



# AGENDA

FOR THE

SPECIAL MEETING OF COUNCIL

**11 JULY 2023**

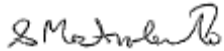
# NOTICE OF MEETING

Dear Council Member,

The next Special Meeting of Council will be held on Tuesday, 11 July 2023 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 4:00PM for the purpose of considering:

- ADOPTION OF THE 2023/24 ANNUAL BUDGET

Regards,



S MASTROLEMBO  
**Chief Executive Officer**

11/07/2023

## Our Mission

*"To deliver affordable and quality Local Government services."*

### DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions in section 5.25 of the *Local Government Act 1995* establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

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**SHIRE OF BROOME**  
**SPECIAL MEETING OF COUNCIL**  
**TUESDAY 11 JULY 2023**  
**INDEX – AGENDA**

1.	OFFICIAL OPENING .....	4
2.	ATTENDANCE AND APOLOGIES.....	4
3.	DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY .....	4
4.	PUBLIC QUESTION TIME .....	4
5.	REPORTS FROM OFFICERS.....	4
	5.1 PEOPLE.....	4
	5.2 PLACE .....	5
	5.3 PROSPERITY .....	6
	5.4 PERFORMANCE.....	7
	5.4.1 ADOPTION OF THE 2023/24 ANNUAL BUDGET .....	7
6.	MEETING CLOSED TO PUBLIC .....	107
7.	MEETING CLOSURE.....	107

**1. OFFICIAL OPENING**

**2. ATTENDANCE AND APOLOGIES**

Attendance:

Leave of Absence:

Apologies:

Officers:

Public Gallery:

**3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY**

**4. PUBLIC QUESTION TIME**

**5. REPORTS FROM OFFICERS**

**5.1 PEOPLE**

There are no reports in this section.

**5.2 PLACE**

There are no reports in this section.

**5.3 PROSPERITY**

There are no reports in this section.

**5.4 PERFORMANCE**

**5.4.1 ADOPTION OF THE 2023/24 ANNUAL BUDGET**

<b>LOCATION/ADDRESS:</b>	Nil
<b>APPLICANT:</b>	Nil
<b>FILE:</b>	ACC01
<b>AUTHOR:</b>	Manager Financial Services
<b>CONTRIBUTOR/S:</b>	Nil
<b>RESPONSIBLE OFFICER:</b>	Director Corporate Services
<b>DISCLOSURE OF INTEREST:</b>	Nil

**SUMMARY:**

Council is requested to consider and adopt the Shire of Broome Annual Budget for the 2023/24 financial year, together with supporting schedules, including the 2023/24:

1. Differential Rates, Minimum Payments and Instalment Payment Arrangements;
2. Fees and Charges;
3. Elected Member Sitting Fees and Allowances;
4. Establishment of new Reserve Funds; and
5. Materiality Threshold for variance reporting.

**BACKGROUND**

Previous Considerations

OMC 15 December 2022	Item 9.4.2
OMC 27 April 2023	Item 9.4.1
OMC 25 May 2023	Item 13.4

Corporate Business Plan

All local governments in Western Australia must develop a Plan for the Future as prescribed under section 5.56(1) of the *Local Government Act 1995* (the Act). In 2011, amendments were made to the *Local Government (Administration) Regulations 1996* (Admin Regs), specifically the inclusion of Regulation 19BA, which in summary, states that a Plan for the Future is to incorporate a Strategic Community Plan (SCP) and a Corporate Business Plan (CBP).

The SCP is a long term, overarching strategy and planning document that outlines the future aspirations and priorities for the Broome community and sets out the key strategies to achieve these. The SCP is a living document which has a partial review every two years and a full review every four years, in order to reflect the community's changing aspirations and priorities.

The CBP translates the aspirations and strategies of the SCP into operational priorities and indicates how they will be resourced over a four-year period and articulates how the SCP will be delivered through services, capital works, projects and activities. The CBP is reviewed annually as part of the budget process to ensure priorities are achievable and effectively

timed. As part of this review consideration is given to the Long Term Financial Plan and Councils Informing Strategies.

The LTFP is the monetary translation of the CBP encapsulating operating, capital, investing and financing activities. The annual Budget is then guided by the high-level projections embodied in the LTFP.

At the Ordinary Meeting of Council held 15 December 2022, Council endorsed the 2 Year desktop review of the SCP 2023 – 2033, and adopted the 2023 - 2027 CBP, noting the adjustments to the first four years of the LTFP.

### Municipal Fund Budget

Under section 6.2(1) of the Act and *Local Government (Financial Management) Regulations 1996* (FM Regs), Council is required to prepare and adopt an annual budget for each financial year. The legislation prescribes the form and content of the Annual Budget, which must include statements of income, cash flow and rates setting.

### Differential Rates, Minimum Payments and Instalment Payment Arrangements

The purpose of levying rates is to meet Council's budget requirements to deliver services and community infrastructure in each financial year. The rates levied are determined by applying the rate in the dollar to the applicable valuation amount of the properties. The Minister for Local Government (the Minister) determines land valuation methods. The actual value is provided by the Valuer General's Office (VGO).

The application of differential rates considers section 6.33 of the Act, enabling local government to differentially rate properties based on zoning or land use as determined by the local government. Section 6.35 of the Act also provides the ability to impose a minimum payment that is higher than the general rate, which would otherwise be payable on that land. The application of differential rating based on land use or zoning results in a rate in the dollar and minimum payment amounts for each rating category.

The Act determines that properties of a non-rural purpose be rated using the Gross Rental Value (GRV) as the basis for the calculation of annual rates. The VGO determines the GRV for all properties within the Shire. As per section 22 of the Valuation of Land Act 1978, the VGO also determines the frequency of general valuations although historically, the VGO has undertaken a GRV revaluation every three to five years. The last general GRV revaluation took effect 1 July 2022.

Rural properties are valued using the Unimproved Value (UV) of land. The VGO revalues all UV properties annually, with an effective date of 1 July.

### Fees and Charges

Per sections 6.16 to 6.19 of the Act, a local government may impose a fee or charge for any goods or services it provides. Fees and charges must be imposed when adopting the annual Budget, however may also be imposed or amended during the year if necessary.

### Elected Members Sitting Fees

The Admin Regs prescribe minimum and maximum amounts for Councillor Sitting Fees and Allowances. Councillor Sitting Fees and Allowances are reviewed annually by the Salaries and Allowances Tribunal (SAT) and by Council during the budget development process.



### Establishment of new Reserve Accounts

Under section 6.11 of the Act and FM Regs, 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. 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, a local government is not required to give one month's local public notice. The legislation prescribes the specific detail required for each reserve fund, including the purpose of the fund, the opening and closing balances, and proposed movements in and out during the financial year.

### Materiality Threshold

Each financial year, a local government is to adopt a percentage or value, calculated under the Australian Accounting Standards (AASB), to be used for reporting material variances in the monthly statement of financial activity under AASB 1031 *Materiality* and FMR 34(5).

The Materiality Threshold is an internal control measure that prevents financial loss caused by an omission, misstatement or non-disclosure of financial information. The Materiality Threshold also minimises administrative inefficiency, ensuring only those variances representing a medium or high-level risk are reported to management and Council.

## **COMMENT**

### Corporate Business Plan 2023 - 2027

The following workshops were held with the Council leading into the finalisation of the 2023 – 2027 CBP, which informed the preparation of the 2023/24 Annual Budget (the Draft Budget):

- 15 November 2022 Council CBP Review Workshop held to finalise the CBP review process, including 4-year balanced LTFP confirming the capital projects to be budgeted in 2023/24. The workshop was attended by Councillors Tracey, Male, Foy, Matsumoto, Mitchell, Rudeforth, Taylor and Wevers.
- 15 December 2022 Council adoption of the CBP and balanced four-year LTFP.

The following key assumptions were applied in developing the 2023 - 2038 LTFP:

- The 2022/23 adopted budget was adjusted by removing the effects of one-off activities not expected to recur in future years to determine the baseline operating figures used in the LTFP model.
- Capital projects workshopped with Council were included in the first four years of the 2023 – 2038 LTFP.
- 5% rates increase across all years.
- 4% reserve interest rate.
- 5% CPI indexation over the first 5 years of the plan, on all other recurring operating income and expenses.
- 4.5% borrowing interest rates.

