



Shire of
Serpentine
Jarrahdale

Special Council Meeting Agenda

7pm

Thursday, 25 July 2024

Purpose: Consideration of the following reports:

- Consideration of Submissions - 2024/25 Differential General Rates and Minimum Payments
- Consideration of the 2024 - 2025 Financial Year Budget
- Long Term Financial Plan 2024-2034 and Corporate Business Plan 2024-28
- Keirnan Park Recreation Precinct – Stage 1A project scope, revised budget and new project mandate

Contact Us

Enquiries

Call: (08) 9526 1111
Fax: (08) 9525 5441
Email: info@sjshire.wa.gov.au

In Person

Shire of Serpentine Jarrahdale
6 Paterson Street, Mundijong WA 6123
Open Monday to Friday 8.30am-5pm (closed public holidays)



www.sjshire.wa.gov.au



Councillor Attendance Register

In accordance with the 11 April 2022 Ordinary Council Meeting, Council Resolution OCM067/04/22, clause 1 – “That Council requests the Chief Executive Officer maintain a Councillor Attendance Register recording Councillor Attendances at Ordinary Council Meetings, Special Council Meetings, Q & A briefings for Ordinary Council Meetings, Q & A briefings for Special Council Meetings, Councillor Workshops held for Project Briefings, Councillor Workshops held for Budget Preparations and Policy Concept Forums”.

In accordance with the 12 December 2022 Ordinary Council Meeting, Council Resolution OCM313/12/22, clause 6 – “That Council requests that the Councillor Attendance Register published in the Agenda and Minutes displays attendances for the calendar year and notes that the full Councillor Attendance Register, including previous calendar years, will continue to be published on the Shire’s website.”

Council 1 January 2024 –

Date	Type	President Coales	Cr Bishop	Cr Byas	Cr Duggin	Cr Jerrett	Cr Mack	Cr Mazzini
08/07/24	Q&A (OCM)	✓	✓	✓	✓	✓	✓	✓
03/07/24	WORKSHOP	✓	✓	A	✓	✓	✓	A
26/06/24	WORKSHOP	✓	A	A	✓	LoA	✓	✓
24/06/24	PCF	✓	✓	A	✓	LoA	✓	✓
17/06/24	OCM	✓	✓	A	✓	LoA	✓	✓
17/06/24	Q&A (OCM)	✓	✓	A	✓	LoA	✓	✓
12/06/24	WORKSHOP	✓	A	A	✓	LoA	✓	✓
12/06/24	WORKSHOP	✓	A	A	✓	LoA	✓	✓
10/06/24	Q&A (OCM)	✓	✓	A	✓	A	✓	✓
05/06/24	WORKSHOP	✓	✓	A	✓	✓	✓	✓
29/05/24	WORKSHOP	A	✓	A	✓	✓	✓	✓
27/05/24	PCF	✓	✓	A	✓	✓	✓	✓
20/05/24	OCM	✓	✓	✓	✓	✓	✓	✓
20/05/24	Q&A (OCM)	✓	✓	✓	✓	✓	✓	✓
15/05/24	WORKSHOP	✓	A	✓	✓	✓	✓	A
13/05/24	Q&A (OCM)	✓	✓	✓	✓	✓	✓	✓



Continued

Special Council Meeting Agenda Thursday, 25 July 2024

Date	Type	President Coales	Cr Bishop	Cr Byas	Cr Duggin	Cr Jerrett	Cr Mack	Cr Mazzini
06/05/24	PCF	✓	✓	A	✓	✓	✓	✓
01/05/24	WORKSHOP	✓	✓	✓	✓	✓	✓	✓
29/04/24	WOKRSHOP	✓	✓	A	✓	✓	✓	✓
22/04/24	PCF	✓	✓	✓	✓	✓	✓	✓
17/04/24	WORKSHOP	✓	✓	✓	A	A	A	✓
15/04/24	OCM	✓	✓	✓	✓	✓	✓	✓
15/04/24	Q&A (OCM)	✓	✓	✓	✓	✓	✓	✓
08/04/24	Q&A (OCM)	✓	✓	✓	✓	✓	✓	✓
25/03/24	PCF	✓	A	A	✓	A	✓	✓
18/03/24	OCM	✓	✓	A	✓	✓	✓	
11/03/24	WORKSHOP	✓	✓	✓	✓	✓	✓	
11/03/24	Q&A (OCM)	✓	✓	A	✓	✓	✓	
06/03/24	WORKSHOP	✓	EPNG	✓	✓	✓	✓	
06/03/24	PCF (Special)	✓	EPNG	✓	✓	✓	✓	
28/02/24	WORKSHOP	✓	A	✓	✓	A	A	
26/02/24	PCF	✓	A	A	✓	✓	✓	
19/02/24	OCM	✓	A	✓	✓	✓	✓	
12/02/24	Q&A (OCM)	✓	✓	✓	✓	✓	✓	
05/02/24	PCF	✓	✓	A	✓	✓	✓	
29/01/24	PCF	✓	✓	✓	✓	✓	✓	

A – Apology
LoA – Leave of Absence
NA – Non Attendance
EPNG – Electronic Participation Not Granted



Table of Contents

1. Attendances and apologies (including leave of absence):	5
2. Public question time:	5
3. Public statement time:	5
4. Petitions and deputations:	5
5. Declaration of Councillors and Officers interest:	5
6. Reports for consideration:	6
6.1 - Consideration of Submissions - 2024/25 Differential General Rates and Minimum Payments (SJ4459)	6
6.2 - Consideration of the 2024-2025 Financial Year Budget (SJ4495)	15
6.3 - Long Term Financial Plan 2024-2034 and Corporate Business Plan 2024-28 (SJ940-3)	31
6.4 - Keirnan Park Recreation Precinct - Stage 1A project scope, revised budget and new project mandate (SJ1364)	40
7. Motions of which notice has been given:	52
8. Urgent business:	53
9. Closure:	53

The purpose of this Council Meeting 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 of the provisions of the *Local Government Act 1995* (section 5.25(1)(e)) and Council's *Standing Orders Local Law 2002 (as Amended)* – Part 14, Implementing Decisions. No person should rely on the decisions made by Council until formal advice of the Council resolution is received by that person.

The Shire of Serpentine Jarrahdale 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.

At the 20 June 2022 Ordinary Council Meeting, Council resolved that Council and Committee Meetings will be audio recorded in accordance with Council Policy. If you are asking a public question or making a statement or deputation to the meeting this will be audio recorded. Members of the public are reminded that no other visual or audio recording of this meeting by any other means is allowed.



Continued

Special Council Meeting Agenda Thursday, 25 July 2024

Dear Elected Member

A Special Council Meeting of the Shire of Serpentine Jarrahdale will be held on Thursday, 25 July 2024 in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong, commencing at 7pm.

A handwritten signature in blue ink, appearing to read 'Brian Oliver'.

Brian Oliver

Acting Chief Executive Officer

12 July 2024

Agenda

- 1. Attendances and apologies (including leave of absence):**
- 2. Public question time:**
- 3. Public statement time:**
- 4. Petitions and deputations:**
- 5. Declaration of Councillors and Officers interest:**



6. Reports for consideration:

6.1 - Consideration of Submissions - 2024/25 Differential General Rates and Minimum Payments (SJ4459)	
Responsible Officer:	Director Corporate Services
Senior Officer:	Chief Executive Officer
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
-----------	---

Report Purpose

The purpose of this report is to enable Council to consider submissions received regarding the Rates in the Dollar and Minimum Payments for the Differential Rating categories to be applied for the 2024/25 Financial Year.

Relevant Previous Decisions of Council

<i>Ordinary Council Meeting – 20 May 2024 – OCM133/05/24- COUNCIL RESOLUTION / Officer Recommendation</i>		
<i>That Council:</i>		
1. <i>ENDORSES a total rate yield for 2024/2025 budget purposes, which will derive a proposed \$31,788,176 in net rate revenue.</i>		
2. <i>ENDORSES for the purpose of advertising the following proposed Differential Categories, Rates and Minimum Payments for the Shire of Serpentine Jarrahdale for the 2024/25 rating year:</i>		
<i>Rate Category</i>	<i>Rate in Dollar (Expressed as cents in \$)</i>	<i>Minimum Payment</i>
<i>GRV Residential</i>	<i>0.094713</i>	<i>\$1,451.00</i>
<i>GRV Commercial / Industrial</i>	<i>0.151483</i>	<i>\$1,648.00</i>
<i>UV General</i>	<i>0.004029</i>	<i>\$1,589.00</i>
<i>UV – Rural Residential</i>	<i>0.004722</i>	<i>\$2,094.00</i>
<i>UV – Commercial / Industrial</i>	<i>0.006687</i>	<i>\$2,205.00</i>
<i>UV Intensive Farmland</i>	<i>0.007616</i>	<i>\$3,178.00</i>



3. *AUTHORISES the Chief Executive Officer to advertise for public comment, the Differential General Rates and the Minimum Payments Statement of Objects and Reasons in attachment 1, as per the requirements of section 6.36 of the Local Government Act 1995.*
4. *REQUESTS that the Chief Executive Officer, in liaison with the Shire President arrange a 24/25 Budget Breakfast to occur on a weekday morning after the adoption of the 2024/25 Budget at an approximate cost of \$3,000*

Background

Rate revenue is a substantial source of revenue for the Shire of Serpentine Jarrahdale, accounting for just over two thirds of operating revenue in the proposed 2024/25 Budget.

The *Local Government Act 1995* (the Act) empowers local governments to impose general rates and minimum payments on rateable land. Local governments can impose either uniform general rates or differential general rates.

Uniform general rates set a single general rate in the dollar for each valuation category of either Gross Rental Value (GRV) and Unimproved Value (UV)) being a uniform general rate in the valuation dollar and applied to all properties within a valuation category.

As an alternative to adopting a uniform general rate, a local government may apply different rates in the dollar within each valuation category known as a differential general rate which may be applied using the following characteristics, or combination thereof:

The purpose for which the land is zoned;

The predominant use (as determined by the Local Government);

If the land is vacant or not; and

Any characteristics prescribed (currently only relevant to amalgamations).

The Shire of Serpentine Jarrahdale has traditionally adopted differential general rates.

The overall objective of a rating model is to provide for the net funding requirements of the Shire’s services, activities, financing costs and the current and future capital requirements of the Shire as outlined in the Council Plan 2023-2033, Corporate Business Plan, Long Term Financial Plan (LTFP) and the Annual Budget, ensuring to fund these requirements in an equitable way, in accordance with the Shire’s rating strategy.

Community / Stakeholder Consultation

Corporate Business Plan Workshop – Part 1

Meeting Date	28 February 2024
Elected Members in Attendance	President Coales, Cr Byas and Cr Duggin

Corporate Business Plan Workshop – Part 1

Meeting Date	11 March 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack



Special Council Meeting Agenda Thursday, 25 July 2024

Strategic Forum

Meeting Date	17 April 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Mazzini

Budget Workshop – Rates Modelling, LTFP and Fees and Charges

Meeting Date	1 May 2024
Elected Members in Attendance	All Councillors

Budget Workshop – 2024-25 Non-Recurrent and Capital

Meeting Date	15 May 2024
Elected Members in Attendance	President Coales, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack

Budget Workshop – Operating Part 1

Meeting Date	5 June 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Duggin, Cr Jerrett, Cr Mack, Cr Mazzini

Budget Workshop – Operating Part 2

Meeting Date	12 June 2024
Elected Members in Attendance	President Coales, Cr Duggin, Cr Mack, Cr Mazzini

Budget Workshop – Years 2-4 Non-Recurrent and Capital and Outstanding CRM's

Meeting Date	3 July 2024
Elected Members Councillors in Attendance	President Coales, Cr Bishop, Cr Duggin, Cr Jerrett, Cr Mack

Community Consultation - Notice of rates and invitation to submit.

