



MESSAGE FROM THE PRESIDENT

I am pleased to present to you the Shire's 2015/16 Budget. This marks the third Budget produced under the new Integrated Strategic Planning (ISP) Framework. Under the ISP Framework, a four year Corporate Business Plan is developed from the aspirational 10 year Strategic Community Plan and supporting plans, including the Long Term Financial Plan, Asset Management Plan and Workforce Plan. These documents form the "Plan for the Future" and are part of the Integrated Planning framework that was adopted by the whole of the local government industry in 2013/14.

The Shire's regular approach of preparing a balanced Budget is again a hallmark for the 2015/16 financial year. Funding to achieve a balanced Budget across both operating and capital expenditure comes from a variety of sources including grants, loans, reserve account monies and, of course, property rates.

A modest rating yield increase of 3.5% has been established for 2015/16. Whilst in previous years the rate in the dollar has been varied by a set percentage, it was not possible to follow the same approach this year. The following factors influenced the outcome:

- The Laverton town site revaluation
- An inconsistent valuation reduction across all classes of valuations
- A reduction in the number of mining tenements

A strong feature of this year's Budget is the amount allocated to capital expenditure. This year it is budgeted to expend \$13.43M on capital items of which \$5.88M will relate to road projects.

This year's Budget will see further development on the Main Street program where more than \$2.25M has been set aside! The Budget will also see the delivery of a number of other significant capital projects including, but not limited to, a new Doctor's House, Town Entry Statements, Main Street Underground Power, and Airport Improvements.

Statistically, this year's Budget contains some \$13.05M in operating expenditure and \$13.43M in capital expenditure which, as a result, provide the basis for some significant improvement in the coming years while still maintaining our current level of service provision.

As with last year, the 2015/16 Budget Information Brochure provides an overview of the Adopted Budget to enable readers to gain an insight into Council's plans for the ensuring year. The schedule explanations provide both a summary and a framework of how the Budget is formed and how rate revenue is determined. The Brochure also contains a summary of the more important items of income and expenditure for the year.

The Adopted Budget by its very nature is a lengthy and complex document which can be difficult to follow, due to Council's very wide and diverse range of responsibilities. Hopefully the following will enable you to gain a better understanding of Council's plans for 2015/16.

In conclusion, I would like to acknowledge the efforts of my fellow Councillors who have contributed to the formulation of the 2015/16 Budget and to thank the CEO and his team for their involvement and compilation of the Budget document.

Overall, I commend the 2015/16 Budget to you and look forward to the programs, facilities and services detailed within it being delivered to the ratepayers and residents of the Shire of Laverton.

Copies of the Adopted Budget are available at the Shire Office and the CEO or one of his senior staff would be pleased to assist if you have any questions.

Patrick Hill
President

Preparing the Budget and Setting the Rates

The *Local Government Act 1995*, ("the Act") directs local governments to prepare an annual Budget. In preparing the Budget, a local government is required to prepare detailed estimates of:

- The expenditure (see information below);
- The revenue and income independent of general rates (see information below); and
- The amount required to make up the deficiency between the expenditure and the income in that year.

The deficiency referred to in (c) above, is the general rates. Once the deficiency is established, the local government is then empowered by the Act to levy rates on the land within its district to meet this deficiency.

This method of rating by the Act is valuation based, with valuations supplied by the Valuer-General. Land in town sites is valued under a Gross Rental Value (GRV) system and land outside of the town sites valued on Unimproved Values (UV). Mine sites in the rural area with accommodation villages and processing plants are "spot" rated based on GRV. The relativities between the respective valuations for each property or land parcel then determine how much each landowner must pay compared to other landowners.

This year there has been a general revaluation for the Laverton town site, however Unimproved Values (UV) for mining tenements are subject to annual revision. The only other shift in valuations is due to some interim valuations. Lastly, the surrender of some mining tenements has also had an impact.