- Any surplus-deficit funds relating to the Waste Management Facility redirected to the Regional Resource Recovery Park reserve account.

The CBP endorsed in December 2022 included the first four years of the LTFP.

#### Differential Rates, Minimum Payments and Instalment Payment Arrangements 2023/24

As part of the annual budget process, Council must determine the general rate in the dollar and minimum payments for the 2023/24 financial year.

The 2023/24 Annual Budget process proved difficult due to inflationary pressures across the organisation coupled with increases in annualised asset renewal funding endorsed through Council's 2022 Asset Management Plan. Significant work was required to achieve a balanced budget outcome while limiting rate increases, maintaining service levels and delivering critical community projects.

The current economic climate is challenging with low unemployment rates driving high CPI inflation. Locally, housing shortages and a subsequent escalation in housing costs is driving high staff turnover at the Shire and throughout the community. This is having flow on impacts on the Shire and the wider community and ratepayers. Conversely, property owners have experienced increases in property value and rental yield is at record heights.

In regard to Council operations, materials and contractor costs have continued to escalate, compounded by global supply chain shortages and the increased rollout of infrastructure works post Covid. Staffing costs, which have seen low wage rate increases over several years, have escalated in line with inflation resulting in increased operating expenses in 2023/24.

Economic forecasts point to continued housing and staff pressures, and while inflation is expected to decrease slightly it will remain high. Global supply chain shortages are expected to continue, placing demand on materials and service providers and keeping costs high.

Council has been cognisant of these impacts in developing the 2023/24 Annual Budget, recognising the need for a general rate increase which will keep pace with increased cost pressures. Following deliberations and feedback provided at the Council Budget Workshops held 21 March 2023 (attended by Councillors Tracey, Male, Matsumoto, Rudeforth and Taylor), 4 April 2023 (attended by Councillors Male, Foy, Mitchell and Taylor) and 11 April (attended by Councillors Male, Foy, Mitchell and Taylor) it was identified that \$26.5M of rate revenue was required to achieve a balanced budget in 2023/24 while maintaining a 5% Rate in the Dollar (RID) change.

Consideration has been made within this to include Council's support of the Inter Regional Flight Network. A recommendation from the March Ordinary Council Meeting (Minute C/0323/034) requested an increase to the GRV Commercial category as part of the budget process, which equates to a 1.88% increase to the GRV Commercial category above the general rate increase, for the 2023/24 financial year.

The objectives and reasons for all rating categories have remained consistent to prior years, with the exception of the GRV - Tourism category, which has been altered for the 2023/24 financial year to include unhosted holiday houses that have been approved through Shire planning approval. After extensive review and consultation, Council resolved to adopt the Local Planning Strategy and Local Planning Scheme No. 7 (LPS7) at the May 2022 OCM. Under the previous Local Planning Scheme (LPS6), holiday homes were a prohibited land use; LPS7 designates holiday homes as a discretionary use, which will allow the Shire to grant

planning approval for applicants that demonstrate compliance with the Shire's Local Planning Policy on holiday houses. As part of the process to regulate holiday houses, the Shire will seek to apply differential rates according to land uses (i.e. approved holiday house land uses). This will mean that these land uses will be subject to a higher rate in the dollar moving from rating category GRV Residential to GRV Tourism. Applying higher rates to approved holiday houses is considered to be appropriate as the level of service provided by the Shire to holiday houses will be higher than the services provided to standard residential properties.

Shire Planning and Finance officers workshopped the changes in September 2022, discussing comparative data from other local governments, possible rating considerations (whether to create a separate rating category, or realign the existing rating categories), administrative impacts, state compliance and public consultation.

The proposed RID for each rating category is summarised in the table below.

<b>Differential Rate Category</b>	<b>Rate in the \$ (Cents) Proposed</b>	<b>Minimum Payment Proposed</b>
GRV – Residential	8.7268	\$1,268
GRV – Vacant	18.4795	\$1,268
GRV – Commercial	11.8501	\$1,268
GRV – Tourism	14.1405	\$1,268
UV – Commercial Rural	3.5580	\$1,268
UV – Mining	14.3945	\$520
UV – Rural	0.8510	\$1,268

#### *Proposed Minimum Payments*

As part of the annual budget process, the Council must determine the minimum payment for differential rating categories in the 2023/24 financial year.

The setting of minimum rates within rating categories recognises that every property receives some minimum level of benefit from the Shire's works and services, which is shared by all properties regardless of size, value, and use. A proposed minimum rate of \$1,268 has been applied to all rating categories except for the UV Mining category, set at \$520. The valuations of the 59 mining tenements range from \$240 to \$543,600 with an average UV of \$24,368. The minimum rate for the UV Mining category is set at a lower level than the other rating categories to ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount. A lower minimum payment will also ensure that less than 50% of the properties in this category are on the minimum rate and comply with section 6.35 of the Act.

The proposed minimum payments remain the same as those adopted in the 2022/23 annual budget. The previous budget applied increases of \$20 (UV Mining) and \$48 (all other rating categories), the first changes to the minimum payments since 2016/17, after being reduced from \$1,224.

#### *Required Notice for Differential Rates and Minimum Payments and Ministerial Approval*

Section 6.36 of the Act requires local governments seeking to impose differential rates or minimum payments to give local public notice, seek submissions for a minimum of 21 days, and then consider these submissions before imposing rates.

The objects of, and the reasons for, each proposed rate must also be prepared and published on the local government's website. Section 6.33 and 6.35 of the Act require the Minister's approval to impose:

- Differential rates more than twice the lowest differential rate (applicable for the GRV – Vacant, UV – Mining and UV – Commercial rating categories); and
- A minimum payment on vacant land where more than half of the total properties are on the minimum payment (not applicable in this financial year).

At the 27 April 2023 OMC, Council resolved to invite submissions on the proposed differential rates and minimum payments. Public notice inviting submissions on proposed differential rates was advertised in the 1 May 2023 edition of The West Australian Newspaper, with the 21-day submission period ending 4pm 22 May 2023. Public notices were also placed on noticeboards located at the Shire of Broome Administration Centre and Library. Digital public notices were published on the Shire of Broome Facebook page and Shire's website with a link to the Objectives and Reasons for the Differential Rates and Minimum Payments for the 2023/24 Financial Year. The Shire also wrote to the 23 properties in the UV Commercial Rural rating category, inviting public comments on the proposed differential rates according to the Department of Local Government, Sport and Cultural Industries (DLGSC) requirement for rating categories with less than 30 ratepayers. One submission was received and presented to Council without any resulting modifications.

#### *Instalment Interest, Penalty Interest and Other Administration Fees*

Under section 6.45 and 6.51(1) of the Act, Council can charge interest on unpaid rates and rates paid on an approved instalment plan. The maximum interest rate for outstanding rates and other monies owed to Council is prescribed by Regulation 70 of the FMR and is currently 11%. Instalment interest is set at 5.5% as prescribed under FMR 68. Council should note that the Covid-19 Hardship related rate concessions previously implemented through the *Local Government (COVID-19 Response) Order 2020* and subsequent amendments (2021, 2022) ceased on 2 February 2023.

Under FMR 67, instalment charges are set to provide full or partial reimbursement of administration costs. The individual instalment transaction fee of \$11.00 is set to reflect the administration cost in handling the instalment options provided to ratepayers.

A nominal \$54.50 fee is proposed for administration costs incurred when actioning requests to enter into alternative payment arrangements which demand significant time for officers to process. The charge has been formulated to offset administration costs partially.

#### *Due Dates for the Payment of Rates and Treatment of Non-Payment of Debts*

To maintain consistency with previous years, the due dates for the payment of rates are proposed as per below:

<b>Instalment Option</b>	<b>Payment Due Date</b>
Proposed rate notice issue date: Tuesday 18 July 2023	
<u>Full Payment</u>	24 August 2023

<u>Two Instalment Option</u>	
First instalment	24 August 2023
Second and final instalment	4 January 2024
<u>Four Payment Option</u>	
First instalment	24 August 2023
Second instalment	26 October 2023
Third instalment	4 January 2024
Fourth and final instalment	7 March 2024

In addition to the above, alternative payment arrangements are available to ratepayers to meet their obligations by year-end.