In addition to the above, the Shire is required to, in accordance with Section 6.36 of the Act, give notice of certain rates and invite submissions for a period of 21 days or such longer period.

As per Council Resolution OCM133/05/24, Council authorised the Chief Executive Officer to advertise for public comment, the proposed Differential Rates and Minimum Payments, and Statement of Objects and Reasons as per the requirements of section 6.36 of the Act.

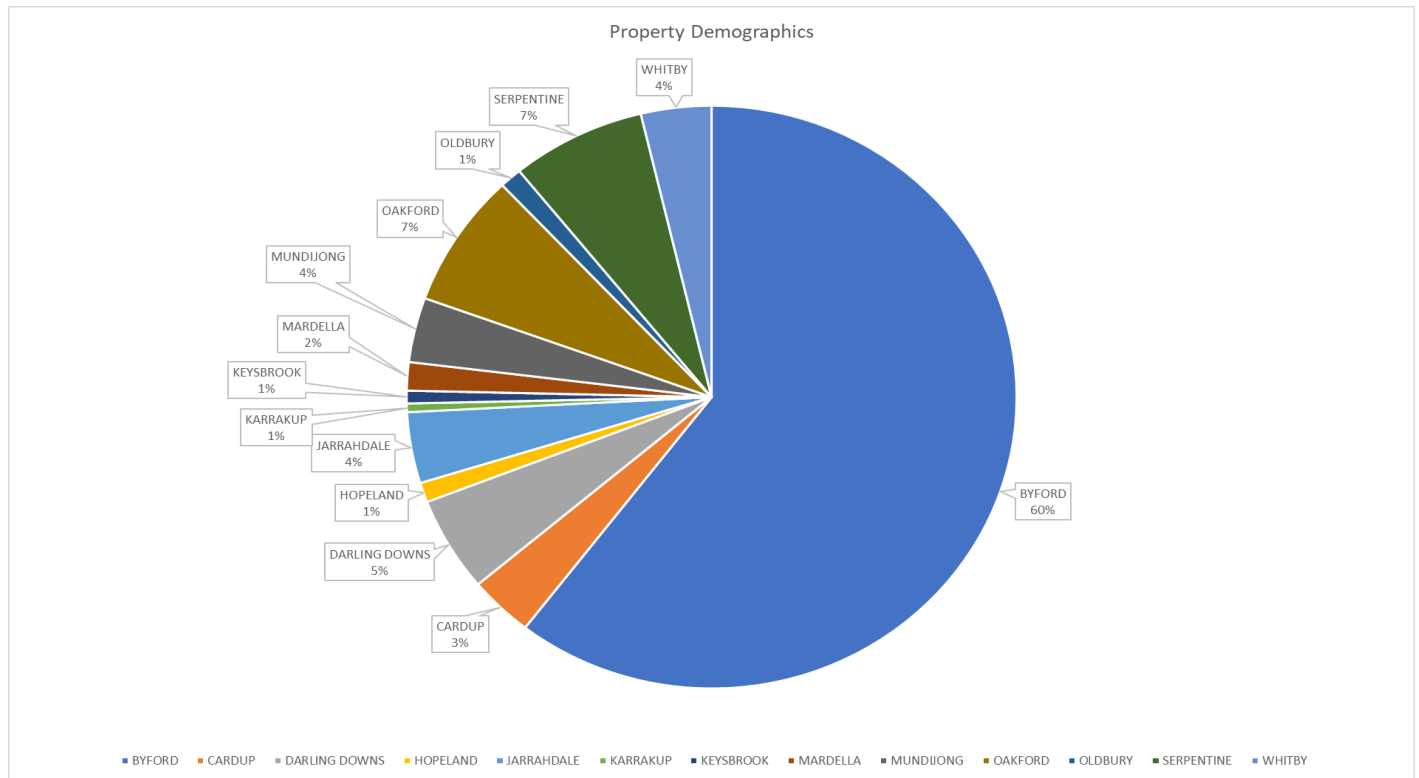


The Shire gave Local Public Notice of the proposed 2024/25 Differential Rates from 24 May 2024, with submissions closing on 16 June 2024, via the following channels:

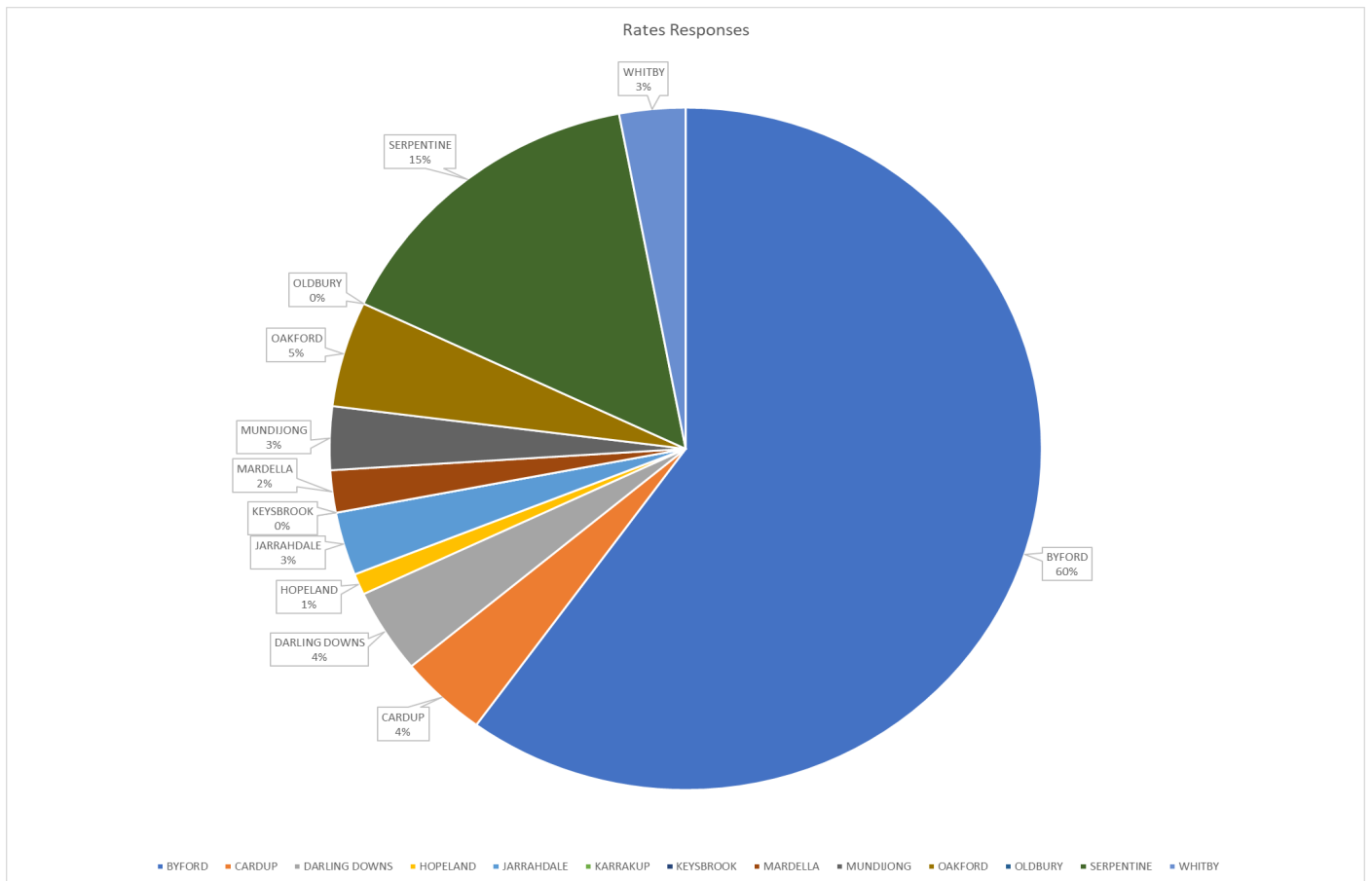
- Public Notice (The West Australian newspaper, The Examiner newspaper, displayed at the Shire Administration Building and Byford Library)
- Your Say SJ website
- Shire corporate website
- Shire Facebook page
- eNewsletters – SJ Matters

The Shire received 251 submissions via the Your Say SJ page and 2 via email.

The below shows the current demographic of properties within the Shire by suburb:



Below is a summary of submissions received through Your Say SJ by suburb:



The submissions received have been included in **attachment 1**. Officer’s comment to the themes raised in the submissions is addressed in the Comment section of this report.

Please note these submissions are presented unedited except for redacting any inappropriate or offensive language or any identifiable details such as names and contact details included in the submissions.

Statutory Environment

Part 6, Division 6 of the Act and Part 5 of the *Local Government (Financial Management) Regulations 1996* provides the head of power for the levying of local government rates. The legislation is quite prescriptive in its application, with the following aspects of particular note:

- Except as provided for in Section 6.26, all land within a district is rateable land (s6.26).
- In order to make up the “budget deficiency” a local government is to impose a general rate which may be imposed uniformly or differentially. A local government may also impose a specified area rate, a minimum rate and a service charge (s6.32).
- A local government may impose a differential general rate according to land zoning, land use, whether the land is vacant or not, or a combination of each characteristic (s6.33).
- No differential general rate in each category (UV or GRV) is to be more than twice the lowest differential general rate, unless approved by the Minister (s6.33(3)).
- The local government can impose differential minimum rates however, it is not to be applied to more than 50% of the properties within a district or within each category (s6.35).



Comment

The endorsed differential rates proposed a 3.4% increase in the minimum rates and general rate in the dollar for all differential rating categories to yield \$31,788,176 in net rate revenue.

Ratepayers were invited to make a submission regarding the Shire's proposed Differential Rates for 2024/25.

The table below outlines the themes raised in community submissions and the Shire's response to the themes raised.

Theme	%	Response
Cost of living crisis/ financial pressure on rate payers	32%	The impact that any rate adjustment can have on our residents is recognised. All budgetary decisions are carefully evaluated to ensure they align with the best interests of our community members. The Australian Bureau of Statistics (ABS) has reported that the Consumer Price Index (CPI) in Perth has risen by 3.4% between March 2023 and March 2024. Furthermore, The Western Australian Industrial Relations Commission increased the state minimum wage by 4%.
Unable to correlate increase in facilities/benefits in relation to the increase in rates	18%	The Shire's budget included projects that provide new facilities and programs for the community including: <ul style="list-style-type: none"> - Major new parks and facility projects such as Keirnan Park, Oakford Firestation, Byford Skate Park and the Byford Pump Track. - An additional \$380k towards parks and gardens maintenance an additional \$140k towards street tree maintenance - A \$195k increase to the facilities maintenance budget to ensure the Shire facilities are maintained. - Increase in Youth Services through the expansion of the Youth services team and the creation of a Youth Advisory Council - An increase in the Shire's events including Australia Day, Summer Splash, music events and pet friendly events. - Introduction of a Resident CCTV subsidy program.



