

SHIRE OF DENMARK

Ordinary Council Meeting

AGENDA

25 FEBRUARY 2025

TO BE HELD IN COUNCIL CHAMBERS, 953 SOUTH COAST HIGHWAY, DENMARK, ON TUESDAY, 25 FEBRUARY 2025, COMMENCING AT 4.00PM.



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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE

MEMBERS:

- Cr Kingsley Gibson (Shire President)
- Cr Jan Lewis (Deputy Shire President)
- Cr Clare Campbell
- Cr Donna Carman
- Cr Jackie Ormsby
- Cr Janine Phillips
- Cr Aaron Wiggins
- Cr Dominic Youel

STAFF:

- David King (Chief Executive Officer)
- Kellie Jenkins (Executive Manager Corporate Services)
- Rob Westerberg (Director Infrastructure & Assets)
- Claire Thompson (Governance Coordinator)
- Kristie Buss (Executive Support Officer)

ON APPROVED LEAVE(S) OF ABSENCE

- Cr Nathan Devenport (Council Resolution No. 031124)

ABSENT WITHOUT LEAVE

VISITORS

3. DECLARATIONS OF INTEREST

Name	Item No	Interest	Nature

4. ANNOUNCEMENTS BY THE PERSON PRESIDING

5. PUBLIC QUESTION TIME

5.1 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5.2 PUBLIC QUESTIONS

In accordance with Section 5.24 of the Local Government Act 1995, Council conducts a public question time to enable members of the public to address Council or ask questions of Council. The procedure for public question time can be found on the wall near the entrance to the Council Chambers or can be downloaded from our website at <http://www.denmark.wa.gov.au/council-meetings>.

Questions from the public are invited and welcomed at this point of the Agenda.

In accordance with clauses 3.2 (2) & (3) of the Shire of Denmark Standing Orders Local Law, a second Public Question Time will be held, if required, and the meeting is not concluded prior, at approximately 6.00pm.

Questions from the Public

5.3 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

5.4 PRESENTATIONS, DEPUTATIONS & PETITIONS

In accordance with Section 5.24 of the Local Government Act 1995, Sections 5, 6 and 7 of the Local Government (Administration) Regulations and section 3.3 and 3.13 of the Shire of Denmark Standing Orders Local Law, the procedure for persons seeking a deputation and for the Presiding Officer of a Council Meeting dealing with Presentations, Deputations and Petitions shall be as per Council Policy P040118 which can be downloaded from the Shire's website at <http://www.denmark.wa.gov.au/council-meetings>.

In summary, however, prior approval of the Presiding Person is required, and deputations should be for no longer than 15 minutes and by a maximum of two persons addressing the Council.

Nil.

6. APPLICATIONS FOR FUTURE LEAVE OF ABSENCE

A Council may, by resolution, grant leave of absence, to a member, for future meetings.

7. CONFIRMATION OF MINUTES

7.1 ORDINARY COUNCIL MEETING – 28 JANUARY 2025

OFFICER RECOMMENDATION

ITEM 7.1

That the minutes of the Ordinary Meeting of Council held on the 28 January 2025 be CONFIRMED as a true and correct record of the proceedings.

8. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

9. REPORTS OF OFFICERS

9.1 DEVELOPMENT SERVICES

Nil

9.2 CORPORATE SERVICES

9.2.1 FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2025

File Ref:	FIN.66.2024/25
Applicant / Proponent:	Not Applicable
Subject Land / Locality:	Not Applicable
Disclosure of Officer Interest:	Nil
Date:	12 February 2025
Author:	Scott Sewell, Financial Accountant
Authorising Officer:	Kellie Jenkins, Executive Manager Corporate Services
Attachments:	9.2.1 – January 2025 Monthly Financial Report

IN BRIEF

- Under the Local Government Financial Management Regulations, a local government is to prepare monthly, a statement of financial activity that reports on the Shire’s financial performance in relation to its adopted budget.
- The Shire of Denmark’s Statement of Financial Activity for the period ending 31 January 2025 has been prepared and is attached.
- In addition, the Shire provides Council with a monthly investment register to ensure the investment portfolio complies with the Shire’s Investment Policy.

VOTING REQUIREMENTS

1. Simple majority.

OFFICER RECOMMENDATION	ITEM 9.2.1
That Council RECEIVE the Financial Activity Statements for the period ending 31 January 2025, incorporating the Statement of Financial Activity and other supporting documentation, as per Attachment 9.2.1.	