*UV Revaluations*

The “Notice of intention to impose 2023/2024 differential rates” report presented to Council at the 27 April 2023 OMC modelled differential rates based on all property valuations current at the time. UV properties are revalued annually by the Valuer General. All UV valuations were received within the public submission period, and the outcome presented to Council within the May OMC report, “Council consideration of public submissions on intention to impose differential rates and minimum payments for the 2023/24 annual budget”. Total UV valuations increased by \$428,404, equating to a \$34,186 increase in rates revenue at the proposed RID’s. Of the 59 mining assessments, 48 had minor valuation increases, and 5 of the assessments had valuations resulting in rates levy increases greater than \$330. One property classified as UV Commercial Rural had a valuation increase resulting in a rate increase of \$7,628. All other UV properties remained at their previous valuations.

Council’s approach to meet the required rating income for 2023/24 was to levy all differential rating categories (GRV and UV) with a consistent RID percentage increase. An overall revenue decrease of \$34,186 through UV revaluations would reduce the RID increase from 5% to 4.86%, so an average residential property would save \$3.78. Council previously made the decision to reduce transfers to reserves as per the adopted Asset Management Plan (AMP) to ensure rate increases could be contained at 5%. Future savings were earmarked to top up these reserves as an essential requirement for sustainable future asset management. Council endorsed the officers recommendation that the RID across all rating categories remain unchanged from those advertised, and the \$34,186 of increased rate revenue be used to decrease proportional reductions that were previously proposed to AMP reserve transfers. The affected reserve funds included plant replacement, buildings, miscellaneous infrastructure, footpaths, carpark and drainage.

*GRV Revaluation*

The Act prescribes that properties with a non-rural purpose be rated using GRV as the basis for the calculation of annual rates. The Valuer General’s Office (VGO) determines the GRV for all properties within the Shire. As per section 22 of the Valuation of Land Act 1978, the VGO determines the frequency of general valuations, although historically, a GRV revaluation has occurred every three to five years. In October 2021, the VGO reviewed all GRV properties within the Shire, with revised valuations becoming effective from 1 July 2022. The next GRV valuation is expected to happen in 2024/25, with the revised valuations taking effect from 1 July 2025.

The objectives and reasons for the GRV – Tourism rating category now include unhosted holiday homes as a land use. Compliant applicants who apply for planning approval under

the Shire's Local Planning Policy on holiday houses will have future rates levied under the GRV – Tourism category. The objectives and reasons for 2023/24 differential rates have not changed since endorsed by Council in the April and May OCM's.

The overall objective for the 2023/24 differential rating approach is to ensure that the rates revenue required to balance the budget is collected on an equitable basis, enabling the Shire to provide facilities, infrastructure and services to the entire community. This has resulted in a 5% RID increase across all differential rating categories. In addition, Council's endorsement of the Inter Regional Flight Network supported a recommendation to fund through a 1.88% increase to the GRV Commercial category, above the general rate increase, for the 2023/24 financial year.

Current GRV valuations will apply from the financial year 2022/23 onwards.

### *Ministerial Approval*

Ministerial approval of the Shire's request to impose a differential general rate that is more than twice the lowest rate in the (UV) category and (GRV) category was received on Wednesday 28 June 2023 (Attachment 4).

Council is requested to adopt the 2023/24 proposed differential rates, minimum payments and instalment payment arrangements as part of the Annual Budget adoption.

### Annual Budget 2023/24

The 2023/24 Budget has been developed with regard for Council's adopted SCP and CBP, as documented above and has aimed to achieve a balanced budget.

Budget Workshops were held with Councillors:

- 21 March 2023 (attended by Councillors Tracey, Male, Matsumoto, Rudeforth and Taylor),
- 4 April 2023 (attended by Councillors Male, Foy, Mitchell and Taylor),
- 11 April (attended by Councillors Male, Matsumoto and Taylor),
- 26 April (attended by Councillors Male, Mitchell, Matsumoto and Rudeforth).

Following the Budget Workshop's deliberations and feedback on 4 April 2023, the proposed budget, including capital and one-off operating projects required total rates revenue greater than the LTFP. Council requested executive officers review projects, funding sources and operational budgets to reduce the burden on rates. The amendments to the draft budget were presented to Council in April, and proposed changes such as shifting the timing of some project expenditures, and utilising reserves and borrowings to supplement municipal funded projects. A final option was employed to balance the budget, by reducing transfers to reserves for future renewal from asset management plan allocations; this was not a decision taken lightly or favourably by Councillors or officers, and discussions at this time supported future reinstatement of those allocations to asset renewal reserves if untied surplus funds transpired.

As part of the budget workshops, which considered both the operating and capital requirements, it was identified that \$26.5M of rate revenue was required to achieve a balanced budget in 2023/24. Consideration has been made within this to include Council's support of the Inter Regional Flight Network.

A recommendation from the March Ordinary Council Meeting (Minute C/0323/034) requested an increase to the GRV Commercial category as part of the budget process,

which equates to a 1.88% increase to the GRV Commercial category above the general rate increase, for the 2023/24 financial year. Capital and other special projects were discussed and considered the CBP, LTFP, Asset Management Plans (AMP's), Workforce Plan and other informing strategies when developing the capital budget. Several project briefs submitted by staff and Councillors were also tabled with Council for consideration through the above workshops.

Preparation of the 2023/24 budget was particularly challenging due to the following:

- Employee costs which account for \$18M, are due to increase under relevant Enterprise Bargaining Agreements and Employee Contracts;
- Superannuation Guarantee Act mandatory super contribution increases to rise by a further 0.5%, after increasing by 0.5% each year since 2021-22;
- Increased costs of materials and contractors due to inflation and other global influences (and the flow down effect this has had on contractor availability and subsequently costs);
- Conservative growth in population and service usage, therefore, minimal growth in rate base and most user-paid services;

Key achievements in this year's budget include:

- Zero-based budgeting – all operational account budgets start at \$0 not based on historical figures;
- Operational revenues, expenses and net results budgeted in line with the 2023/24 LTFP;
- A continued focus by officers to leverage Council funds to attract grant funding;
- \$2M of revenue generated through commercial leases; and
- Anticipating \$6.3M of revenue from the waste management facility.

These factors have resulted in rates being contained within the general 5% increase across differential rating categories. This 5% increase is consistent with the 5% indicated within the Shire's LTFP, despite three years of significant CPI increases, increasing insurance premiums and interest rates affecting new loans.

A minimum rate of \$1,268 is recommended for all rating categories except for the UV-Mining category, which has been maintained at \$520 to ensure compliance with section 6.35 of the Act (where no more than half of the properties in a rating category pay the minimum rates).

In relation to employee costs, it is noted that while the employee costs in the Annual Budget reflect the current Organisation Structure, that structure has not been attached for endorsement. Instead, it is recommended that the CEO is provided flexibility through Council authorisation to adjust the organisational structure to best address the needs of Council conditional on not exceeding the total employee costs allocation. This will enable the organisation to address the current staffing issues in a more flexible manner while continuing to provide surety to Council that the total employee costs incurred through the year do not exceed what has been approved through budget. Officers will keep Council informed of any changes to structure through the quarterly Finance and Costing Review process.

