5,500
Deputy President Allowance	\$1,375
IT Allowance	\$1,000
Travel Allowance	per Km at 0.85c/Km

Total sitting fee budget for 2023/24 was \$61,775.

### **COMMENT**

It is proposed to spread the previous years sitting fees amongst the reduced number of 8 Councillors, effectively increasing them but not significantly impacting the Budget.

Proposed 2024/25 Sitting Fees were as follows:

Member Sitting Fee (inc Deputy President)	\$4,120
President Sitting Fee	\$13,840
President Allowance	\$6,300
Deputy President Allowance	\$1,575
IT Allowance	\$1,100
Travel Allowance	per Km at 0.88c/Km

Proposed sitting fee budget for 2024/25 is \$64,355.

## STATUTORY ENVIRONMENT

### 5.98. Fees etc. for council members

- (1) A council member who attends a council or committee meeting is entitled to be paid —
  - (a) the prescribed minimum fee for attending a council or committee meeting; or
  - (b) where the local government has set a fee within the prescribed range for council or committee meeting attendance fees, that fee.

(2A) *A council member who attends a meeting of a prescribed type at the request of the council is entitled to be paid —*

- (a) the prescribed minimum fee for attending a meeting of that type; or
  - (b) where the local government has set a fee within the prescribed range for meetings of that type, that fee.
- (2) A council member who incurs an expense of a kind prescribed as being an expense —
    - (a) to be reimbursed by all local governments; or
    - (b) which may be approved by any local government for reimbursement by the local government and which has been approved by the local government for reimbursement,

*is entitled to be reimbursed for the expense in accordance with subsection (3).*

- (3) A council member to whom subsection (2) applies is to be reimbursed for the expense —
  - (a) where the minimum extent of reimbursement for the expense has been prescribed, to that extent; or
  - (b) where the local government has set the extent to which the expense can be reimbursed and that extent is within the prescribed range (if any) of reimbursement, to that extent.
- (4) If an expense is of a kind that may be approved by a local government for reimbursement, then the local government may approve reimbursement of the expense either generally or in a particular case but nothing in this subsection limits the application of subsection (3) where the local government has approved reimbursement of the expense in a particular case.
- (5) The mayor or president of a local government is entitled, in addition to any entitlement that he or she has under subsection (1) or (2), to be paid —
  - (a) the prescribed minimum annual local government allowance for mayors or presidents; or

- (b) where the local government has set an annual local government allowance within the prescribed range for annual local government allowances for mayors or presidents, that allowance.
- (6) A local government cannot —
  - (a) make any payment to; or
  - (b) reimburse an expense of,  
*a person who is a council member or a mayor or president in that person's capacity as council member, mayor or president unless the payment or reimbursement is in accordance with this Division.*
- (7) A reference in this section to a **committee meeting** is a reference to a meeting of a committee comprising —
  - (a) council members only; or
  - (b) council members and employees.

[Section 5.98 amended by No. 64 of 1998 s. 36; No. 17 of 2009 s. 33.]

#### **5.98A Allowance for deputy mayor or deputy president**

- (1) A local government may decide\* to pay the deputy mayor or deputy president of the local government an allowance of up to the prescribed percentage of the annual local government allowance to which the mayor or president is entitled under section 5.98(5).  
  
\* Absolute majority required.
- (2) *An allowance under subsection (1) is to be paid in addition to any amount to which the deputy mayor or deputy president is entitled under section 5.98.*

#### **5.99 Annual fee for council members in lieu of fees for attending meetings**

A local government may decide\* that instead of paying council members a fee referred to in section 5.98(1), it will instead pay all council members who attend council or committee meetings —

- i. the prescribed minimum annual fee; or
- ii. where the local government has set a fee within the prescribed range for annual fees, that fee.

\* *Absolute majority required.*

**5.99A. Allowances for council members in lieu of reimbursement of expenses**

A local government may decide\* that instead of reimbursing council members under section 5.98(2) for all of a particular type of expense it will instead pay all council members —

- the prescribed minimum annual allowance for that type of expense; or
- where the local government has set an allowance within the prescribed range for annual allowances for that type of expense, an allowance of that amount,

and only reimburse the member for expenses of that type in excess of the amount of the allowance.