LOCATION

2. Nil.

BACKGROUND

3. To meet statutory reporting obligations, the Monthly Financial Report provides a snapshot of the Shire’s year-to-date financial performance. The report includes the following:
 - Statement of Financial Activity by Nature or Type;
 - Explanation of Material Variances;

- Net Current Funding Position;
 - Receivables;
 - Capital Acquisitions;
 - Cash Backed Reserve Balances;
 - Loan Schedule;
 - Investment Register; and
 - Cash and Investments Summary.
4. Each year a local government is required to adopt a percentage or value to be used in the Statement of Financial Activity for reporting material variances. For 2024/2025 financial year, under Resolution 090724, Council adopted the monthly reporting variance of 10% or greater that requires an explanation or report, with a minimum dollar variance of \$10,000.
5. Pursuant to the Shire’s Investment Policy, an investment report and investment register are to be provided to Council monthly, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio.

DISCUSSION / OFFICER COMMENTS

6. The Statement of Financial Activity for January 2025 shows a closing funding surplus of \$6,140,680. The adopted budget (as amended) for the year ended 30 June 2025 is premised on a zero-year end closing funding position. Operating income exceeds the budget by \$88,233 overall, and Operating expenses are \$334,797 higher than budget. The main factors contributing to these variances are detailed in Note 1 – Major Variances within the attachment.
7. A summary of the financial position for January 2025 is detailed in the table below:

	Amended Annual Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)
	\$	\$	\$	\$	%
Opening Funding Surplus / (Deficit)	1,201,040	1,201,040	1,199,252	-1,788	0%
Revenue					
Operating revenue	15,018,031	13,438,832	13,527,065	88,233	1%
Capital revenue, grants and contributions	8,077,336	1,388,365	2,409,429	1,021,064	74%
	23,095,367	14,827,197	15,936,494	1,109,297	
Expenditure					
Operating Expenditure	-19,185,881	-10,853,239	-11,188,036	-334,797	-3%
Capital Expenditure	-10,429,707	-3,594,654	-2,977,669	616,985	17%
	-29,615,588	-14,447,893	-14,165,076	282,187	
Funding balance adjustments	5,319,181	3,101,837	3,170,639	68,802	2%
Closing Funding Surplus	0	4,682,181	6,140,680	1,458,499	31.15%

OTHER INFORMATION

8. The revenue from Operating Grants & Contributions is lower than budget, primarily due to the funding distribution from the Western Australian (WA) Local Government Grants Commission (LGGC). Several factors, including the pre-release of funding, a prior year error in payment calculation, and changes to the distribution mechanism and formula, are expected to reduce the Shire's revenue from this source in the 2024/2025 financial year and beyond.
9. Management wrote to the WA LGGC to advocate for the funding and requested a public hearing with the Grant Commission team to discuss our concerns regarding the decreasing Financial Assistant Grant Funding. However, we have received no response to the meeting request. The impact has been adjusted in the mid-year budget review, which will be presented to Council in February 2025.

INVESTMENT REPORT

10. Pursuant to the Shire's Investment Policy, an investment report and investment register are to be provided to Council monthly, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio. The investment register provides details of investment income earned against budget, whilst confirming compliance of the portfolio with legislative and policy limits.
11. As at 31 January 2025, total cash funds held (including trust funds) totals \$11,343,547.
12. Summary – Cash and Investments
 - Municipal Funds total \$6,680,647
 - Shire Trust Funds total \$850
 - Reserve Funds (restricted) invested, total \$4,662,050
 - Municipal Funds (unrestricted) invested, total \$4,776,392
13. The official Reserve Bank of Australia's (RBA) cash rate currently sits at 4.35% which was set at the Reserve Bank Board meeting held on 7 November 2023. No further adjustments to the official cash rate have occurred at the time of writing this report.

CONSULTATION AND EXTERNAL ADVICE

14. The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

STATUTORY / LEGAL IMPLICATIONS

Local Government (Financial Management) Regulations 1996

15. Regulation 34 (1-5) outlines the requirements for financial activity statements.
16. Regulation 19, 28 and 49; and The Australian Accounting Standards, sets out the statutory conditions under which Council funds may be invested.

The Local Government Act 1995

17. Section 6.8 relates to a local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure is authorised in advance by Council resolution.
18. Section 6.14 outlines the power to invest for local governments.

The Trustees Act 1962

19. Part III Investments covers the investment powers and responsibilities of trustees.

STRATEGIC / POLICY IMPLICATIONS

20. Nil.

FINANCIAL IMPLICATIONS

21. The Shire's 2024/2025 Annual Budget provides a set of parameters that guides the Shire's financial practices.
22. Any financial implications or trends are detailed within the context of this report.

OTHER IMPLICATIONS**Environmental**

23. There are no known significant environmental implications relating to the report or officer recommendation.

Economic

24. There are no known significant economic implications relating to the report or officer recommendation.

Social

25. There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

26. A risk assessment has been undertaken per the Shire's Risk Management Governance Framework, and no risks have been identified in relation to the officer recommendation or the report.