Through this draft budget, the Shire is aiming to deliver the following critical capital and special projects in 2023/24:

Projects	Amount	External Grants and Contributions
Cable Beach Stage 1 Redevelopment	\$13.54M	\$9.43M
Asset Renewal Expenditure as per various Asset Management Plans including allocation across the following asset classes: <ul style="list-style-type: none"> <li>• \$1.02M Plant Replacement</li> <li>• \$733K Parks and Gardens Assets</li> <li>• \$574K Buildings</li> <li>• \$548K Roads</li> <li>• \$187K Footpaths</li> <li>• \$57K Street Lighting</li> <li>• \$17K Carparks</li> </ul>	\$3.13M	\$283K
Town Beach Café Redevelopment	\$590K	-
BRAC Dry Side Upgrade Business Case	\$467K	-
Sanctuary Road Detailed Design	\$400K	\$400K
De Marchi Road Upgrades (Black Spot)	\$340K	\$226K
Cable Beach Waterpark Detailed Design	\$300K	\$300K
Tennis Court Surface Renewal	\$298K	\$100K
Buckleys Road Waste Facility Rehabilitation and Capping	\$212K	-
Subdivisional Footpaths	\$210K	\$210K
McMahon Estate Structure Planning	\$200K	\$200K
Bin Replacement	\$197K	-
Catalina's Boat Ramp Retaining Wall	\$182K	-
Contaminated Site Investigation & Rehabilitation	\$165K	-
Waste Management Facility - Tip Face Excavator	\$97K	-
Place Activation	\$80K	\$10K
Road Visual Condition Survey	\$80K	-
Provision of Security Services to the Shire of Broome Precinct, including Broome Public Library	\$58K	-
Kimberley Regional Offices 1 & 2 - Corporate Sign	\$40K	-
Broome Civic Centre - Asset Renewal	\$35K	-
Waste Management Facility - Sea Container & Dome Work Area Shade	\$34K	-
Review of CHRMAP	\$30K	\$15K
Quarterly marketing campaigns	\$20K	-
Intramaps SaaS Migration	\$18K	-
Portable Traffic Lights	\$16K	-



Following Council workshops in April, the detailed design and updated cost estimates for the Cable Beach Foreshore Redevelopment Upgrade were received. As originally envisaged, additional works required to tie in between Stage 1 and Stage 2 are estimated at \$1.5M, proposed to be fully funded by grants (\$750K) and Borrowings (\$750K). There is no proposed municipal impact on the 2023/24 draft budget, and ties in with the Shire's Works and Parks involvement in the project. Councillors were updated on the progress of the project in June 2023, and the Projects table above incorporates these changes.

In macro dollar terms, Council will invest (excluding carryovers) in capital asset acquisition, construction, upgrades and renewal activities including;

- \$2.19M for buildings works
- \$3.77M for roads, drainage, footpaths, parks, coastal and miscellaneous infrastructure
- \$2.32M of fixed, mobile plant, furniture and equipment
- \$14.07M for recreation and other infrastructure
- \$1.21M of other additional operating activities.

Funding for the above capital activities is derived from \$10.63M in grants, \$333K in external contributions, \$2.35M of borrowings, \$6.16M of municipal funds and \$3.94M of reserve funds.

In terms of overall expenditure, the key statutory programs and activities of the Shire include:

<b>Program</b>	<b>Total Expenditure</b>	<b>Activities</b>
Recreation and Culture	\$16.15M	Community facilities, Public Library, swimming areas and beaches, cultural events, Civic Centre and BRAC.
Transport	\$11.45M	Roads, kerbing, footpaths, car parks, verges, parking control, street lighting, bus shelters and facilities and flood damage.
Community Amenities	\$10.20M	Rubbish and recycling collection, waste management, stormwater drainage, town planning, environmental protection and litter control.
Other Properties and Services	\$5.47M	KRO, community facilities, Records and ICT management, corporate services, private works and other infrastructure operations.
Economic Services	\$3.39M	Economic initiatives, provision of tourism and visitor services, building control and swimming pool inspections and caravan parks facilities.
Governance	\$2.74M	Civic and citizenship activities, community sponsorship programs, promotion and engagement, Sister City relations, and youth development.
Law, Order and Public Safety	\$1.65M	Legislative compliance and local laws enforcement, ranger operations, fire prevention, emergency planning and services and animal control.

Education and Welfare	\$861K	Community development programs, community safety, crime prevention, not for profit organisation support and community engagement and events.
Housing	\$840K	Staff housing.
Health	\$673K	Public health regulation and inspections, food premise licensing, mosquito and pest control and commercial pool inspections.
General Purpose Funding	\$530K	Management of the Shire's grants, rates review initiatives and debt-revenue management and control.

In total, the Shire is investing \$53.98M in Broome and the broader community in 2023/24.

The Draft Budget itself is in statutory form. It includes statutory statements and notes, supporting program schedules and appendices, and is presented for Council consideration and adoption.

#### *2022/23 Budgets Carried Over to 2023/24*

The Draft Budget has a predicted net carried forward balance of \$5,646,738 as detailed in the 2023/24 Carryover Summary Schedule of Attachment 3. These carried over projects total \$8.38M and are funded by \$2.73M from various funding sources such as the respective reserve funds for each asset class, grants and developer contributions. These Works in Progress (WIP) projects have been included in the Draft Budget as 'recounted projects' requiring \$4.03M of municipal funds, net of grants, borrowings or reserve funding.

Carryovers included mainly capital works projects that have started but are not expected to be complete by 30 June 2023. Some of the significant carryover projects are identified below:

- \$1.28M Frederick St BSHS Off Street Car Park (\$396K grant funding);
- \$919K Port/Guy Roundabout (\$313k grant funding);
- \$2.28M Plant Replacement due to delays to delivery of fleet (\$436K Proceeds from Sale of Asset, \$173K Reserves);
- \$533K Contaminated Site Rehabilitation (reserve funded);
- \$451K BRAC Redevelopment Design;
- \$350K Administration Building Aircon upgrade;
- \$279K Cable Beach Design;
- \$276K Cable Beach Stage 1 (grant funded);
- \$256K Surf Club Building Upgrade project (\$170K Reserves).
- \$156K A Sporting Chance (grant funded);
- \$138K Community Recycling Centre – Regional Resource Recovery Park Design (reserve funded);

#### *Commonwealth Financial Assistance Grants Scheme (FAGS)*

The FAGS program consists of two components:

- A general-purpose component which is distributed between the States and Territories according to population (i.e. on a per capita basis) and the Consumer Price Index (CPI); and
- A local road component is distributed between the States and Territories according to fixed historical shares.

Both components of the grant are untied in the hands of local government, allowing councils to spend the grants according to local priorities.

FAGS are a vital part of the revenue base of all local governments, with total base funding of \$3.1 billion provided by the Federal Government under this essential program in the 2023/24 federal budget, \$376.9M of which is allocated to WA local governments.

In previous financial years, an advance payment of the next year's FAGS allocation has been received, which is aimed at providing relief to those local governments experiencing cashflow constraints between the end of financial year and receipt of the next year's levied rates. This typically represented 50% of the estimated allocation. Advance payments also provided some cashflow relief in 2022 after the cumulative effects of the COVID-19 pandemic, and the damage suffered in some local governments from major weather events; the advance payment increased to approximately 75% of the expected allocation for 2022/23. Advance payments do not reflect the FAGS allocations of each local government, it is allocated based on the funding pool available at the time, with the final allocations for the financial year released annually in August. This requires a budget amendment each year to reflect the finalised FAGS allocation.

Advice received during the development of the 2023/24 annual budget was that no FAGS advance payments would be made for the 2023/24 allocation, for the first time in many years. The Australian Local Government Association, representing the interests of 537 local governments across the country, and supported by the WA Local Government Association (WALGA) and other state equivalents, advocated to the Commonwealth for local governments nationally to receive some advance payment, or at least earlier in the new financial year. After the finalisation of the 2023/24 draft annual budget, the Federal Government announced all local governments would receive an advance payment of 100% of the 2023/24 FAGS allocation on 30 June 2023. This does not change the outcome of the draft budget, as the estimated FAGS grant has been budgeted for in full and utilised. However, the timing of the payment, and subsequent adjustment when the final FAGS allocation is announced, will require budget amendments.

While FAGS are paid through each State's Local Government Grants Commission, the funding originates from the Commonwealth, and it must be recognised as such. Council has been requested to pass a resolution acknowledging the importance of the Commonwealth's FAGS in assisting Council to provide essential community infrastructure.

Council is also requested to acknowledge the receipt of FAGS from the Commonwealth in media releases and Council publications, including the annual report. Council is also asked to highlight to the media a significant Council project of similar cost to the FAGS funding received to reiterate the importance and impact of the grants.

The significant contribution made by the Commonwealth through its FAGS funding, amounting to over \$2.5M annually, is acknowledged. These funds are utilised to achieve the Shire's annual and long term strategic objectives and deliver goods and services supplied, benefiting the Broome community and visitors alike. Without this vital funding, either services levels would be significantly lower or rates significantly higher to maintain the

same standards and expectations. Accordingly, it is recommended that Council acknowledge the support provided by FAGS funding.

