

Council Agenda

SPECIAL COUNCIL MEETING

6.00pm, 26 June, 2009

Civic Centre,

Dundebar Road, Wanneroo

Recording of Council Meetings Policy

Objective

- To ensure that there is a process in place to outline access to the recorded proceedings of Council.
- To emphasise that the reason for recording of Council Meetings is to ensure the accuracy of Council Minutes and that any reproduction is for the sole purpose of Council business.

Statement

Recording of Proceedings

- (1) Proceedings for meetings of the Council, Electors, Audit Committee and Public Question Time during Council Briefing Sessions shall be recorded by the City on sound recording equipment, except in the case of meetings of the Council where the Council closes the meeting to the public.
- (2) Notwithstanding subclause (1), proceedings of a meeting of the Council which is closed to the public shall be recorded where the Council resolves to do so.
- (3) No member of the public is to use any electronic, visual or vocal recording device or instrument to record the proceedings of the Council or a committee without the written permission of the Council.

Access to Recordings

- (4) Members of the public may purchase a copy of recorded proceedings or alternatively listen to recorded proceedings with the supervision of a City Officer. Costs of providing recorded proceedings to members of the public will be the cost of the CD plus staff time to make the copy of the proceedings. The cost of supervised listening to recorded proceedings will be the cost of the staff time. The cost of staff time will be set in the City's schedule of fees and charges each year.
- (5) Elected Members may request a recording of the Council proceedings at no charge. However, no transcript will be produced without the approval of the Chief Executive Officer. All Elected Members are to be notified when recordings are requested by individual Members.

Retention of Recordings

- (6) Recordings pertaining to the proceedings of Council Meetings shall be retained in accordance with the State Records Act 2000 (General Disposal Authority for Local Government Records). The current requirement for the retention of recorded proceedings is thirty (30) years.

Disclosure of Policy

- (7) This policy shall be printed within the agenda of all Council, Special Council, Electors and Special Electors meetings to advise the public that the proceedings of the meeting are recorded.



City of Wanneroo

Notice is given that the next Special Council Meeting will be held at the Civic Centre,
Dundebar Road, Wanneroo on **Friday 26 June, 2009** commencing at **6.00pm**.

D Simms
Chief Executive Officer
23 June 2009

CONTENTS

<u>ITEM 1</u>	<u>ATTENDANCES</u>	<u>1</u>
<u>ITEM 2</u>	<u>APOLOGIES AND LEAVE OF ABSENCE</u>	<u>1</u>
<u>ITEM 3</u>	<u>PUBLIC QUESTION TIME</u>	<u>1</u>
<u>ITEM 4</u>	<u>REPORTS</u>	<u>2</u>
	DECLARATIONS OF INTEREST BY ELECTED MEMBERS, INCLUDING THE NATURE AND EXTENT OF THE INTEREST. DECLARATION OF INTEREST FORMS TO BE COMPLETED AND HANDED TO THE CHIEF EXECUTIVE OFFICER.	2
	<u>CORPORATE SERVICES</u>	<u>2</u>
SCS01-06/09	PROVISION OF MOTOR VEHICLE FOR THE MAYOR	2
SCS02-06/09	ANNUAL BUDGET 2009/2010 AND 10 YEAR STRATEGIC FINANCIAL MANAGEMENT PLAN 2009/2010 TO 2018/2019	4
<u>ITEM 5</u>	<u>CLOSURE</u>	<u>20</u>

A G E N D A

Item 1 Attendances

Item 2 Apologies and Leave of Absence

Item 3 Public Question Time

Mick Hayes

Is money in budget for barcoding, get rid of front counter.

New platform for whole city, not ready for this fin year but will provide improved facilities for cash receipting for scanning and bar coding.

Carry forward of his section of the works. Dennis: Indication of carry forward and projects Neerabup been held up due to issues with cockatoo. Library centre well advanced paid by end of July. Kingsway netball, hard to spend 3.2m in a month. Ocean Dv starting late this fin year. Mirrabooka Ave, 6m environ approvals, hartman Dv, environmental approvals, about to go out to tender. A black sport, need to complete by Dec. Domestic trucks, bulk tender for CoJ, now won it can go and purchase trucks. Last question, with shift of library, is there money set aside to refurbish the place or is it going to someone private. Fiona: Commercial tenant, fitout will be at tenants expense.

Audrey: Mayors car does this include fuel, income tax on car, John: monthly charge out rate is an annualised cost that reflects all costs to be included for that car, direct running costs, fuel, licencing etc and ultimate costs. FBT taken on notice. AH: fuel costs for a year, how do you know how much? JP: all costs costed against individual vehicles, fully aware of fuel consumption of that car and within expectations. AH: \$60m from treasury, how much has been used and how much has been paid back. JP: It is all in the budget, the \$60m is a draw down over 5 years, still have 2 years, about 20m left. We have spent, won't guess, what we haven't spent is held in reserve against specific projects, eg Neerabup project. We hold those funds in reserve so when those environ concerns are done we have that money in paid. We have paid 0. The loan is an interest only loan until we repay it at the end of 20 years. A balloon payment. Mayor: pg 22 says we have established a reserve fund for repayment of that loan, have put 2.4m and interest rate we earn will be greater than int paid. AH: how far as Council progressed with study too build crematorium for pets and where is money for that. FB: Report coming to Forum 14 July, proposed to be ajoint facility, Council will make direction after 14 July. AH: CEO says restructure saves \$7m in staff, were we overstaffed, will employees be affected and how does ratepayers spend the money save. DS: Savings resulted from reviewing core business and which ones community wanted us to increase and which could be decreased,. We value our people and all staff have been offered positions within the org, will support with training. Ratepayers will benefit by providing additional funds to provide capital works, been affected by global crisis. Growth has slowed down, by achieving salaries saving, it has helped with rates. AH: The \$7m, to cut all these jobs? DS: Not been overstaffed, just realigning priorities. AH:

Please Note: Section 7(4)(b) of the Local Government (Administration) Regulations 1996 states that:

“a Council at a Special Meeting is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked”.