9.2.2 PAYMENT OF ACCOUNTS FOR THE PERIOD ENDING 31 JANUARY 2025

File Ref:	FIN.66.2024/25
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	11 February 2025
Author:	Kelly Schroeter, Senior Finance Officer
Authorising Officer:	Kellie Jenkins, Executive Manager Corporate Services
Attachments:	9.2.2 – Payment of Accounts – January 2025

IN BRIEF

- To advise Council of payments made for the period 1 January to 31 January 2025.

VOTING REQUIREMENTS

1. Simple majority.

OFFICER RECOMMENDATION	ITEM 9.2.2
That Council RECEIVE the payment of accounts totalling \$1,978,370.00 for the month of January 2025, as per Attachment 9.2.2.	

LOCATION

2. Not applicable.

BACKGROUND

3. Nil.

DISCUSSION / OFFICER COMMENTS

4. Nil.

CONSULTATION AND EXTERNAL ADVICE

5. The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

STATUTORY / LEGAL IMPLICATIONS

Local Government (Financial Management) Regulations 1996

6. Regulation 13

STRATEGIC / POLICY IMPLICATIONS

7. Nil

FINANCIAL IMPLICATIONS

- 8. Nil.

OTHER IMPLICATIONS

Environmental

- 9. There are no known significant environmental implications relating to the report or officer recommendation.

Economic

- 10. There are no known significant economic implications relating to the report or officer recommendation.

Social

- 11. There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

- 12. A risk assessment has been undertaken per the Shire's Risk Management Governance Framework, and no risks have been identified in relation to the officer recommendation or the report.

9.2.3 BUDGET REVIEW FOR 2024/2025

File Ref:	File
Applicant / Proponent:	Not Applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	12 February 2025
Author:	Kellie Jenkins, Executive Manager Corporate Services
Authorising Officer:	Kellie Jenkins, Executive Manager Corporate Services
Attachments:	9.2.3 – 2024/2025 Statement of Budget Review

IN BRIEF

- To report to Council the results of the 2024/2025 budget review for the period ending 31 January 2025.

VOTING REQUIREMENTS

- 1. Absolute majority.

OFFICER RECOMMENDATION	ITEM 9.2.3
That Council ADOPT the 2024/2025 Budget Review, as per Attachment 9.2.3.	

LOCATION

- 2. Not applicable.

BACKGROUND

3. The 2024/2025 Municipal Budget was adopted at the July Ordinary Council Meeting on 30 July 2024 (Resolution 080724).
4. The budget review has been prepared to include information required by the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.
5. The Statement of Budget Review report for the period ending 31 January 2025 shown in the attachment has been prepared incorporating year to date budget variations and forecasts to 30 June 2025.

DISCUSSION / OFFICER COMMENTS

6. This report provides an overview of the financial forecast review based on the financial statements up to 31 January 2025. It identifies areas where revenue and expense budgets are expected to deviate from the adopted budget by 30 June 2025. To report outlines the necessary adjustments to address these variances, ensuring a balanced budget.
7. The review of the forecast based on the financial statements up to 31 January 2025 has identified areas where revenue and expense budgets will not be met by 30 June 2025. To address these variances, suitable expense savings and/or additional revenue sources have been identified to balance out the variance.
8. Consideration of the status of various capital projects was undertaken to ensure any anticipated variances were captured and addressed where possible.

Operating Revenue

9. The Operating Revenue estimate for 2024/2025 has increased by \$86,593.
10. Grants, Subsidies & Contributions decreased by \$240,907 mainly due to WA Local Government Grants Commission reclaiming overpaid financial assistance (FAG) grant for the 2023/2024 financial year. This decrease is partially offset by new grants for Bushfire Aware and Safer Communities, Gumnuts facility, Heritage Study, and WALGA funding for fauna and flora study.
11. Fees and Charges increased by \$160,600 due to higher transaction volumes and compliance enforcement.
12. Interest Earnings from outstanding and overdue rates and interest earnings from invested funds increased by \$39,000.
13. Other Revenue increased by \$18,000 from the sale of recycled items.
14. Profit on Sale of Assets increase by \$109,900, of this \$45,400 relates to an earlier budget amendment endorsed by Council (Resolution 100824). The remaining increase is mostly from the profit on sale of the Riverbend Lane property, which occurred earlier than expected.

Operating Expenditure

15. The Operating Expenditure estimate for 2024/2025 has increased by \$426,835.
16. Employee Costs have increased by \$129,800, with \$58,000 of this amount being reimbursable. The increase in employee costs is primarily due to workers' compensation claims, allowances for employee remuneration, and payouts for leave entitlements. Additionally, there is an increase in other employee costs, mainly due to higher superannuation participation and staff housing subsidies.
17. Materials and Contracts have increased by \$130,535. These changes are primarily to align with expected expenditure, match new grant funding, and adjust for changes in the scope of works and quotes obtained.
18. Depreciation, being a non-cash expenditure, has increased by \$175,000 due to the inclusion of additional assets for the period ending 30 June 2024. This results in no impact on the revised budget closing position.
19. Finance costs have decreased by \$11,000 due to the reduced interest debt service costs for the Denmark Solar Energy Project, relating to the funding date of the loan.