Council is requested to adopt the 2023/24 Annual Budget and acknowledge the importance of the FAGS grants.

### Fees and Charges 2023/24

2022/23 fees and charges were reviewed to maximise full cost-recovery without hindering patronage for services. In reviewing the fees and charges, officers focused on verifying the following:

- the legislative head of power for all fees and charges;
- whether the fee and charge is regulated or otherwise;
- for non-regulated fees and charges:
  - the full cost recovery;
  - the rationale for the price;
  - how vital the fees and charges are to the community;
  - market competitiveness and regard to the current economic climate; and
- GST applicability.

A workshop was held with Council on 21 March 2023 to review the draft Schedule of Fees and Charges. The workshop was attended by Councillors Tracey, Male, Matsumoto, Rudeforth and Taylor. The following topics of discussion were covered, among others:

- Continue to waive venue hire fees for structured sporting programs for junior sporting activities to make junior sport more financially accessible for participants and community sporting clubs facilitating junior sports.
- Justification for newly introduced, discontinued and reduced fees was presented.
- Given the freeze to charges in 2020-21 and the need to address the effects of inflation, many fees had a 3.5% increase applied.
- Overall, 33% of fees did not change compared to the previous financial year.
- Any proposed additional increases are related to direct cost recovery, rounding for ease of use, consistency across the full fee schedule, and alignment with other shires. The main increases occurred at the Waste Management Facility with 5% increases to general fees, notable increases to tyre disposal in line with cost recovery, and a 6.4% increase to the Standard Refuse Kerbside Collection Service to offset contractual increases to the Kerbside Collection Contract.
- Focus on clarifying and simplifying the overall fees schedule through combining fees where relevant and separating fees where necessary (9% of fees were removed).

Fees and charges imposed for Council services are either statutory charges or for the provision of goods and/or services. There are many regulatory fees determined under legislation other than the Act, which dictates the level of fees that the Council may impose.

Fees prescribed in Schedule 2 of the *Building Regulations 2012* (the Building Regs) were updated based on the fees published by the Department of Mines, Industry Regulation and Safety in April 2023. Should any subsequent updates and changes to these statutory fees be received after adopting the 2023/24 Fees and Charges Schedule, the new amount will apply and take effect from 1 July 2023.

The 2023/24 Fees and Charges Schedule is proposed to take effect from 1 July 2023 except for fees set under section 53 of the *Cemeteries Act 1986* (Cemeteries Act). As per the

Cemeteries Act, fees will come into effect after 14 days notice is given in the Government Gazette.

Forecast 2023/24 budget revenue generated from Council charges, licences and statutory fees (excluding rent income and fines) is \$8.1M. Council is requested to adopt the 2023/24 fees and charges schedule as part of the Annual Budget adoption.

#### Elected Members Sitting Fees 2023/24

On 6 April 2023, the Salaries and Allowances Tribunal (the Tribunal) issued a determination about Local Government Elected Members and Chief Executive Officers (CEOs). The Tribunal determined Elected Member attendance fees, and annual allowance ranges be increased by 1.5%, rounded to the nearest \$5. The Tribunal considered this appropriate given the expectation of a degree of voluntary service as an elected member, and as fees and allowances are not intended to be full time salaries. The annual allowance for travel and accommodation expenses increased from \$50 to \$100. All other allowances remain unchanged.

The Shire of Broome is classified as a Band 2 local government. The Tribunal sets the Band for each local government and annually reviews the remunerations and allowances. Council is to determine the level of remuneration within the appropriate band, but must be no less than the minimum, and no more than the maximum, within the band. The remuneration ranges provide flexibility to local governments to set remuneration within the allocated Band. It is recommended that the proposed Councillor sitting fees, President and Deputy President allowances increase to 100% of the maximum allowable limit for 2023/24. Allowances for ICT and Travel are proposed to stay at 100% of the maximum allowable limit. The recommendation was workshopped early in budget preparation with Councillors and has been tabled for review for a number of years. The proposed fees recognise the time commitment required of elected members outside of Council meetings.

Historically, Council resolved to set the Councillor sitting fees, the President and Deputy President allowances at 75% of the maximum allowable limit while the allowances for ICT and travel were set at 100% of the maximum allowable limit. The 75% limit was first set by Council in 2014/15 and the option remains for Council to set the allowances at any level within the band set by the Tribunal.

The resignation of Cr West following the 2021 Ordinary Election, and of Cr Wevers in April 2023, and the subsequent decision of Council not to fill the vacant roles results in some minor savings in sitting fees and allowances which are reflected in budget allocations.

The following table provides a comparative summary of the proposed Councillor sitting fees and allowances for 2022/23 and 2023/24, noting the short-term reduction of total Councillors until the October 2023 Election. GST does not apply to Councillor sitting fees and allowances:

<b>Fee-Allowance</b>	<b>2022/23</b>	<b>2023/24 Proposed</b>	<b>Maximum Limit</b>	<b>% of Maximum</b>
Sitting Fee – President	\$23,946	\$32,410	\$32,410	100%
Sitting Fee – (x 8 Councillors)	\$17,858	\$24,170	\$24,170	100%
Allowance – President	\$48,703	\$65,915	\$65,915	100%
Allowance – Deputy President	\$12,176	\$16,479	\$16,479	100%

ICT Allowance – (x 9 Councillors)	\$3,500	\$3,500	\$3,500	100%
Travel Allowance – (x 9 Councillors)	\$50	\$100	\$100	100%

The total of proposed Councillor Sitting Fees and Allowances paid for 2023/24 is \$326,679.

Council is requested to adopt the 2023/24 proposed Councillor Sitting Fees and Allowances as part of the Annual Budget adoption.

#### Establishment of new Reserve Accounts

The *Local Government Regulations Amendment Regulations (No. 2) 2023* came into effect on 1 July 2023, which updates the *Local Government (Financial Management) Regulations 1996*. Gazetted changes include updated terminology, and to specify the purpose of each reserve account as being either related to a government policy or direction, a written law or an agreement; or any other purpose. Previous regulations did not specify a distinction. The 2023/24 draft budget (note 9 Reserve accounts) proposes five new reserve accounts to meet this requirement (*FM Regs r 27 (ga)*), and Shire reserve accounts are classified as being either "Restricted by Legislation", or "Restricted by Council". The proposed new reserve accounts restricted by Legislation are as follows:

Developer Contributions – Roads – to hold developer contributions for roads as required by State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6);

Developer Contributions – Footpaths – to hold developer contributions for footpaths as required by State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6);

Developer Contributions – Drainage – to hold developer contributions for drainage as required by State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6);

Cash-in-lieu of Carparking – to hold cash-in-lieu of carparking;

Cash-in-lieu of Public Open Space – maintained for the purpose of retaining and using funds in accordance with section 154 (2) of the Planning and Development Act 2005.

Movements into these new reserves will generally arise ad-hoc during the year from private developments, and Council approval will be sought for those budget amendments at the next appropriate opportunity. Transfers out of these reserves commonly align with the annual budget process and would offset capital expenditures that fit the purpose of the contribution. Current developer contributions held in reserves include those for subdivisional footpaths and drainage, which have historically been held in footpath and drainage reserves respectively, together with funds set aside for the future renewal of Shire assets as identified within the appropriate asset management plans. These developer contributions are identified as a change in the use of funds within the 2023/24 draft annual budget, clearly separating the existing funds held by their purpose. Movements into the proposed Developer Contributions - Roads and Cash-in-lieu of Carparking have not been proposed in the 2023/24 draft budget, however it is prudent to establish these simultaneously as the other infrastructure reserves restricted by legislation, and alleviates the additional requirement of one month's local public notice for any new reserve accounts outside of the annual budget process. As identified in the draft budget, new funds are awaiting the Cash-in-lieu of Public Open Space reserve to be established.

Two new reserve accounts Restricted by Council are proposed within the 2023/24 draft budget. Both of the reserves proposed below were workshopped with Councillors prior to, and during the 2023/24 budget development, each presenting their own future merits:

Resilience Reserve – to provide a level of self insurance for claims falling outside of Council's insurance coverage, particularly miscellaneous infrastructure.