Item 4 Reports

Declarations of Interest by Elected Members, including the nature and extent of the interest. Declaration of Interest forms to be completed and handed to the Chief Executive Officer.

Corporate Services

SCS01-06/09 Provision of Motor Vehicle for the Mayor

File Ref:	S13/0088V01
Responsible Officer:	Director, Corporate Services
Disclosure of Interest:	Nil
Attachment(s):	Nil

Issue

To approve the expenditure associated with the provision of a motor vehicle to the Mayor.

Background

In accordance with Council Policy - Elected Members Allowances and Expenses, the Mayor of the City of Wanneroo is provided with a fully serviced and maintained motor vehicle of a standard similar to that provided to the Chief Executive Officer.

Detail

Previous advice provided by the Department of Local Government and Regional Development to all local governments has confirmed that the provision of a vehicle to the Mayor does not constitute an allowance for the purpose of Section 5.63(1)(c) of the Local Government Act 1995:-

“(c) an interest relating to a fee, reimbursement of an expense or an allowance to which section 5.98, 5.98A, 5.99, 5.99A, 5.99, 5.100 or 5.101(2) refers;”

Consultation

Nil

Comment

As a result of the above, Council is requested to consider the expenditure associated with the provision of a motor vehicle to the Mayor before considering the adoption of the budget. This will allow the Mayor to declare an interest in this matter but still participate in the discussion and adoption of the budget.

Statutory Compliance

The consideration of this item prior to consideration of the Budget allows the Mayor to declare an interest in this matter but still participate in the discussions relating to the adoption of the budget.

Strategic Implications

The provision of the motor vehicle for the Mayor is in line with the City's Strategic Plan 2006-2021:-

“Outcome 4.7 – Maintain a high standard of governance and accountability”

Policy Implications

Council Policy - Elected Members Allowances and Expenses refers.

Financial Implications

The City's light fleet is costed on a fixed monthly charge-out rate to recover all running/operating costs and depreciation.

The current charge-out rate for the Mayor's vehicle (and Chief Executive Officer) is at \$1,875 per month or \$22,500 annually.

Voting Requirements

Absolute Majority

Recommendation

That Council APPROVES BY AN ABSOLUTE MAJORITY an allocation of \$22,500 for vehicle running expenses associated with the vehicle provided for the use of the Mayor in the financial year (Account Number 717145-9399-456) as included in the 2009/2010 City of Wanneroo Budget.

SCS02-06/09 Annual Budget 2009/2010 and 10 Year Strategic Financial Management Plan 2009/2010 to 2018/2019

File Ref: S13/0088
Responsible Officer: Director, Corporate Services
Disclosure of Interest: Nil
Attachments: 5

Issue

To consider adoption of the City's proposed 2009/2010 Budget and 10 Year Strategic Financial Management Plan.

Background

When developing the 2008/09 Operating Budget, the average growth rate within Wanneroo was running at 8%, with an average 7% growth in rateable properties forecast to be maintained in future years. Over the last 12 months, as a consequence of the global financial crisis the forecast has changed dramatically, with growth being factored in at 3% impacting on the City's financial capacity and significantly shifting the environment for the 2009/10 budget development.

In the lead up to the 2009/10 Budget, Elected Members were provided two financial presentations to outline the specific impact of the crisis on the City and proposed mitigation strategies.

Tue 17 February 2009

- information on impact of the global financial environment on the City's operation and consequential financial forecast; and
- progress of mid year budget review and initiatives being taken to bring in a balanced budget.

Tue 24 February 2009

- short presentation on Asset Management, specifically addressing the 'Asset Renewal Gap'
- outline of report from the Western Australian Local Government Association (WALGA) Rate Setting Strategy project prepared by Price Waterhouse Coopers (PWC); and
- workshop broad financial principles to guide future budgets.

The PWC report and earlier WALGA Systemic Sustainability Study both recommended the preparation of financial plans over an extended number of years to ensure that decisions are based on long-term financial sustainability. Accordingly, the 2009/10 Budget process has included the development of a 10 Year Financial Plan and 10 Year Capital Works Plan.