		<ul style="list-style-type: none"> - Feasibility report for the Shire's Pound. <p>Furthermore, the 2024/25 budget includes the Executive Manager Operations position, that was created to meet the current and future demands of the organisation including the implementation of maintenance schedules to improve the maintenance of the Shire parks, roads, verges, and facilities.</p>
Poor conditions of road / footpath / overall Shire infrastructure	16%	<p>This budget includes a comprehensive capital program including:</p> <ul style="list-style-type: none"> - \$20.1m on Renewal and Upgrade of the Shire's Roads (including \$17.3m grant funding) - \$2.6m on new and renewal of footpaths (including 2.4m grant funding) - \$1.6m in new and renewal of Shire facilities - \$3.99m in new and renewal of parks including <ul style="list-style-type: none"> o \$1.53m for the Byford Pump Track o \$786k for the completion for the Skate Park o \$750k carpark upgrade in the Gooralong Trails precinct o \$455k for new lighting at the Kalimna Oval o \$214k for Playground and shade sail renewal o \$123k Mundijong Netball Court Surface and drainage renewal
No Tip / Bulk waste collection	10%	<p>The Shire has implemented temporary waste services following the temporary closure of the Watkins Road Waste Transfer Station. The temporary services include a green waste verge collection service and bookable hard waste verge collection service.</p>
Perception that the Shire cannot raise rates except for every three years.	9%	<p>The triennial revaluation of Gross Rental Value (GRV) by the Landgate Valuer General's Office does not imply that rates can only be adjusted every three years. Rather, it pertains specifically to the</p>



		valuation updates of properties. Adjustments to the rates can be made independently of these valuations, ensuring flexibility in addressing financial considerations as necessary.
Objection with no comment	5%	No response required
Shire rates are perceived to be higher compared to other Local Governments.	4%	The Shire is proposing a 3.4% increase which is less than neighbouring councils: <ul style="list-style-type: none"> - City of Kwinana - 4.2% - City of Rockingham - 4.2% - Shire of Murray – 3.95% - City of Armadale - 3.9%. - City of Cockburn – 4%
Shire communication / transparency / support	5%	Communications in relation to annual rates and/or budget endorsement occurs after Council has endorsed these, usually in July. The Shire is required to seek public comment on any potential rate rises via our engagement portal YourSay SJ, which was completed in June 2024. This engagement was advertised on social media, as well as via our weekly eNewsletter, which residents are encouraged to subscribe to.
Support of proposal	1%	No response required

Options

Option 1

That Council NOTES, in accordance with section 6.36 of the *Local Government Act 1995*, the submissions on proposed differential rates contained in **attachment 1**.

Option 1 is recommended.

Conclusion

The Shire has received 253 submissions and are provided for Council review. The submissions were considered by Officers but have not altered the Officer Recommendation.

Attachments (available under separate cover)

- **6.1 - attachment 1** – 2024-25 Rates Response Report (E24/9629)



Alignment with our Council Plan 2023-2033

Thriving
4. Ensure sustainable and optimal use of Shire resources and finances

Financial Implications

The financial implications are detailed within this report.

Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	There are no material risks associated with Option 1						

Voting Requirements: Simple Majority

Officer Recommendation:

That Council NOTES, in accordance with section 6.36 of the *Local Government Act 1995*, the submissions on proposed differential rates contained in attachment 1.



6.2 - Consideration of the 2024-2025 Financial Year Budget (SJ4495)

Responsible Officer:	Director Corporate Services
Senior Officer:	Chief Executive Officer
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
-----------	---

Report Purpose

The purpose of this report is to enable Council to consider adopting the Budget for the 2024/25 financial year together with supporting schedules, including adoption of fees and charges, rate in the dollar and minimum payments and other consequential matters arising from the budget papers, to meet its obligations under the annual integrated planning and reporting processes.

Relevant Previous Decisions of Council

Ordinary Council Meeting – 20 May 2024 – OCM133/05/24- COUNCIL RESOLUTION / Officer Recommendation

That Council:

1. *ENDORSES a total rate yield for 2024/2025 budget purposes, which will derive a proposed \$31,788,176 in net rate revenue.*
2. *ENDORSES for the purpose of advertising the following proposed Differential Categories, Rates and Minimum Payments for the Shire of Serpentine Jarrahdale for the 2024/25 rating year:*

<i>Rate Category</i>	<i>Rate in Dollar (Expressed as cents in \$)</i>	<i>Minimum Payment</i>
<i>GRV Residential</i>	<i>0.094713</i>	<i>\$1,451.00</i>
<i>GRV Commercial / Industrial</i>	<i>0.151483</i>	<i>\$1,648.00</i>
<i>UV General</i>	<i>0.004029</i>	<i>\$1,589.00</i>
<i>UV – Rural Residential</i>	<i>0.004722</i>	<i>\$2,094.00</i>
<i>UV – Commercial / Industrial</i>	<i>0.006687</i>	<i>\$2,205.00</i>
<i>UV Intensive Farmland</i>	<i>0.007616</i>	<i>\$3,178.00</i>



3. *AUTHORISES the Chief Executive Officer to advertise for public comment, the Differential General Rates and the Minimum Payments Statement of Objects and Reasons in attachment 1, as per the requirements of section 6.36 of the Local Government Act 1995.*
4. *REQUESTS that the Chief Executive Officer, in liaison with the Shire President arrange a 24/25 Budget Breakfast to occur on a weekday morning after the adoption of the 2024/25 Budget at an approximate cost of \$3,000*

Background

The Shire has an obligation to plan for the future of the district under the Integrated Planning and Reporting (IPR) Framework. The processes are annual, biennial (minor strategic review) and quadrennial (major strategic review). Information in this report addresses the budget obligations of the annual IPR process.

The Department of Local Government, Sport, and Cultural Industries IPR guidelines state that the annual process should include the:

- Development of an annual budget based on the delivery program of the Corporate Business Plan for the relevant year;
- Update and review of the Corporate Business Plan; and
- Addition of a year to the Long-Term Financial Plan.

At the February 2024 Ordinary Council Meeting, Council noted the Shire’s IPR timetable. This timetable outlined the key steps involved in the Shire’s annual IPR process to develop the Annual Budget, review the Corporate Business Plan and update the Long Term Financial Plan. The key steps included submission and review of business cases, workshops with Executive and Council and establishing due dates to ensure regulatory compliance.

This process is now complete, and the Annual Budget 2024/2025 is provided for Council consideration as detailed in this report.

Community / Stakeholder Consultation

Corporate Business Plan Workshop – Part 1

Meeting Date	28 February 2024
Elected Members in Attendance	President Coales, Cr Byas and Cr Duggin

Corporate Business Plan Workshop – Part 1

Meeting Date	11 March 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack

Strategic Forum

Meeting Date	17 April 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Mazzini



Budget Workshop – Rates Modelling, LTFFP and Fees and Charges

Meeting Date	1 May 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack, Cr Mazzini

Budget Workshop – 2024-25 Non-Recurrent and Capital

Meeting Date	15 May 2024
Elected Members in Attendance	President Coales, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack

Budget Workshop – Operating Part 1

Meeting Date	5 June 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Duggin, Cr Jerrett, Cr Mack, Cr Mazzini

Budget Workshop – Operating Part 2

Meeting Date	12 June 2024
Elected Members in Attendance	President Coales, Cr Duggin, Cr Mack, Cr Mazzini

Budget Workshop – Years 2-4 Non-Recurrent and Capital and outstanding CRM's

Meeting Date	3 July 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Duggin, Cr Jerrett, Cr Mack

Community Consultation - Notice of rates and invitation to submit

In addition to the above, the Shire is required to, in accordance with Section 6.36 of the *Local Government Act 1995* (the Act), give notice of certain rates and invite submissions for a period of 21 days or such longer period. The Shire gave Local Public Notice on 24 May 2024, with submissions closing on 16 June 2024. Responses have been outlined in item 6.1 - 2024/25 Differential General Rates and Minimum Payments.

Statutory Environment

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

Section 6.2 of the Act requires that no later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt by absolute majority, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following 31 August.

Divisions 5 and 6 of Part 6 of the Act refer to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The 2024/25 Budget as presented is considered to meet statutory requirements.

Section 5.63 of the Act specifically excludes the need to declare a financial interest where matters; have an interest in common to a significant number of ratepayers/electors; relate to the imposition of any rate, charge or fee; relate to a fee, reimbursement of an expense or an allowance payable to elected members.



Comment

The 2024/25 Budget continues the journey the Shire has been on in transforming the Council and the community's vision into delivery of outcomes on the ground whilst meeting community priorities. The budget is an ambitious document and has been prepared with a focus on capacity building of the organisation, improved service delivery and the sustainable creation, renewal and maintenance of assets with a strong focus on the improvement of the Shire's roads and facilities.

Economic Environment

The Australian Bureau of Statistics (ABS) has reported that the Consumer Price Index (CPI) in Perth has risen by 3.4% between March 2023 and March 2024.

Budget Development

The Budget has been developed in alignment with the Long Term Financial Plan (LTFP), Corporate Business Plan (CBP), Council Plan 2023-2033 and other key supporting strategies as required under the Integrated Planning and Reporting Framework.

The 2024/25 Statutory Budget is developed from this strategic direction setting plans taking into consideration operational capabilities, community needs and the current economic conditions.

The budget has been prepared based on presentations made to elected members at workshops over the last three months and in accordance with the requirements of the Act.

Statement of Comprehensive Income

The Statement of Comprehensive Income in the 2024/25 Annual Budget includes \$83.982 million related to income (inclusive of Rates), and \$57.997 million of operating expenditure (including \$15.505 million of non-cash depreciation expenditure).

Materials and Contracts

The \$892,812 budgeted increase in Materials and Contracts operating costs reflects the increased costs to obtain materials and contractors in the current economic environment, with the most significant increases being:

- \$400,000 increase in software subscriptions
- \$380,000 increase in Parks and Garden maintenance, including an additional \$147,000 for street tree maintenance and \$83,400 for revegetation works to facilitate clearing permit conditions.
- \$195,000 increase in facilities maintenance

Employee Costs

Across Australia pressure exists in the form of rising wage demands in response to inflation. The Western Australian Industrial Relations Commission increased the state minimum wage by 4%. The Shire is not immune in this regard. The current budget has limited capacity to accommodate wage increases of this magnitude, however, includes a 3.5% salary increase.

The \$2.83m increase in employee operating costs is primarily the result of

- \$795,003 as a result of a 3.5% salary increase;
- \$1,316,707 new staff establishment (see below);



- \$238,996 as a result of new staff established in 2023/24 now being budgeted for a full year (New FTE's are budgeted in the first year for 9 months only);
- \$116,921 increase of the minimum compulsory Superannuation Contributions; and
- \$73,108 increase in workers compensation premiums.

A comprehensive summary of new positions is detailed below:

Staff Establishment

The 2024/25 Budget has a particular focus on capacity building, improving levels of service and a Capital program on an unprecedented scale.

The Shire continues to experience periods of unprecedented growth, as evidenced through official ABS data released in March of each year. The most recent data released revealed that:

- Byford experienced the 2nd largest growth rate in real terms across all suburbs within Western Australia and;
- The Shire experienced the largest natural increase amongst all local governments in Western Australia.

The completion of the Byford rail extension and the commencement of the Tonkin Hwy extension has resulted in Mundijong beginning its urbanisation process. This coupled with the growth rates occurring within Byford places the Shire in a unique position of needing to resource the management of even greater growth levels.

During 2023/24 financial year, the Shire developed a focus on capacity building, with the engagement of a new Executive Manager Operations. This position has been created to meet the current and future demands of the organisation including the implementation of maintenance schedules to improve the maintenance of the Shire parks, roads, streetscapes, and facilities as well as to continue work to improve the Shire's Waste Management services.