Capital Revenue

20. Capital Revenue has increased by \$1,819,550 from the adopted budget. Of this \$507,550 is due to earlier budget amendments previously endorsed by Council (Resolutions 110824 and 100824).
21. Capital Grants and Contributions have risen by \$457,550. This includes \$507,550 from earlier budget amendments endorsed by Council (Resolutions 110824 and 100824). Additionally, there is a \$50,000 reduction for the Arena Future Fuels EV Infrastructure Project to align with revised spending.
22. Proceeds from the Disposal of Assets have increased by \$1,036,400. Of this amount \$136,400 relates to earlier budget amendments endorsed by Council (Resolutions 070924 and 14112). The remaining \$900,000 contribution is from the sale of the Riverbend Lane property.
23. Transfer of Reserve funds has increased by \$325,600. This includes \$99,400 from earlier budget amendments endorsed by Council (Resolutions (100824, 0709247 and 141124). Additionally, \$425,000 is related to this budget review. After these adjustments, the total amount of Reserve Funds as of 30 June 2025 is expected to rise from \$4,623,190 (adopted budget) to \$5,109,660 (reviewed mid-year budget), an overall net increase of \$486,470 after consideration of the \$900,000 from the sale of land.

Capital Expenditure

24. Capital Expenditure has increased by \$730,550 from the adopted budget. Of this amount, \$544,550 is due to earlier budget amendments previously endorsed by Council (Resolutions 110824, 100824, 070924 and 141124).

25. Capital Expenditure by Type – Table 1

Expense Type	Budget Amount	Adjustment	Revised Budget
Land and Buildings	\$3,650,000	(\$163,650)	\$3,486,350
Plant and Equipment	\$667,100	\$793,200	\$1,460,300
Furniture and Equipment	\$119,000	\$25,000	\$144,000
Infrastructure Assets – Roads	\$2,274,283	(\$5,000)	\$2,269,283
Infrastructure Assets - Others	\$1,091,000	\$81,000	\$1,172,000
Total	\$7,801,383	\$730,550	\$8,531,933

26. Land and Building capital expenditure has decreased by \$163,650. This includes a \$293,650 decrease from an earlier budget amendment endorsed by Council (Resolution 110824). An increase of \$130,000 is due to the following adjustments:

27. Denmark Surf Club Precinct Development to mitigate future asset renewal liabilities increased by \$180,000.

28. Peaceful Bay Toilet Facility Expansion project deferred, saving \$50,000. The preparation for this project highlighted issues that would have delayed construction and incur additional costs. By deferring the project to a future budget, grant funding could be achieved to assist with the additional costs.

29. Shire Buildings – Solar project reduced by \$30,000 to align with tender submissions.

30. Shire Facilities – Energy Efficiency Upgrades new project for \$30,000 to complete works recommended by the Sustainability Projects Working Group.

31. Plant and Equipment capital expenditure has increased by \$793,200. This amount relates to earlier budget amendments endorsed by Council (Resolutions 110824 and 141124).

32. Furniture and Equipment capital expenditure has increased by \$25,000. This amount relates to an earlier budget amendment endorsed by Council (Resolution 110824).

33. Infrastructure Assets – Road capital expenditure has decreased by \$5,000 due to the following adjustments:

34. Riverbend Lane Footbridge increase by \$80,000 to proceed with the bridge work in line with cost estimates.

35. CBD All Abilities Car Park upgrades remove \$25,000 as the works are not intended to proceed in the 2024/2025 year.

36. Pedestrian Bridge Renewal remove \$50,000 as the works are not intended to proceed in the 2024/2025 year.

37. Recreation Centre Carpark Improvements reduced by \$10,000 due to cost savings achieved.

38. Footpath Asset Renewal reduce by \$40,000 to facilitate other works.

39. Drainage Upgrades – Flood Mitigation increase by \$40,000 to enable expanded suite of works to be completed before the forthcoming winter.
40. Infrastructure Assets – Other capital expenditure has increased by \$81,000 due to the following adjustments:
41. High School Irrigation Mains replacement increase by \$6,000 to complete works in line with quote.
42. Fish Cleaning Facilities increase by \$10,000 to complete works in line with quote.
43. Peaceful Bay Water Supply reduce by \$20,000 to defer the project pending feasibility study outcomes.
44. EV Infrastructure (Arena Future Fuels) reduce by \$50,000 to align with revised spending after an adjustment in the fee structure received from Western Power. This saving is offset by a matching reduction in applicable grant funding for the project.
45. EV Infrastructure (Charged Up) increase by \$115,000 due to rescope of the project.