Staff Housing Reserve – to hold funds set aside for new housing for key workers.

The Resilience reserve is intended to act as a contingency for those Shire assets Council has chosen to self insure, building annually on the funds set aside until an appropriate level is achieved. Each draw on the reserve would need to be considered on its merits and whether the resilience reserve was the most appropriate funding source for repairs or replacement. An allocation was initially included in the first council budget workshop, representing the offset of the previous years insurance premiums by "self-insuring" certain assets. However increased insurance premiums overall, and the influence of external rising costs placing pressure on the draft budget, saw the allocation removed by the second council workshop. The significance of this reserve resonated with officers and Councillors, and at the April 2023 OCM, Council endorsed a \$96,465 reduction of the 2023/24 Community Development Fund, to allocate to a newly created Resilience Reserve in the 2023/24 draft Annual Budget.

Housing has been identified as a significant issue in the region, and a major barrier in attracting and retaining key employees. The Staff Housing reserve was identified in the current LTFP, which offered an annual \$250K transfer to the new reserve. In order to achieve a uniform rate increase not exceeding 5%, this funding was consequently cut from the draft budget. This does not lessen the importance of this reserve for future housing project opportunities, and has been identified for consideration of future untied surpluses or organisational savings.

#### Materiality in Financial Reporting

The Shire has several thresholds on financial reporting as follows:

- a) Asset capitalisation threshold of \$5,000;
- b) Reporting variances in the monthly statement of activity on a nature and type-level or core service, that are  $\pm$  \$10,000 for operating items and  $\pm$  \$20,000 for capital items or 10%, whichever is higher;
- c) Identifying and addressing over and underachievement of the Budget on a general ledger account or job code level for the quarterly FACRs that are  $\pm$  \$5,000 for operating items and  $\pm$  \$10,000 for capital items; and
- d) The tolerable organisational deficit of 1% of operating revenues.

As per FMR 34(5), materiality thresholds can be set as a percentage, or dollar value, against an appropriate base amount. The Shire's materiality threshold provides both; the advantage being is that a minimum value threshold can be set as well as a proportional value threshold, relevant to major items or subtotals. Threshold levels should not be so high as to allow material variances to go unnoticed, and by the same token, should not be so low as to cause an administrative burden.

For monthly financial activity statement reporting, 10% of the summarised revenue and expenditure by Nature and Type or Asset Class Reporting would be considered a reasonable guide for highlighting variances. Council may also wish to adopt a value rather than a percentage or incorporate a minimum value threshold into the materiality consideration. The threshold provides \$10,000 for operating and \$20,000 for capital as a minimum value for reporting in the monthly statement of financial activity. These thresholds sit within the medium range on the risk matrix.

For purposes of quarterly FACRs, budgets are reviewed on an account or job number level. The existing materiality threshold detects variations of a minimum value of \$5,000 for operating revenue and operating expenditure accounts/jobs and \$10,000 for capital revenue and capital expenditure accounts/jobs.

The Shire of Broome's total operating revenue budget for 2023/24 is \$44,159,563. An overall materiality level based on 1% total revenue, or a deficit of \$441,595, is also employed. Variances may be immaterial individually both on an account, job or nature and type level, but still, the Shire considers the aggregate impact of the variances. \$441,595 is more than twice the risk matrix financial impact threshold of \$150K, which places it beyond the extreme level. As per the risk matrix, the remedial outcome requires immediate intervention when the overall deficit is expected to exceed the \$150K risk matrix threshold.

Variances can consist of either timing or permanent variances. For example, a timing variance occurs when grant funding is received a month later than initially budgeted. A permanent variation occurs when the grant funding will not be received as planned. However, the amount alone does not always dictate whether an item is material, and disclosures should be adjusted where necessary. It is noted that when establishing materiality values and percentages, they are a trade-off between the volume of information compared to the significance of that information.

Council is requested to adopt the recommended materiality threshold for 2023/24.

## CONSULTATION

Community consultation and engagement have previously occurred during the development of the SCP and CBP which informed the Draft Budget. Also, the proposed differential rates were advertised in the West Australian on 1 May 2023 and direct correspondences were made.

Extensive internal consultation has occurred with all the departmental managers and coordinators and through briefings and workshops with the Executive and Elected Members.

<b>Council Briefings and Workshops</b>	<b>Purpose</b>
6 September 2022	Holiday House Compliance and Differential Rates
15 November 2022	Finalised Corporate Business Plan and Long Term Financial Plan; 4 Year Balanced Long Term Financial Plan
21 March 2023	Draft Fees and Charges and Operating Budget (including Infrastructure Resource Budgets)
4 April 2023	Capital Budget and Project Briefs, Plant Replacement
11 April 2023	Council Rates Workshop
26 April 2023	Presentation of Adjustments to balance the budget

The Department of Local Government, Sport and Cultural Industries and Western Australia Local Government Grants Commission have also been consulted at various stages throughout the budget process.

## STATUTORY ENVIRONMENT



<b>Local Government Act 1995, s 6.2</b>	<i>Local government to prepare annual Budget</i>
<b>Local Government Act 1995, s 1.7</b>	<i>Local public notice</i>
<b>Local Government Act 1995, s 6.13</b>	<i>Interest on money owing to local governments</i>
<b>Local Government Act 1995, s 6.16</b>	<i>Imposition of fees and charges</i>
<b>Local Government Act 1995, s 6.17</b>	<i>Setting level of fees and charges</i>
<b>Local Government Act 1995, s 6.19</b>	<i>Local government to give notice of fees and charges</i>
<b>Local Government Act 1995, s 6.28</b>	<i>Basis of Rates</i>
<b>Local Government Act 1995, s 6.32</b>	<i>Rates and service charges</i>
<b>Local Government Act 1995, s 6.34</b>	<i>Limit on revenue or income from general rates</i>
<b>Local Government Act 1995, s 6.35</b>	<i>Minimum payment</i>
<b>Local Government Act 1995, s 6.36</b>	<i>Local government to give notice of certain rates</i>
<b>Local Government Act 1995, s 6.47</b>	<i>Concessions</i>

**Local Government (Financial Management) Regulations 1996 s6.12 – Annual Budget**  
*Local Government Regulations Amendment Regulations 2023 – gazetted 30 June 2023, effective 1 July 2023. The statutory annual budget complies with the amendments.*

**Local Government (Financial Management) Regulations 2006, Regulation 5A.** *Local governments to comply with AAS. Subject to Regulation 4, the annual Budget, annual financial report and other financial reports of a local government must comply with the AAS.*

**Waste Avoidance and Resource Recovery Act 2007, s 67** *Local government may impose receptacle charge*

**Waste Avoidance and Resource Recovery Act 2007, s 68** *Fees and charges fixed by local government*

**Building Regulations 2012 s 53** *Inspection of barrier to private swimming pool*

## **POLICY IMPLICATIONS**

Rating Policy  
 Financial Hardship Policy

## **FINANCIAL IMPLICATIONS**

The Budget is the primary financial plan for the 2023/24 financial year. The intention is to balance the Budget such that revenues match all expenditures. The specific financial implications are as outlined in the comment section of this report, and detailed in the 2023/24 draft budget attached for adoption.

## **RISK**

Moderate risk of negative public perception is likely if the Council does not adopt the annual Budget.

Potential major reduction in the quality of assets provided and services delivered likely if the rates and the annual Budget are not adopted.

**STRATEGIC ASPIRATIONS**

**Performance - We will deliver excellent governance, service & value for everyone.**

**Outcome 13 - Value for money from rates and long term financial sustainability**

**Objective** 13.1 Plan effectively for short- and long-term financial sustainability

**VOTING REQUIREMENTS**

*Absolute Majority*

REPORT RECOMMENDATION 1:

That Council:

- Under sections 6.32, 6.33 and 6.35 of the Local Government Act 1995 imposes the following differential rates and minimum payments for the 2023/24 financial year:

<b>DIFFERENTIAL RATE CATEGORY</b>	<b>RATE IN THE DOLLAR (cents)</b>	<b>MINIMUM PAYMENT</b>
GRV – Residential	8.7268	\$1,268
GRV – Vacant	18.4795	\$1,268
GRV – Commercial	11.8501	\$1,268
GRV – Tourism	14.1405	\$1,268
UV – Commercial Rural	3.5580	\$1,268
UV – Mining	14.3945	\$520
UV – Rural	0.8510	\$1,268

and;

- Notes under section 6.34 of the Local Government Act 1995 the revenue estimated to be yielded by the general rates imposed for the 2023/24 financial year will be 100% of the 2023/24 budget deficiency.