In an effort to continue this focus the following changes in the staff establishment are proposed within this budget document.

Position Title	FTE	Type	2024/25 Budget <i>(9 months only, plus ICT set up costs)</i>
Statutory Planning Officer - Graduate	0.8	2 Year fixed term	\$57,143
Statutory Planning Officer - Graduate	0.8	2 Year fixed term	\$57,143
Building Assessment Officer -Trainee	0.8	2 Year fixed term	\$33,603
Administrative Supporting Officer	1.0	2 Year fixed term	\$57,984
ICT - Information Service Officer	1.0	12 month fixed term	\$46,966
Business Systems Analyst	1.0	2 Year fixed term	\$99,789
Cemeteries Officer	1.0	2 Year fixed term	\$90,772
Graphic Design and Multimedia Officer	1.0	Permanent	Cost Neutral
Community Activation Officer – Arts, Culture and Events Support	1.0	Permanent	\$31,545



Engineering Technical Officer - Tonkin Hwy Project	0.6	3 Year fixed term	\$39,395
Asset Management Coordinator	1.0	Permanent	\$112,247
Business Systems Coordinator	1.0	Permanent	\$109,220
Business Systems Support Officer	1.0	Permanent	\$80,684
IT Systems Support Officer	1.0	Permanent	\$83,206
Senior Environmental Officer	0.6	Permanent	\$56,254
Irrigation Officer - Team Leader	1.0	Permanent	\$69,005
Strategic Environmental Specialist Assistant - Graduate	0.5	Permanent	\$32,342
Senior Youth Development Officer	1.0	Permanent	\$75,939
Youth Activity Officer	0.4	Permanent	\$28,859
Youth Activity Officer	0.4	Permanent	\$28,859
Advocacy and Strategic Communication Officer	1.0	Permanent	\$146,388
Total	17.9		\$1,337,343

A detailed description of the proposed new FTEs in contained in **attachment 2**.

Capital Works Program

The Shire is proposing an extensive and transformative Capital Works program for the 2024/2025 financial year with budgeted capital projects of \$52m including carry forwards, of which \$35.49m is grant funded. This demonstrates the strength of Shire's advocacy for grant funding for Shire capital projects.

Major projects planned to get underway in 2024-2025 include:

- Road upgrades and renewals to the value of \$9.16m including:
 - \$3.747m of State Blackspot projects (Karnup Road between Hopeland Road and Yangedi Road, Widening of 4 intersections on Nicholson Road between Rowley Road and Thomas Road, Karnup Road-Richardson Road Roundabout Upgrade)
 - \$3.691m of MRRG Rehabilitation and Upgrade (Rowley Road between Hopkinson Road and Appaloosa Ave, Mundijong Road/Lightbody Road, Mundijong Road/Paterson Street intersection, Larsen Road between South West Highway and George Street, continuation of Hopeland Road project);
 - \$977,232 of Roads to Recovery funded road projects (Gravel resheeting of Millars Road and Jarrah Road and upgrades to Medulla Road between Jarrahdale Road and Jarrahglen Rise, and Linton Street North Cul-de-sac);
 - \$465,165 of Federal Blackspot projects for Karnup Road between Punrak Road and Hopeland Road.
 - \$85,000 Road Safety Initiatives
 - \$78,000 for Tuart Road base repairs



- \$55,040 Drainage Renewal Program
- \$38,110 for the installation of two new Bus shelters and;
- \$23,500 installation of a Water Standpipe hard stand in Keysbrook.
- \$11.054m for the completion of Hypergrowth Road projects including:
 - \$5.575m to finalised construction of Orton Road Stage 1 and 2; and
 - \$5.478m to finalise construction of Kargotich Road Stage 1, 2 and 3.
- \$5.5m for bridge replacements including:
 - \$1.47m for Oakford Bridge 187
 - \$4.067m for the Jarrahdale Road Bridge
- The delivery of \$1.6m for the renewal and upgrade of Shire facilities, including:
 - \$470,000 for works at the SJ Recreation Centre;
 - \$285,000 sealing the trafficable surfaces at Shire Depot;
 - \$189,000 for upgrades to Youth Facilities
 - \$148,000 to finalise the Byford Fire station Changerooms;
 - \$147,660 refurbishment of the Byford Kindy;
 - \$119,037 for a Concept design for Public Toilet/Changing place at the Byford Train Station
 - \$92,400 for a Council Chambers upgrade to meet new live streaming requirements
 - \$82,000 for Septic tank/leach drain renewals to various Shire facilities
 - \$75,000 refurbishment of Landcare Building
 - \$70,000 for access and inclusion works at Shire facilities and;
 - \$31,700 installation of fence at the Scout Hall
- The delivery of \$136,385 of new streetlights at the following intersections:
 - Abernethy Road and Hopkinson
 - Hopkinson Road and Rowley Road
 - Richardson Street and Summerfield Road
 - Wright Road and Randell Road
- \$498,000 for the planning and detail design at Indigo Parkway for construction in future years.
- The delivery of \$192,200 of landscaping of the Shire Road reserve including:
 - Abernethy Road Roundabout and Street Trees
- The delivery of \$1.668m of new and renewal park projects including:
 - \$750,000 for a carpark upgrade in the Gooralong Trails precinct
 - \$454,666 for lighting at Kalimna Oval (CSRFF application pending)
 - \$213,700 playground and shade sail renewal; and
 - \$105,000 irrigation renewal including bores and pumps.



- \$123,350 for Mundijong Netball Court surface and drainage renewal
- \$21,500 Glades Lake boardwalk refit
- The delivery of \$2.644m of new and replacement footpaths including:
 - \$2.45m for a principal shared path at Soldier Road
 - \$194,000 for Stage 2 of renewal/upgrade of Clondyke Path Footpath;
- \$1.968m in replacement and new plant and fleet.
- Commence \$2.26m construction of Oakford Fire Station to be primarily funded from a self-supporting loan.
- Further progress towards the construction of Keirnan Park Stage 1A and Concept Design for the Netball Courts (Stage 1C).
- Construction of the Byford Pump Track.
- Construction of the Byford Skate Park Stage 2.
- Further progress towards upgrades at the Administration Centre with Stage 2b commencing in 2024/25
- Continuation of OneComm Phase 3.

A list of Capital Projects is included in the 2024/25 Budget documents contained in **attachment 1**.

Rates

Rates have been incorporated in the Budget in accordance with the Differential Rating and Minimum Payments, Objects and Reasons and Rating Strategy endorsed at the Ordinary Council Meeting held 20 May 2024.

Please note, the endorsed differential rates proposed a 3.4% increase to all rating categories that will derive \$31,788,176 in net rates revenue excluding future interim rates.

This will be represented as Option 1 of this report.

Borrowings

The 2024/25 Budget includes \$6,495,000 of loan funds proposed to be drawn down over the course of the next few years.

These include:

- A further \$3.6m to be drawn down from the \$6m loan facility for the next stage of the Administration building redevelopment.
- A \$2,095,000 self-supporting loan funded from DFES for the purpose of constructing the Oakford Fire brigade station. This was anticipated to be drawn in 2023/24 however due to delays in the project this was not necessary, and it is anticipated this loan will be drawn down in 2024/25.
- A new loan of \$800,000 for the purposes of land acquisition.

Reserves

The 2024/25 budget makes the following contributions to reserves:

- \$1m in investment interest to multiple reserves;



- \$845,000 to plant and fleet reserve;
- \$100,000 to ICT reserve;
- \$99,000 to community grants reserve;
- \$85,000 to the operations optimisation reserve;
- \$77,250 to local government election reserve;
- \$55,000 to Footpath reserve;
- \$50,000 to the investment reserve;
- \$46,801 to the Jarrahdale Communication Tower reserve;
- \$40,000 to rates revaluation reserve.

The 2024/25 budget includes the following projects to be funded from reserves:

- \$1.437m for the acquisition of new and replacement fleet;
- \$915,000 towards the continuation of the OneComm project;
- \$498,000 towards for the planning and detail design at Indigo Parkway for construction in future years;
- \$496,608 for DCP administration and Water Monitoring;
- \$481,217 for the Shires contribution to the Jarrahdale Road Bridge replacement;
- \$351,227 to fund the Executive Manager Operations;
- \$392,000 for upgrades to the Serpentine Jarrahdale Recreation Centre;
- \$165,000 for the construction of the Oakford Fire station;
- \$147,660 for the Byford Kindergarten refurbishment;
- \$119,037 for the Byford Train Station/Metronet Public Toilets & Changing Places Facility Concept Design;
- \$100,000 for Stage 2 of the Clondyke Footpath Renewal;
- \$100,000 for landscaping of Abernethy Road;
- \$100,000 to develop a forwards works plan;
- \$75,000 for the Council Chambers upgrades;
- \$75,000 for Major Event and Community Infrastructure Grants;
- \$50,000 for upgrade to the Byford Fire Station;
- \$24,000 to fund the costs associated with the operations of the Jarrahdale Communications tower.

Fees and Charges

The budget provides for total fees and charges revenue of \$9.409 million, a budgeted increase of \$627,027 year on year primarily as a result of:

- \$494,397 increase in refuse charges due to new properties as well as a CPI increase to waste collection charges.



- \$110,000 increase income relating the building permits due to an anticipated upturn in applications.

In determining the fees and charges, the following were taken into consideration:

- the cost to the Shire for providing the goods or service;
- the importance of the goods or service to the community; and
- the price at which the goods or service can be obtained from alternative suppliers.

During the 2024/25 budget process the Shire has assessed the fees and charges based on the above considerations and recommends that a number of these are increased to better reflect the costs associated with the provision of these services, with an average increase of 3.4% applied which aligns with the current Perth Consumer Price Index for March 2024.

These changes have only been applied to discretionary fees and charges which are within the Shire's control to set. The Shire has several fees which are prescribed through state legislation that have remained unchanged.

New Fees and Charges:

The 2024/25 Fees and Charges contains the following new fees

Fee/Charge	2024/2025 Fee	Reason For New Fee
SHIRE OF SERPENTINE JARRAHDALÉ HEALTH SERVICES Health and Amenity Administration		
Acoustic Report Assessment	\$118	Assessment of acoustic reports such as those provided for dwelling building applications and quiet house design requirements
SHIRE OF SERPENTINE JARRAHDALÉ WASTE MANAGEMENT Waste Transfer Station		
Additional Pre-booked Bulk Verge Collection Service (3m3 limit)	\$160	Additional pre-booked bulk verge fee once free services have been used
Bin Springs for Kerbside Bins	\$10	Litter control measure for bin lids that fly open during windy conditions
SHIRE OF SERPENTINE JARRAHDALÉ BUILDING SERVICES Private Swimming Pool Inspection Fees		
Initial Inspection Fee	\$285	Fee for inspection of a newly installed swimming pool
SHIRE OF SERPENTINE JARRAHDALÉ COMMUNITY HALLS, SPORTS OVALS AND FACILITIES Season Charges / Senior Sports		
Croquet Club Byford - Annual Fee	\$414	Fee for newly formed club to use facilities at Bill Hicks Oval
SHIRE OF SERPENTINE JARRAHDALÉ COMMUNITY HALLS, SPORTS OVALS AND FACILITIES Season Charges / Salvado Oval		
Oval - Commercial	\$47	Salvado Oval is a new oval that will be available for bookings from approximately January 2025.
Oval - Community	\$27	



The 2024/25 Schedule of Fees and Charges is contained in **attachment 1**.