Summary

46. In summary, the budget review has identified necessary adjustments to both revenue and expenditure budgets to ensure a balanced budget by 30 June 2025. The adjustments include increases in operating revenue and capital revenue, as well as changes in operating and capital expenditures. These adjustments are essential to align the budget with actual financial performance and anticipated project requirements.

CONSULTATION AND EXTERNAL ADVICE

47. Internal consultation was undertaken with officers regarding the status of budget projects within their area of responsibility.

STATUTORY / LEGAL IMPLICATIONS

Local Government (Financial Management) Regulations 1996

48. Regulation 33A requires local governments to carry out a review of their annual budget between 1 January and 31 March each year.

STRATEGIC / POLICY IMPLICATIONS

49. Nil.

FINANCIAL IMPLICATIONS

50. Financial implications are detailed within the main body of this report and are also included in the attachment.

OTHER IMPLICATIONS

Environmental

51. There are no known significant environmental implications relating to the report or officer recommendation.

Economic

52. There are no known significant economic implications relating to the report or officer recommendation.

Social

53. There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

54. A risk assessment has been undertaken per the Shire's Risk Management Governance Framework, and no risks have been identified in relation to the officer recommendation or the report.

9.3 GOVERNANCE

9.3.1 SPORTS SURFACE REPLACEMENT

File Ref:	A3088, LEA.5, ORG.124 A5601, A3069, LEA.36, ORG.78
Applicant / Proponent:	Denmark Country Club (Tennis) Denmark Riverside Club
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	12 February 2025
Author:	David King, Chief Executive Officer
Authorising Officer:	David King, Chief Executive Officer
Attachments:	9.3.1a – Property Management Policy 9.3.1b – Denmark Country Club Correspondence

IN BRIEF

- The Shire of Denmark Property Management Policy, adopted in August 2024, identifies that clubs should fund the replacement of specialist surfaces. This relates to the Tennis Courts at the Denmark Country Club and the bowling greens at the Riverside Club.
- This report recommends providing financial support above the Policy due to extenuating circumstances.

VOTING REQUIREMENTS

1. Simple majority.

OFFICER RECOMMENDATION

ITEM 9.3.1

That Council:

1. SUPPORT the Denmark Country Club and Denmark Riverside Club applications to the Department of Local Government, Sport and Cultural Industries' Community Sporting and Recreation Facilities Fund and agree in principle to provide 1/6th of funding as a financial contribution to their asset renewal projects; and
2. DETERMINE that no Council Policy changes are required and encourage the clubs to adjust their sinking fund schemes to align with State and Council Policy changes.

LOCATION

2. Not applicable.

BACKGROUND

3. The Denmark Country Club and the Denmark Riverside Club have specialised sports surfaces within their lease agreements, specifically the tennis courts and bowling greens. These types of surfaces typically have a lifespan of 10-15 years. The tennis courts were last replaced approximately 17 years ago, and the bowling greens around 13 years ago. These surfaces have reached the end of their useful life and require replacement.
4. Historically, the funding structure for replacing these surfaces was divided equally among three parties: the club, the State (through the Department of Sport and Recreation), and the Local Government. This funding model was typical across local governments at the time of the last replacement.

DISCUSSION / OFFICER COMMENTS**State Government Funding Changes**

5. The State government recently changed their guidelines on funding sports surface replacement.
6. The State Government's Community Sport and Recreation Facilities Fund (CSRFF) has established funding guidelines requiring the creation of sinking funds to ensure the future replacement of assets, such as synthetic sporting surfaces. These guidelines mandate that applicants can demonstrate that they have set aside revenue annually, calculated based on the expected cost of replacement (including inflation) divided by the asset's expected lifespan. For instance, a club may allocate \$15,000 annually over ten years to replace a \$150,000 synthetic surface.
7. Funding applicants must demonstrate their ability to maintain facilities by developing a sinking fund for asset replacement.
8. This guideline represents a significant shift from previous practices, where full replacement funding was not required. Additionally, the new policy stipulates that resurfacing projects, mainly those previously funded through CSRFF, are now considered low priority and may receive reduced funding of 16.66%. This indicates a phase-out of financing for asset renewal from the State Government.

Shire of Denmark Policy

9. Officers are unaware of any written policy relating to the Shire's contributions to playing surfaces. However, anecdotally, clubs have always been of the assumption that the Shire would fund 1/3rd of the costs.
10. In August 2024, Council adopted a Property Management Policy, which stipulates that community groups are responsible for replacing sports surfaces. This policy change impacts clubs with existing surfaces.