As part of the 2015/16 Budget preparation, Council determined that the rates yield should increase by 3.5%. The following summary is the outcome based on the cash Budget:

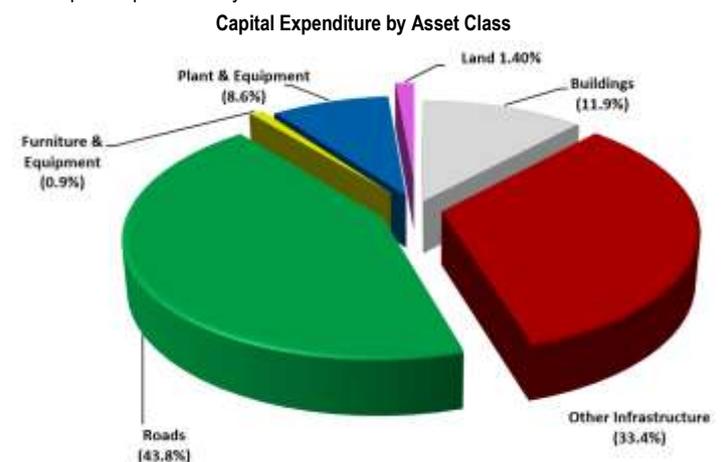
EXPENDITURE	
Total Operating Expenditure	\$13,046,976
Total Capital Expenditure	\$13,432,158
Less Depreciation (Non Cash)	-\$1,992,900
Plus Transfer to Reserve	\$110,376
= Total Cash Expenditure (a)	\$24,596,610
REVENUE	
Balance Brought Forward from 2013/14	\$3,760,904
Operating Revenue - All Sources (Excluding Rates)	\$7,232,780
Capital Revenue - All Sources	\$7,616,151
Add Transfer from Reserves	\$2,404,420
= Total Cash Revenue (b)	\$21,014,255
Deficiency = General Rates (c) = (a) - (b)	\$3,582,355

EXPENDITURE

Expenditure falls within two broad categories. These are either Capital expenditure or Operating (or recurrent) expenditure.

Capital expenditure is expenditure that creates or adds to the wealth of the Shire. This is generally expenditure where the Shire's assets are improved or new assets are created. This could be seen as expenditure that is being invested in the Shire of Laverton.

The total Capital expenditure for 2015/16 is anticipated to be \$13,432,158. For a detailed analysis on how this is being expended, please refer to the Schedule of Capital Items on gold pages in the Adopted Budget. The following chart shows the Capital expenditure by Asset Class.

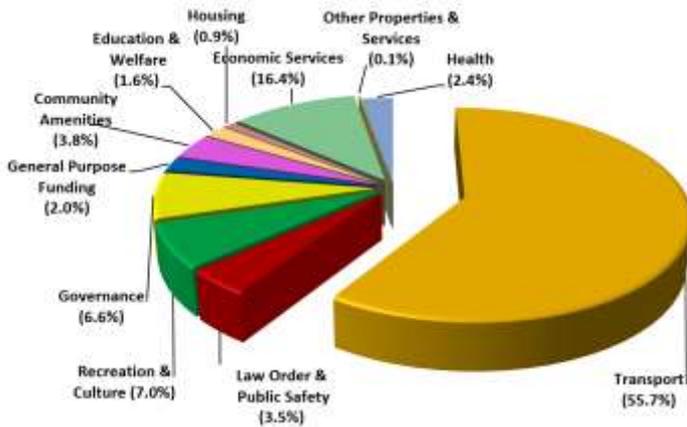


Operating, or recurrent expenditure is, by its very nature, the expenditure required to run the Shire's day-to-day operations. It is the expenditure required to meet the cost of the varied works and services that the Shire provides to its residents.

The total Operating expenditure is anticipated to be \$13,046,976 including depreciation in 2015/16. For a detailed analysis on how this is being expended, please refer to the Operating Expenditure Schedule on green pages in the Adopted Budget. The following chart represents the operating expenditure broken down into the Programs where it will be expended.