In March 2009, Council considered a report (CS03-03/09) dealing with Budget Principles to guide development of the forward 10 Year Strategic Financial Management Plan, including the 2009/10 Annual Budget. As a result the following resolution was adopted unanimously:-

- a) *The budget shall be prepared consistent with the Best Practice Rating Strategy as detailed in the PWC report.*
- b) *The aim is to achieve a 'balanced' operating budget (Improved actual performance will enhance the closing position).*
- c) *Extraordinary income (such as proceeds from sale of land) shall not be used as a source of funds in the same financial year as it is proposed to be received. (Funds will be deposited in a Reserve to be called on in subsequent years).*
- d) *The budgeted income for Investments shall be based on an average market return as measured against the UBS Warburg 90 Day Bank Bill Index and/or the Cash Rate (unless a higher level is certain).*
- e) *The rate setting strategy for the next ten financial years be based on a rate in the dollar increase of CPI plus 3-6% as supported by the Price Waterhouse Coopers report "Western Australian Local Government Association Rate setting processes, funding amenity and service sustainability of WA outer metropolitan growth councils"*
- f) *The adoption of the 'expenditure by category' table to reflect the Municipal funding capacity.*
- g) *To progressively reduce the level of subsidised use of recreation/community facilities over the next three (3) financial years; and*
- h) *Explore opportunities to increase the level of commercial return from facilities through broadening the range of products and services provided."*

The City's Administration prepared operating estimates and capital expenditure listings for incorporation into the draft budget along with supporting documentation. A series of Budget Workshops have been held over the last three (3) months involving Elected Members and the City's Executive Management Team (EMT).

Each of the Workshops considered discrete components of the proposed Budget. Prior to each Budget Workshop, EMT undertook a thorough review of the documentation provided for consideration. The final Budget Workshop brought all components of the Budget together to enable full consideration of funding opportunities, constraints and service obligations.

Following the Budget Workshops, a further report (CS05-05/09) dealing with the budget development was considered by Council at its meeting of 5 May 2009, with the following resolution adopted unanimously:-

1. *NOTES the following initiatives to manage the growth in the Operating Budget:-*
 - a) *reduction of the equivalent of 59 FTE vacant positions from the City's staff establishment; and*
 - b) *a general reduction across discretionary budget lines of 8% (Budget to Budget).*
2. *ENDORSES the following strategy for incorporating into the 2009/10 Operating Budget:-*

- a) *the increase in the Domestic tipping fee will be funded through an increase to the Domestic Refuse Charge in the order of \$50.00 per household, with the balance provided from the programmed drawdown from the Domestic Resource Recovery Facility Reserve;*
 - b) *the rate increase being indicatively set at CPI plus 4%;*
 - c) *the rate and rubbish charge being issued as a combined rate to maximise eligibility for discount under the Pensioner Rate Rebate Scheme;*
 - d) *modification to the City's Community Events program, including the temporary discontinuation of the Summer Concerts and Beach to Bush events; and*
 - e) *minor adjustments to some parks maintenance routines, including frequency of streetscape maintenance and parks mowing,*
3. *ENDORSES a capital works program for 2009/10 in the order of \$35.3m relying on Municipal Funding of approximately \$9.5m; and*
 4. *ENDORSES the strategy of depositing the untied surplus for 2008/09 into a new Strategic Projects Reserve to be utilised in future budgets to smooth out the demand on Municipal Funds."*

Elected Members have reviewed and had input into priorities to ensure that the final 2009/2010 Budget and associated 10 Year Plan targets the specific areas of identified need. Importantly, whilst every endeavour has been made to responsibly constrain expenditure levels, this budget maintains a close alignment to the outcome objectives outlined in the City's Strategic Plan and will ensure the Community's expectation that existing high levels of service and infrastructure provision are maintained.

In conjunction with the budget, Administration has continuously updated the City's financial performance for 2008/2009 to determine end of year forecasts and funding capacity for 2009/2010. This process has identified that the current 2008/2009 Actual (Estimate) position will be an operational improvement of \$2.965 million over that proposed in the budget. This position could change however, based on recent advice from the WA Local Government Grants Commission, advising of a proposal to provide a 25% advance on the 2009/10 Financial Assistance Grant prior to 30 June 2009. If received, this will impact on the actual position against budget for 2008/09 and 2009/10.

In addition to the above, Regulation 34(5) of the Local Government (Financial Management) Regulations 1996 requires a local government to adopt a percentage or value, calculated in accordance with Australian Accounting Standards, to be used in statements of financial activity for reporting material variances. For 2008/2009 the Council adopted 10% for the reporting of variances and the same percentage is proposed for 2009/2010.

Detail

WALGA and eight Perth Metropolitan Growth Councils engaged PWC to undertake a review of the rate setting processes and financial strategies for the Outer Metropolitan Growth Councils of WA. The objective of the review was to conduct independent analysis of the various rating and financial strategies, to offer Councils a deeper insight into the likely impacts of each strategy on long-range financial sustainability.

The review resulted in the preparation of a report entitled '*Western Australian Local Government Association Rate setting processes, funding amenity and service sustainability of WA outer metropolitan growth councils*'.

One of the conclusions of the study states:-

"The Perth outer metropolitan growth councils are characterised by higher population growth combined with stronger demand for provision of new infrastructure and extra services particularly in greenfield areas, to meet the rising needs of their communities. In this rapidly changing environment, and facing sustainability challenges not shared by nongrowth Councils, there are a number of significant challenges facing the Outer Metropolitan Growth Councils in WA. In particular, the current level of rates generally appears to be insufficient to meet all the rising community expectations for better services whilst also eliminating the asset renewal gap of the Councils.

