



AGENDA

Special Council Meeting to be held
on Thursday 7 July 2011

Shire of Nannup

NOTICE OF A SPECIAL COUNCIL MEETING

Dear Council Member,

A Special Meeting of the Shire of Nannup Council will be held on Thursday 7 July 2011 in the Council Chambers, Nannup commencing at 3.00pm.

Schedule for 7 July 2011:

2.00pm Rate in the Dollar Workshop

3.00pm Meeting commences



ROBERT JENNINGS
CHIEF EXECUTIVE OFFICER

FINANCE & ADMINISTRATION

AGENDA NUMBER: 5.1
 SUBJECT: Draft 2011/12 Cash Budget
 LOCATION/ADDRESS: N/A
 NAME OF APPLICANT: N/A
 FILE REFERENCE: FNC3
 AUTHOR: Kevin Waddington – Acting Manager Corporate Services
 DISCLOSURE OF INTEREST: NIL
 DATE OF REPORT: 30 June 2011

- Attachments: 1. Draft 2011/12 Cash Budget (as amended)
 2. Changes in Draft Budget 26th May to 30th June

BACKGROUND:

Council is committed to the ongoing and future implementation of successful community and economic development, and environmental services.

This recommended draft budget is the first step in forging a sustainable path for the Shire of Nannup. The budget forms part of a long term plan to provide a sustainable, efficient and innovative service to the community.

Council at its meeting of 26 May 2011 resolved to alter the draft 2011/12 cash budget as follows:

	Proposed Reduction in Expend / Increase in Income	Proposed Increase in Expend / Decrease in Income	Revised Position
As presented OM 26 May 2011			-\$4,355,598
Proposed adjustments adopted @ OM			-\$4,355,598
0162 - Donations Ribbons of Blue	\$6,000		-\$4,349,598
2302 - Cemetery - Seal Driveway	\$35,000		-\$4,314,598
2642 - Oval Development	\$80,000		-\$4,234,598
2574 - Capital Works - Cundinup Hall	\$49,000		-\$4,185,598
3052 - Implementation of Cultural Plan	\$10,000		-\$4,175,598
3170 - Capital Road Works - River/Barrabup/Town	\$130,000		-\$4,045,598
3632 - Parking Planning		\$8,000	-\$4,053,598
3862 - Functions & Event Support	\$13,000		-\$4,040,598

7422 - PWO Allocated	\$1,255		-\$1,925,409
0142 - Refreshments	\$3,000		-\$1,922,409
0162 - WA Music Concert (Youth) NMF	\$1,500		-\$1,920,909
0162 - Nannup Garden Village Committee	\$4,009		-\$1,916,900
0162 - Nannup Music Club	\$15,225		-\$1,901,675
0162 - Nannup Arts Council	\$2,525		-\$1,899,150
0162 - Smart Events	\$500		-\$1,898,650
0162 - Sundry Provision for Ad-hoc Donations & Matching Grants	\$4,000		-\$1,894,650
0162 - Ad Hoc Waiving of Fees and Charges	\$12,000		-\$1,882,650
0192 - Local Government week	\$4,000		-\$1,878,650
0182 - WBSA		\$2,000	-\$1,880,650
0192 - Councillor Training Courses	\$5,000		-\$1,875,650
0254 - Data Projector and Screen	\$2,000		-\$1,873,650
0352 - Transfer to Reserves - LSL	\$5,000		-\$1,868,650
0362 - Bicycle Rack	\$800		-\$1,867,850
0362 - Replace Telephone System	\$10,000		-\$1,857,850
0362 - Partitioning for Cluster Desks	\$4,000		-\$1,853,850
0372 - Planning and Health Modules	\$10,000		-\$1,843,850
0452 - Advertising - Other publications	\$3,000		-\$1,840,850
0492 - Staff Training Expenses	\$1,000		-\$1,839,850
0812 - Recruitment Expenses		\$2,000	-\$1,841,850
0584 - Implementation of Shire Record Keeping Plan	\$20,000		-\$1,821,850
8053 - Income - Sale of 2 x Vehicles		\$40,000	-\$1,861,850
0544 - Purchase 2 x Vehicles	\$66,000		-\$1,795,850
0564 - Buildings - Paint Exterior Office (Part)		\$5,000	-\$1,800,850
0773 - Estimated Infringements	\$400		-\$1,800,450
0912 - Community Safety Program - BMX Event	\$14,000		-\$1,786,450
6993 - Grant - Community Safety		\$10,000	-\$1,796,450
1612 - Seniors Activities	\$3,000		-\$1,793,450
1653 - Seniors Activities - Income	\$2,000		-\$1,791,450
1132 - Youth - Strategic Planning Provision	\$5,000		-\$1,786,450
1132 - Youth - Leeuwin Sail Training Sponsorship	\$500		-\$1,785,950
NEW - School Holiday Program Income	\$2,000		-\$1,783,950
1803 - Rubbish	\$2,900		-\$1,781,050
1803 - Recycling	\$1,500		-\$1,779,550
2132 - Contracted Services	\$5,000		-\$1,774,550
2142 - Guidelines for new developments	\$10,000		-\$1,764,550
2142 - Municipal Inventory Review	\$18,000		-\$1,746,550
2142 - Review LPS#3 ad LPS	\$25,000		-\$1,721,550
2302 - Cemetery - Installation new gates		\$7,000	-\$1,728,550
2574 - Town Hall	\$9,500		-\$1,719,050
2432 - Recreation Centre - Recreation Program Provision	\$5,000		-\$1,714,050
2443 - Transfer from Reserves - Recreation Centre	\$13,000		-\$1,701,050
2642 - Marinko Park Trees (no shade shelter)	\$40,000		-\$1,661,050
2642 - Nannup Tree Trail	\$500		-\$1,660,550
2642 - Oval Pump House	\$20,000		-\$1,640,550
7432 - Materials	\$7,000		-\$1,633,550
3170 - General Reduction in roadworks	\$100,000		-\$1,533,550
3170 - Understated total value of roadworks		\$85,000	-\$1,618,550
3210 - Footpath Program	\$50,000		-\$1,568,550
6880 - Depot Construction	\$10,000		-\$1,558,550
3380 - Local Road Maintenance - Repairs to Hitchcock Drive	\$30,000		-\$1,528,550

Site		
0011 – Amount to be made up from Rates balance budget shortfall	\$1,115,214	\$0
Actual Rates Required 2011-12 to achieve Balanced Budget		\$1,115,214
Total Rates Raised 2009-10		\$942,200
Rates required over 2010-11 rates for 2011-12		\$173,014
% increase on 2010-11 rates required to meet shortfall		18.3628%

This predicted financial position is the result of a number of decisions that have been made by Council over a number of years. Some explanations of these decisions are:

1. Rates

Council has not raised the quantum of rates that could have been raised over the past years. The following table highlights the differences in officer recommended rates yield compared to the Council resolution:

	2007-08	2008-09	2009-10	2010-11	2011-12
OFFICER RECOMMENDATION	3.5%	7.0%	9.1%	12.7%	18.4%
COUNCIL RESOLUTION	2.4%	3.2%	5.3%	4.9%	5.5%**
CUMULATIVE SHORTFALL	1.1%	4.9%	8.7%	16.5%	31.4%

** Based on Forward Plan % Increase for 2011/12 based on 2010/11 rates.

The total dollar difference over this five (5) year period is approximately \$300,400. This however has a cumulative effect over years, ie if the officer recommended yield was adopted by Council at the time; any subsequent increase would be based on a larger base and therefore yield a higher amount in subsequent years. Over the period illustrated above, the dollar difference due to this cumulative effect would have been approximately \$358,200.