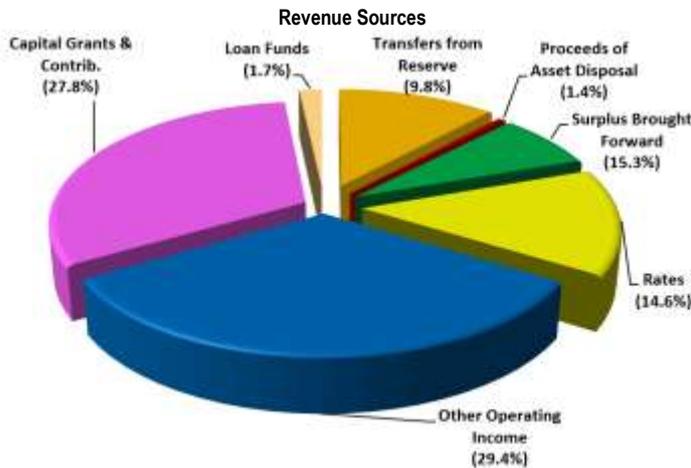


Operating Expenditure by Program



REVENUE

The following chart represents \$24,596,610 in total incoming cash for the Shire in 2015/16. This includes all sources of cash including surplus brought forward, loan borrowings, sale of assets and reserve funds utilised. The percentage figures indicated against each revenue source are a percentage of this total Revenue. For a detailed break-up of the revenue Council anticipates receiving in 2015/16, please refer to the Income Schedules outlined on blue pages in the Adopted Budget.



RATING INFORMATION

In formulating the Budget and determining the extent of any rate increase, Council considers all relevant factors including cost indices, local economic factors, proposed activities included in the Forward Capital Works Plan, community requests, asset management principles and external requirements placed on the Shire by State and Federal governments.

The latest available cost indices at the time of formulating the Budget were for the 12 months ended 30 June 2015. The Perth based CPI was 1.2%.

In framing the Budget and balancing the proposed expenditure against the available revenue, Council has pursued a general approach by increasing the rating yield by 3.5%. In line with this approach, the minimum rate was also increased from \$270 to \$280. Rates income this year will lift by \$123,179 over what was predicted in the 2014/15 Budget. This has been achieved through the following factors:

- The 3.5% rates yield increase
- A valuation decrease in all classes of valuations
- A reduction in the number of mining tenements

The following table provides an overview of the movement in general rates and cost indicators for the past five years:

Budget Year	Average Rate in \$ Increase	CPI (Year to previous 31 March)	Net Rate Increase (Compared to CPI)	Local Government Cost Index (Year to previous 31 March)
2011/12	3.5%	3.3%	+0.2%	1.6%
2012/13	3.0%	1.9%	+1.1%	3.3%
2013/14	4.0%	2.4%	+1.6%	3.6%
2014/15	3.1%	3.1%	+0.0%	1.5%
Average	3.4%	2.7%	0.7%	2.5%
	Rate Yield Increase	CPI to 30 June 2015		
2015/16	3.5%	1.2%	2.3%	1.0%

Summary of Operating and Capital Income by Schedule

Schedule 3 - General Purpose Funding

This Schedule primarily includes funding from the raising of rates and the Federal Financial Assistance Grants distributed by the State Grants Commission.

This year rates are increasing by 3.5%, but due to several other factors, there will be an additional amount of \$104,179 to that of last year. Rates income of \$3,582,355 is anticipated.

Financial Assistance Grants will this year amount to \$2,355,654 however \$1,174,993 was prepaid prior to 30 June 2015.

Schedule 4 - Governance

No income of significance.

Schedule 5 - Law, Order and Public Safety

Part of the revenue in this area is funding from the Emergency Services Levy distributed by DFES to assist with the operational costs of our emergency services in town. This is expected to be \$2,460, a substantial reduction to last year.

Additional income includes:

- Contribution towards Flood Management Plan \$50,000

Schedule 7 - Health

The Shire of Laverton has an agreement in place, with the major mining companies in this area, to provide a package to assist with the retention of the doctor. This income (\$100,000) reflects their contribution.

Loan borrowings and grant funding will also provide a \$200,000 contribution to build a new Doctor's house.

Schedule 8 - Education and Welfare

Principal items in this area are:

- Youth Worker Grants \$171,605
- Pre-School – Annual Lease Charge \$4,200
- Grants – Early Childhood Building Upgrade \$100,000

Schedule 9 - Housing

This schedule provides for the income derived in respect to staff housing and non-staff housing. Staff housing rental has been capped again at \$40 per week.