Tennis Courts – Denmark Country Club

11. The Denmark Country Club Tennis Section Management Committee (Denmark Tennis Club) seeks financial support from the Shire to resurface its eight synthetic grass tennis courts, now 17 years old and beyond their guaranteed lifespan. The club's current financial structure makes it challenging to fund the resurfacing without external support. The total cost for the project is estimated at \$314,600, including disposal fees. The club has raised over \$200,000 through various means but requires additional funding. They seek contributions from the Shire of Denmark and CSRFF, each asked to contribute 1/6 of the total cost.
12. The club emphasises the tennis courts' importance as a valuable community asset, contributing to the Shire's Strategic Community Plan objectives and serving a wide range of community members and visitors. Without the necessary funding, the club will be unable to proceed with the resurfacing project, potentially leading to the facility's closure.
13. The club requests that the Shire reconsider its position on financial support, allocate funding in the 2025/26 budget, and ensure the inclusion of suitable tennis courts in the upcoming Sports and Recreational Masterplan. Additionally, they seek a written commitment to support their grant application for the upcoming CSRFF round.

Bowling Greens – Riverside Club

14. The Denmark Riverside Club has two bowling greens. 'A' green and 'B' green. The Riverside Club recently engaged Berry Sports Surfaces to resurface 'A' Green at the contracted price of \$218,000. It is estimated that the cost of resurfacing 'B' Green will be \$225,000 based on recent quotes from two suppliers. Resurfacing 'B' Green is required within the next 12 to 18 months, as ridges have started to develop on warmer days, and referencing experiences with 'A' Green, this issue will likely rapidly worsen.
15. Riverside Club has replenished their reserve fund to \$90,000 after paying for 'A' Green. However, this amount cannot be fully allocated to resurfacing 'B' Green due to other commitments. Nevertheless, this reserve allows them to meet the 1/3 contribution required by CSRFF grants. They are well advanced in preparing a CSRFF small grants application, seeking \$75,000 from CSRFF and requesting that the Council contribute a similar amount.
16. As noted, the Department of Sport and Recreation has advised that while guidance indicates they will contribute 1/3 towards greens resurfacing where they didn't contribute to the initial installation, these grants are a low priority and may be capped at a 1/6 contribution. Therefore, the Riverside Club must plan for a contingency to find

an additional \$37,500. Based on this, they request that the Council commit to providing a 1/3 contribution of \$75,000 in their CSRFF application.

17. Riverside Club representatives ask for special consideration on the grounds that the Club has been following guidelines that were in place for 13 of the 15 years of the greens' life and cannot be expected to meet the extra funding required by the Council's recent policy change.

CSRFF Applications

18. Both the Denmark Country Club and the Denmark Riverside Club intend to apply for CSRFF funding in the next round. The funding round closes in March 2025, and the clubs have requested written support from the Shire of Denmark in contributing to the project costs. This is vital to the success of any application.

Self-Supporting Loans

19. Self-supporting loans have been considered as an alternative to direct contributions to address funding shortfalls for clubs. However, offering a self-supporting loan may reduce the amount clubs can contribute to their sinking funds, which are essential for long-term maintenance, renewal and unforeseen expenses.
20. This reduction could jeopardise future financial stability. Additionally, the need to repay these loans could create a future financial burden for the clubs, potentially leading to a cycle of debt where current issues are continuously deferred without resolving the underlying financial instability.
21. If this option is preferred, the terms of the loan, including interest rates and repayment schedules, require careful consideration, as unfavorable terms could exacerbate financial strain rather than alleviate it.
22. While self-supporting loans offer a viable short-term solution, they come with significant long-term implications, and therefore, officers do not recommend this option.

Discussion

23. The recent changes in State Government policy and the Shire of Denmark's Property Management Policy have significantly impacted the funding structure for sports surface replacements. These changes were implemented towards the end of the asset life for the Denmark Country Club's tennis courts and the Riverside Club's bowling greens, making it unreasonable to expect the clubs to financially adjust to the new policies within such a short timeframe. Historically, the funding for the replacement of these surfaces was divided equally among the Club, the State, and the Local Government. The new policies now require clubs to create sinking funds for future replacements, which was not a requirement at the time of the last replacements.
24. Both clubs have reached the end of the useful life of their sports surfaces and require immediate replacement to continue their operations. The Denmark Country Club has raised over \$200,000 but still requires additional funding to cover the total project cost of \$314,600. The Riverside Club has recently replaced 'A' Green at 100% of their own cost and needs support for the resurfacing of 'B' Green, estimated at \$225,000. To ensure fairness across both clubs, it is recommended to support a 1/6th funding contribution for the surface replacements. This approach acknowledges the clubs'

efforts and the historical funding structure while adapting to the new policy requirements.