Ultimately, based on recent trends in cost growth, with most Perth outer metro growth Councils experiencing real rises in expenditures of 2-5% per annum [over CPI], Councils will need to increase rates and the level of other user charges by this same magnitude to retain the current level of financial sustainability. However, to improve financial sustainability, it is likely that Councils may require even higher rate increases."

It should be noted that the cost increases referred to in the PWC report, along with the level of rate increase required to improve financial sustainability in outer metropolitan Councils, relates only to rates and assumes an independently levied Domestic Rubbish Charge.

The global financial crisis has not diminished the demands on outer metropolitan councils, but it has impacted on revenue generation, placing greater challenges on meeting community needs in a financially sustainable manner. In the case of Wanneroo, revenue projections for 2009/10 and outer years have been moderated, particularly in the areas of growth in the rate base and investment earnings.

In a period of declining income growth, it is critical to manage expenditure growth to similar levels. Given the City faced numerous non-discretionary increases in service costs, initiatives were implemented to constrain other operational areas, including an organisational restructuring exercise that limited the potential for growth in staffing costs. This measure alone has provided a significant improvement to the City's forecast costs, whilst ensuring core services progress in line with community expectations.

Under the leadership of the City's Chief Executive Officer (CEO), the EMT conducted a major structural review of the organisation. Also, the CEO reviewed all vacant positions, contract positions and contract labour. This review has resulted in a reduction in the growth of salaries and wages up to \$7 million. In addition, the EMT focussed on reducing the City's discretionary operating budget by a target 8% resulting in savings of approximately \$1m.

The following documents provide a comprehensive summary of the proposed 2009/2010 Annual Budget:-

- 2009/2010 Annual Budget Overview (**Attachment 1**)
- 2009/2010 Statutory Budget (**Attachment 2**)
- 2009/2010 Capital Works Program (including carry forwards) (**Attachment 3**)

- 2009/2010 Schedule of Fees and Charges (**Attachment 4**)
- 10 Year Strategic Financial Management Plan, **including** 10 Year Capital Works Plan (**Attachment 5**)

The budget outlines City initiatives to continue building on the essential services our residents rely on, with the health and wellbeing of the Wanneroo community continuing to be supported through the Community Development budget, whilst priority has been placed on the maintenance of existing assets to eliminate the 'asset renewal gap'.

Operating Budget Overview

	2008/09 Budget	2009/10 Budget	\$ Increase	% Increase
Operating Income	\$102,521,464	\$110,341,118	\$7,819,654	7.6%
Operating Expenditure	\$105,696,352	\$113,595,537	\$7,899,185	7.5%

The key factors contributing to the increase in the Operating Expenditure are:

- **Employee Expenses** **\$3.0m**
Ratified salary/wage increase of 4.5% plus additional cost of full year operation at Aquamotion and new Wanneroo Library and Cultural Centre.
- **Refuse Removal Expenses** **\$4.8m**
Increase in expenses directly attributed to the commencement of operations of the Resource Recovery Facility in Neerabup and associated increase in processing costs, together with the State Government's Landfill Levy.
- **Electricity Expenses** **\$0.6m**
Directly related to the increase in electricity charges imposed by Synergy.
- **Finance and Interest Expenses** **\$1.0m**
Increase in debt servicing costs plus additional cost of bank deposit guarantee levy.
- **Depreciation Expenses** **\$0.5m**
Increase in depreciation associated with the City's continuously expanding asset base.

Given the quantum of the above increases totals \$9.9 million, maintaining the overall increase in Operating Expenditure to \$7.9 million clearly reflects the efforts to deliver \$2.0 million of cost savings across other 'discretionary' areas of expenditure.

Fees and Charges

The Schedule of Fees and Charges for 2009/2010 is included as Attachment 4 for adoption by Council and to be effective from 6 July 2009 where practicable. Details of all changes from those in 2008/2009 have been identified, with some of the key areas affected noted below:

- Credit card surcharge recoup – to recover the cost of credit card surcharge.
- Waste charges – to reflect the increase in rubbish collection service, including the commercial collection service.

- Wanneroo Library & Cultural Centre – various charges for hire of rooms and facilities.
- Aquamation Aquatic Centre- facility charges.

Rate and Rubbish Charges

In developing the rating strategy, Administration has endeavoured to retain equity in the process, by ensuring that the setting of the minimum rate and calculation of the rate in the dollar only recovers an amount (referred to as the Budget Deficiency) which is considered essential to the running of Council activities.

Costs associated with refuse collection have had substantial increases identified for 2009/2010, mainly due to the introduction of the new Resource Recovery Facility by the Mandarie Regional Council, which contractually imposes an increase in tipping fees from \$54.00/tonne in 2008/09 to \$128.30/tonne from July 2009. In planning for this expected increase, the Council previously created a refuse reserve to smooth out the impact to ratepayers and will draw on this reserve to the value of \$1.5 million in 2009/2010.

Whilst the City of Wanneroo places a priority on diverting waste towards recycling, this initiative will not fully insulate from escalating refuse disposal costs, as a residual portion is still sent to landfill. The State Government landfill levy has added \$1.1 million to the City's overall operating budget, of which \$0.8 million can be offset through increases to commercial service charges. There is however a \$353,000 net impact that is required to be funded through the general rate.