Statutory Budget

The Statutory Budget is prepared in accordance with all relevant professional accounting pronouncements. It contains all statutory statements and supporting schedules including:

- Comprehensive Income Statement by Nature or Type;
- Statement of Cash flows;
- Statement of Financial Activity; and
- Notes to and forming part of the Budget.

Monthly reporting of significant (material) variances

As per the *Local Government (Financial Management) Regulations 1996*, Regulation 34, a financial activity statement is required to be prepared each month. *Local Government (Financial Management) Regulations 1996* Regulation 34 part 5, state that “Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.”

It is recommended that Council adopt a definition the application of a materiality level for the reporting of variance in the Statement of Financial Activity (by Nature and Type) at $\geq 10\%$ of the amended budget and $\geq \$10,000$ of the amended budget or $\geq \$150,000$ of the amended budget. This materiality will be applied to each Nature and Type Category for Operating Activities and Financing Activities, and applied at Project level for Investing Activities.

Options

Option 1 (3.4% Rate increase)

That Council:

1. ADOPTS, in accordance with section 6.16 of the *Local Government Act 1995*, the Fees and Charges contained within **attachment 1**.
2. APPROVES the borrowing of new loan funds of \$2,095,000 Self Supporting Loan for the Oakford Fire Station and \$800,000 for Land Acquisition.
3. IMPOSES, in accordance with section 6.33 of the *Local Government Act 1995*, the following differential general and minimum rates on Gross Rental and Unimproved Values adopted for the purpose of yielding the deficiency disclosed by the Municipal Fund Budget which represents a 3.4% increase to rates yield.

3.1. Differential Rates

Rate Category	Rate in Dollar (Expressed as cents in \$)
GRV Residential	0.094713
GRV Commercial / Industrial	0.151483
UV General	0.004029
UV Rural Residential	0.004722



UV Commercial / Industrial	0.006687
UV Intensive Farmland	0.007616

3.2. Minimum Rates

Rate Category	Minimum Payment
GRV Residential	\$1,451
GRV Commercial / Industrial	\$1,648
UV General	\$1,589
UV Rural Residential	\$2,094
UV Commercial / Industrial	\$2,205
UV Intensive Farmland	\$3,178

4. ADOPTS, in accordance with section 6.45 of the *Local Government Act 1995*, the following options for payment of rates or service charges.

4.1. Instalment Arrangements

NOMINATE the following due dates for the payment of rates in full and by instalments:

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Single full payment	16/09/2024	0	0.0%	0.0%
Option two				
First instalment	16/09/2024	0	0.0%	0.0%
Second instalment	18/11/2024	5	5.5%	11.0%
Option three				
First instalment	16/09/2024	0	0.0%	0.0%
Second instalment	18/11/2024	5	5.5%	11.0%
Third instalment	20/01/2025	5	5.5%	11.0%
Fourth instalment	24/03/2025	5	5.5%	11.0%



4.2. Incentives for Early Payment of Rates

OFFERS, two \$1,000 incentive prizes to ratepayers, sponsored by Westpac who have paid their rates in full prior to 5:00pm 16 September 2024.

That all Elected Members and staff of the Shire of Serpentine Jarrahdale be ineligible to be chosen as a winner of the early rate payment incentive prizes.

5. ADOPTS, in accordance with section 6.47 of the *Local Government Act 1995*, the following Discounts and Concessions:

- Concession of 31% to eligible Farmland and Conservation properties within the UV Rural differential rate category, pursuant to Council Policy 3.2.7 – Farmland Concession;
- Concession of 50% to Conservation zone properties.

6. ADOPTS, in accordance with section 6.2 of the *Local Government Act 1995*, the Municipal Fund Budget as contained in **attachment 1**, Statutory Statements and Notes (including supplementary information) for the year ending 30 June 2025.

7. ADOPTS, in accordance with regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, and AASB 1031 Materiality, the level to be used in statements of financial activity in 2024/25 for reporting material variances shall be:

- a) ≥ 10% of the amended budget and ≥ \$10,000 of the amended budget; or
- b) ≥ \$150,000 of the amended budget.

In addition, the material variance limit will be applied to each Nature and Type Classification for Operating and Financing Activities and each Project for Investing Activities (Capital).

Option 1 is recommended.

Conclusion

The 2024/25 Budget continues the Shire’s focus on an increased capital program with a significant focus on the improvement of the Shire’s roads and facilities. The 2024-25 budget includes \$35.48m of capital grants in 2024/25.

This year will see the Shire continue its development of Keirnan Park, continued works on the Hypergrowth Road projects at Orton Road and Kargotich Road and commence construction of the Oakford Bush Fire Brigade.

Despite the increasing challenges associated with providing services to the community in an economic environment of increasing costs, the Shire will continue to look for ways to reduce annual cash expenditure on operational spends to ensure the continued financial sustainability of the Shire into the future.

Attachments (available under separate cover)

- **6.2 - attachment 1** – 2024/25 Statutory Budget and Supplementary Information (E24/9627)
- **6.2 - attachment 2** – 2024/25 Proposed New FTE Justification (E24/9627)

Alignment with our Council Plan 2023-2033

Thriving
4. Ensure sustainable and optimal use of Shire resources and finances



Financial Implications

The financial implications are detailed within this report. The 2024/2025 Budget is considered to deliver a sustainable economic outcome for Council and the community.

Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	There are no significant risks associated with Council adopting the annual budget.						

Voting Requirements: Absolute Majority (section 6.2(1) and 6.16(1) of the *Local Government Act 1995*)

Officer Recommendation

That Council:

1. **ADOPTS**, in accordance with section 6.16 of the *Local Government Act 1995*, the Fees and Charges contained within attachment 1.
2. **APPROVES** the borrowing of new loan funds of \$2,095,000 Self Supporting Loan for the Oakford Fire Station and \$800,000 for Land Acquisition.
3. **IMPOSES**, in accordance with section 6.33 of the *Local Government Act 1995*, the following differential general and minimum rates on Gross Rental and Unimproved Values adopted for the purpose of yielding the deficiency disclosed by the Municipal Fund Budget which represents a 3.4% increase to rates yield.

3.1. Differential Rates

Rate Category	Rate in Dollar (Expressed as cents in \$)
GRV Residential	0.094713
GRV Commercial / Industrial	0.151483
UV General	0.004029
UV Rural Residential	0.004722
UV Commercial / Industrial	0.006687



UV Intensive Farmland	0.007616
------------------------------	-----------------

3.2. Minimum Rates

Rate Category	Minimum Payment
GRV Residential	\$1,451
GRV Commercial / Industrial	\$1,648
UV General	\$1,589
UV Rural Residential	\$2,094
UV Commercial / Industrial	\$2,205
UV Intensive Farmland	\$3,178

4. ADOPTS, in accordance with section 6.45 of the *Local Government Act 1995*, the following options for payment of rates or service charges.

4.1. Instalment Arrangements

NOMINATE the following due dates for the payment of rates in full and by instalments:

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Single full payment	16/09/2024	0	0.0%	0.0%
Option two				
First instalment	16/09/2024	0	0.0%	0.0%
Second instalment	18/11/2024	5	5.5%	11.0%
Option three				
First instalment	16/09/2024	0	0.0%	0.0%
Second instalment	18/11/2024	5	5.5%	11.0%
Third instalment	20/01/2025	5	5.5%	11.0%
Fourth instalment	24/03/2025	5	5.5%	11.0%



4.2. Incentives for Early Payment of Rates

OFFERS, two \$1,000 incentive prizes to ratepayers, sponsored by Westpac who have paid their rates in full prior to 5:00pm 16 September 2024.

That all Elected Members and staff of the Shire of Serpentine Jarrahdale be ineligible to be chosen as a winner of the early rate payment incentive prizes.

5. ADOPTS, in accordance with section 6.47 of the *Local Government Act 1995*, the following Discounts and Concessions:

- Concession of 31% to eligible Farmland and Conservation properties within the UV Rural differential rate category, pursuant to Council Policy 3.2.7 – Farmland Concession;
- Concession of 50% to Conservation zoned properties.

6. ADOPTS, in accordance with section 6.2 of the *Local Government Act 1995*, the Municipal Fund Budget as contained in attachment 1, Statutory Statements and Notes (including supplementary information) for the year ending 30 June 2025.

7. ADOPTS, in accordance with regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, and AASB 1031 Materiality, the level to be used in statements of financial activity in 2024/25 for reporting material variances shall be:

- a) $\geq 10\%$ of the amended budget and $\geq \$10,000$ of the amended budget; or
- b) $\geq \$150,000$ of the amended budget.

In addition, the material variance limit will be applied to each Nature and Type Classification for Operating and Financing Activities and each Project for Investing Activities (Capital).



6.3 - Long Term Financial Plan 2024-2034 and Corporate Business Plan 2024-28 (SJ940-3)

Responsible Officer:	Director Corporate Services
Senior Officer:	Chief Executive Officer
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
-----------	---

Report Purpose

The purpose of this report is to enable Council to consider adopting the:

- Long term Financial Plan 2024-2034; and
- Corporate Business Plan 2024-2028

to meet its obligations under the annual Integrated Planning and Reporting (IPR) processes.

Relevant Previous Decisions of Council

*Ordinary Council Meeting – 19 February 2024 – OCM022/02/24 - COUNCIL RESOLUTION / Officer Recommendation – **extract***

That Council:

1. NOTES the Shire of Serpentine Jarrahdale’s Integrated Planning, Reporting and Budget Timetable for the 2024-2028 Corporate Business Plan, 2024-2025 Budget and 2024-2034 Long Term Financial Plan as contained within this report.

Background

The Shire has an obligation to plan for the future of the district under the Integrated Planning and Reporting (IPR) Framework. The processes are annual, biennial (minor Council Plan review) and quadrennial (major Council Plan review). Information in this report addresses the Long Term Financial Plan and Corporate Business Plan obligations of the annual IPR process.

The Department of Local Government, Sport and Cultural Industries IPR guidelines state that the annual process should include the:

- Development of an annual budget based on the delivery program of the Corporate Business Plan for the relevant year;
- Update and review of the Corporate Business Plan; and
- Addition of a year to the Long-Term Financial Plan.



At the February 2024 Ordinary Council Meeting, Council noted the Shire's IPR timetable. This timetable outlined the key steps involved in the Shire's annual IPR process to develop the Annual Budget, review the Corporate Business Plan and update the Long-Term Financial Plan. The key steps included submission and review of business cases, workshops with Executive and Council and establishing due dates to ensure regulatory compliance.

This process is now complete, and the Long Term Financial Plan and Corporate Business Plan is provided for Council consideration as detailed in this report.