Principal items in this area are:

- Staff Housing Rental \$31,520
- Housing Rental - Other \$7,604

Schedule 10 - Community Amenities

Rubbish collection charges of \$214 per bin, per pick-up (up \$8) have been levied. The proposed revenue of \$103,790 will cover the cost of providing the service but again makes little in-road to tip maintenance costs.

Principal Community Amenities sources of revenue are:

- Disposal of Liquid Waste \$1,500
- Cemetery – Burial Charges \$1,800
- Town Planning Fees \$1,000



Schedule 11 - Recreation and Culture

Operating revenue in this section includes:

• Hall Hire Fees	\$500
• Swimming Pool Grant (repairs)	\$32,000
• Pool Admission	\$3,500
• A contribution by the Education Department towards the cost of maintaining the Oval (3 years)	\$47,087
• Community Gym Subscriptions	\$2,500
• TV and Radio re-broadcasting	\$28,672

Capital revenue includes

• GEDC Swimming Pool Grant	\$9,655
• Contribution by MEEDAC to Leahy Park Development	\$72,000

Schedule 12 - Transport

Significant items for Laverton Airport are:

• Landing Fees	\$120,000
• Fuel Sales	\$130,000

This schedule principally records the revenues applicable to roads (including the Outback Way). This year road funding includes:

• 2013/14 Carryover Grants	\$20,800
• 2014/15 Carryover Grants	\$259,200
• Remote Aboriginal Access Roads	\$40,000
• MRWA – Direct Grant	\$154,200
• Roads to Recovery	\$391,864
• Regional Road Group (RRG)	\$331,781
• Funding for Flood Damage (WANDRRA)	\$4,151,000
• Great Central Road	\$4,026,666
• Bandy Road (Mining Company contribution)	\$100,000

Capital revenue includes RADS grants for the following:

• Runway Lighting	\$130,000
• Seal Enrichment	\$134,000
• Runway Rating	\$17,500
• Runway Markings	\$17,500

Schedule 13 - Economic Services

This schedule sets out various revenue sources from tourism related activities, community development contributions, the Great Beyond Visitor Centre, Community Resource Centre operations, heritage activities and processing of building plan applications.

Some of the more significant items are:

• Dr Laver Bike Ride Anniversary	\$50,000
• GVROC LED Street Light Project	\$292,017
• Great Beyond Visitor Centre - Revenue	\$147,975
• CRC Support Unit funding	\$126,813
• Department of Transport Commission	\$11,000
• Building Permits	\$1,000

Capital income includes some major items:

• Purchase of Land	\$45,000
• Proceeds - Sale of Land	\$45,000
• Underground Power (Grant and Loan)	\$700,000
• Coach House Remediation	\$60,000
• GBVC - Grant for Artefacts Display Cabinet	\$8,085

Schedule 14 - Other Property & Services

Income for this Schedule includes the following:

• Community Bus	\$10,000
• Insurance Claim	\$7,000
• Fuel Tax Credits	\$90,000
• Commissions	\$14,000

Capital

• Proceeds of Trade-Ins for various vehicles	\$280,000
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(Refer Capital Expenditure Schedule)

Summary of Operating Expenditure by Schedule

Schedule 3 – General Purpose Funding

The principal items for operational expenses in this area include:

• Expenses Relating to Levying Rates	\$207,949
• Expenses Relating to General Purpose Funding	\$38,655

Schedule 4 - Governance

The main items of operational expenditure in this area include:

• Conference Expenses	\$40,000
• Election Expenses	\$10,000
• Subscriptions	\$10,313
• Donations	\$5,500
• Outback Highway Development Expenses	\$27,500
• Members' Attendance Fees and Allowances	\$67,000
• Refreshments & Receptions	\$14,500
• Integrated Planning (RCG)	\$30,000
• GVROC Membership	\$16,000
• GVROC Regional Records Facility	\$5,000

Schedule 5 - Law, Order and Public Safety

The principal items of operational expenditure in this area include:

• Fire Prevention Operation Costs	\$54,021
• Dog Control & Ranger Services	\$98,864
• Community Liaison Officer	\$138,340
• Emergency Management Support	\$44,673
• Laverton Flood Management Plan	\$103,000

Schedule 7 - Health

Operational expenditure in this schedule includes:

• Contribution to the retention and subsidising of a full time Doctor in Laverton (partly funded by major mining companies in the region)	\$227,662
• Treatment of Ants	\$2,000
• Incentives to encourage nursing staff at Laverton Hospital to live in Laverton. This initiative also attracts in-kind support from the mining sector	\$27,500
• Provision of a part-time Environmental Health Officer based at the Shire of Leonora	\$15,000
• GP Network – Building Expenses	\$4,459

Schedule 8 - Education and Welfare

The main operational expenses in this schedule are \$187,889 for the Youth Service, \$10,120 for the pre-school, \$2,762 for the playgroup and \$15,000 to complete the Playgroup/Day Care feasibility planning.

Schedule 9 - Housing

The principal items of expenditure in this area include:

• Operational Expenses (net cost)	\$50,746
• Historic Police Residence	\$29,267
• Demolition – Residence 12 Weld Drive	\$20,500

Schedule 10 - Community Amenities

The principal items of expenditure in this area include:

• Rubbish Collection Service and Litter Control	\$318,025
• Town Planning	\$25,030
• Cemetery Operations	\$78,039
• Public Conveniences	\$40,561
• Church Maintenance	\$5,269

Schedule 11 - Recreation and Culture

A sum of \$23,000 has been allocated to carry out some much needed repairs and maintenance on the Laverton Hall.

Operational costs of the Laverton Swimming Pool are anticipated to be \$233,775.

Council has also set aside \$32,827 for Racecourse maintenance which includes \$10,000 to improve facilities.

Other parks, gardens and sporting amenities require significant expenditure to water and maintain, with the oval costing \$94,175 (part funded by the Education Department) and \$183,925 for the various parks and gardens.



A total of \$80,000 has been set aside for Recreation and Sport Planning including the preparation of a Business Case for a multipurpose Community Recreation Centre.

A modest sum of \$28,814 is provided for TV & Radio Broadcasting.

The cost of providing a library service is estimated to be \$80,885.

Schedule 12 - Streets, Roads, Depots and Aerodromes

Major areas of operational expenditure in 2015/15 will be:

• Maintenance of Rural Roads	\$847,323
• Flood Damage (Contractors)	\$4,151,000
• Footpath Maintenance	\$33,100
• Street Lighting	\$43,000
• Street Trees and Watering	\$51,218
• Traffic and Street Signage	\$75,995
• Maintenance of Town Streets	\$148,820
• Aerodrome Maintenance and Terminal Operations	\$482,636

Schedule 13 - Economic Services

Economic services is a significant and important expenditure area for the Shire of Laverton covering community development, marketing, tourism promotion, heritage and building control and covers the operational costs of the Community Resource Centre (\$290,093) and The Great Beyond Visitor Centre Explorers' Hall of Fame and Horizons Café. The latter has budgeted expenditure of \$555,919 for 2015/16.

Other significant budgeted items include:

• Shire website upgrade	\$5,000
• Anniversary Celebrations - Dr Laver Bike Ride	\$100,000
• Community Loan Scheme	\$10,000
• Heritage Development	\$193,832
• GVROC LED Streetlight Project	\$645,337
• Tourism and Area Promotion	\$5,500
• Tourism - signage, brochures, contributions, calendar	\$42,858
• Building Controls	\$22,584
• Biosecurity Control	\$37,500

Schedule 14 - Other Property and Services

This schedule comprises expenditures relating to private works, public works overheads, plant operation costs, administration overheads and salaries & wages.

Public works overheads are costs associated with employing our works staff. They include engineering salaries, insurance, holiday pay and sick pay, superannuation and the like. These overheads are an on-cost to all jobs the outside staff work on. This year the percentage is 121.5%, that is, for every dollar spent on wages, there is a further \$1.22 attributed to overheads. This year, public works overheads are estimated at \$1,383,690 compared to last year's expenditure of \$1,101,045.