Based on the level of budget deficiency, the rate increase has been calculated on an average 6.2% increase (being 4% plus CPI of 2.2%), plus an additional \$50.00 for properties with a domestic rubbish service, bringing the rubbish charge to \$290.00. This accommodates the requirement to meet the expansion and increasing needs of the community together with funding for a significant capital works program.

To ensure that full benefit can be obtained from the State Government's Pensioner Rate Rebate Scheme, it is proposed the Domestic Refuse Collection fee will again be incorporated into the property rates for 2009/2010. This is achieved by combining the value of the rate increase with the increase to the Domestic Refuse charge to determine a rate in the dollar addressing the overall funding requirement.

It should be noted that properties rated on an Unimproved Value (UV) basis are revalued annually, whereas Gross Rental Values (GRV) are revalued every three years (a revaluation was carried out in 2007/2008). Where a revaluation has a significant impact on the category, an adjustment is made to the rate in the dollar to minimise the revaluation impact. This has been the case in the UV categories. It should also be noted that new categories have been created to allow a greater degree of flexibility in rating properties occupied by Community Groups, which previously were rated within the same category as Industrial and Commercial properties.

The following table demonstrates a comparison between the 2008/2009 rates and the proposed rate for 2009/2010:-

GRV Category	Rate in the Dollar (cents)		Minimum Rate \$	
	2008/2009	2009/2010	2008/2009	2009/2010
Caravan Parks Improved	7.3353	7.7900	272.00	289.00
Commercial Improved	6.4500	6.8500	950.00	1,009.00
Community Groups – Major** Improved	N/A	6.4500	N/A	200.00
Community Groups – General Improved	N/A	3.2250	N/A	200.00
Community Groups – Surf Club Improved	N/A	1.6125	N/A	200.00
Industrial Improved	6.4500	6.8500	950.00	1,009.00
Residential Improved	7.3300	8.1060	835.00	940.00
Rural and Mining Improved	7.3300	8.1060	835.00	940.00
Commercial Vacant	6.4500	6.8500	950.00	1,009.00
Industrial Vacant	6.4500	6.8500	950.00	1,009.00
Residential Vacant	5.4000	5.7350	615.00	653.00
Rural and Mining Vacant	5.4000	5.7350	615.00	653.00
	Rate in the Dollar (cents)		Minimum Rate \$	
UV Category	2008/2009	2009/2010	2008/2009	2009/2010
Commercial Improved	0.2102	0.2316	950.00	1,009.00
Community Groups – Major** Improved	N/A	0.2102	N/A	200.00
Community Groups – Surf Clubs Improved	N/A	0.0525	N/A	200.00
Community Groups – General Improved	N/A	0.1051	N/A	200.00
Industrial Improved	0.2102	0.2316	950.00	1,009.00
Residential Improved	0.2374	0.2601	835.00	940.00
Rural and Mining Improved	0.2374	0.2601	835.00	940.00
Commercial Vacant	0.2102	0.2316	950.00	1,009.00
Industrial Vacant	0.2102	0.2316	950.00	1,009.00
Residential Vacant	0.2373	0.2801	615.00	653.00
Rural and Mining Vacant	0.2373	0.2801	615.00	653.00

*Community Groups -Major** Improved = Sporting Clubs and Major Event Providers.*

As in recent years, the City will also be responsible for collecting the Emergency Services Levy (ESL) on behalf of the Fire and Emergency Services Authority (FESA). The ESL rate is determined each year by the Minister and is classified into five categories to reflect the level of emergency service response that is available in different areas. The City of Wanneroo levies the ESL for four of the categories in conjunction with the annual Rates charges.

Capital

A ten year Capital Work Plan has been developed, which has identified the City faces significant challenges in maintaining, rehabilitating, upgrading and where necessary replacing its existing asset base, whilst also establishing new assets to meet the needs within the growth areas of the City. In conjunction with the West Australian Asset Management (WAAMI) program currently being used for effective Infrastructure Asset management, appropriate funding strategies have been developed to ensure a sustainable program is achieved.

The proposed 2009/10 Capital Work Plan (one year) listed in Attachment 3, reflects a lower, but still significant, level of expenditure than budgeted for in the previous two financial years. It includes a wide range of infrastructure projects and is recognised as an investment in the future. Key components include:-

- \$4.87 million Ocean Reef Road, Wangara;
- \$3.85 million Pinjar Road, Ashby;
- \$3.22 million Flynn Drive, Neerabup;
- \$2.31 million Light Vehicle Replacement;
- \$1.80 million Joondalup Drive, Banksia Grove; and
- \$1.60 million Ocean Drive, Quinns Rocks;
- \$0.79 million Jimbub Swamp Sports Oval;
- \$0.37 Walls of Honour.

Reserves

In order to meet the funding requirements of the budget, a range of reserve transfers are proposed from particular Reserves established for the relevant purpose.