2. Fees and Charges

The following resolution was adopted by Council in August 2009 as part of the Strategic and Organisational Review Report:

E4 That Council move toward a general user pays principle in the overall management for all assets under its care, control and maintenance.

The implementation of this resolution is occurring on a number of fronts associated with obtaining commercial rental valuations for leased premises, and reviewing the waiving of general fees for the hire of Council facilities. This implementation will progress as a matter of course, however it highlights that for some time, Council has not been realising the income that it could have from its built asset base.

3. Carried Forward Position from Current Year

Still to be built into the draft budget is the surplus/deficit from the current year's operations. This figure appears to be around \$50,000, but will be able to be estimated shortly.

4. Reserves

As Councillors would be aware, Council has several reserves set up for specific purposes. As at 31 May 2011, reserves with the following balances were in place:

Long Service Leave Reserve	\$ 77,014
Plant Reserve	\$ 2,291
Recreation Centre Reserve	\$190,438
Kindergarten Extension Reserve	\$226,676
Co Location Building Reserve	\$395,436
Office Equipment Reserve	\$ 21,559
Main Street Upgrade Reserve	\$ 63,430
Total	\$976,844

Council reallocated \$384,130 of the Co-location Centre Reserve funds to the Recreation Centre Reserve as part of the adoption of its 2010/11 Budget therefore of the \$395,436 only \$11,306 remains available, however an invoice from 2009 has only recently been found not to have been previously paid which will need to be funded from the balance of the Co-location Centre Reserve Fund.

Council also reallocated \$139,000 of the Kindergarten Reserve Fund to general revenue as part of the 2010/11 Budget after it was identified that these funds were sourced from general revenue and not asset sales.

The Local Government Act 1995 states that reserve funds need to be used for the purposes they were set up for, however the purpose may be changed by Council if done as part of the budget process (LGA S6.11(3)(a)).

Interest has been earned against these accounts along with some expenditure that has occurred against the projects which explains the balances as stated above.

Accepted practice is not to use the proceeds from the sale of an asset to fund operations.

It is proposed to reallocate an amount of \$80,000 from the Recreation Reserve Fund to assist with Plant Replacement.

5. Royalties for Regions

The draft 2011/12 budget contains two year's allocations of Royalties for Regions funding as follows:

2010/11 Council Allocation	\$302,685
2010/11 Regional Projects Allocation	\$302,685
2011/12 Council Allocation	\$332,468

The obvious area for increases in income are the level of rates and the income from property (ie leased and rental properties) as Council does not have any other income producing assets.

The alternative path, of reducing expenditure, may involve the Council only providing the basic services to its residents, however some services are subject to service provision contracts and Council may incur substantial costs if they attempt to break these existing contracts.

If the current budget recommendations are adopted by Council it will mean a decrease in the outside staff by 1.4 full time employees and a reduction of internal staff by 0.5 full time employees. Broken down it will mean one less gardener and a part time maintenance hand, building surveyor and a reduction of community development services staff. This will have a flow on effect on the level of service provided to the community.

Officers have investigated the use of reserves to reduce the rate increase, but have determined that this is not a financially viable decision, taking into account the nature and extent of cuts in the budget mentioned above, as well as the approximately \$202,523 already taken from reserves. Should Councillors still wish to proceed down this path, a figure of \$10,000 roughly equates to a 1% rate decrease.

A quick analysis of the 2012/13 budget indicates a 30% rate increase to match income to expenditure in a care and maintenance budget mode again.

The next step in the process of adopting the 2011/12 budget is to convert this cash budget to a statutory compliant budget for adoption at the Ordinary meeting of Council to be held in August 2011.

STATUTORY ENVIRONMENT:

Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

POLICY IMPLICATIONS:

Revision of the policy allocating Recreation Reserve allocation to be spent on infrastructure purposes only and a review of Council Policies ADM 7 Council Function Room Hire and HAB 2 Use/Hire of Community Facilities.

FINANCIAL IMPLICATIONS: 2011/12 Budget

STRATEGIC IMPLICATIONS: The adoption of the Draft Cash Budget is the first step in developing the long term financial sustainability of the Shire.

RECOMMENDATION:

That Council adopt the attached budget with a balanced final cash position with rates raised of \$1,115,214 being a net increase of 18.36% on 2010/11 rate revenue.

**SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
TO BE PRESENTED TO SPECIAL MEETING OF COUNCIL 7 JULY 2011**

INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	Income	expense	income	expense	income
SCHEDULE 3 - GENERAL PURPOSE REVENUE							
GENERAL PURPOSE REVENUE - OPERATING INCOME							
0011 RATE REVENUE (FP P19)	\$0		\$0		\$940,000		\$937,773
0041 LEGAL FEES	\$100		\$0		\$0		\$0
0061 INTEREST ON OVERDUE RATES	\$6,000		\$6,000		\$4,500		\$5,500
0091 EQUALISATION GRANT	\$637,914		\$637,914		\$481,117		\$474,305
0231 INTERIM RATES	\$2,000		\$2,000		\$2,200		\$1,200
0261 INTEREST ON INSTALLMENTS	\$3,000		\$3,000		\$2,400		\$2,858
0271 INTEREST ON DEFERRED RATES	\$500		\$500		\$500		\$500
0291 LOCAL ROAD GRANT	\$376,438		\$376,438		\$275,438		\$277,592
0553 ROYALTIES FOR REGIONS							
C/F 2010/11 Council Allocation	\$302,885		\$1,270,306		\$1,210,741		\$1,210,741
C/F 2010/11 Regional Projects Allocation	\$302,685						
2011/12 Council Allocation	\$332,468						
2011/12 Regional Projects Allocation	\$332,468						
4812 ROYALTIES FOR REGIONS EXPENDITURE		\$1,288,307		\$1,245,741		\$640,371	
C/F 2010/11 Expenditure	\$605,371						
2011/12 Council Allocation	\$332,468						
2011/12 Regional Projects Allocation	\$332,468						
Return of partial SWDC R4R grant - Recreation Centre plans	\$18,000						
0361 ADMINISTRATION CHARGES ON INSTALLMENTS	\$3,500		\$3,500		\$2,900		\$3,250
0523 DEPT. OF TRANSPORT COMMISSION	\$18,000		\$18,000		\$18,000		\$19,956
0533 SUNDRY INCOME			\$12,450		\$12,600		\$14,327
Photocopies, Faxes & Miscellaneous services	\$50						
Account enquires	\$1,200						
Trainee commencement	\$2,500						
WALGA advertising rebate	\$200						
FESA Levy	\$4,000						
LGIS Insurance Rebate	\$4,000						
Other sundry income	\$500						
0573 EXPENSES RECOVERED							
Payments recovered from others	\$50,000		\$50,000		\$25,000		\$48,000
0583 B.C.I.T.F. AND BRB COMMISSION	\$500		\$500		\$500		\$450
4882 SURPLUS CARRIED FORWARD FROM 2010/11	\$0		\$0		\$71,819		\$19,810
4873 INTEREST ON INVESTMENTS - GENERAL	\$20,000		\$20,000		\$15,000		\$38,179
4883 INTEREST ON INVESTMENTS - RTR			\$0		\$0		\$16,147
4893 INTEREST ON INVESTMENTS - DOTARS	\$0		\$0		\$5,000		\$20,883
GENERAL PURPOSE REVENUE - OPERATING EXPENDITURE							
0472 RATING VALUATION EXPENSES		\$11,200		\$10,500		\$9,400	
Miscellaneous Valuation Expenses	\$4,200						
Annual Unimproved Valuation Roll	\$6,000						
4 yearly GRV Valuation Roll	\$0						
Change of Valuation basis Revaluations - estimate	\$1,000						
4862 GRANTS COMMISSION REVIEW		\$0		\$500		\$500	
Review of Annual Information Return	\$0						
3832 INTEREST ON OVERDRAFT	\$100	\$100		\$100		\$0	
4872 DOT LICENSING EXPENSES		\$16,280		\$14,778		\$10,005	
Telephone	\$500						
Salaries	\$13,941						
Superannuation	\$1,819						
0422 RECOVERABLE EXPENSES		\$50,000					
Payments to be recovered from others	\$50,000			\$25,000		\$48,000	
4802 WRITE OFFS	\$100	\$100		\$200		\$0	

**SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
TO BE PRESENTED TO SPECIAL MEETING OF COUNCIL 7 JULY 2011**

INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	Income	expense	income	expense	income
Data Projector and Screen (Screen to be included in above prog)	\$0						
SCHEDULE 4 - GENERAL ADMINISTRATION							
GENERAL ADMINISTRATION - OPERATING EXPENDITURE							
0242 ANNUAL LEAVE EXPENSE (NON CASH)		\$0		\$0		\$0	
0272 SALARIES	\$356,067	\$346,067		\$305,580		\$379,127	
reduced MCS salary for 2 days/wk for 3 mths	-\$10,000						
0282 SUPERANNUATION	\$34,187	\$34,187		\$29,592		\$30,598	
0292 INSURANCE	\$32,110	\$32,110		\$18,984		\$13,792	
0312 FURNITURE AND EQUIPMENT - MINOR		\$2,000		\$2,000		\$953	
Five year office equipment replacement program (FP APP.#1 P72)	\$2,000						
0362 TRANSFER TO RESERVES		\$25,000		\$30,000		\$30,000	
Office Equipment (FP APP 3 P27)	\$0						
Long Service Leave (FP APP3 P27)	\$25,000						
0362 BUILDING AND GARDENS MAINTENANCE		\$43,080		\$92,178		\$85,000	
Wages - Cleaner	\$5,533						
Overheads	\$1,585						
Cleaning Materials	\$1,000						
Wages - Gardener	\$7,500						
Overheads	\$2,709						
Plant Operations Costs	\$4,119						
Plant Depreciation (Non Cash)	\$1,123						
Gardener Materials	\$1,141						
Water & Sewerage Charges	\$1,500						
Electricity	\$7,500						
Building Maintenance (incl Fire Extinguisher service & Pest control)	\$2,200						
Carpet Cleaning	\$1,000						
FESA Levy	\$150						
Bicycle Rack	\$0						
Partitioning for Cluster Desks	\$0						
Replace Alarm and Smoke Detection System	\$6,000						
Replace Telephone System	\$0						
0372 COMPUTER MAINTENANCE		\$47,115		\$46,155		\$27,544	
Product and Telephone Support	\$13,740						
Records Management System	\$12,075						
Planning/Health modules & training	\$10,000						
Virus control annual license	\$1,000						
Miscellaneous Maintenance and Repairs	\$5,000						
IT Vision User Group	\$500						
Website Maintenance	\$3,800						
WALGA - Secure Internet Gateway Management Service	\$1,000						
0382 PRINTING AND STATIONERY		\$13,500		\$16,000		\$12,725	
Printing	\$6,000						
Stationery	\$5,000						
Printing Consumables	\$2,000						
Freight	\$500						
0392 TELEPHONE		\$9,000		\$11,000		\$10,482	
Telephone Expenses	\$8,000						
Call Centre	\$1,000						
0402 OFFICE EQUIPMENT MAINTENANCE		\$8,000		\$8,000		\$4,530	
Photocopier Service Contract	\$5,500						
General Repairs & Maintenance	\$2,500						
0412 POSTAGE	\$5,000	\$5,000		\$5,000		\$3,986	
0432 VEHICLE & TRAVELLING	\$10,000	\$10,000		\$11,000		\$11,167	
0442 BANK CHARGES		\$4,500		\$4,500		\$4,654	
Account Management Fee	\$4,500						
0452 ADVERTISING		\$12,000		\$15,000		\$7,093	
Nannup Telecentre news	\$3,000						
Other publications	\$9,000						
0462 AUDIT FEES		\$11,700		\$15,640		\$15,640	
Audit & Interim Audit	\$8,200						
Attendance at Audit Committee meeting	\$1,500						
Other audit requirements	\$2,000						
0482 LEGAL EXPENSES		\$15,000		\$10,000		\$34,939	
General Legal Expenses	\$15,000						

**SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
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INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	income	expense	income	expense	income
FIRE PREVENTION - OPERATING INCOME							
0644 CAPITAL INCOME	\$0		\$0		\$22,800		\$25,171
Equipment Grants							
0743 FESA EQUIPMENT GRANTS	\$0		\$0		\$0		\$95,000
Equipment Grants							
0703 FESA LEVY OPERATING INCOME			\$177,648		\$112,620		\$148,644
Bush Fire Brigades (FP P32)	\$122,648						
Contribution to CESM (FP P29)	\$50,000						
Contribution to CESM Authorised O/Time	\$5,000						
0773 FINES			\$500		\$120		\$250
Estimated infringements - firebreaks	\$500						
XXXX FIRE BREAK MAINTENANCE INCOME			\$0		\$120		\$250
Estimated Income for installation Special Rural firebreaks	\$0						
FIRE PREVENTION - CAPITAL EXPENDITURE							
0744 PLANT PURCHASES		\$0		\$22,800		\$24,618	
0744 BUILDINGS		\$0		\$0		\$57,000	
ANIMAL CONTROL - OPERATING EXPENDITURE							
0802 CONTROL EXPENSES		\$4,000		\$4,000		\$2,600	
Compliance with Dog Act (FP P31)	\$1,000						
Contract Ranger	\$3,000						
ANIMAL CONTROL - OPERATING INCOME							
0833 DOG REGISTRATION FEES			\$1,400		\$1,600		\$1,387
Income from Dog Registrations	\$1,400						
0843 FINES & PENALTIES			\$100		\$100		\$3,020
Fines	\$100						
OTHER - LAW, ORDER AND PUBLIC SAFETY - OPERATING EXPENDITURE							
0912 EMERGENCY MANAGEMENT EXPENSES		\$9,400		\$2,705		\$2,705	
Emergency Management Plan Review	\$9,400						
0942 EMERGENCY RESPONSE	\$1,000	\$1,000		\$1,000		\$5,824	
0922 DONATION TO NANNUP S.E.S.		\$10,059		\$5,240		\$5,093	
Insurance	\$1,513						
Operating Grant	\$8,546						
OTHER - LAW, ORDER AND PUBLIC SAFETY - OPERATING INCOME							
0963 FESA LEVY OPERATING INCOME - SES			\$80,110		\$5,240		\$4,830
SES	\$10,110						
SES Building Refurbishment (FP APP 4)	\$70,000						
6993 GRANT- EMERGENCY MANAGEMENT PLAN REVIEW	\$9,400		\$9,400		\$0		\$0
OTHER - LAW, ORDER AND PUBLIC SAFETY - CAPITAL EXPENDITURE							
0974 BUILDING UPGRADE		\$70,000					
SES Building Refurbishment (FP APP 4)	\$70,000						
SCHEDULE 7 - HEALTH							
HEALTH INSPECTION AND ADMINISTRATION - OPERATING EXPENDITURE							
1242 INSURANCE	\$1,192	\$1,192		\$434		\$419	
1252 ANNUAL LEAVE EXPENSE HEALTH (NON CASH)		\$0		\$0			
1262 HEALTH SERVICES		\$18,973		\$15,570		\$38,305	
Salaries	\$9,973						
Food premises Inspections (FP P33)	\$3,500						
Implementation of Health Local Laws (FP P33)	\$5,500						
1272 LSL EXPENSE HEALTH (NON CASH)		\$0		\$0			
1282 SUPERANNUATION	\$1,246	\$1,246		\$751		\$1,680	
1322 ADMINISTRATION EXPENSES		\$5,500		\$5,500		\$1,900	

**SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
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INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	Income	expense	Income	expense	Income
OTHER AGED AND DISABLED - OPERATING INCOME							
1653 GRANTS & OTHER INCOME			\$25,000		\$24,684		\$8,933
Dept for Communities - Seniors Bus (Hire)	\$3,000						
Dept for Communities - Seniors Defensive Driving Course	\$10,000						
Dept for Communities - Aged Housing Plan	\$10,000						
Contributions to Senior's Activities	\$2,000						
OTHER AGED AND DISABLED - CAPITAL EXPENDITURE							
SCHEDULE 9 - HOUSING							
COUNCIL STAFF - OPERATING EXPENDITURE							
1712 BUILDING MAINTENANCE		\$26,996		\$16,361		\$19,500	
Water Rates	\$1,000						
Maintenance	\$3,000						
Electricity	\$2,000						
FESA Levy	\$100						
Insurance	\$896						
Provision of house for new MCS	\$20,000						
1722 INTEREST REPAYMENTS	\$0	\$0		\$975		\$978	
COUNCIL STAFF - OPERATING INCOME							
1723 RENTAL INCOME			\$21,560		\$8,060		\$8,413
L1302 Carey St. (\$110 / wk) MDS	\$5,720						
L234 Dunnet Rd (\$110 / wk) WM	\$5,720						
L233 Carey St. (\$110 / wk) CEO	\$5,720						
New MCS - Rental @ \$110/wk for 40wks	\$4,400						
COUNCIL STAFF - CAPITAL EXPENDITURE							
1764 PRINCIPAL REPAYMENTS (PAP)	\$0	\$0		\$8,241		\$8,241	
1754 DUNNET RD			\$0				
Painting	\$0						
1744 CAREY ST			\$0				
Replace Lino	\$0						
HOUSING OTHER - OPERATING EXPENDITURE							
1732 BUILDING MAINTENANCE		\$7,705		\$15,296		\$10,750	
Water Rates	\$1,000						
Maintenance by Contractors	\$3,000						
Insurance	\$1,505						
Sewage rates	\$2,200						
HOUSING OTHER - OPERATING INCOME							
1743 RENTAL INCOME			\$0		\$8,640		\$8,161
Grange Rd Duplex	\$0						
SCHEDULE 10 - COMMUNITY AMENITIES							
SANITATION - HOUSEHOLD REFUSE - OPERATING EXPENDITURE							
1762 CONTRACTORS COLLECTION FEES (FP P40)			\$67,000		\$62,322		\$62,322
Rubbish & Recycling Verge Pick Up Services	\$67,000						
1772 WASTE MANAGEMENT FACILITY MAINTENANCE			\$135,503		\$138,032		\$116,993
Contract (FP P40)	\$130,000						
Perimeter Clean Up	\$1,000						
Insurance	\$503						
DEC Site Monitoring & Fencing Requirements	\$4,000						
1824 STREET BIN PICK-UP			\$9,000		\$8,500		\$16,694
Wages	\$4,100						
Overheads	\$1,481						
Plant Operation Costs	\$2,252						
Plant depreciation (non cash)	\$614						
Materials	\$553						
XXXX TRANSFER TO RESERVE (FP APP. 3)			\$10,000				
Land Fill Site Rehabilitation	\$10,000						
SANITATION - HOUSEHOLD REFUSE - OPERATING INCOME							

**SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
TO BE PRESENTED TO SPECIAL MEETING OF COUNCIL 7 JULY 2011**

INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	income	expense	income	expense	income
OTHER COMMUNITY AMENITIES - OPERATING INCOME							
2373 CEMETERY FEES			\$2,000		\$3,000		\$1,800
Cemetery Fees	\$2,000						
6041 NCRC REPAYMENT OF SELF SUPPORTING LOAN	\$19,722		\$19,722				
OTHER COMMUNITY AMENITIES - CAPITAL EXPENDITURE							
1834 CAPITAL WORKS			\$0				
Shire Offices - Public Toilets (FP APP 4)	\$0						
1174 PRINCIPAL REPAYMENTS L37	\$11,602	\$11,602					
SCHEDULE 11 - RECREATION AND CULTURE							
PUBLIC HALLS AND CIVIC CENTRES - OPERATING EXPENDITURE							
2422 TOWN HALL		\$11,103		\$22,040		\$9,034	
Cleaners Wages	\$2,384						
Overheads	\$683						
Electricity	\$2,000						
Water & Sewerage Charges	\$600						
Insurance	\$1,816						
Cleaning Materials	\$500						
FESA Levy	\$120						
Maintenance by Contractors	\$3,000						
2432 RECREATION CENTRE BUILDING		\$10,668		\$80,448		\$52,572	
Cleaners Wages	\$1,214						
Overheads	\$348						
Electricity	\$3,000						
Water	\$2,000						
Insurance	\$3,286						
Cleaning Materials	\$700						
FESA Levy	\$120						
Recreation Program Provision (FP P52)	\$0						
2442 COMMUNITY CENTRE BUILDING		\$2,783		\$2,604		\$1,437	
Insurance	\$1,663						
Maintenance	\$1,000						
FESA Levy	\$120						
2462 TELECENTRE BUILDING		\$643		\$574		\$839	
Insurance	\$643						
2472 OLD ROADS BOARD BUILDING		\$514		\$4,459		\$2,134	
Insurance	\$514						
2482 BOWLING CLUB BUILDING		\$3,739		\$3,000		\$3,037	
Insurance	\$1,739						
Water	\$2,000						
2492 CUNDINUP HALL		\$468		\$360		\$675	
Insurance	\$348						
FESA Levy	\$120						
2502 CARLOTTA HALL		\$430		\$20,326		\$20,326	
Insurance	\$310						
FESA Levy	\$120						
2622 TRANSFER TO RESERVE	\$0	\$0		\$404,130		\$0	
PUBLIC HALLS AND CIVIC CENTRES - OPERATING INCOME							
2443 TRANSFER FROM RESERVE			\$123,000		\$518,461		\$0
Recreation Centre	\$123,000						
2453 GRANTS			\$0		\$50,000		\$0
SWDC - Recreation centre - Upgrade							
7043 RECREATION CENTRE HIRE FEES			\$2,500		\$5,150		\$6,538
Estimated hire fees Recreation Centre	\$2,500						
7053 OTHER HIRE CHARGES			\$600		\$900		\$7,900
Estimated hire fees Town Hall	\$300						
Estimated hire fees Function Room	\$300						
PUBLIC HALLS AND CIVIC CENTRES - CAPITAL EXPENDITURE							
2674 CAPITAL WORKS - HALLS		\$132,000		\$0		\$10,000	
Old roads Board Building (FP APP4)	\$4,000						

SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
TO BE PRESENTED TO SPECIAL MEETING OF COUNCIL 7 JULY 2011

INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	Income	expense	Income	expense	Income
SCHEDULE 12 - TRANSPORT							
CONST. STREETS, ROADS, BRIDGES AND DEPOTS - CAPITAL EXPENDITURE							
3130 MOWEN ROAD		\$5,000,000		\$5,219,251		\$4,615,000	
Wages	\$790,000						
Overheads	\$285,316						
Plant Operation Costs	\$433,870						
Plant depreciation (non cash)	\$118,335						
Materials	\$3,372,479						
3170 CAPITAL ROAD WORKS PROGRAM (FP P55)		\$619,081		\$463,081		\$470,581	
(Includes Blackspot Funding, Coronation, River and Mowen Rds)							
Wages	\$129,733						
Overheads	\$46,854						
Plant Operation Costs	\$71,250						
Plant depreciation (non cash)	\$19,433						
Materials	\$351,811						
3180 MRWA SPECIAL BRIDGEWORKS (FP APP8)		\$669,000		\$93,000		\$93,000	
Maldments Bridge	\$669,000						
3190 TIRES PROJECTS		\$85,000		\$125,000		\$123,071	
Wages	\$35,000						
Overheads	\$12,641						
Plant Operation Costs	\$18,222						
Plant depreciation (non cash)	\$5,243						
Materials	\$12,894						
3264 MAIN STREET UPGRADE (FP P60)	\$0	\$0					
3210 FOOTPATH PROGRAM (FP P55)		\$0		\$50,000		\$50,955	
Wages	\$0						
Overheads	\$0						
Plant Operation Costs	\$0						
Plant depreciation (non cash)	\$0						
Construction by contractors	\$0						
3212 DEPOT OFFICE & MAINTENANCE EXPENSES		\$26,293		\$17,564		\$18,628	
Telephone							
Wages	\$3,500						
Overheads	\$1,264						
Cleaners wages	\$500						
Cleaners overheads	\$143						
Cleaning Materials	\$500						
Plant Operation Costs	\$0						
Depreciation (non cash)	\$0						
Materials	\$13,236						
Water	\$4,000						
FESA Levy	\$150						
Electricity	\$2,500						
Community Sheds - Seal Driveway	\$0						
General Maintenance	\$500						
3240 TRAFFIC SIGNS AND CONTROL	\$9,000	\$9,000		\$7,000		\$7,045	
3250 JALBARRAGUP BRIDGE (FP APP 8)		\$0		\$5,087,973		\$5,087,973	
Construction	\$0						
6880 DEPOT CONSTRUCTION		\$10,000		\$20,000		\$20,000	
Wages	\$1,000						
Overheads	\$361						
Plant Operation Costs	\$548						
Plant depreciation (non cash)	\$150						
Materials	\$7,940						
7120 ROMANS ROAD INVENTORY SYSTEM		\$5,000		\$8,000		\$5,392	
Program maintenance fee	\$5,000						
7870 TRANSFER TO RESERVE		\$0		\$0			
Main street upgrade (FP APP 3)							
ROAD CONSTRUCTION - INCOME							
3221 MRWA DIRECT GRANTS	\$59,474		\$59,474		\$59,474		\$60,029
3391 BLACKSPOT GRANTS			\$117,000		\$0		
Coronation Rd	\$100,000						
Mowen Rd	\$17,000						
3231 REGIONAL ROAD GROUP GRANTS			\$186,000		\$170,000		\$170,000
Balingup Rd	\$50,000						

**SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
TO BE PRESENTED TO SPECIAL MEETING OF COUNCIL 7 JULY 2011**

INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	income	expense	income	expense	income
3361 MOWEN RD SUPERVISION FEE	\$200,000		\$200,000		\$100,000		\$672,797
MAINTENANCE, STREETS, BRIDGES AND DEPOTS - CAPITAL EXPENDITURE							
3254 PRINCIPAL REPAYMENTS		\$0		\$4,868		\$4,868	
Loan 32 Underground Power Warren Rd (APP 2)	\$0						
ROAD PLANT PURCHASES OPERATING EXPENDITURE							
3594 INTEREST REPAYMENTS		\$15,044					
Interest Repayments L38	\$15,044						
ROAD PLANT PURCHASES OPERATING INCOME							
3695 PROCEEDS FROM LOAN			\$0		\$280,000		\$280,000
Plant Purchases	\$0						
3685 TRANSFER FROM RESERVE (FP P61)			\$196,014		\$230,000		\$230,000
Plant Purchases & Loan 38 Repayments	\$116,014						
Balance Colocation Centre Reserve reallocated	\$80,000						
8393 INCOME FROM SALE OF ASSETS (FP APP7)			\$46,000		\$80,000		\$84,000
Utility	\$14,000						
Utility	\$14,000						
Truck 2t Tipper	\$10,000						
Lawn Mower Ride On	\$8,000						
ROAD PLANT PURCHASES CAPITAL EXPENDITURE							
3564 PURCHASE OF PLANT (FP APP 7)		\$126,000		\$420,000		\$378,720	
Utility Space Cab	\$28,000						
Utility Space Cab	\$28,000						
Truck 2t Tipper	\$50,000						
Lawn Mower Ride On	\$20,000						
Water Truck	\$0						
3604 PRINCIPAL REPAYMENTS (FP APP 2)		\$49,970					
Principal Repayments L38	\$49,970						
PARKING AND PARKING FACILITIES OPERATING EXPENDITURE							
3632 PARKING PLANNING (FP P62)	\$0		\$0				
SCHEDULE 13 - ECONOMIC SERVICES							
RURAL SERVICES - OPERATING EXPENDITURE							
3842 WEED CONTROL - ROAD RESERVES		\$10,000		\$4,500		\$4,548	
Weed Spraying - Contract Work	\$10,000						
3872 FERAL PIG PROGRAM		\$11,445		\$4,286		\$96,795	
Wages	\$4,000						
Superannuation	\$360						
Insurance	\$7,085						
RURAL SERVICES - OPERATING INCOME							
3893 FERAL PIG PROGRAM	\$10,298		\$10,298		\$4,286		\$93,217
TOURISM AND AREA PROMOTION - OPERATING EXPENDITURE							
3862 FUNCTIONS AND EVENTS SUPPORT (Road closures etc.)		\$7,000		\$23,000		\$19,557	
Wages	\$3,500						
Overheads	\$1,264						
Plant Operation Costs	\$1,644						
Plant depreciation (non cash)	\$448						
Materials	\$144						
3932 CARAVAN PARKS AND CAMPING GROUNDS		\$3,626		\$16,440		\$11,105	
Contract Maintenance	\$2,000						
Insurance	\$776						
Water	\$700						
FESA Levy	\$150						
3912 CARAVAN PARKS AND CAMPING GROUNDS GARDENING		\$18,000		\$15,001		\$10,000	
Wages	\$5,700						
Overheads	\$2,059						
Plant Operation Costs	\$3,130						
Plant depreciation (non cash)	\$854						