Plant operation costs covers expenditure relating to the operation and maintenance of Council's road plant (grader, rollers, trucks etc), light vehicles (utilities, sedans, wagons) and sundry plant (caravans, gen sets, etc). These costs are allocated to works and services based on an hourly rate for the hours worked on various works and services. Plant operation costs are up from \$1,361,429 in 2014/15, to \$1,507,112 this year.

Administration overheads relates to administration type expenses, such as administration salaries, superannuation, administration telephone, computer network, stationery, staff training, insurance, audit fees, legal expenses etc. Total expenditure for 2015/16 is budgeted to be \$1,453,885 which is then allocated throughout works and services based on a percentage of administrative staff time spent in each area.

Total salaries and wages are budgeted to be \$3,191,679 in 2015/16 compared to actual salaries and wages of \$2,788,427 last year. This year's Budget makes provision for the new positions of Emergency Services Officer and a Finance and Office Manager.

Reserve Accounts

Council has established Reserves so that it can set aside appropriate funds for future projects and initiatives.

In 2015/15 Council intends to transfer a total of \$20,000 into the Community Bus Reserve account and will at the same time utilise the following monies:

• Plant Reserve	\$180,000
• Swimming Pool Reserve	\$40,000
• Aerodrome Reserve	\$264,000
• Road Reserve	\$400,000
• Building Reserve	\$804,000
• Great Beyond Reserve	\$26,420
• Town Site Revitalisation Reserve	\$270,000
• Community Loan & Grant Reserve	\$10,000
• Economic Development Reserve	\$325,000
• Coach House Renovation Reserve	\$85,000

This will result in a net decrease in reserves of \$2,294,044 after taking account of \$90,376 in interest and transfers from Municipal of \$20,000 thus resulting in a balance of \$1,631,399 at the end of the financial year.

Loan Funds

At the commencement of 2015/16, Council has a loan principal outstanding balance of \$1,132,100.

During the year two new loans are proposed:

• Loan – Doctor's House	\$200,000
• Loan – Main Street Underground Power	\$200,000

Based on the balance at the commencement of the year, less loan repayments during the year, a balance of \$1,409,911 will result at year end.

Summary of Capital Expenditure

While last year's Budget provided for about \$14.001M in capital expenditure, only \$4.4M was actually spent. Consequently, many of the projects have been rolled over to the current year.

In 2015/16 it is budgeted to expend some \$13.432M on capital items of which \$5.882M will relate to road projects. Other Infrastructure is the most significant item with \$4.493M while building projects at \$1.595M is also significant.

There are far too many items to list individually, however some of the more notable items for 2015/16 are:

• Acquisition of Old Post Office site	55,000
• New Doctor's House	\$500,000
• Staff Housing – Group Dwelling	\$320,000
• First Aid Room for Swimming Pool	\$40,000
• Acquisition of 3 Laver Place	\$220,000
• Coach House Restoration	\$145,000
• Road Construction Programme	\$5,882,167
• Furniture & Equipment	\$128,460
• Oval Bore Water Supply	\$60,000
• Race Course Bore Water Supply	\$150,000
• Race Course Power Supply	\$50,000
• Laver Place Reticulation	\$100,000
• Leahy Park Upgrade	\$92,000
• Runway Lighting Replacement	\$260,000
• Runway Enrichment	\$268,000
• Main Street Project – Civil Works	\$325,000
• Main Street Project – Landscaping	\$1,922,842
• Town Entry Statements	\$100,000
• Main Street Underground Power	\$1,000,000
• Youth Officer Vehicle	\$41,000
• Depot Fuel Facility	\$38,000
• Drum Mower	\$57,000
• Maintenance Accommodation Trailer	\$250,000
• Grader	\$360,000
• EMCCS Vehicle	\$75,000
• EMTS Vehicle	\$80,000
• CEO Vehicle	\$95,000

Funding for the projects comes from a range of sources including grants, contributions, reserve funds, general purpose revenue and sale/trade of assets. Details of the funding sources can be found in the Schedule of Capital Expenditure.