\* *Absolute majority required.*

**CONSULTATION**

N/A

**FINANCIAL IMPLICATIONS**

2024/25 Budget

**STRATEGIC IMPLICATIONS**

Strategic Pillar: 2. Community  
4. Civic Leadership  
Strategic Priorities: 2.3 Active and healthy community  
4.2 Continuous organisational improvement  
4.3 Responsible planning

**POLICY IMPLICATIONS**

Nil

**RISK IMPLICATIONS**

Sitting Fees don't keep track with the Communities expectations, and it becomes harder to attract individuals to stand for election.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Likelihood</b>					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

## **VOTING REQUIREMENTS**

Absolute Majority

## **OFFICER'S RECOMMENDATION**

That the Corporate Strategy Committee recommend to Council that Elected Member Sitting fees for the 2024/25 financial year be set at:

Member Sitting Fee (inc Deputy President)	\$4,120 pa
President Sitting Fee	\$13,840 pa
President Allowance	\$6,300 pa
Deputy President Allowance	\$1,575 pa
IT Allowance	\$1,100 pa
Travel Allowance	per Km at 0.88c/Km

### **5.3 2024/25 Budget – Rates**

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<b>Submission To:</b>	<b>Corporate Strategy Meeting 18 July 2024</b>
<b>Report Date:</b>	<b>15 July 2024</b>
<b>Applicant:</b>	<b>N/A</b>
<b>File Reference:</b>	<b>ADM 0092</b>
<b>Author and Position:</b>	<b>Simon Marshall, Deputy Chief Executive Officer</b>
<b>Previously Before Council:</b>	<b>N/A</b>
<b>Disclosure(s) Of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<b>CPI March Qtr (Rates Models in Workshop Docs)</b>

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#### **SUMMARY**

That the Corporate Strategy Committee consider recommending to Council that rate revenue be raised by 5.0% for the 2024/25 financial year.

#### **BACKGROUND**

Rate revenue has increased on average by 3.5% per year over the last five financial years (2019/20 (2.5%), 2020/21 (0.0%), 2021/22 (5.0%), 2022/23 (5.0%) and 2023/24 (5.0%)).

An increase of 5.0% in 2024/25 will increase this average to 4.0%.

#### **COMMENT**

The proposed 5.0% increase in Rate Revenue translates to an increase in Rate funding of \$161,853.00 (net of expected discount expense) in the 2024/25 financial year.

With Local Government sustainability being a continued focus, a strong Rate revenue base will enhance Council's ability to continue providing quality services to the Beverley community into the future.

2024/25 Operational considerations taken into account in recommending this rate increase include the March Quarter CPI (Perth) increase of 3.4%, an increase in staff costs of 4.25% in line with the national minimum wage and superannuation increase, DFES funding for the CESM position decreasing 5%, OAG audit fees increasing 31% and overall insurance premium expense increase of 15% due mainly to unfavourable local and global risk conditions and no distribution from LGIS for 24/25.

When setting the Rate increase for 2024/25, consideration has been given to Rate payers' general ability to pay. Broadacre farming enterprises make up the largest pool of Rate payers' in the Shire of Beverley; this industry remains volatile with many external factors affecting commodity yields and prices, although recent years have been fruitful. A 5.0% Rate increase takes these factors into account.

Inflationary pressures, rising interest rates and other Federal and State budgetary measures may also put some added pressure on general household budgets and their ability to pay Rates. These factors have also been considered when setting the increase.

Additionally, the 10% discount period remains at 21 days as advertised.

UV land valuations, as set by the Valuer General (State Government), have increased by an average overall of 24.55% across the district reflecting the increased value of land following recent sales.

GRV land valuations have increased by an average overall of 9.12% throughout the townsite following the five yearly revaluation exercise being completed by the Department.

The proposed Rate in the Dollar values and minimums (with a comparison to 2023/24 rates) are as follows:

	<u>2023/24</u>	<u>2024/25</u>
Gross Rental Value	\$0.126226	\$0.121475
Gross Rental Value Minimum	\$988.00	\$1,037
Unimproved Value	\$0.006288	\$0.005297
Unimproved Value Minimum	\$988.00	\$1,037

The average rate charges per property as per the rate in the dollar proposal above are as follows:

GRV	\$1,429
UV	\$3,757
UV Mining	\$1,037

## **STATUTORY ENVIRONMENT**

Section 6.32 of the *Local Government Act 1995*, in reference to Rates and service charges, provides that:

- (1) When adopting the annual budget, a local government —
  - (a) in order to make up the budget deficiency, is to impose\* a general rate on rateable land within its district, which rate may be imposed either —
    - (i) uniformly; or
    - (ii) differentially; and
  - (b) may impose\* on rateable land within its district —
    - (i) a specified area rate; or
    - (ii) a minimum payment; and
  - (c) may impose\* a service charge on land within its district.

