

File Ref: 5509 – 15/123282  
Responsible Officer: Manager Finance  
Disclosure of Interest: Nil  
Attachments: 5

## **Issue**

To consider the adoption of the City's Draft Corporate Business Plan (CBP) 2015/16-18/19 and Draft Annual Budget 2015/16 (Annual Budget).

## **Background**

The preparation of the Annual Budget and four-year CBP is a statutory requirement for local government and are two of the key requirements of integrated planning and budgeting. This report provides to Council these two documents as an integrated package that sets out the City's priorities and actions together with its financial capability to deliver on these during 2015/16.

In recent years, the Council had adopted a series of Budget Principles to apply prudent financial management practices in guiding the development of the Annual Budget. As the City has been continuously undertaking extensive work with regard to the newly introduced Integrated Planning & Reporting Framework (IPRF), these Principles were maintained during the current budget development process. In addition, the following key economic parameters were recognised as part of the budget development:

- Forecast 2015/16 CPI 2.5%
- Forecast growth in service requirement 4.0%
- Forecast average interest rate return on investments 3.0%

A series of CBP and Budget Forum Workshops (Workshops) were arranged to involve and engage Elected Members as key stakeholders in the development process. The Workshops focused on various elements of the budget resulting from outcomes of the CBP review and were conducted as follows:

- Workshop 1 – Tuesday 10 February 2015
- Workshop 2 – Tuesday 17 March 2015
- Workshop 3 – Tuesday 14 April 2015
- Workshop 4 – Tuesday 12 May 2015

In considering the 2015/16 Budget and subsequent reporting, it is also timely to consider Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, which 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 2014/15 the Council adopted 10% for the reporting of variances and the same percentage is proposed for 2015/16.

## **Detail**

### **Corporate Business Plan 2015/16 – 2018/19 (Attachment 1)**

Under S5.56 of the *Local Government Act 1995* all local governments are required to implement a Plan for the Future. On 1 July 2013 new requirements for this plan came into effect under the IPRF. This framework also requires local governments to develop a ten year Strategic Community Plan (SCP) and a four year CBP, supported by the following resourcing plans: a ten year Long Term Financial Plan, an Asset Management Plan, and a Workforce Plan. The City adopted its SCP and first CBP on 25 June 2013.

The CBP, which is a four year plan to deliver on the aspirations and objectives of the SCP, is reviewed annually. As the first year rolls off a new fourth year is added, and the first year of every revised plan informs the incoming Annual Budget. This is the City's third revision of the CBP and the approach taken in developing the plan has been revised to provide for more information on the City, the City's role as a service provider, and the Council plans that guide City commitments.

The annual review of the CBP provides opportunities to also improve the capture and articulation of the City's priorities and actions. In previous years an action might have generically referred to implementation of an informing strategy or plan adopted by Council, such as "Implement the Disability Access and Inclusion Plan". In the 2015/16 – 2018/19 CBP these generic actions have been replaced with the commitments of these strategies and plans in each financial year. More detail on these informing strategies and plans has also been provided to reflect their status as Council Plans.

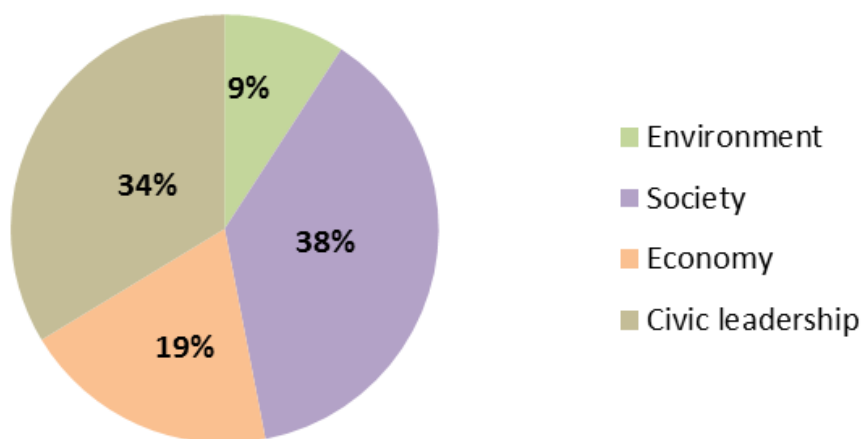
The 2015/16-2018/19 CBP also notes the SCP pillars that City services support, identifies the priorities over the coming four-year period, and outlines the operating actions aligned to these priorities and the services these actions support. Also highlighted are some of the capital works projects that the City expects to deliver in the first year. There are 98 operating actions aligned to these priorities, and eighty-two percent (82%) of these commence in the first year of the CBP.