REPORT RECOMMENDATION 2:

(SIMPLE MAJORITY)

That Council,

- Under section 6.45 of the Local Government Act 1995 and Regulation 64(2) of the Local Government (Financial Management) Regulations 1996, nominates the following due dates for the payment of rates in full and by instalments:

Rates notice issue date:	18 July 2023
Full payment due date:	24 August 2023
<b>Two Payment Option:</b>	
1 <sup>st</sup> instalment due date	24 August 2023

2 <sup>nd</sup> instalment due date	4 January 2024
<b>4 Instalments Option:</b>	
1 <sup>st</sup> instalment due date	24 August 2023
2 <sup>nd</sup> instalment due date	26 October 2023
3 <sup>rd</sup> instalment due date	4 January 2024
4 <sup>th</sup> instalment due date	7 March 2024

2. Under section 6.45 of the Local Government Act 1995 and Regulation 67 of the Local Government (Financial Management) Regulations 1996, adopts an instalment administration charge where the ratepayer has elected to pay rates and charges through an instalment option of \$11 for each instalment after the initial instalment is paid;
3. Under section 6.45 of the Local Government Act 1995 and Regulation 68 of the Local Government (Financial Management) Regulations 1996, adopts an interest rate of 5.5% where the ratepayer has elected to pay rates and charges through an instalment option;
4. Under section 6.51(1) and section 6.51(4) of the Local Government Act 1995 and Regulation 70 of the Local Government (Financial Management) Regulations 1996, adopts an interest rate of 11% for rates and charges and cost of proceedings to recover such charges that remains unpaid after becoming due and payable.

**REPORT RECOMMENDATION 3:**

(ABSOLUTE MAJORITY)

That Council under section 6.13 of the Local Government Act 1995 adopts a rate of interest of 11% applicable to any amount of money owing to the local government (other than rates or service charges).

**RECOMMENDATION 4:**

(ABSOLUTE MAJORITY)

That Council:

1. Under section 6.16 of the Local Government Act 1995, adopts the Schedule of Fees and Charges for 2023/24 included as Attachment 2 effective from 12 July 2023, excluding statutory fees;
2. Under section 53 of the Cemeteries Act 1986, adopts the Fees and Charges for the Broome Cemetery as included in the Schedule of Fees and Charges under the section 'Other Community Amenities';
3. Under Regulation 53(2) of the Building Regulations 2012, adopts a non-GST Swimming Pool Inspection Fee of \$58.45;
4. Adopts the Fees and Charges prescribed in Schedule 2 of the Building Regulations 2012 and any subsequent changes that may take effect from 1 July 2023;
5. Under section 67 of the Waste Avoidance and Resources Recovery Act 2007, adopts the following charges for the removal and deposit of domestic and commercial waste:

Description	GST	Amount
<b>a) Standard Refuse Kerbside Collection Service</b>		

Waste-Recycle Service (240L Waste bin weekly and 240L recycle bin fortnightly)	Nil	\$521.36
Waste-Recycle Service (240L Waste bin weekly and 360L recycle bin fortnightly)	Nil	\$521.36
<b>b) Refuse Additional Kerbside Collection Services</b>		
Additional 240L Waste Service (one additional service per week) - Includes additional bin	Nil	\$284.89
Additional 240L Recycle Service (one additional service per fortnight) - Includes additional bin	Nil	\$189.92
Additional 360L Recycle Service (one additional service per fortnight) - Includes additional bin	Nil	\$206.68

**RECOMMENDATION 5:**

(ABSOLUTE MAJORITY)

That Council:

- Under section 5.98 and 5.99 of the Local Government Act 1995 adopts the following annual amounts for elected member sitting fees and allowances for 2023/24 effective from 1 July 2023;

<b>Fee Allowance</b>	<b>GST</b>	<b>Amount</b>
Sitting Fee – President	Nil	\$32,410
Sitting Fee – (x 7 Councillors)	Nil	\$24,170
Allowance – President	Nil	\$65,915
Allowance – Deputy President	Nil	\$16,479
ICT Allowance – (x 8 Councillors)	Nil	\$3,500
Travel Allowance – (x 8 Councillors)	Nil	\$100

- Endorses that all member sitting fees be paid monthly.

**RECOMMENDATION 6:**

(ABSOLUTE MAJORITY)

That Council, under section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, adopts the 2023/24 Annual Budget for the Shire of Broome as presented in Attachment 1, which includes the following:

- Statement of Comprehensive Income by Nature and Type showing a net result of \$830,111;
- Statement of Financial Activity showing an amount required to be raised from rates of \$26,561,200;
- Notes to, and forming part of, the Annual Budget;

- (d) Budget capital schedules including special operating projects, plant replacement and carried forward projects (Attachment 3);
- (e) Notes that total employee costs as contained in the Annual Budget are derived from the current organisational structure;
- (f) Authorises the Chief Executive Officer to adjust staffing structure where required throughout the financial year provided that adjustments remain within the total employee cost allocation as contained in the Annual Budget; and
- (g) Transfers to and from Reserve Accounts as detailed within the notes, including the establishment of seven new reserve accounts.

RECOMMENDATION 7:

(SIMPLE MAJORITY)

That Council, under Regulation 34(5) of the Local Government (Financial Management) Regulations 1996 and Australian Accountings Standard AASB 1031 Materiality, adopt a threshold of (+) or (-)\$10,000 for operating items and (+) or (-) \$20,000 for capital items, or 10%, whichever is higher, when reporting material variances in each nature and type line item of the Statements of Financial Activity in 2023/24.

RECOMMENDATION 8:

(SIMPLE MAJORITY)

That Council:

1. Acknowledges the importance of Federal funding received through the Financial Assistance Grant Scheme and used for the continued delivery of Council's services and infrastructure;
2. Requests the Chief Executive Officer to ensure that this Federal funding, and other funding provided by the Federal Government under relevant grant programs, is appropriately identified as Commonwealth grant funding in Council publications, including annual reports.

**Attachments**

1. 2023-24 Shire of Broome Annual Budget
2. 2023-24 Fees and Charges
3. 2023-24 Capital Schedules
4. 2023-24 Ministerial Approval of Differential Rates
5. 2023-24 Objectives and Reasons for the Differential Rates and Minimum Payments



**ANNUAL BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2024**  
**LOCAL GOVERNMENT ACT 1995**

**TABLE OF CONTENTS**

Statement of Comprehensive Income	2
Statement of Cash Flows	3
Statement of Financial Activity	4
Index of Notes to the Budget	5
Fees and Charges Schedule	33