Community / Stakeholder Consultation

Corporate Business Plan Workshop – Part 1

Meeting Date	28 February 2024
Elected Members in Attendance	President Coales, Cr Byas and Cr Duggin

Corporate Business Plan Workshop – Part 2

Meeting Date	11 March 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack

Strategic Forum

Meeting Date	17 April 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Mazzini

Budget Workshop – Rates Modelling, LTFP and Fees and Charges

Meeting Date	1 May 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack, Cr Mazzini

Budget Workshop – 2024-2025 Non-Recurrent and Capital

Meeting Date	15 May 2024
Elected Members in Attendance	President Coales, Cr Byas, Cr Duggin, Cr Jerrett, Cr Mack

**Budget Workshop – Operating Part 1**

Meeting Date	5 June 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Duggin, Cr Jerrett, Cr Mack, Cr Mazzini

Budget Workshop – Operating Part 2

Meeting Date	12 June 2024
Elected Members in Attendance	President Coales, Cr Duggin, Cr Mack, Cr Mazzini

Budget Workshop – Years 2-4 Non-Recurrent and Capital and Outstanding CRM's

Meeting Date	3 July 2024
Elected Members in Attendance	President Coales, Cr Bishop, Cr Duggin, Cr Jerrett, Cr Mack

Statutory Environment**Local Government Act 1995 and Local Government (Administration) Regulations 1996**

Local governments have a statutory obligation under s 5.56(1) of the *Local Government Act 1995* (the Act) to plan for the future of their district under the Integrated Planning and Reporting (IPR) Framework. Regulations have been made under s 5.56(2) of the Act that provide minimum requirements for IPR.

The *Local Government (Administration) Regulations 1996* (the Regulations) require a local government to ensure that a Corporate Business Plan is made for its district (reg 19DA) and that the Corporate Business Plan is reviewed every year (reg 19DA(4)). A full extract of Regulation 19DA is provided below.

19DA Corporate business plans, requirements for (Act s. 5.56)

- (1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.*
- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.*
- (3) A corporate business plan for a district is to —*
 - (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and*
 - (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and*



(c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.

(4) A local government is to review the current corporate business plan for its district every year.

(5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.

(6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine whether or not to adopt the plan or the modifications.*

**Absolute majority required.*

(7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

Reform of the *Local Government Act 1995*

The State Government is reforming the *Local Government Act 1995*. Theme 6 – 'Improved Financial Management and Reporting' proposes to amend the *Local Government (Administration) Regulations 1996* to replace the Strategic Community Plan with a Council Plan. Advice from the Department of Local Government, Sport and Cultural Industries is that the Department are currently progressing the policy work behind the Integrated Planning and Reporting Framework reforms. From a compliance perspective, Regulation 19DA of the *Local Government (Administration) Regulations 1996* remains in place until new regulations are in effect and provisions commence.

On 11 December 2023, Council adopted the Council Plan 2023-2033 (OCM313/12/23). Adoption of the Council Plan has had a flow on impact to the Corporate Business Plan, as the document required alignment with the Council Plan's three strategic pillars (Thriving, Liveable, Connected). This work has been completed as part of the major review of the Shire's Corporate Business Plan 2024-2028, for adoption as part of the annual Integrated Planning and Reporting (IPR) process.

Comment

Long Term Financial Plan 2024-3034

A Long Term Financial Plan (LTFP) is a ten year rolling plan that incorporates the proposed budget and financial requirements to deliver the Corporate Business Plan. It is a key tool for ensuring the financial sustainability of the Shire. The Long Term Financial Plan 2024-2034 provided for Council's consideration, reflects the requirements of the Corporate Business Plan 2024-2028 and ensures it is achievable within the Shire's financial resources.

The Long Term Financial Plan 2024-2034 is set within the following parameters:

- Interim rates growth of 1.95% in 2024-2025
- Assumed CPI of 3.4% in 2024-2025 and 3% thereafter.
- The proportion of untied funds expected to be spent on operating expenditure is projected to decline from 88% to 79% over the life of the LTFP. This means effectively that the Shire is spending proportionately less money on administration and more money on asset delivery and infrastructure.



- The operating savings consequential to the above point will be expended on asset renewal and upgrades lifting the asset renewal spend to be in line with asset management requirements.
- The LTFP foresees a significant number of infrastructure grants to be received in the next 3 years and expect this trend to continue throughout the next 10 years. However, these grants usually come with a matching contribution from the Shire which need to be funded through rates. With the recent modernisation of the Shire's asset data as well as the continued advocacy, the Shire is likely reaching the point where the Shire is at significant risk that the Shire may win more grants than the LTFP is able to match.

Corporate Business Plan 2024-2028

The Corporate Business Plan 2024-2028 presented for Council's consideration represents a Corporate Business Plan that is costed and aligned to the Shire's Long Term Financial Plan and integrated with all components of the State Government's Integrated Planning and Reporting Framework. The Delivery Program of the Plan is divided into the following five areas:

1. Advocacy Projects - the projects that the Shire will focus its advocacy efforts towards over the next four years.
2. Major Capital Projects - capital projects to be delivered over the next four years that are considered 'Major'. A Capital Project is considered 'Major' if:
 - the value is >\$250,000; and
 - it is a new construction; or
 - it is a significant expansion, replacement (i.e., upgrade), or renewal project of existing infrastructure.
3. Capital Works Program - planned capital expenditure on our assets over the next four years, excluding Major Capital Projects.
4. Strategic Operational Projects - projects funded from the operating budget considered 'Strategic' in nature because they demonstrate a strong link to the Council Plan.
5. Service Plan Summary - a summary of the Shire's day-to-day service levels and activities over the next four years that sit outside of the other abovementioned projects.

Major Review of the Corporate Business Plan

A major review of the Corporate Business Plan was undertaken in 2023-2024, following the 2023 local government election and adoption of the 2023-2033 Council Plan.

The objective of this major review was to produce a delivery plan to operationalise and align the Shire's projects and services to the needs and aspirations of our community, foster a forward planning culture that is prioritised and resourced, and act as a measure of organisational performance towards the community's vision.

Review and analysis of the Shire's key documents, and existing planning documents, formed a major component of the review including assessment of business unit Service Team Plans, the current Corporate Business Plan and comparative Local Government Corporate Business Plans, to guide 'best practice' format and content.



The new Shire vision, mission and values commits the Shire to delivering a high standard of governance and compliance, and the three key pillars of the Council Plan – Thriving, Liveable and Connected – links each project and activity to a strategic objective area to enable a clear connection between the actions being undertaken and the strategic outcomes they support.

Other amendments and/or improvements to note include:

- Updated Key Performance Indicators to best measure delivery achievements:
 - 80% of strategic operating projects are completed by their due date;
 - 80% of road projects planned, are delivered by their due date;
 - 80% of facility projects planned, are delivered by their due date;
 - Financial Sustainability – Maintain a financial health indicator above 70.
- Simplification of information contained within the Delivery Program. Previous specification of quarterly milestones is a duplication of details already contained within business unit Service Team Plans, and the Project Management Framework.
- The addition of State Government and/or Developer delivered Projects now included in the Service Plan Summary of the plan, to detail the anticipated timeframes in which Shire support and/or a level of service is required, for projects being delivered by State Government agencies or Developers.
- Improved forward planning across all 4 years of the delivery program, which will evolve in 2025-2026 and as various key strategic operating projects are undertaken in 2024-2025 (i.e., Roads and Footpath Forward Works Plan) to inform future planning accordingly.

Key initiatives that our community will see implemented over the 2024-2028 period are summarised within their respective Strategic Pillars below:



<p><i>THRIVING - A well-planned Shire which supports our community to flourish through sustainable growth, partnerships and leadership.</i></p> <p>Advocating for and shaping the design of State Government infrastructure to benefit our local community of which some include:</p> <ul style="list-style-type: none"> • METRONET • Tonkin Highway • Byford Tafe <p>Planning for sustainable future growth, attracting business and employment opportunities, and strengthening tourism within the Shire through:</p> <ul style="list-style-type: none"> • development of the Byford Town Centre • working with the East Metropolitan Health Service to deliver the Byford Health Hub • trails development and implementation including Jarrahdale Trails Town • review of the Economic Development and Tourism Strategy • review of the Local Planning Strategy • planning and advocacy for industrial land development. 	<p><i>LIVEABLE - A protected, enhanced and safe natural and built rural environment, with access to services and facilities.</i></p> <p>Improving maintenance and investment in roads and footpaths, with a focus on connectivity within communities, through the delivery of:</p> <ul style="list-style-type: none"> • Hypergrowth Road Upgrades – Kargotich and Orton Roads • 8 x Federal and State Blackspot Road Upgrades • 5 x Metropolitan Regional Road Group Upgrades • New Carpark for Gooralong Trail Precinct. • Roads Forward Works Plan. • Footpath Forward Works Plan. • development and implementation of maintenance schedules for playgrounds, verges, facilities, parks and gardens. 	<p><i>CONNECTED – Connected and vibrant neighbourhoods, celebrating our history and diversity.</i></p> <p>Responding to population growth through investment in community recreation and facilities to support local clubs and groups by:</p> <ul style="list-style-type: none"> • progressing the development of the Keirnan Park Recreation Precinct • relocation of the BMX track to Keirnan Park Recreation Precinct • Glades District Community Facility • construction of a new Pump Track in Byford • upgrade of the Byford Skate Park • construction of the Oakford Bush Fire Brigade Station <p>Empowering and facilitating an inclusive community that celebrates our history and diversity through the following initiatives:</p> <ul style="list-style-type: none"> • Reconciliation Action Plan • Crime Prevention – Resident CCTV subsidy • development of a Youth Plan and Youth Advisory Council.
--	---	--



Governance initiatives underway for implementation over the four year period include:

- upgrades to the Administration Accommodation including Staff Amenities, Staff Offices and Council Chambers
- an Enterprise Resource Planning System
- continued implementation of the Project and Contract Management Framework.

The full details of these initiatives, including their associated cost, timing and dependencies are detailed within the Delivery Program section of the plan. The Delivery Program also outlines all other projects and activities occurring within the 2024-2028 period.

Options

Option 1

That Council:

1. ADOPTS the Long-Term Financial Plan 2024-34 at **attachment 1**;
2. ADOPTS the Corporate Business Plan 2024-28 at **attachment 2**; and
3. NOTES the Chief Executive Officer will apply the Shire’s Corporate Branding in finalising the Corporate Business Plan for publication.

Option 2

That Council REQUESTS the Chief Executive Officer revise the Long Term Financial Plan and Corporate Business Plan in accordance with Council’s decision in Agenda Item 6.2 and present these documents to a future Council meeting for consideration.

Option 1 is recommended if Option 1 of Agenda Item 6.2 is resolved by Council.

Option 2 is recommended if an alternative motion at Agenda Item 6.2 is resolved by Council.

Conclusion

The completion of the annual Integrated Planning and Reporting review provides the Shire with an integrated, structured and specific framework in which to implement and report on tangible outcomes towards the shire’s vision and strategic objectives.

Attachments (available under separate cover)

- **6.3 - attachment 1** – Long Term Financial Plan 2024-2034 (E24/9726)
- **6.3 - attachment 2** – Corporate Business Plan 2024-2028 (E24/9624)

Alignment with our Council Plan 2023-2033

Thriving
1. Plan for the sustainable growth of the Shire of Serpentine Jarrahdale
4. Ensure sustainable and optimal use of Shire resources and finances



Financial Implications

The Corporate Business Plan 2024-2028, Long Term Financial Plan 2024-2034 and 2024-2025 Annual Budget are aligned.

Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	No significant risks are associated with Option 1. The risks to be managed to deliver the Corporate Business Plan are detailed within the 'Key Risks' area of the plan.						
2	If Council do not adopt the Corporate Business Plan and Long Term Financial Plan, this will result in documents that are not aligned to the annual budget. This will create a fragmented environment for the Shire to operate in for the short term.	Nil	Organisational Performance	Rare	Moderate	LOW	Nil

Voting Requirements: Absolute Majority (Regulation 19DA(6) of the *Local Government (Administration) Regulations 1996*)

Officer Recommendation

That Council:

- ADOPTS the Long-Term Financial Plan 2024-34 at attachment 1;**
- ADOPTS the Corporate Business Plan 2024-28 at attachment 2; and**
- NOTES the Chief Executive Officer will apply the Shire’s Corporate Branding in finalising the Corporate Business Plan for publication.**



6.4 - Keirnan Park Recreation Precinct - Stage 1A project scope, revised budget and new project mandate (SJ1364)

Responsible Officer:	Manager Major Projects
Senior Officer:	Director Infrastructure Services
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
-----------	---

Report Purpose

The purpose of this report is to seek Council's endorsement on the project scope, revised budget, funding sources and new project mandate for Stage 1A of Keirnan Park Recreation Precinct project.