The format of the CBP has been revised to adhere to the compliance criteria prescribed by the Department for Local Government and Communities:

- CBP exists;
- Minimum 4 year timeframe;
- Identifies and prioritises Council strategies and activities in response to the aspirations and objectives of the SCP;
- States the services, operations and projects that a local government will deliver, the method for delivering those and the associated costs;
- References resourcing considerations such as Asset Management Plan, Finances and Workforce; and
- Is adopted by an absolute majority of Council.

Over the next four years the City's priorities will still focus predominantly on the pillars for Society, Civic Leadership and Economy, as illustrated in Figure 1 below. Priorities across all four pillars are noted in the corresponding Table.

**Figure 1: Priorities by Pillar**



**Table 1: Key Priorities across the Strategic Community Plan Pillars**

Environment	Society
<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Coastal management</li> <li>• Pinjar remediation and revegetation</li> <li>• Waste management</li> </ul>	<ul style="list-style-type: none"> <li>• Access and inclusion</li> <li>• Aged</li> <li>• Community safety</li> <li>• Healthy communities</li> <li>• Heritage, museums and arts</li> <li>• Local planning and local housing</li> <li>• Quinns Rocks caravan park improvement</li> <li>• Reconciliation</li> <li>• Youth development and early childhood</li> </ul>
Economy	Civic Leadership
<ul style="list-style-type: none"> <li>• Integrated transport</li> <li>• Library services</li> <li>• Regional and local economic development</li> <li>• Wangara and Neerabup industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Integrated planning and business improvement</li> <li>• Customer service</li> <li>• Human resources</li> <li>• Information and communication systems and technology</li> </ul>

Costs to deliver all City services, operating actions aligned to these services, and capital projects for the first year of the CBP are summarised in the below extract from the City’s annual operating budget for 2015/16. This is an improvement from last year in recognition of the feedback from the Department of Local Government and Communities. Detailed costs for the outer years will be reviewed on an annual basis with the annual review of the CBP, Resourcing Framework and Annual Budget.

<b>Revenues</b>	<b>2015/2016 Budget \$</b>	<b>Total Operating Revenues %</b>
Rates	130,605,729	76.4%
Operating Grants, Subsidies and Contributions	12,572,765	7.4%
Fees and Charges	18,982,500	11.1%
Interest Earnings	8,065,000	4.7%
Other Revenue	669,894	0.4%
	<b>170,895,888</b>	<b>100%</b>
<b>Expenses</b>	<b>2015/2016 Budget \$</b>	<b>Total Operating Expenses %</b>
Employee Costs	(75,110,527)	42.3%
Materials and Contracts	(51,034,070)	28.7%
Utility Charges	(8,280,784)	4.7%
Depreciation on Non-Current Assets	(38,000,000)	21.4%
Interest Expenses	(3,689,236)	2.1%
Insurance Expenses	(1,505,416)	0.8%
	<b>(177,620,033)</b>	<b>100%</b>

### Annual Budget 2015/16

In developing the Annual Budget, consideration has been given to the wider international economic context which remains relatively stable with no major changes indicated in the short to medium term. Australia's domestic growth is demonstrating some uncertainties, with inflation anticipated to continue in the target range of 2-3% in the 2015/16 financial year, supported by the record low interest rate environment (cash rate is currently 2.00%).

To inform the Annual Budget, Administration accesses and refers to other associated bodies' relevant financial information or forecasts that may have an impact, such as the State and Federal Budgets. Both of these Budgets were released in May 2015 and provided for some uncertainties and challenges in the short to medium term for the City, its services and for our community in general. It is also recognised that investment returns will remain subdued while pressure on costs and the need to maintain and provide new infrastructure continues.

Administration has progressively monitored the City's financial performance throughout the financial year to determine end of year forecasts and funding capacity for 2015/16. This process has identified that the current 2014/15 end of year position (estimate), will derive an estimated unallocated surplus of \$7.139 million per the Rate Setting Statement. As the final end of year processes will not be completed until September 2015, it is likely that the actual result will reflect further changes, with any final end of year unallocated surplus identified in the Rate Setting Statement to be transferred to the City's Strategic Projects/Initiatives Reserve to smooth out the demand on Municipal Funds.