**SHIRE OF NANNUP- DRAFT 2011/12 CASH BUDGET
TO BE PRESENTED TO SPECIAL MEETING OF COUNCIL 7 JULY 2011**

INCOME AND EXPENDITURE DESCRIPTION	2011/12 detail	2011/12 BUDGET		2010/11 BUDGET		ANTICIPATED 30/6/2011	
		expense	Income	expense	Income	expense	Income
4432 INSURANCE ON WORKS	\$54,850	\$54,850		\$52,407		\$49,330	
4452 PROTECTIVE CLOTHING	\$10,000	\$10,000		\$10,000		\$7,198	
4462 SAFETY MEETINGS - WAGES		\$3,500		\$3,500		\$78	
Wages paid during safety meeting attendance	\$3,500						
4532 ADMINISTRATIVE EXPENSES		\$1,000		\$1,000		\$0	
Technical papers	\$1,000						
6792 PUBLIC HOLIDAY PAY	\$33,405	\$33,405		\$31,104		\$30,776	
7672 RECRUITMENT EXPENSES		\$2,000		\$2,000		\$250	
Advertising	\$2,000						
9562 DEPRECIATION (NON CASH)	\$9,359	\$9,359		\$0		\$9,359	
7422 LESS P.W.O. ALLOCATED	-\$459,308	-\$459,308		-\$380,209		-\$377,655	
PLANT OPERATION COSTS - OPERATING EXPENDITURE							
4472 WAGES		\$45,893		\$68,019		\$59,821	
Mechanic	\$45,893						
4482 TYRES AND BATTERIES		\$28,000		\$25,000		\$22,008	
Tyres and Batteries Requirement	\$28,000						
4492 INSURANCES AND LICENSES		\$24,812		\$21,100		\$21,798	
Insurance	\$21,312						
Licenses	\$3,500						
4982 FUEL AND OIL	\$300,000	\$300,000		\$250,000		\$123,760	
4992 SUNDRY TOOLS AND STORES	\$4,000	\$4,000		\$4,000		\$2,500	
6802 PARTS AND EXTERNAL WORK	\$55,000	\$55,000		\$55,000		\$76,800	
9382 DEPRECIATION (NON CASH)	\$182,112	\$182,112		\$168,698		\$168,698	
4512 LESS POC ALLOCATED TO WORKS AND SERVICES	-\$639,817	-\$639,817		-\$591,817		-\$475,381	
LESS NON CASH ITEMS		-\$472,128		-\$251,907		-\$261,286	
TOTALS		\$11,257,973	\$10,142,759	\$16,559,484	\$19,359,057	\$15,154,178	\$19,471,460
AMOUNT TO BE MADE UP FROM RATES		\$1,115,214		-\$2,799,573		-\$4,317,282	

NON CASH ITEMS CONTAINED IN CASH BUDGET

Depreciation	\$201,484	
Plant depreciation	\$182,112	
Long service leave	\$23,115	
Annual leave	\$65,417	\$472,128

Changes in Draft Budget 26th May 2011 to 30th June 2011

Draft (Surplus)/Deficit	Reduction in Expenditure/ Increase in Income	Increase in Expenditure/ Decrease in Income	Revised Position
1132 - Youth - Strategic Planning Provision	\$5,000		-\$1,786,450
1132 - Youth - Leeuwin Sail Training Sponsorship	\$500		-\$1,785,950
NEW - School Holiday Program Income	\$2,000		-\$1,783,950
1803 - Rubbish	\$2,900		-\$1,781,050
1803 - Recycling	\$1,500		-\$1,779,550
2132 - Contracted Services	\$5,000		-\$1,774,550
2142 - Guidelines for new developments	\$10,000		-\$1,764,550
2142 - Municipal Inventory Review	\$18,000		-\$1,746,550
2142 - Review LPS#3 ad LPS	\$25,000		-\$1,721,550
2302 - Cemetery - Installation new gates		\$7,000	-\$1,728,550
2574 - Town Hall	\$9,500		-\$1,719,050
2432 - Recreation Centre - Recreation Program Provision	\$5,000		-\$1,714,050
2443 - Transfer from Reserves - Recreation Centre	\$13,000		-\$1,701,050
2642 - Marinko Park Trees (no shade shelter)	\$40,000		-\$1,661,050
2642 - Nannup Tree Trail	\$500		-\$1,660,550
2642 - Oval Pump House	\$20,000		-\$1,640,550
7432 - Materials	\$7,000		-\$1,633,550
3170 - General Reduction in roadworks	\$100,000		-\$1,533,550
3170 - Understated total value of roadworks		\$85,000	-\$1,618,550
3210 - Footpath Program	\$50,000		-\$1,568,550
6880 - Depot Construction	\$10,000		-\$1,558,550
3380 - Local Road Maintenance - Repairs to Hitchcock Drive	\$30,000		-\$1,528,550
3682 - Transfer to Reserve - Main Street Upgrade	\$50,000		-\$1,478,550
3962 - Foreshore Park Arboretum events	\$30,000		-\$1,448,550
3993 - Foreshore Park Arboretum events		\$24,000	-\$1,472,550
3912 - Caravan Parks Gardening - Works staff expenses		\$16,000	-\$1,488,550
4024 - Caravan Park Upgrade	\$50,000		-\$1,438,550
4024 - Caravan Park Upgrade - Camp Kitchen	\$2,000		-\$1,436,550
4025 - Caravan Park Upgrade - Timber Toilets	\$3,000		-\$1,433,550
1712 - House for MCS		\$20,000	-\$1,453,550
1723 - MCS Rental for 40 wks @ \$110/wk	\$4,400		-\$1,449,150
0352 - Office Equipment - Transfer to Reserve	\$20,000		-\$1,429,150
0543 - Transfer from Office Equipment Reserve		\$27,523	-\$1,456,673
0543 - Transfer from Office Equipment Reserve	\$14,036		-\$1,442,637
7042 - Agg Road	\$25,000		-\$1,417,637
0553 - Royalties for Regions - increase in allocation - Direct	\$29,783		-\$1,387,854
4812 - Royalties for Regions - Increase in allocation - Direct		\$29,783	-\$1,417,637
0553 - Royalties for Regions - increase in allocation - Regional	\$29,783		-\$1,387,854
4812 - Royalties for Regions - Increase in allocation - Regional		\$29,783	-\$1,417,637
1723 - Staff Housing Rental - increase in rental to reflect market	\$4,940		-\$1,412,697
3685 - Reallocation of Colocation Centre Reserve to Plant Purchase	\$80,000		-\$1,332,697
3682 - Transfer to Plant Reserve	\$92,000		-\$1,240,697
3685 - Transfer from Plant Reserve		\$149,000	-\$1,389,697
3130 - Mowen Road - Increase in Expenditure		\$1,000,000	-\$2,389,697
3341 - Mowen Road - Increase in grant funding	\$1,000,000		-\$1,389,697
3361 - Mowen Road - Additional Supervision fees	\$40,000		-\$1,349,697
4062 - Building Surveyor Salaries - officer not replaced from Jan 2012	\$22,526		-\$1,327,171
0272 - MCS Salary - saving on part time vacancy for 3mths	\$10,000		-\$1,317,171
2642 - Gardener not replaced 2012	\$32,740		-\$1,284,431
2642 - Handyman reduced to 3 days/week	\$19,352		-\$1,265,079
2642 - provision of Tulip bulbs deleted	\$10,000		-\$1,255,079
3564 - Water Truck	\$120,000		-\$1,135,079
3361 - Mowen Road - Additional Supervision fees	\$10,000		-\$1,125,079
0011 - Rates - Increase to balance budget shortfall (Revised Position to OM 23/6/11)			-\$1,125,079
Changes since OM 23rd June 2011			
1642 - Youth - reduction in hours	\$18,000		-\$1,107,079
General - Increase in Insurance Premiums greater than originally advised		\$22,135	-\$1,129,214
0162 - NDHS - P&C	\$1,000		-\$1,128,214