Given the City's sustainability factors are unlikely to improve over the foreseeable future, ongoing constraint will continue to be required, guided by sound financial management practices. To assist in this process and to manage expectations, there is merit in the establishment of five (5) additional reserves to clarify funding capacity for relevant activities as follows:

- **Fleming Park Lake Reserve** – for the purpose of holding funds provided by developer for the upkeep and maintenance of the Fleming Park Lake;
- **Leave Liability Reserve** – the purpose of this reserve is to cash-back the liability of the City for Long Service Leave and Annual Leave;
- **Loan Repayment Reserve** – to set aside adequate funds over time to repay loan commitments per the City's 10 Year Financial Management Plan Debt Management Strategy;
- **Strategic Projects/Initiatives Reserve** – for the purpose of accumulating funds to be used for the introduction of new or upgrade of existing services, maintenance, renewal, upgrade of existing assets and purchase of new assets or project works of the City over an expected period of 10 years; and

- **Yanchep Bus Reserve** – for the accumulation of funds from the Yanchep community group for the costs associated with a community bus.

Consultation

In accordance with the requirements of Section 6.36 of the Local Government Act 1995, the City is required to give notice of its intention to levy differential general rates and specified minimum payments. Notices to this effect were advertised on 25 May 2009 and 2 June 2009. The City has received no submissions from electors or ratepayers in response to the advertisement.

Comment

The 2008/09 Budget reflected a 17% increase in operational income and a 13% increase in operating expenditure over the preceding budget, highlighting Wanneroo's status as a growth Council. As a direct consequence of the global financial crisis, the increase in revenue projections cannot be sustained and consequently reliance on rate income is strong.

Despite the economic environment, Wanneroo is still experiencing growth (albeit at 3% rather than the previous level of 8%), which translates to increasing demand for services and facilities but also the commitment to manage large portions of public open space handed over from developers. After closely evaluating and considering this expected growth in demand, the increase in operational expenditures has been limited to 7.5% above that budgeted in 2008/2009. This increase would have been significantly higher had a range of cost mitigation initiatives not been taken, including a reduction to the staff establishment and 'parking' of some low impact services.

Given the initiatives taken to address operational expenditure levels, the demand for rates to meet the Budget Deficiency can be directly attributed to the following factors:-

Revenue

- | | |
|---|---------------|
| • Reduction in interest on investment due to lower interest rates | \$2.0 million |
| • Reduced growth in the rate base in the order of 5% | \$3.0 million |

External - Government Charges

- | | |
|--------------------------------------|---------------|
| • Guarantee levy on investments | \$0.6 million |
| • Landfill levy | \$0.3 million |
| • Electricity charges – 26% increase | \$0.6 million |

External - Other

- | | |
|--|---------------|
| • MRC tipping fees - increasing by 130%. This is the single most significant cost driver contributing to the overall increase in the budget, which equates to 61% of the overall increase. | \$3.7 million |
|--|---------------|

Internal

- Employee Costs – 4.5% salary/wage movement plus full year cost of operating Aquamation and Wanneroo Library and Cultural Centre \$3.0 million
- Interest expenses (loan repayment) \$0.5 million
- Depreciation \$0.5 million

The 2009/2010 Budget presented represents a fiscally sound and responsible outcome to its community and ratepayers, which has been developed around a longer term and financially sustainable approach, within the parameters previously agreed to by Council. Whilst it does reflect a net operational shortfall of \$3.254 million, this is supported by a \$1.500 million transfer out from the Resource Recovery Reserve to offset the increase in refuse disposal costs.

The proposed level of rate increase is consistent with the principle established in the PWC report *Western Australian Local Government Association Rate setting processes, funding amenity and service sustainability of WA outer metropolitan growth councils* and within the range specified in the adopted Budget Principles.

In light of the continuing economic slowdown, this budget is considered to be financially prudent, providing efficiencies, whilst maintaining a high level of service and delivering on long term sustainability through initiatives such as the Debt Management Strategy and addressing the Asset Renewal Gap.

Statutory Compliance

The accompanying Budget for 2009/2010 has been prepared in accordance with the Local Government Act, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.

Pursuant to Section 6.36(1) of the Local Government Act 1995, the City has given the appropriate notice of its intention to impose differential general rates and specified minimum payments in respect of each differential rate category.

Sub regulation 56 (4)(b) of the Local Government (Financial Management) Regulations 1996 requires that the Rate Notice provide details and reasons for any variation in the minimum rate and differential rate from that proposed in the notice published in accordance with section 6.36 of the Act.

Strategic Implications

The 2009/2010 Budget is framed around Outcome Objective 4.5 – Improve long-term financial viability.

Policy Implications

Nil

Financial Implications

The earlier adoption of the 2009/2010 Budget will facilitate opportunities in terms of investment revenue and allow the implementation of the Capital Works Program and the various new initiatives contained within the budget.

Voting Requirements

Absolute Majority

Recommendation

That Council BY AN ABSOLUTE MAJORITY:-

- 1. ADOPTS the Budget for the City of Wanneroo for the year ending 30 June 2010, incorporating:**
 - 1.1 Income Statements, showing a Net Result of \$13,330,847 surplus (including an Operating Result of \$3,254,419 deficit).**
 - 1.2 Statement of Cash Flows, showing a cash at end of year position of \$89,451,729 million**
 - 1.3 Rate Setting Statement, showing the need to generate \$73,447,031 in Rates**
 - 1.4 Notes To and Forming Part of the Budget**
 - 1.5 Attachments (3), (4) & (5) being –**
 - (3) 2009/2010 Capital Works Program (including carry forwards from 2008/2009)**
 - (4) 2009/2010 Schedule of Fees and Charges**
 - (5) 10 Year Strategic Financial Management Plan, including 10 Year Capital Works Plan**

subject to the inclusion of \$250 000 for the introduction of Community Safety Patrols, to be funded by a corresponding decrease to the operating expenditure budget for Bank Fee Expenses reflecting a forecast reduction in the City's Expenditure for the Government Deposit Guarantee Levy.