\*Absolute majority required.

- (2) Where a local government resolves to impose a rate it is required to —
  - (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
  - (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

Section 6.34 of the Act provides that unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

- (a) be more than 110% of the amount of the budget deficiency; or
- (b) be less than 90% of the amount of the budget deficiency.



Section 6.35 of the Act provides:

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
  - (a) 50% of the total number of separately rated properties in the district; or
  - (b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
  - (a) the number of separately rated properties in the district; or
  - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
  - (a) to land rated on gross rental value;
  - (b) to land rated on unimproved value; and
  - (c) to each differential rating category where a differential general rate is imposed.

Section 6.45 of the Act provides options for payment of rates or service charges (instalments) as follows:

- (1) A rate or service charge is ordinarily payable to a local government by a single payment but the person liable for the payment of a rate or service charge may elect to make that payment to a local government, subject to subsection (3), by —
  - (a) 4 equal or nearly equal instalments; or
  - (b) such other method of payment by instalments as is set forth in the local government's annual budget.
- (2) Where, during a financial year, a rate notice is given after a reassessment of rates under section 6.40 the person to whom the notice is given may pay the rate or service charge —
  - (a) by a single payment; or
  - (b) by such instalments as are remaining under subsection (1)(a) or (b) for the remainder of that financial year.
- (3) A local government may impose an additional charge (including an amount by way of interest) where payment of a rate or service charge is made by instalments and that additional charge is, for the purpose of its recovery, taken to be a rate or service charge, as the case requires, that is due and payable.
- (4) Regulations may —

- (a) provide for the manner of making an election to pay by instalments under subsection (1) or (2); and
- (b) prescribe circumstances in which payments may or may not be made by instalments; and
- (c) prohibit or regulate any matters relating to payments by instalments; and
- (d) provide for the time when, and manner in which, instalments are to be paid; and
- (e) prescribe the maximum amount (including the maximum interest component) which may be imposed under subsection (3) by way of an additional charge; and
- (f) provide for any other matter relating to the payment of rates or service charges.

Section 6.46 of the Act allows for the discounting of rates providing, subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, a local government may, when imposing a rate or service charge, resolve\* to grant a discount or other incentive for the early payment of any rate or service charge.

\* *Absolute majority required.*

Section 6.47 of the Act provides that subject to the *Rates and Charges (Rebates and Deferments) Act*, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

#### 6.50. Rates or service charges due and payable

- (1) Subject to —
  - (a) subsections (2) and (3); and
  - (b) any concession granted under section 6.47; and
  - (c) the *Rates and Charges (Rebates and Deferments) Act 1992*,  
a rate or service charge becomes due and payable on such date as is determined by the local government.
- (2) The date determined by a local government under subsection (1) is not to be earlier than 35 days after the date noted on the rate notice as the date the rate notice was issued.
- (3) Where a person elects to pay a rate or service charge by instalments the second and each subsequent instalment does not become due and payable at intervals of less than 2 months.

Section 6.51 of the Act provides that interest on overdue rates or service charges may be applied to rates as follows;

- (1) A local government may at the time of imposing a rate or service charge resolve\* to impose interest (at the rate set in its annual budget) on —
  - (a) a rate or service charge (or any instalment of a rate or service charge); and
  - (b) any costs of proceedings to recover any such charge, that remains unpaid after becoming due and payable.

\* *Absolute majority required.*

Regulation 19A of the Local Government (Financial Management) Regulations 1996 prescribes that the maximum rate of interest to be imposed under section 6.13(1) is 11%.

## CONSULTATION

Council

## FINANCIAL IMPLICATIONS

Nil

## STRATEGIC IMPLICATIONS

Strategic Pillar: 4. Civic Leadership

Strategic Priorities: 4.2 Continuous organisational improvement

4.3 Responsible planning

## RISK IMPLICATIONS

Rate setting is part of 2024/25 budget requirements.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Likelihood</b>					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

## POLICY IMPLICATIONS

Nil

## VOTING REQUIREMENTS

Absolute Majority

## OFFICER'S RECOMMENDATION

That the Corporate Strategy Committee recommends to Council:

1. In accordance with s6.32 of the *Local Government Act 1995* the rates and minimums to be levied on all rateable property within the Shire of Beverley for the financial year ending 30 June 2025 be as follows:

Gross Rental Value	\$0.121475
Gross Rental Value Minimum	\$1,037.00
Unimproved Value	\$0.005297
Unimproved Value Minimum	\$1,037.00
2. The service of rates notice date be 07 August 2024.
3. In accordance with s6.46 of the *Local Government Act 1995*, a 10% rate discount be allowed for rates paid in full within twenty one (21) days of the service of rates notice being applicable up to close of business on 28 August 2024.
4. In accordance with s6.51 of the *Local Government Act 1995*, an 11% interest charge be levied on all overdue rate instalments and on rates outstanding whether subject to either a formal or informal instalment program or not, excluding deferred pensioner rates.
5. In accordance with s6.45 of the *Local Government Act 1995*, an administration charge of \$10 and an interest component of 5.50% per annum calculated daily, for the second and each of the subsequent rates instalments be levied in connection with each formal rate instalment program.
6. That in accordance with s6.50 of the *Local Government Act 1995*, the due dates of instalments under the formal rate instalment program be;

1 <sup>st</sup> Instalment	11 September 2024
2 <sup>nd</sup> Instalment	13 November 2024
3 <sup>rd</sup> Instalment	15 January 2025
4 <sup>th</sup> Instalment	19 March 2025

<b>All groups CPI, index numbers and percentage changes</b>			
	<b>Index number(a)</b>	<b>Percentage change (%)</b>	
	<b>Mar Qtr 2024</b>	<b>Dec Qtr 2023 to Mar Qtr 2024</b>	<b>Mar Qtr 2023 to Mar Qtr 2024</b>
Sydney	137.7	1.0	3.8
Melbourne	137.5	1.0	3.6
Brisbane	139.2	1.1	3.4
Adelaide	138.1	0.7	4.3
<b>Perth</b>	<b>134.8</b>	<b>0.6</b>	<b>3.4</b>
Hobart	138.1	1.0	3.1
Darwin	132.4	0.7	3.3
Canberra	135.6	1.0	3.3
<b>Weighted average of eight capital cities</b>	<b>137.4</b>	<b>1.0</b>	<b>3.6</b>
a. Index reference period: 2011-12 = 100.0.			
Source: Australian Bureau of Statistics, Consumer Price Index, Australia March Quarter 2024			

## **5.4 Draft 2024/25 Budget**

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<b>Submission To:</b>	<b>Corporate Strategy Meeting 18 July 2024</b>
<b>Report Date:</b>	<b>15 July 2024</b>
<b>Applicant:</b>	<b>N/A</b>
<b>File Reference:</b>	<b>ADM 0092</b>
<b>Author and Position:</b>	<b>Simon Marshall, Deputy Chief Executive Officer</b>
<b>Previously Before Council:</b>	<b>N/A</b>
<b>Disclosure(s) Of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<b>Draft 2024/25 Budget Documentation</b>

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### **SUMMARY**

The Corporate Strategy Committee to consider recommending to Council that the draft 2024/25 Budget be adopted.

### **BACKGROUND**

The *Local Government Act 1995*, provides that a local government must, not later than 31 August in each financial year, or such extended time as the Minister allows, prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

2024/25 Budget preparation has been underway since March 2024, with review of the 10 Year Road Program, 10 Year Plant Replacement Program, the Long Term Financial Plan Capital Program and proposed 2024/25 Fees and Charges items presented to Council for consideration.

### **COMMENT**

The draft 2024/25 Budget as presented shows the detailed workings of Council's Operational and Capital programmes incorporating a rate increase of 5.0%.

The documents presented include:

- Cut List;
- Budget Detailed Line Item Breakdown;
- Capital Program;
- Property Maintenance Schedule;
- Reserve Fund Summary
- Loan Maintenance Summary; and
- Rate Models;

As presented the draft 2023/24 Budget is in deficit by \$696,558.

Please note that 2023/24 Carried Forward balances may change as a result of End of Financial Year processing and Final Audit which may impact on the 2024/25 budgeted closing position.

Consequently, to balance the bottom line an increase in revenue (through a further Reserve fund transfer, increased loan funding or further Rate increase) or a decrease in expenditure (cut to discretionary spending) or a mixture of both is required.

A “*Cut List*” outlining cash items that can be easily carried over to subsequent years is provided to simplify this process.