AGENDA NUMBER: 5.2
 SUBJECT: Rates in the Dollar
 LOCATION/ADDRESS: Nannup
 NAME OF APPLICANT: N/A
 FILE REFERENCE: FNC 3
 AUTHOR: Kevin Waddington – Acting Manager Corporate Services
 DISCLOSURE OF INTEREST:
 DATE OF REPORT: 6 July 2011

Attachments:

1. New Rate Model 20 – Net 18.36% increase (WALGGC) over 5 years
2. New Rate Model 21 – Net 18.36% increase (WALGGC) over 5 years
3. New Rate Model 22 – Net 18.36% increase (WALGGC) over 5 years
4. New Rate Model 23 – Net 18.36% increase
5. New Rate Model 24 – Net 18.36% increase (WALGGC) over 5 years

BACKGROUND:

For the purposes of compiling Council's draft 2011/12 cash budget, the amount included as the start point for the imposition of rates is \$990,000 per Council's Forward Plan 2010/11 – 2014/15, however due to the extent of the proposed deficit position, Council has held Budget Workshop sessions to reduce the deficit to an acceptable level thereby requiring a revised amount to be made up from rates of \$1,115,214 some \$125,214 greater than envisaged at the time the Forward Plan was updated. If Council changes the total required yield from rates through discussion on the draft 2011/12 budget, then this figure will need to be amended.

Council must now strike appropriate rates in the dollar to be applied to the different categories of rates Council has to obtain, or another figure being the amount desired to be raised from rates.

Council's rating model for 2010/11 was:

	RATE IN THE \$ MINIMUM	
GRV - GENERAL	6.6677	\$550
UV - GENERAL	0.2186	\$570

This model was budgeted to raise \$942,200. As per the 2010/11 budget review as at 30 April 2011, it is estimated that \$941,323 will be raised in rates. The difference between the two is explained by the raising of interim rates, i.e. changes to the rates applicable to properties throughout the year due to subdivision or change of basis of rates.

The Valuer General's Office has provided information that the average change in valuations for the coming year throughout the Shire is:

Unimproved Valuation properties: -10.7%
 Gross Rental Valuation properties: -9.5%

Taking these resolutions in to account, a rating model was developed:

1. Which started with the incorporation of the new UV and GRV valuations as provided by the Valuer General's Office.
2. The rate in the dollar for UV properties was increased by 10.7% and the rate in the dollar for GRV properties was increased by 9.5%.
3. The UV and GRV rates in the dollar were altered, taking into account resolution C2 of minute number 8243 of Council meeting of August 2009 which reads:

That the Council review the relativities in rate contributions from the GRV and UV sectors to bring these more in line with the Local Government Grants Commission's assessment of the shire's rating capacity and with rates levied by neighbouring and regional local governments.

(Note: due to the impact that a change in rating yield to reflect the WALGGC assessed rating capability would have on the UV land owners, the models have been developed on the basis of phasing the adjustment in over a five (5) year period.)

The Local Government Grants Commission's (WALGGC) uses a balanced budget approach to determine the level of General Purpose Grant funding to be allocated to local governments. The WALGGC has not reviewed this formula since 2007/08 however it is proposed that a review will be undertaken in 2011/12. Previously, advice was sought from the Commission regarding how Council's should calculate the assessed rating capacity until the next review. The advice received was that Council's assessed capacity should be extrapolated out to the current year utilising the state average CPI increase to calculate the assessed capacities for raising rates.

- 4 The UV and GRV rates in the dollar were increased by the same factor to produce the start point for the estimated budgeted rate yield of \$1,115,214, as opposed to the WALGGC extrapolated assessed capacity of \$1,078,280.

For the purposes of this model (model # 1) the changes as per the above resolution have been implemented over one year. The following model provides the outcome of the above process:

ORIGINAL DRAFT BUDGET MODEL # 1 (to raise \$1,125,081)

- * Based on 2010/11 adopted rate model criteria.
- * Based on 2011/12 valuation data.
- * GRV and UV rates in the dollar compensated for average change in valuations.
- * Yield = forward plan 2011/12 + budget shortfall

RATE IN THE \$	MINIMUM	YIELD	MINIMUMS	% CHANGE IN YIELD
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ORIGINAL DRAFT BUDGET MODEL # 3 (based on Model 2 phasing in over two years)

- * Based on 2011/12 valuation data.
- * GRV and UV rates in the dollar compensated for average change in valuations.
- * C2 - achieve WALGGC relative assessed capacity for GRV and UV.
- * Yield = forward plan 2011/12 + budget shortfall

	RATE IN THE \$	MINIMUM	YIELD	MINIMUMS	% CHANGE IN YIELD
GRV - GENERAL	0.073411	\$474	\$500,346	34.0%	0.50
UV - GENERAL	0.003593	\$804	\$624,733	36.7%	40.60
			<u>\$1,135,111</u>	<u>43.55%</u>	<u>20.55</u>
		GRV BUDGETED 2011/12 YIELD	\$523,359		
		UV BUDGETED 2011/12 YIELD	<u>\$466,736</u>		
			<u>\$990,095</u>		
	% CHANGE GRV RATE IN \$		10.1%		
	% CHANGE GRV MINIMUM		-13.8%		
	% CHANGE UV RATE IN \$		64.4%		
	% CHANGE UV MINIMUM		41.0%		

ORIGINAL DRAFT BUDGET MODEL # 4 (based on Model 2 phasing in over three years)

- * Based on 2011/12 valuation data.
- * GRV and UV rates in the dollar compensated for average change in valuations.
- * C2 - achieve WALGGC relative assessed capacity for GRV and UV.
- * Yield = forward plan 2011/12 + budget shortfall

	RATE IN THE \$	MINIMUM	YIELD	MINIMUMS	% CHANGE IN YIELD
GRV - GENERAL	0.075212	\$550	\$531,640	48.8%	6.8
UV - GENERAL	0.003373	\$804	\$593,453	40.2%	33.6
			<u>\$1,125,092</u>	<u>44.5%</u>	<u>20.2</u>
		GRV BUDGETED 2011/12 YIELD	\$523,359		
		UV BUDGETED 2011/12 YIELD	<u>\$466,736</u>		
			<u>\$990,095</u>		
	% CHANGE GRV RATE IN \$		12.8%		
	% CHANGE GRV MINIMUM		0.0%		
	% CHANGE UV RATE IN \$		54.3%		
	% CHANGE UV MINIMUM		41.0%		

All these models are acceptable from a legal point of view in relation to the number of properties on the minimum rate.

From a budget point of view, all above models present a realistic option as they meet the initiatives put in place via resolutions C1, C2 and C2a of minute number 8243 of Council meeting of August 2009 which was based on Council becoming sustainable in its own right into the future. It is just a matter of whether Council wishes to maintain the yield as budgeted for via the forward plan, or the WALGGC assessed capacity, and over what period of time it wishes to implement these resolutions.