2. Differential Rating

In accordance with the provisions of Sections 6.32, 6.33 and 6.35 of the Local Government Act 1995:

- 2.1 IMPOSES differential rates and minimum rates for the 2009/2010 financial year; and**
- 2.2 NOTES that the differential rates and minimum rates for the 2009/2010 financial year are inclusive of Domestic Rubbish Collection Charges where applicable, and**
- 2.3 SETS the differential general rates in accordance with the following tables:**
 - 2.3.1 General Rate – Gross Rental Value & Minimum Rates**

In accordance with the provisions of Sections 6.32 and 6.35 of the Local Government Act 1995, impose the 2009/2010 Gross Rental Value Rates and Minimum Rates as follows:-

GRV Category	Rate in Dollar (cents)	Minimum Rate \$
Caravan Parks Improved	7.7900	289.00
Commercial Improved	6.8500	1,009.00
Community Groups – Major** Improved	6.4500	200.00
Community Groups – Surf Clubs Improved	1.6125	200.00
Community Groups – General Improved	3.2250	200.00
Industrial Improved	6.8500	1,009.00
Residential Improved	8.1060	940.00
Rural and Mining Improved	8.1060	940.00
Commercial Vacant	6.8500	1,009.00
Industrial Vacant	6.8500	1,009.00
Residential Vacant	5.7350	653.00
Rural and Mining Vacant	5.7350	653.00

2.3.2 General Rate – Unimproved Value & Minimum Rates

In accordance with the provisions of Sections 6.32 and 6.35 of the Local Government Act 1995, impose the 2009/2010 Unimproved Value Rates and Minimum Rates as follows:-

UV Category	Rate in Dollar (cents)	Minimum Rate \$
Commercial Improved	0.2316	1,009.00
Community Groups – Major** Improved	0.2102	200.00
Community Groups – Surf Clubs Improved	0.0525	200.00
Community Groups – General Improved	0.1051	200.00
Industrial Improved	0.2316	1,009.00
Residential Improved	0.2601	940.00

Rural and Mining Improved	0.2601	940.00
Commercial Vacant	0.2316	1,009.00
Industrial Vacant	0.2316	1,009.00
Residential Vacant	0.2801	653.00
Rural and Mining Vacant	0.2801	653.00

*Community Groups -Major** Improved = Sporting Clubs and Major Event Providers.*

3. Domestic Refuse Charges

Pursuant to the provisions of Division 5 of Part IV of the Health Act (as amended), IMPOSE the following domestic refuse charges for the 2009/2010 financial year:-

- 3.1 Existing Service Charge p.a. (1 240L recycling bin with yellow lid & 1 240L standard bin with green lid) included within general rates.
- 3.2 Additional Service Charge p.a. (1 240L recycling bin with yellow lid & 1 240L standard bin with green lid) \$290.00.
- 3.2 Additional Recycling Service Charge Only p.a. (1 240L recycling bin with yellow lid) \$55.00.
- 3.3 Additional Standard Service Charge Only p.a. (1 240L standard bin with green lid) \$270.00.
- 3.4 Establishment Charge (per each new or additional service, 1 240L recycling bin with yellow lid & 1 240L standard bin with green lid) \$85.00.
- 3.5 Establishment Charge (per each new or additional 240L recycling bin with yellow lid or additional 240L standard bin with green lid only) \$45.00.

4. Emergency Services Levy

NOTES the Emergency Services Levy Rates and Minimum and Maximum Payments and Interest Penalty to be imposed in accordance with the Fire and Emergency Services Authority of Western Australia Act 1998 as follows:

ESL Category	ESL Rate Per \$ GRV	Residential, Farming & Vacant		Commercial, Industrial & Misc	
		Min \$	Max \$	Min \$	Max \$
1	0.0123	43.00	225.00	43.00	130,000.00
2	0.0093	43.00	170.00	43.00	100,000.00
3	0.0062	43.00	115.00	43.00	65,000.00
4	0.0043	43.00	80.00	43.00	45,000.00
5	43.00 Fixed	43.00	43.00	43.00	43.00
Mining Tenements	43.00 Fixed	43.00	43.00	43.00	43.00

Interest penalty rate to apply on late payments is determined at 11% p.a.

5. Private Swimming Pool Inspection Fees

In accordance with the provisions of the Local Government (Miscellaneous Provisions) Act 1960, Section 245A, IMPOSES for the 2009/2010 financial year, a Private Swimming Pool Inspection Fee on construction of \$39.60 (inclusive of GST) and in each subsequent year thereafter a Private Swimming Pool Inspection Fee of \$13.20 (inclusive GST) for each property where there is located a private swimming pool.

6. Payment Incentives

In accordance with the provisions of Section 6.46 of the Local Government Act 1995, offer the following incentives for the payment of rates and charges:-

• Full payment

Full payment of all current and arrears of rates and private swimming pool inspection fees (inclusive of GST) within 35 days of the issue date on the annual rate notice:-

- eligibility to enter the incentive draw.