## **STATUTORY ENVIRONMENT**

Section 6.2 of the *Local Government Act* provides that:

- (1) Not later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.
- (2) In the preparation of the annual budget the local government is to have regard to the contents of the plan for principal activities accepted by a local government under section 5.58 and to prepare a detailed estimate for the current year of –
  - a. the expenditure by the local government;
  - b. the revenue and income, independent of general rates, of the local government; and
  - c. the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.
- (3) For the purposes of subsections (2) (a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.
- (4) The annual budget is to incorporate –
  - a. Particulars of the estimated expenditure proposed to be incurred by the local government
  - b. Detailed information relating to the rates and service charges which will apply to land within the district including –
    - i. the amount it is estimated will be yielded by the general rate; and
    - ii. the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;
  - c. the fees and charges proposed to be imposed by the local government;
  - d. the particulars of borrowings and other financial accommodation proposed to be entered into by the local government;
  - e. details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used;
  - f. particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and
  - g. such other matters as are prescribed.
- (5) Regulations may provide for –
  - a. The form of the annual budget;
  - b. The contents of the annual budget; and
  - c. The information to be contained in or to accompany the annual budget.

Section 6.11 of the Act provides:

- (1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.
- (2) Subject to subsection (3), before a local government —
  - (a) changes the purpose of a reserve account; or
  - (b) uses the money in a reserve account for another purpose, it must give one month's local public notice of the proposed change of purpose or proposed use.
- (3) A local government is not required to give local public notice under subsection (2) —
  - (a) where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or
  - (b) in such other circumstances as are prescribed.
- (4) A change of purpose of, or use of money in, a reserve account is to be disclosed in the annual financial report for the year in which the change occurs.
- (5) Regulations may prescribe the circumstances and the manner in which a local government may set aside money for use for a purpose in a future financial year without the requirement to establish and maintain a reserve account.

Section 6.32. of the Act in reference to Rates and service charges, provides that:

- (1) When adopting the annual budget, a local government —
  - (a) in order to make up the budget deficiency, is to impose\* a general rate on rateable land within its district, which rate may be imposed either —
    - (i) uniformly; or
    - (ii) differentially; and
  - (b) may impose\* on rateable land within its district —
    - (i) a specified area rate; or
    - (ii) a minimum payment; and
  - (c) may impose\* a service charge on land within its district.

\* *Absolute majority required.*

- (2) Where a local government resolves to impose a rate it is required to —
  - (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
  - (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

Section 6.34 of the Act provides that unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

- (a) be more than 110% of the amount of the budget deficiency; or
- (b) be less than 90% of the amount of the budget deficiency.

Regulation 32 of the *Local Government (Financial Management) Regulations* provides that a local government may exclude from the calculation of the budget deficiency (6.2(3)) —

- (a) money borrowed or to be borrowed, to the extent that it is proposed in the annual budget to remain unspent at the end of the financial year;



- (b) reserves, to the extent that they are proposed in the annual budget to remain unspent at the end of the financial year;
- (c) in relation to a land transaction or trading undertaking, assets and liabilities, to the extent to which they are proposed in the annual budget to remain restricted to the purposes of the land transaction or trading undertaking at the end of the financial year;
- (d) any proposed amounts of depreciation of non-current assets;
- (e) assets from grants or gifts or non-cash revenue or expenditure;
- (f) current liabilities which, by their nature, are restricted, to the extent that they are proposed in the annual budget to remain uncleared at the end of the financial year; and
- (g) any other current assets which, by their nature, are restricted, to the extent that they are proposed in the annual budget to remain unused at the end of the financial year.

Section 6.35 of the Act provides:

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
  - (a) 50% of the total number of separately rated properties in the district; or
  - (b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
  - (a) the number of separately rated properties in the district; or
  - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
  - (a) to land rated on gross rental value;
  - (b) to land rated on unimproved value; and
  - (c) to each differential rating category where a differential general rate is imposed.

## **CONSULTATION**

N/A

## **FINANCIAL IMPLICATIONS**

2024/25 Budget

## STRATEGIC IMPLICATIONS

Strategic Pillar: 4. Civic Leadership  
Strategic Priorities: 4.2 Continuous organisational improvement  
4.3 Responsible planning

## RISK IMPLICATIONS

It is a requirement under the *Local Government Act 1995*, provides that a local government must, not later than 31 August in each financial year, or such extended time as the Minister allows, prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June. This report and adoption mitigates the risk of non-compliance.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

## POLICY IMPLICATIONS

Nil

## VOTING REQUIREMENTS

Simple Majority

## OFFICER'S RECOMMENDATION

That the Corporate Strategy Committee recommend to Council that the balanced draft 2024/25 Budget be adopted.

**6. NEW BUSINESS ARISING BY ORDER OF THE MEETING**

New Business of an urgent matter only arising by order of the meeting.

**7. CLOSURE**

The Chairman to declare the meeting closed.