% CHANGE (10/11 to 11/12)
 UV MINIMUM 10.0%

When these parameters were applied to the rate model, the number of properties that attracted the minimum value exceeded the allowable limit by 8.5%.

New rate models were developed based on the above Original Draft Budget Rate Model 1 that Council identified as being the desired mix at its workshop held on the 29th June 2011.

These are detailed below.

Rate Model 20 (Net 18.36% Increase using WALGGC Rating Capacity phased in over 5 years)

This model has been created to adjust the minimum value to maintain the Council's intention of keeping the number of minimum rated properties below the 50% limit and maintaining the ratios between the GRV & UV properties and also realising the revised rate income figure of \$1,115,214.

The ratio between GRV (50.5%) and UV (49.5%) have been maintained, with the minimum for GRV increases from \$550 (2010/11) to \$560 (2011/12) and for UV from \$570 (2010/11) to \$650 (2011/12). The rate in the dollar has been adjusted accordingly to ensure the total rates required have been achieved.

ADJUSTED MODEL # 20 (based on WALGGC ratios phasing in over five years)

- * Based on 2011/12 valuation data.
- * GRV and UV rates in the dollar compensated for average change in valuations.
- * C2 - achieve WALGGC relative assessed capacity for GRV and UV.
- * Yield = forward plan 2011/12 + budget shortfall

RATE IN THE \$		MINIMUM	YIELD	MINIMUMS
GRV – GENERAL	0.081250	\$560	\$563,239	42.7%
UV – GENERAL	0.003228	\$650	\$551,987	32.3%
			<u>\$1,115,225</u>	<u>37.5%</u>
		GRV BUDGETED 2011/12 YIELD	\$523,359	
		UV BUDGETED 2011/12 YIELD	<u>\$466,736</u>	
			<u>\$990,095</u>	

% CHANGE (10/11 to 11/12)
 GRV RATE IN \$ 13.1%
 % CHANGE (10/11 to 11/12)
 GRV MINIMUM 1.82%
 % CHANGE (10/11 to 11/12)
 UV RATE IN \$ 24.2%
 % CHANGE (10/11 to 11/12)
 UV MINIMUM 14.04%

The above Model 20, provides the total rate revenue required by Council while maintaining the agreed ratio between GRV & UV

	Rate In \$	Minimum	Yields	% of Minimums	
GRV - GENERAL	0.083328	\$610	\$589,235	49.2%	52.84%
UV - GENERAL	0.002885	\$800	\$525,982	47.4%	47.16%
			<u>\$1,115,217</u>	48.3%	
% CHANGE (10/11 to 11/12) GRV RATE IN \$				24.97%	
% CHANGE (10/11 to 11/12) GRV MINIMUM				10.91%	
% CHANGE (10/11 to 11/12) UV RATE IN \$				31.98%	
% CHANGE (10/11 to 11/12) UV MINIMUM				40.35%	

Model 24 has been developed using the highest yield of minimum rated properties for both GRV & UV without exceeding the maximum permissible limit of 50%.

The effect of having high minimums is that the increase in the rate in the dollar for all other properties is reduced thereby having a lesser financial impact for those properties.

Model 24 (Original Workshop Model 1 - Net 18.36% Increase using WALGGC Rating Capacity phased in over 5 years)

YIELD					Ratios
	Rate in \$	Minimum	Yields	% of Minimums	
GRV - GENERAL	0.079412	\$586	\$563,183	49.8%	50.50%
UV - GENERAL	0.003000	\$860	\$552,055	49.9%	49.50%
			<u>\$1,115,238</u>	49.8%	
% CHANGE (10/11 to 11/12) GRV RATE IN \$				19.10%	
% CHANGE (10/11 to 11/12) GRV MINIMUM				6.55%	
% CHANGE (10/11 to 11/12) UV RATE IN \$				37.24%	
% CHANGE (10/11 to 11/12) UV MINIMUM				50.88%	

The minimum rates levied (and proposed within all the above models) are considerably less than adjoining local authorities and therefore Council may consider a higher minimum rate would be acceptable to minimise the impact on the majority of ratepayers.

STATUTORY ENVIRONMENT: Local Government Act 1995 Division 6.

POLICY IMPLICATIONS: Nil.

FINANCIAL IMPLICATIONS: 2011/12 Budget.

STRATEGIC IMPLICATIONS: Nil.

RECOMMENDATION:

That Council agree to the following rates in the dollar and minimum rates for the 2011/12 financial year for the purposes of incorporation into Council's budget to be adopted at the Ordinary meeting of Council to be held 25 July 2011 based on Model

SHIRE OF NANNUP
MODEL 20

2010/11 MODEL	RATE IN THE \$	MINIMUM	YIELD	Ratios
GRV - GENERAL	0.066677	\$550	\$497,884	52.84%
UV - GENERAL	0.002186	\$570	\$444,316	47.16%
			<u>\$942,200</u>	

Model 20 (Original Workshop Model 1 - Net 18.36% Increase using WALGGC Rating Capacity phased in over 5 years)

YIELD	Rate in \$	Minimum	Yields	% of Minimums	Ratios
	0.081250	\$560	\$563,239	42.7%	50.50%
	0.003228	\$650	\$551,987	32.3%	49.50%
			<u>\$1,115,225</u>	<u>37.5%</u>	

Rate Revenue Required 2011/12 \$1,115,214

NOTE: % of Minimums for GRV & UV less than the 50% allowed.

Note: Total Rate Revenue Required adjusted to reflect reduction identified at Council Workshop 29th June 2011

SHIRE OF NANNUP
MODEL 22

2010/11 MODEL	RATE IN THE \$	MINIMUM	YIELD	Ratios
GRV - GENERAL	0.066677	\$550	\$497,884	52.84%
UV - GENERAL	0.002186	\$570	\$444,316	47.16%
			<u>\$942,200</u>	

Model 22 (Original Workshop Model 1 - Net 18.36% Increase using WALGGC Rating Capacity phased in over 5 years)

YIELD	Rate in \$	Minimum	Yields	% of Minimums	Ratios
GRV - GENERAL	0.079872	\$580	\$563,183	47.7%	50.50%
UV - GENERAL	0.003078	\$800	\$552,042	44.2%	49.50%
			<u>\$1,115,225</u>	<u>45.9%</u>	

Rate Revenue Required 2011/12

\$1,115,214

NOTE: % of Minimums for GRV & UV less than the 50% allowed.

Note: Total Rate Revenue Required adjusted to reflect reduction identified at Council Workshop 29th June 2011

SHIRE OF NANNUP
MODEL 24

2010/11 MODEL	RATE IN THE \$	MINIMUM	YIELD	Ratios
GRV - GENERAL	0.066677	\$550	\$497,884	52.84%
UV - GENERAL	0.002186	\$570	\$444,316	47.16%
			<u>\$942,200</u>	

Model 24 (Original Workshop Model 1 - Net 18.36% Increase using WALGGC Rating Capacity phased in over 5 years)

	YIELD	Rate in \$	Minimum	Yields	% of Minimums	Ratios
GRV - GENERAL		0.079412	\$586	\$563,183	49.8%	50.50%
UV - GENERAL		0.003000	\$860	\$552,055	49.9%	49.50%
				<u>\$1,115,238</u>	<u>49.8%</u>	

Rate Revenue Required 2011/12

\$1,115,214

NOTE: Model 24 meets the allowable % of Minimums for GRV & UV.

Note: Minimums for GRV & UV properties increased to maximum allowed (<50.0%)