• Two Instalments

The first instalment of 50% of the total current rates, private swimming pool inspection fees (inclusive of GST) and instalment charge, plus the total outstanding arrears payable within thirty-five (35) days of date of issue of the annual rate notice:-

- eligibility to enter the early incentive draw.

• Four Instalments

The first instalment of 25% of the total current rates, private swimming pool inspection fees (inclusive of GST) and instalment charge, plus the total outstanding arrears payable within thirty-five (35) days of date of issue of the annual rate notice:-

- eligibility to enter the early incentive draw.

7. Payment Options

In accordance with the provisions of Section 6.45 of the Local Government Act 1995, offer the following payment options for the payment of rates and private swimming pool inspection fees (inclusive of GST):-

• One Instalment

Payment in full within 35 days of the issue date of the annual rate notice.

- **Two Instalments**

The first instalment of 50% of the total current rates, private swimming pool inspection fees (inclusive of GST) and instalment charge, plus the total outstanding arrears payable within 35 days of date of issue of the annual rate notice.

The second instalment of 50% of the total current rates, private swimming pool inspection fees (inclusive of GST) and instalment charge, payable 63 days after due date of first instalment.

- **Four Instalments**

The first instalment of 25% of the total current rates, private swimming pool inspection fees (inclusive of GST) and instalment charge, plus the total outstanding arrears payable within 35 days of date of issue of the annual rate notice.

The second, third and fourth instalments each of 25% of the total current rates, private swimming pool inspection fees (inclusive of GST) and instalment charge, payable as follows:-

- Second Instalment 63 days after due date of first instalment
- Third Instalment 63 days after due date of second instalment
- Fourth Instalment 63 days after due date of third instalment

8. Late Payment Interest

In accordance with the provisions of Section 6.13 and 6.51 of the Local Government Act 1995, impose interest on all arrears and current charges in respect of general rates and private swimming pool inspection fees (including GST where applicable) at a rate of 8.45% per annum, calculated on a simple interest basis in arrears amounts that remain unpaid and current amounts that remain unpaid after thirty-five (35) days from the issue date of the original rate notice, or the due date of the instalment and continues until instalment is paid.

Excluded are deferred rates, instalment current amounts not yet due under the four (4) payment options, registered pensioner portions and current government pensioner rebate amounts.

Such interest is to be charged once per month on the outstanding balance on the day of calculation for the number of days, as previously detailed.

9. Instalment and Arrangements Administration Fees and Interest Charges

In accordance with the provisions of Section 6.45 of the Local Government Act 1995, for the 2009/2010 financial year, imposes the following administration fees and charges for payment of rates and private swimming pool inspection fees (inclusive of GST):-

Two Instalment Option

An administration fee of \$5.00 for instalment two, together with an interest charge of 5.5% per annum, calculated on a simple interest basis on:

- **50% of the total current general rate and private swimming pool inspection fees (inclusive of GST) calculated 35 days from the date of issue of the annual rate notice to 63 days after the due date of the first instalment.**

Four Instalment Option

An administration fee of \$5.00 for each of instalment two, three and four, together with an interest charge of 5.5% per annum, calculated on a simple interest basis on:-

- **75% of the total current general rate and private swimming pool inspection fees (inclusive of GST) calculated thirty-five (35) days from the date of issue of the annual rate notice to 63 days after the due date of the first instalment;**
 - **50% of the total current general rate and private swimming pool inspection fees (inclusive of GST) calculated from the due date of the second (2nd) instalment to the due date of the third (3rd) instalment; and**
 - **25% of the total current general rate and private swimming pool inspection fees (inclusive of GST) calculated from the due date of the third (3rd) instalment to the due date of the fourth (4th) instalment.**
- 10. As part of the Budget AUTHORISES the establishment of five new reserves for the following purposes:-**
- **Fleming Park Lake Reserve – for the purpose of holding funds provided by developer for the upkeep and maintenance of the Fleming Park Lake;**
 - **Leave Liability Reserve – the purpose of this reserve is to cash-back the liability of the City for Long Service Leave and Annual Leave;**
 - **Loan Repayment Reserve – to set aside adequate funds over time to repay loan commitments per the City’s 10 Year Strategic Financial Management Plans’ debt management strategy;**
 - **Strategic Projects Reserve – for the purpose of accumulating funds to be used for the introduction of new or upgrade of existing services, maintenance, renewal, upgrade of existing assets and purchase of new assets or project works of the City over an expected period of 10 years; and**
 - **Yanchep Bus Reserve – for the accumulation of funds from the Yanchep community group for the costs associated with a community bus.**
- 11. ADOPTS the Significant Accounting Policies as detailed in Note 1 of Attachment 2 (2009/2010 Statutory Budget).**
- 12. APPROVES the establishment of a new charge for the recoup of any surcharge associated with payments made by way of credit card, as listed in Attachment 4 (2009/2010 Schedule of Fees and Charges). The intent of this charge is to recover additional costs incurred by the City in regard to payments made by credit card, currently advised as 0.57%.**

13. **ADOPTS a percentage of 10% for the purposes of the reporting of material variances by Nature and Type monthly for the 2009/2010 financial year, in accordance with Regulation 34(5) of the Local Government (Financial Management) Regulations 1996.**

Item 5 Closure