- 25. For the Denmark Country Club, it is recommended that the Shire support 1/6th of the total cost for resurfacing the tennis courts. For the Riverside Club, given their recent expenditure on 'A' Green, it is recommended that the Shire support 1/6th of the overall replacement costs for both greens, as detailed in the financial section of the report.
- 26. Officers are not aware of any other impacts this recommendation may have on other surfaces, as the Shire does not own any other assets falling into this category. By considering these extenuating circumstances, Council can provide necessary support to both clubs, ensuring the continued availability of valuable community assets.
- 27. Whilst it is recommended that Council step outside of Policy provisions in this instance, no changes to Policy are proposed. Therefore, the expectation of the policy regarding future replacement costs to be borne by the club is retained.

CONSULTATION AND EXTERNAL ADVICE

- 28. The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

STATUTORY / LEGAL IMPLICATIONS

- 29. Nil

STRATEGIC / POLICY IMPLICATIONS

Property Management Policy

- 30. Council’s Property Management Policy adopted in August 2024 stipulates, under section 1.7, that community groups should be responsible for sports surface replacement.

FINANCIAL IMPLICATIONS

- 31. The following tables indicate the proposed contributions for surface replacement if the Council determine to support a 1/6 contribution.

Tennis Courts		
Denmark Country Club	\$210,000	66%
CSRFF	\$68,000	17%
Shire of Denmark	\$68,000	17%
Total	\$346,000	100%

Bowling Greens				
	Green A	Green B	Total	%
Riverside Club	\$218,000	\$76,167	\$294,167	66%
CSRFF	\$0	\$75,000	\$75,000	17%
Shire of Denmark	\$0	\$73,833	\$73,833	17%
Total	\$218,000	\$225,000	\$443,000	100%

- 32. The proposed contributions will not impact the 2024/25 budget, as the expenditure is anticipated in either 2025/26 or 2026/27, depending on the timing and success of the CSRFF funding.
- 33. Future financial commitments will be funded through asset renewal allocations outlined in the Long Term Financial Plan.

OTHER IMPLICATIONS

Environmental

- 34. There are no known significant environmental implications relating to the report or officer recommendation.

Economic

- 35. There are no known significant economic implications relating to the report or officer recommendation.

Social

- 36. There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

- 37. Risk Table

Risk	Risk based on history and with existing controls			Proposed Treatment/Control
	Likelihood	Consequence	Risk Rating	
Property: The Shires assets fall into disrepair due to insufficient funding	Possible (3)	Major (4)	High (12)	Accept deviation from Policy in this instance. Ensure good communication on forward requirements for asset renewal.

9.4 COMMUNITY SERVICES

Nil

9.5 INFRASTRUCTURE SERVICES

9.5.1 OCEAN BEACH DEVELOPMENT PROJECT

File Ref:	PROJ.ENG.54.20/21
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Ocean Beach, Denmark WA
Disclosure of Officer Interest:	Nil
Date:	25 February 2025
Author:	Rob Westerberg, Director Infrastructure and Assets
Authorising Officer:	David King, Chief Executive Officer
Attachments:	Nil

IN BRIEF

- The Ocean Beach Redevelopment is currently underway, with Smith Constructions WA completing the majority of the work to date.
- The project has progressed to a point where reserved contingency is becoming available to spend.
- Additional external funding has been identified through a State election commitment or self-supported loan for the Denmark Surf Life Saving Club (DSLSC).
- With an additional \$180,000 commitment to the overall project, Council can remove the future asset renewal liabilities in the Long Term Financial Plan with regard to the upper floor of the surf club building.

VOTING REQUIREMENTS

1. Simple majority.

OFFICER RECOMMENDATION	ITEM 9.5.1
<p>That Council</p> <ol style="list-style-type: none"> 1. ENDORSE the overall project cost of \$4,455,000; 2. NOTE the additional \$180,000 from Reserves in the mid-year budget review; and 3. NOTE the additional \$200,000 from external funding expected in 2025/26. 	

LOCATION

2. The Ocean Beach precinct, as part of Reserve No 24913.

BACKGROUND

3. In February 2024, the Council awarded a contract to Smith Constructions WA for the refurbishment of the existing Surf Club and the construction of new public amenities, a kiosk, and surf club storage.
4. Due to budget restrictions, the contract was divided into two separate portions.
5. The first portion, awarded for construction, is currently underway with Smith Constructions and multiple subcontractors on site.

6. The second portion, primarily focused on the first-floor scope, needed to be enacted by October 2024 and was subject to a successful Building Better Regions funding application that was unsuccessful.
7. The second portion includes significant asset renewal items such as roofing, glazing, cladding, and eaves of the first floor and has been planned for completion in future years of the Long Term Financial Plan (LTFP).
8. With the discoverable phase of the renovation project largely complete, a portion of the contingency can now be used to complete a number of items in the second portion.
9. Furthermore, additional external funding has been committed to this building project through a State election commitment. This funding is dependent on the outcome of the State election. However, the DSLSC has advised that they will take a self-supporting loan with the Shire should the State election commitment not come to fruition which essentially secures an additional \$200,000 of external funding for the project.