The following documents provide a comprehensive outline of the proposed 2015/16 Budget:

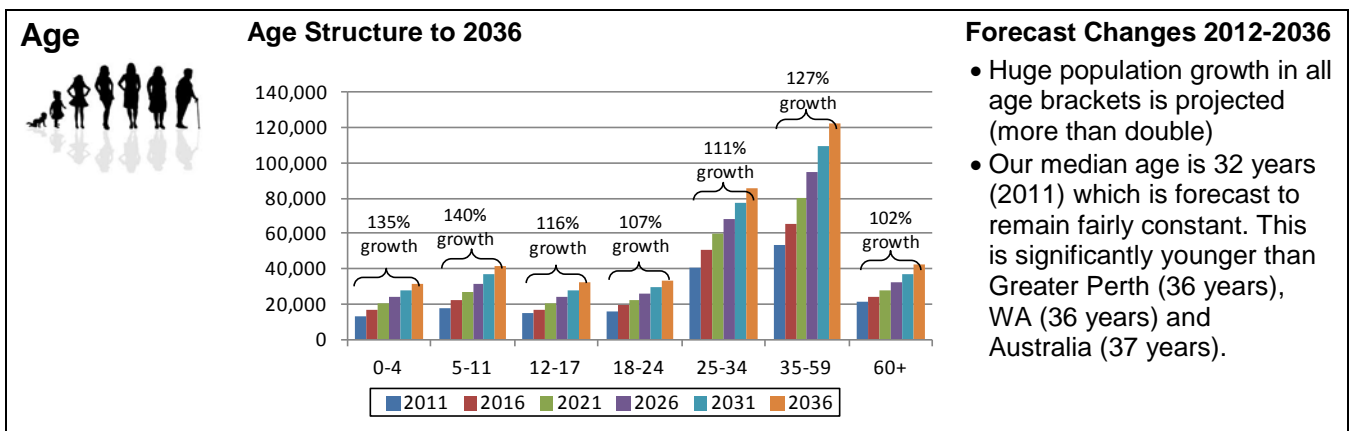
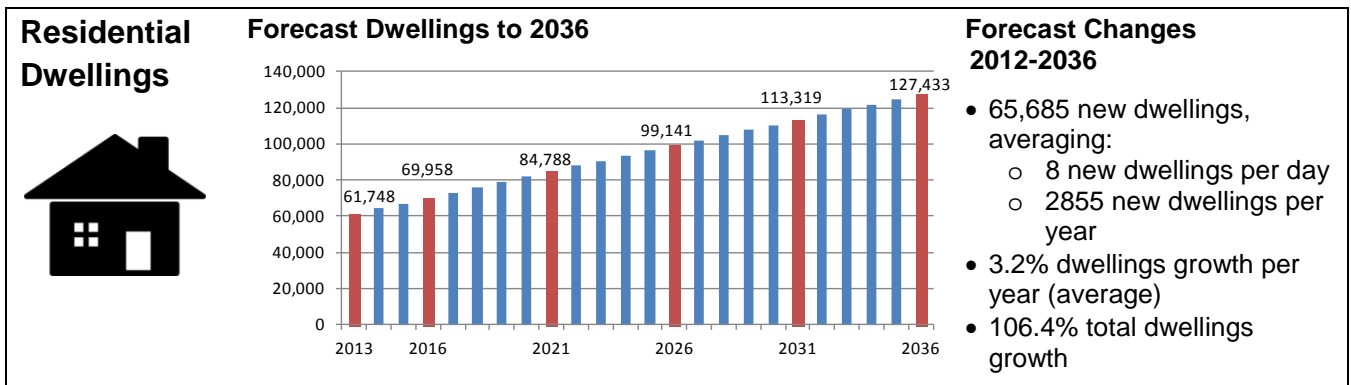
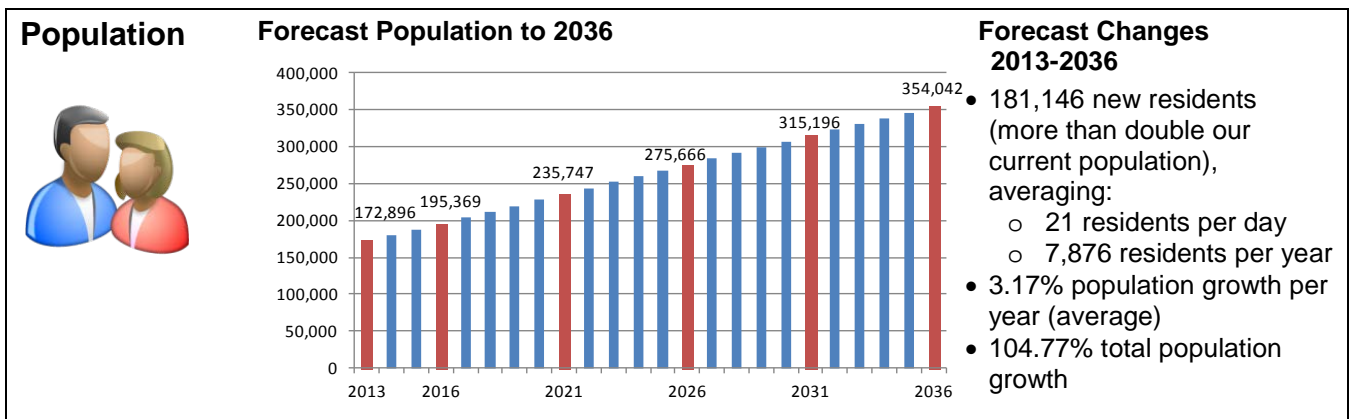
- 2015/16 Annual Budget Overview (**Attachment 2**)
- 2015/16 Statutory Budget (**Attachment 3**)
- 2015/16 Capital Works Program (including carry forwards) (**Attachment 4**)
- 2015/16 Schedule of Fees and Charges (**Attachment 5**)