Relevant Previous Decisions of Council

Ordinary Council Meeting – 12 December 2022 - OCM308/12/22 - COUNCIL RESOLUTION

That Council:

- 1. NOTES the correspondence from the Department of Local Government, Sport and Cultural Industries dated 8 December 2022 in attachment 4;*
- 2. NOTES the current project update and critical risks as described in this report; and*
- 3. REQUESTS that no new purchase orders are raised for the project until the Chief Executive Officer receives the signed agreement for \$1.5million from the Department of Local Government, Sport and Cultural Industries.*

Background

The Keirnan Park Stage 1A project scope includes delivery of two community sporting ovals and a sports pavilion, associated civil infrastructure elements such as underground services, access road, car parking, drainage, irrigation, landscaping, and water harvesting basins.

Delivery of this scope was supported by the State Government through grant funding (via Department of Local Government, Sport and Cultural Industries) to the value of \$20M, which was approved in March 2022. Additional funding was requested from the State Government to support the delivery of the ovals, which was estimated at \$4,214,426, bringing the total project budget to \$24,214,426.

In 2023, the Shire completed the detailed design phase of the project, and the project is now ready to progress to procurement phase for construction. The Shire has completed pretender estimates and allowances for additional items, which has brought the estimated project cost to \$29,177,272 (assuming 2024 award date of contract).



Community / Stakeholder Consultation

Council Workshop

Meeting Date	29 May 2024
Elected Members in Attendance	Cr Bishop, Cr Duggin, Cr Jerrett, Cr Mack, Cr Mazzini

Policy Concept Forum

Meeting Date	22 May 2023
Elected Members in Attendance	Cr Rich; Cr Atwell, Cr Byas; Cr Coales; Cr Duggin; Cr Mack; Cr Strange

Keirnan Park Stakeholder Reference Group Meetings

- 27 June 2024;
- 26 July 2023;
- 15 February 2023.

Minister Sport and Recreation

In July 2022, Shire had advocated to the State Government, via the for Minister Sport and Recreation, for addition funding to deliver the ovals as part of Stage 1A. A response to the Shire's request is provided at **attachment 1**, outlining the State Government's support to provide an additional \$2 million towards the project.

Department of Local Government, Sports and Cultural Industries

The Department of Local Government, Sports and Cultural Industries (DLGSC) has been represented on the Shire's Keirnan Park Steering Group Meetings, which provides oversight and advise on the progress of the project. Commencing in 2024, fortnightly project updates have been provided via email to the Department.

Sporting Clubs

Engagement has occurred with the respective club presidents regarding MoUs between the Shire and their clubs to demonstrate community support for the project. Clubs recognise that Stage 1A must be delivered to support the delivery of future stages at Keirnan Park. The table below summarises the status of response from relevant clubs regarding the MoUs:

Club	Outcome
Mundijong Centrals Junior Football Club	Met with Club President, MoU signed and returned. Provided at attachment 2 .
Centrals Football & Sporting Club Inc. + Netball Club	Met with Club President and Secretary, agreed to sign the MoU – in progress.
Serpentine Jarrahdale Netball Association Inc.	Met with Club President and Committee. MoU signed and returned. Provided at attachment 3 .



Byford BMX Club Inc.	Met with Club President. MoU signed and returned. Provided at attachment 4 .
Serpentine Jarrahdale Cricket Club Inc.	Unable to secure a meeting.

Statutory Environment

Nil.

Comment

Project Budget

The Keirnan Park Stage 1A project budget supported by the State Government, as stipulated at the 12 December 2022 Ordinary Council Meeting, is noted below in the table below:

Description	Amount
Construction	\$11,079,000
Contingency	\$1,659,000
Public Art	\$50,000
Furniture Fit out and Equipment	\$250,000
Professional Fees	\$2,364,426
Enabling Works	\$1,000,000
Escalation	\$762,000
Shire cost recovering – PM	\$1,900,000
Prelim works / project contingency	\$1,100,000
Total	\$20,164,426

Table 1 – Project budget approved by State Government in March 2022

In addition to the above, to support the delivery of two community ovals, the Shire advocated for an additional \$4 million from the State Government. In response, the State Government advised that it would provide an additional \$2 million, on the provision that the Shire contributes the balance of \$2.05m.

To confirm this additional \$2 million funding from the State Government, Council will need to confirm support for endorsement of the additional \$2.05m which Shire Officers propose to fund via a self-supporting loan.



This would bring the project budget to \$24,214,426 as per the below breakdown

Description	Amount
Project budget	\$20,164,426
State committing to \$2 million	\$2,000,000
Shire contribution \$2.05 million	\$2,050,000
Revised 2022 project budget	\$24,214,426

The Shire completed a pretender estimate for Stage 1A in April 2024. This assumed award of contract in the second half of 2024. This revised pretender estimate noted project costs increase to \$28,977,272. Given some of the additional items that are still required, such as:

- Two additional ground water monitoring bores;
- Redocumentation of the tender specifications;
- Allowance for escalation in costs.

The Shire has concluded the total revised project cost would sit at \$29,177,272.

True accuracy of the revised project cost will be determined once the design package has gone out to tender and assessment of submissions concluded.

Value Management

Preliminary desktop value management options have been completed to present project options going forward. A number of scope reduction options were presented to Council during the workshop on 29 May 2024. These options have been summarised in the table below:



Project Options- scope changes	Total Project Cost	Reduction in costs with comparison to Option 1	GAP from approved budget of \$24,214,426
1. No change to original scope: <ul style="list-style-type: none"> • entry road into site; • water harvesting basins and associated infrastructure; • two sporting ovals; • sports pavilion; • car parking and drainage; • landscaping and irrigation. 	\$29,177,272	Nil	\$4,962,846
2. Two ovals and pavilion unchanged: <ul style="list-style-type: none"> • reduction in overflow carpark finishes; • deletion of stormwater harvesting infrastructure; • removal of external power source to production bore (gensets); • and • significant reduction in landscaping. 	\$27,227,272	\$1,950,000	\$3,012,846
3. Project option 2 with the removal of: <ul style="list-style-type: none"> • sports lighting to western oval; • warm up area and two change rooms; • cool room in the pavilion; • operable wall in the social space; • and the reduction / downgrade of lux from 200 to 100 on the eastern oval (impacts cricket); • roof cantilevers on the building eaves; • finishes on the ceiling. 	\$26,927,272	\$2,250,000	\$2,712,846
4. Project option 3 with the removal of: <ul style="list-style-type: none"> • social space from the pavilion. 	\$23,927,272	\$5,250,000	(\$287,154)

Table 2 – Value Management: Project Options

With consideration to project expectations by the funding body (DLGSC), developers, stakeholders and community, the following scope items are vital to be included:

- Entry road into the site;
- Two community sporting ovals with lighting – catering for football and cricket clubs;
- Landscaping with irrigation
- Sports pavilion – catering for large to medium events/functions.



A comparison of the value management project options meeting the project expectations has been presented below as a summary:

Project Options- scope changes	Total Project Cost	Reduction in costs with comparison to Option 1	GAP from approved budget of \$24,214,426	Meeting project expectations
1. No change to scope	\$29,177,272	Nil	\$4,962,846	Meets all expectations
2. External items changes	\$27,227,272	\$1,950,000	\$3,012,846	Meets most of the expectations
3. Oval and Pavilion changes	\$26,927,272	\$2,250,000	\$2,712,846	Does not meet expectations
4. Oval, pavilion, and social space changes	\$23,927,272	\$5,250,000	(\$287,154)	Does not meet expectations

Table 3 – Value Management: Project Options vs stakeholder/funding body expectations

Given the project objectives and expectations agreed with stakeholder groups, Project Option 1 is recommended. All other options will require loss of value and time, whilst compromising on scope items that are required to be delivered for the community and stakeholders.

The loss of value will be from additional time required to revisit the scope and redefine the design documentation, which will attract additional costs. Further delay in construction timeframes will also attract escalation in costs.

Project Option 1 meets the agreed expectation of the funding body and the external stakeholders. The agreed scope under Project Option 1 has been finalised through value management process from early 2022 to end of 2022.

Project Option 1 results in a budget gap of approximately \$4,962,846, which will need to be covered by alternative measures, which are addressed below.

Development Contribution Plans

The Shire has four Development Contribution Areas, as follows:

- DCA 1 – covering Byford and dealing with traditional infrastructure of major roads, land for public open space, land for drainage, land for district open space and district open space oval construction. 100% developer funded.
- DCA 2 – covering West Mundijong Industrial Area and dealing with traditional infrastructure of major roads and land for drainage. 100% developer funded.
- DCA 3 – covering Mundijong and dealing with traditional infrastructure of major roads, land for public open space, land for drainage, land for district open space and district open space oval construction. 100% developer funded.
- DCA 4 – covering Byford and Mundijong and dealing with a range of community infrastructure items shared in cost with the Shire.



As part of the original formulation of DCA 4, Kiernan Park Stage 1A was shown as a Mundijong local infrastructure item, to be paid for by developer contributions for community infrastructure within Mundijong, with a proportional contribution share from the Shire reflective of the current Mundijong population benefiting from this infrastructure. Of the then estimated cost of \$11.9m, \$11.3m was to be borne by developers (95%), with the remaining 5% (\$0.6m) borne by the Shire.

In respect of the cost of the ovals, this was included as a developer cost within DCA 3, which is the traditional infrastructure plan, with 100% of costs shared equally among developers.

As is expected under State Planning Policy 3.6, the Shire targeted grant opportunities in order to be able to supplement the project and deliver it in the most expeditious and efficient way possible. The Shire was successful in receiving a grant, which (at the time) covered the costs of both the community facility aspects (under DCA4) and ovals (under DCA3).

However, with the passage of time, costs have rapidly escalated and as a result, the grant is no longer able to cover the entire cost of Stage 1A. Through the Shire using its best efforts, a further injection of funds was received from the State Government (\$2m), bringing total grants received to \$22m. However, this leaves a total shortfall of \$7.18m, made up specifically of the following shortfalls within the respective DCAs:

- DCA3 (Mundijong Traditional Infrastructure) = \$2,341,903;
- DCA4 (Byford and Mundijong Community Infrastructure) = \$4,835,369.

Whereas it is important to recognise the assistance provided through the grant of \$22m, the escalation in costs means that a greater portion of costs are now required to be funded by the DCAs, as identified above.

The current balance of DCA3 is as follows:

- \$208,000 of which the Shire has budgeted the draw down from this the required administration costs.

As this is a low balance compared to the size of the funding needed, the best way to affect the short fall is through a loan borrowing, which can be paid back by future contributions that will flow into DCA3. Whilst the timing of these are not certain, there is significant development activity expected in Mundijong in the short to medium term, and accordingly it is expected to see contributions precipitate over the coming years.

The current balance of DCA4 is as follows:

- Approximately \$5m.