DISCUSSION / OFFICER COMMENTS

Impacts of Election Commitment

10. The election commitment is proposed to fund functional improvements and fit-out to the upper floor of the surf club. The promised \$200,000 is for improvements such as kitchen and servery, painting, acoustic panelling, furniture & equipment.
11. With an aging roof, windows, and cladding, these upgrades may be exposed to premature moisture impacts that could impact their value.
12. As such, if functional upgrades are to occur, it would be best practice to ensure that the key asset renewal items are completed promptly.

Cost Efficiency in Delivering Asset Renewal Works Within the Current Contract

13. There are aspects of the current scope of work for Smith Constructions that require the erection of scaffolding on the outside of the building. Completing additional scope while utilising the scaffolding will amortise the costs of the scaffolding. The erection, maintenance and dismantling of the scaffolding is expected to cost approximately \$20,000.
14. There is approximately \$280,000 worth of major asset renewal items, including cladding, roofing, glazing, soffits & eaves.
15. Utilising a combination of the available contingency of \$100,000 and the proposed additional reserve funding of \$180,000, there is the opportunity to engage Smith Constructions for the works, which will remove future asset renewal liabilities from the long-term financial plan and ensure prompt protection of any internal improvements.
16. If the recommendation is accepted, officers would vary the existing construction contract to complete the asset renewal works. The variations are not expected to impact Ocean Beach's opening dates.

Timing of Functional and Fit-out works

17. Additional funding for the functionality improvements comes from the DSLSC or the State election commitment. The timing of these commitments will likely result in the works being carried out independently from the Asset Renewal Works. As the works are not subject to the same level of cost efficiencies, this is awkward but not a significant concern.
18. These works are expected to commence early in the new financial year and will not impact the expected opening dates for Ocean Beach.

CONSULTATION AND EXTERNAL ADVICE

19. The DSLSC has advised Shire officers that should Jane Kelsbie's election commitment through the Australian Labor Party not come to fruition, they will seek to take a \$200,000 self-supporting loan with the Shire to ensure the completion of remaining works on the first floor.

STATUTORY / LEGAL IMPLICATIONS

20. There are no known statutory or legal implications relating to the report or officer recommendation.

STRATEGIC / POLICY IMPLICATIONS**Long-Term Financial Plan**

21. Bringing forward the asset renewal of the upper floor of the surf club will affect the forward years of the long-term financial plan as the works would be reserve-funded. However, as indicated in the financial section of this report, there will be no negative impact on the plan's life.

FINANCIAL IMPLICATIONS

22. The current endorsed budget for the Ocean Beach precinct is \$4,075,000 spread over a three-year period, with works to be completed early in the 2025/26 financial year.
23. The project scope does not include asset renewals or upgrades to the upper floor of the Surf Club building. The Shire accounts for future renewals of the upper floor of the surf club in the next four years through the LTFP.
24. If the upper floor works are brought forward as recommended (Total project cost \$4,455,000), the \$200,000 additional external funding, combined with the project cost savings, will require \$180,000 of reserve funds.
25. The \$180,000 has been included in the mid-year budget review, refer Item 9.2.3 of this Agenda. The recommendation assumes that the Council accept the Officer Recommendation for Item 9.2.3. There is no negative impact on the LTFP.
26. Should Council not accept the transfer of \$180,000 from reserves, under Item 9.2.3, Council will need to amend the Officer's Recommendation.
27. The table below shows the estimated project cost breakdown.

Surf Club Refurbishment	\$2,250,000
New Surf Club Storage	\$550,000
Public Toilets	\$405,000
Kiosk	\$250,000
Public Realm	\$1,000,000
Total	\$4,455,000

OTHER IMPLICATIONS

Environmental

28. There are no known significant environmental implications relating to the report or officer recommendation.

Economic

29. Completing the entire surf club building as designed will provide a more functional space which will create more income for the DSLSC through bookings and events, assisting to pay down a possible loan with the Shire or assist with asset management responsibilities as part of their lease.

Social

30. There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

31. Risk Table

Risk	Risk based on history and with existing controls			Proposed Treatment/Control
	Likelihood	Consequence	Risk Rating	
Financial Impact: That the actual costs for the remainder of the work on the first floor of the surf club building are higher than estimated.	3	2	Moderate (6)	A combination of quantity surveyor, quotes and industry knowledge provide for best estimate.

10. MATTERS BEHIND CLOSED DOORS

Nil

11. NEW BUSINESS OF AN URGENT NATURE

12. CLOSURE OF MEETING