**SHIRE'S VISION**  
Broome - a future, for everyone

**SHIRE OF BROOME  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2023/24 Budget	2022/23 Actual	2022/23 Budget
<b>Revenue</b>		\$	\$	\$
Rates	2(a)	26,561,200	24,990,045	25,001,626
Grants, subsidies and contributions	11	3,997,267	2,204,470	1,688,116
Fees and charges	15	10,948,496	10,002,910	11,607,813
Interest revenue	12(a)	1,273,202	1,366,467	436,559
Other revenue	12(b)	1,275,664	1,532,852	1,337,814
		44,055,829	40,096,744	40,071,928
<b>Expenses</b>				
Employee costs		(18,520,106)	(16,830,662)	(16,348,732)
Materials and contracts		(14,726,176)	(10,223,946)	(11,276,640)
Utility charges		(2,243,536)	(2,092,599)	(2,151,708)
Depreciation	6	(15,510,953)	(14,323,248)	(18,142,152)
Finance costs	12(d)	(279,008)	(183,905)	(202,898)
Insurance		(879,464)	(1,011,767)	(785,277)
Other expenditure		(1,763,771)	(1,558,119)	(2,208,463)
		(53,923,014)	(46,224,246)	(51,115,870)
		(9,867,185)	(6,127,502)	(11,043,942)
Capital grants, subsidies and contributions	11	10,650,596	6,379,661	12,633,743
Profit on asset disposals	5	103,734	92,050	202,995
Loss on asset disposals	5	(57,034)	(26,200)	(254,543)
		10,697,296	6,445,511	12,582,195
<b>Total comprehensive income for the period</b>		<b>830,111</b>	<b>318,009</b>	<b>1,538,253</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF BROOME**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2023/24 Budget	2022/23 Actual	2022/23 Budget
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
		\$	\$	\$
Rates		26,561,200	25,104,442	25,037,513
Grants, subsidies and contributions		3,997,267	3,035,863	2,906,510
Fees and charges		10,948,496	10,002,910	11,607,813
Interest revenue		1,273,202	1,366,467	436,559
Goods and services tax received		0	152,615	0
Other revenue		1,275,664	1,532,852	1,337,814
		44,055,829	41,195,149	41,326,209
<b>Payments</b>				
Employee costs		(18,520,106)	(16,890,331)	(16,323,913)
Materials and contracts		(14,726,176)	(13,657,279)	(11,301,459)
Utility charges		(2,243,536)	(2,092,599)	(2,151,708)
Finance costs		(279,008)	(183,905)	(202,898)
Insurance		(879,464)	(1,011,767)	(785,277)
Other expenditure		(1,763,771)	(1,558,119)	(2,208,463)
		(38,412,061)	(35,394,000)	(32,973,718)
<b>Net cash provided by (used in) operating activities</b>	4	5,643,768	5,801,149	8,352,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost - self supporting loans	7	0	0	(690,746)
Payments for purchase of property, plant & equipment	5(a)	(5,768,713)	(5,702,007)	(15,722,175)
Payments for construction of infrastructure	5(b)	(20,506,044)	(5,016,952)	(16,307,738)
Capital grants, subsidies and contributions		10,650,596	7,803,369	7,153,718
Proceeds from sale of property, plant and equipment	5(a)	718,644	381,253	445,073
Proceeds on financial assets at amortised cost - self supporting loans	7(a)	96,154	0	0
<b>Net cash provided by (used in) investing activities</b>		(14,809,363)	(2,534,337)	(25,121,868)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	7(a)	(551,027)	(444,162)	(444,162)
Payments for principal portion of lease liabilities	7	0	0	0
Proceeds from new borrowings	7(a)	2,350,507	1,000,000	690,746
<b>Net cash provided by (used in) financing activities</b>		1,799,480	555,838	246,584
<b>Net increase (decrease) in cash held</b>		(7,366,115)	3,822,650	(16,522,793)
Cash at beginning of year		47,236,454	43,413,804	39,537,812
<b>Cash and cash equivalents at the end of the year</b>	4	<b>39,870,339</b>	<b>47,236,454</b>	<b>23,015,019</b>

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF BROOME**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2024**

		2023/24	2022/23	2022/23
	NOTE	Budget	Actual	Budget
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
		\$	\$	\$
Rates	2(a)	26,561,200	24,990,045	25,001,626
Grants, subsidies and contributions	11	3,997,267	2,204,470	1,688,116
Fees and charges	15	10,948,496	10,002,910	11,607,813
Interest revenue	12(a)	1,273,202	1,366,467	436,559
Other revenue	12(b)	1,275,664	1,532,852	1,337,814
Profit on asset disposals	5	103,734	92,050	202,995
		44,159,563	40,188,794	40,274,923
<b>Expenditure from operating activities</b>				
Employee costs		(18,520,106)	(16,830,662)	(16,348,732)
Materials and contracts		(14,726,176)	(10,223,946)	(11,276,640)
Utility charges		(2,243,536)	(2,092,599)	(2,151,708)
Depreciation	6	(15,510,953)	(14,323,248)	(18,142,152)
Finance costs	12(d)	(279,008)	(183,905)	(202,898)
Insurance		(879,464)	(1,011,767)	(785,277)
Other expenditure		(1,763,771)	(1,558,119)	(2,208,463)
Loss on asset disposals	5	(57,034)	(26,200)	(254,543)
		(53,980,048)	(46,250,446)	(51,370,413)
Non-cash amounts excluded from operating activities	3(b)	15,497,961	14,125,443	18,193,700
<b>Amount attributable to operating activities</b>		<b>5,677,476</b>	<b>8,063,791</b>	<b>7,098,210</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions	11	10,650,596	6,379,661	12,633,743
Proceeds from disposal of assets	5	718,644	381,253	445,073
Proceeds from financial assets at amortised cost - self supporting loans	7(a)	96,154	0	0
		11,465,394	6,760,914	13,078,816
<b>Outflows from investing activities</b>				
Payments for property, plant and equipment	5(a)	(5,768,713)	(5,702,007)	(15,722,175)
Payments for construction of infrastructure	5(b)	(20,506,044)	(5,016,952)	(16,307,738)
Payments for financial assets at amortised cost - self supporting loans	7(a)	0	0	(690,746)
		(26,274,757)	(10,718,959)	(32,720,659)
<b>Amount attributable to investing activities</b>		<b>(14,809,363)</b>	<b>(3,958,045)</b>	<b>(19,641,843)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from new borrowings	7(a)	2,350,507	1,000,000	690,746
Transfers from reserve accounts	9(a)	6,130,711	2,068,882	9,970,352
		8,481,218	3,068,882	10,661,098
<b>Outflows from financing activities</b>				
Repayment of borrowings	7(a)	(551,027)	(444,162)	(444,162)
Payments for principal portion of lease liabilities	8	0	0	0
Transfers to reserve accounts	9(a)	(4,445,042)	(3,975,311)	(1,818,355)
		(4,996,069)	(4,419,473)	(2,262,517)
<b>Amount attributable to financing activities</b>		<b>3,485,149</b>	<b>(1,350,591)</b>	<b>8,398,581</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	3	5,646,738	2,891,583	4,145,052
Amount attributable to operating activities		5,677,476	8,063,791	7,098,210
Amount attributable to investing activities		(14,809,363)	(3,958,045)	(19,641,843)
Amount attributable to financing activities		3,485,149	(1,350,591)	8,398,581
<b>Surplus or deficit at the end of the financial year</b>	3	<b>(0)</b>	<b>5,646,738</b>	<b>(0)</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF BROOME  
FOR THE YEAR ENDED 30 JUNE 2024  
INDEX OF NOTES TO THE BUDGET**

Note 1	Basis of Preparation	6
Note 2	Rates and Service Charges	8
Note 3	Net Current Assets	14
Note 4	Reconciliation of cash	16
Note 5	Fixed Assets	17
Note 6	Depreciation	18
Note 7	Borrowings	19
Note 8	Lease Liabilities	21
Note 9	Reserve Accounts	22
Note 10	Revenue Recognition	25
Note 11	Program Information	26
Note 12	Other Information	28
Note 13	Elected Members Remuneration	29
Note 14	Trust Funds	31
Note 15	Fees and Charges	32

**SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2024**

**1(a) BASIS OF PREPARATION**

The annual budget is a forward looking document and has been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the annual budget be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the annual budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**The local government reporting entity**

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this annual budget.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the annual budget.

**2022/23 actual balances**

Balances shown in this budget as 2022/23 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

**Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in the budget relate to the original budget estimate for the relevant item of disclosure.

**Comparative figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**Rounding off figures**

All figures shown in this statement are rounded to the nearest dollar.

**Initial application of accounting standards**

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- AASB 2021-2 Amendments to Australian Accounting Standards
- Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-6 Amendments to Australian Accounting Standards
- Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

It is not expected these standards will have an impact on the annual budget.

**New accounting standards for application in future years**

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 Amendments to Australian Accounting Standards
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards
- Classification of Liabilities as Current or Non-current
- AASB 2021-7c Amendments to Australian Accounting Standards
- Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards
- Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards
- Non-current Liabilities with Covenants
- AASB 2022-10 Amendments to Australian Accounting Standards
- Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

It is not expected these standards will have an impact on the annual budget.

**Judgements, estimates and assumptions**

The preparation of the annual budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- estimation of fair values of land and buildings and investment property
- impairment of financial assets
- estimation uncertainties and judgements made in relation to lease accounting
- estimated useful life of assets

































































































































