By allocating \$4.835m into DCA4 and using the existing balance to fund this shortfall, a loan is not necessary helping reduce costs. It is worthwhile to note that of the current balance, \$3.3m has been made from municipal pre-contributions, and \$1.7m from developer lot contributions. Thus, the balance is available because of the Shire's earlier cash backing of the reserve, to ensure that funds could be available to begin the delivery of infrastructure.

As a result of this however, it will be necessary to review the full list of currently included items in DCA4, and specifically consider removing some items. This is a result of:

- Adding the additional \$4.835m of costs into the DCA4 and;
- The cost pressures that could not have been reasonably contemplated when beginning DCA4 in 2020.



This review / removal of infrastructure will also ensure that developers do not face rapid contribution costs increases, and also help the Shire not face significant increases in municipal contribution requirements. This is achieved particularly by staying below the \$5,000 per lot cap imposed under SPP3.6.

There will however be a flow on impact to the rates which will be experienced in Mundijong as a result of the above. These are specific to DCA4 and will result in the per lot contribution rates increasing from \$1,784/lot to \$3,234/lot.

Shire Officers have workshopped the current challenges around the Stage 1A project budget and determined that Council could choose to deallocate the full grant from DCA 4 and reallocate costs back in to that DCA to be covered by Developers and the Shire.

The comparison of the total project scope vs GAP vs funding sources is presented in the table below:

Funding Sources	Project Costs	DCA 3 – Mundijong Traditional DCP (below ground items)	CIDCP (above ground items)	Balance of project scope
Scope items		Ovals and landscaping	Pavilion and lights	Site infrastructure
Revised budget	\$29,177,272	\$4,341,903	\$18,882,555	\$5,952,814
Grant	\$22,000,000	\$2,000,000	\$14,047,186	\$5,952,814
Variance	\$7,117,272			
DCP funding source		*\$2,341,903	\$4,835,369	\$0

Table 4 – Project cost vs scope vs budget sources

*Shire will take out a loan and then repayments to be funded from the Mundijong Traditional DCP.

It must be noted, the above values are estimations based on pre-tender costings. The final funding figures will need to be revised post close out of tender process.

This project option will require review of the CIDCP timelines, inclusions, and contributions.

Regulatory approvals

Clearing permit process has now progressed from the federal (DCCEEW) approval to state body (DWER). Application process is currently in validation phase with progression into assessment phase in coming weeks. On the feedback provided, it is estimated that the full process will be closed out by the end of August 2024. A clearing permit will be issued with additional requirements and guidelines, which will need to be incorporated into the design documentation package prior to calling for tenders.

Approval to take a ground water volume of approximately 50,000 kL/year has been supported by the DWER since February 2024 post completion of a H2 hydrogeological assessment report. Formal approval is subjected to acceptance of the Groundwater Licence Operating Strategy, which has been reviewed in draft to date. It is anticipated that the close out of the water approval will also be completed by end of August 2024.



Project timelines

The estimated timeline for Stage 1A is shown below:

Approvals and Design	
Clearing permit – close out	September 2024
Ground water allocation – close out	September 2024
Update of design documentation – close out	November 2024
Procurement	
Tender documentation ready by	December 2024
Tender to market advertised by	February 2025
Assessment and shortlisting of preferred contractor by	June 2025
Request to Award – by Council	August 2025
Delivery	
Award of Contract – start of construction	October 2025
Construction completion of 1A	March 2027

Table 5 – Stage 1A Project Timeline

The above dates are worst case scenarios and Officers will be diligent in pursuing expected timelines earlier where possible. The timeline needs to allow for Council and funding body approvals, as well as, for construction to start on site ahead of, or after winter periods due to site conditions.

The Department of Local Government, Sports and Cultural Industries (DLGSC) have requested written Council endorsement of the Shire’s commitment to take a self-supporting loan for the department to provide the additional \$2 million for the ovals. As stipulated in Table 4 above, the loan value for the Shire is \$2,341,903.

To enable remaining funding arrangements to be finalised Option 1 recommends Council provide the Chief Executive Officer with the authorisation to negotiate and execute the funding agreements with the DLGSC for the Keirnan Park Stage 1A project.

Stage 1A – Lifecycle operational costs

It is worth noting the preliminary Life Cycle Costs for yearly maintenance and operating costs is provided below:

- Year 1 = \$290,000;
- Year 2 = \$300,000;
- Year 3 = \$305,000;
- Year 4 = \$315,000;
- Year 5 = \$326,000.

Note: escalation has been assumed at 3.5% per annum and staff costs and clearing costs are excluded. The above cost does not include savings as a result of income from off hiring the facilities.

These estimates were provided by Donald Cant Watts Corke (DCWC), quantity surveyor, in May 2023. The life cycle costings are based on the detailed designs completed by head consultant, Bollig. Whilst these costs do not include Shire’s income from off-hiring the facilities, they do allow for yearly maintenance and operation costs.



Stage 1B – BMX facility

The second stage of Keirnan Park includes the delivery of BMX track, pavilion, and associated infrastructure. This stage is proposed to be delivered after the completion of Stage 1A.

Design documentation for the Stage 1B was informed by stakeholder collaboration which currently represents a design that is beyond the scope of the CIDCP and the facility it is intended to replace. This creates the need for re-engagement with stakeholders to bring the project to its original CIDCP scope intent. If this is achieved, the CIDCP is capable of funding the whole project after a further five years of residential lot creation and Shire contribution. The CIDCP allows for \$8,634,054 and the pre-tender estimate completed in June 2023 (which is beyond the scope defined in the CIDCP) was \$11 million (as of 2023 - excluding GST).

Significant work is required to bring the project back within the CIDCP scope. The cost and timeframes are yet to be determined, and a future report will be brought back to Council when details are known.

Options

Option 1

That Council

1. ENDORSES the project mandate for Keirnan Park Stage 1A as stipulated in Project Option 1 contained within this report as per the below scope:
 - a. Entry road into the site;
 - b. Two community sporting ovals with lighting (catering for football and cricket clubs);
 - c. Landscaping; Carparking; Drainage; Irrigation and water harvesting;
 - d. Sports pavilion – catering for large to medium events/functions;
2. NOTES the Department of Local Government, Sports and Cultural Industries letter in support of an additional \$2 million towards the project, as contained within attachment 1;
3. ENDORSES the Shire to provide matching additional funding as a condition contained within attachment 1 in the form of a self-supporting loan to be repaid from the Mundijong Traditional DCP (when available) to the estimated value of \$2,341,903;
4. REQUESTS the Chief Executive Officer provides written confirmation to the Department of Local Government Sport and Cultural Industries confirming the Shire's commitment to match the Department's additional \$2 million contribution;
5. AUTHORISES the Chief Executive Officer to negotiate and execute the remaining funding agreements with the Department of Local Government, Sports and Cultural Industries for the Keirnan Park Stage 1A project;
6. NOTES that the delivery of Stage 1B (BMX) at Keirnan Park will commence on site after the completion of Stage 1A, subject to a future report being presented to Council;
7. REQUESTS the Chief Executive Officer review the timelines and project inclusions of the current Community Infrastructure Development Contribution Plan;
8. REQUESTS the Chief Executive Officer amend the Long Term Financial Plan to reflect the new project budget as per the figures noted in the financial implications section of this report.



Option 2

That Council:

1. DOES NOT PROCEED with Keirnan Park Stage 1A;
2. REQUESTS the Chief Executive Officer review the timelines and project inclusions of the current Community Infrastructure Development Contribution Plan.

Option 1 is recommended.

Conclusion

Delivery of Stage 1A as per the full scope expected by the funding body and stakeholders can be achieved through a combination of grant funding, DCP funds and a loan (self-supporting). This results in the need to revisit community infrastructure inclusions elsewhere within the CIDCP and their associated timing. Further planning is required to ensure the successful delivery of Stage 1B (BMX).

Attachments (available under separate cover)

- **6.4 – attachment 1** – Funding letter from Minister for Sports and Recreation (IN23/10267)
- **6.4 – attachment 2** - Memorandum of Understanding - Mundijong Centrals Junior Football Club (E24/5531)
- **6.4 – attachment 3** - Memorandum of Understanding - Serpentine Jarrahdale Netball Association Inc. (E24/5530)
- **6.4 – attachment 4** - Memorandum of Understanding - Byford BMX Club Inc. (E24/5532)

Alignment with our Council Plan 2023-2033

Thriving
1. Plan for the sustainable growth of the Shire of Serpentine Jarrahdale
Liveable
3. Preserve and enhance our natural places, parks, trails and reserves
4. Invest in facilities and amenities to meet current and future needs
Connected
1. Invest in community recreation and support local clubs and groups to increase opportunities for participation
2. Contribute to a well-connected, accessible and health community



Financial Implications

If Council resolves Option 1, the following amendment to the project’s budgets in the LTFP will need to be made to reflect the revised funding arrangements:

	Currently in Budget/LTFP	Updated Budget/LTFP	Variation
Expenditure	\$24,214,426	\$29,177,272	\$4,962,846
Funding			
Grant Funding	(\$22,000,000)	(\$22,000,000)	
Loan with Repayments funded from Mundijong Traditional DCP	(\$2,050,000)	(\$2,341,903)	(\$291,903)
Community Infrastructure DCP	\$0	(\$4,835,369)	(\$4,835,369)

Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	Project Option 1: Budget overrun - pretender values could come in higher and require revisiting the delivery strategy.	Pre-tender estimate vs tender values	Financial	Possible	Major	SIGNIFICANT	Go out to tender
2	Not to proceed with Stage 1A. Shire reputation risk with community and stakeholders. Shire to contribute to overrun of project management costs.	Nil	Reputation	Almost Certain	Major	HIGH	Nil



Voting Requirements: Absolute Majority (s6.12(1) of the *Local Government Act 1995*)

Officer Recommendation

That Council

1. **ENDORSES** the project mandate for Keirnan Park Stage 1A as stipulated in Project Option 1 contained within this report as per the below scope:
 - a. Entry road into the site;
 - b. Two community sporting ovals with lighting (catering for football and cricket clubs);
 - c. Landscaping; Carparking; Drainage; Irrigation and water harvesting;
 - d. Sports pavilion – catering for large to medium events/functions;
2. **NOTES** the Department of Local Government, Sports and Cultural Industries letter in support of an additional \$2 million towards the project, as contained within attachment 1;
3. **ENDORSES** the Shire to provide matching additional funding as a condition contained within attachment 1 in the form of a self-supporting loan to be repaid from the Mundijong Traditional DCP (when available) to the estimated value of \$2,341,903;
4. **REQUESTS** the Chief Executive Officer provides written confirmation to the Department of Local Government Sport and Cultural Industries confirming the Shire's commitment to match the Department's additional \$2 million contribution;
5. **AUTHORISES** the Chief Executive Officer to negotiate and execute the remaining funding agreements with the Department of Local Government, Sports and Cultural Industries for the Keirnan Park Stage 1A project;
6. **NOTES** that the delivery of Stage 1B (BMX) at Keirnan Park will commence on site after the completion of Stage 1A, subject to a future report being presented to Council;
7. **REQUESTS** the Chief Executive Officer review the timelines and project inclusions of the current Community Infrastructure Development Contribution Plan;
8. **REQUESTS** the Chief Executive Officer amend the Long Term Financial Plan to reflect the new project budget as per the figures noted in the financial implications section of this report.



Continued

Special Council Meeting Agenda Thursday, 25 July 2024

- 7. Motions of which notice has been given:**
- 8. Urgent business:**
- 9. Closure:**