The City's Budget has experienced continuous growth, primarily due to the following factors:

1. Growth in the service area and population (expansion of service);
2. Community expectation and needs; and
3. Cost factor movements, such as Consumer Price Index (CPI), inflation or labour cost movements (increase to cost of service).

## City of Wanneroo Key Facts – ID Population Forecasts

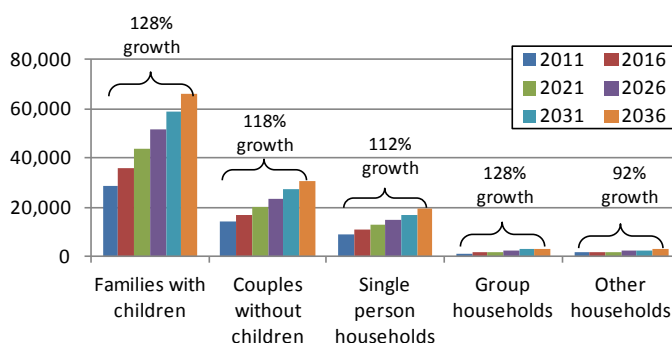
Source: All the data is sourced from the City's Population Forecasts ([www.wanneroo.wa.gov.au/Business/Statistics](http://www.wanneroo.wa.gov.au/Business/Statistics)), which are based on Australian Bureau of Statistics (ABS) Census 2011 and Estimated Resident Population data (2012 release).



## Households & Families



### Household Structure to 2036



### Forecast Changes 2012-2036

- The largest growth is projected for families with children (+37,000 families)
- The number of Couples without children is forecast to grow by 16,000.
- Single person households are forecasts to increase by 10,000.
- The average household size is forecast to remain constant at 2.9 people per household

The 2015/16 Budget has been developed on the basis of a 4% growth factor, as supported by forecast.id and set out in the diagrams above.

The development of the 2015/16 Operating Budget is a direct outcome of the work undertaken through the review of the CBP as part of the IPRF process.

### Operating Budget Overview

**Attachment 2** provides the detailed Annual Budget, with the Statement of Comprehensive Income (Nature and Type) reflecting the following totals in respect to the Operating position.

	2014/15 Adopted Budget \$ Million	2015/16 Budget \$ Million	Increase \$ Million	Increase %
Operating Income	167.084	170.896	3.812	2.28
Operating Expenditure	167.063	177.620	10.557	6.32

Comments relating to increases in the Operating Expenditure with comparison to 2014/15 Adopted Budget are:

- **Employee Costs** **\$3.078 million (+4.27%)**  
Reflects increase in the establishment through the endorsed Workforce Plan, together with standard annual increments to pay rates endorsed in the various Enterprise Agreements, as well as an allowance for the 0.25% increase to the Superannuation Guarantee Levy.
- **Materials and Contracts** **\$1.377 million (+2.77%)**  
Reflects CPI adjustments and ongoing expansion in asset maintenance costs and responsibilities together with the requirements relating to CBP Actions.
- **Utility Charges** **\$0.164 million (+2.02%)**  
Forecasted increase in Electricity, Gas and Water charges, together with growth factor for new assets and expansion of street lighting network. Budget calculations for street lighting power were based on the actual number currently charged which is lower than previous estimates.
- **Depreciation on Non-Current Assets** **\$5.950 million (+18.56%)**  
Increase in Depreciation associated with the City's continuously expanding asset base.

## **Fees and Charges**

The Schedule of Fees and Charges for 2015/16 is included as **Attachment 5** for adoption by Council and to be effective in the new financial year (Monday 6 July 2015 or as soon as practicable). Details of all changes from those in 2014/15 are identified in the schedule.

## **Rate and Rubbish Charges**

In developing the Rating strategy, Administration has endeavoured to retain equity and fairness in the process, by ensuring that the setting of the Minimum Rate and calculation of the General Rate (Rate-in-the-Dollar) only recovers an amount (referred to as the Budget Deficiency), which is considered essential to the running of Council activities and ensuring the Councils' long term financial sustainability.

As in previous years, the Domestic Refuse Collection service will form part of the normal activities of Council and is therefore included as part of the General Rates, which ensures that pensioners can obtain the maximum benefit from the State Government's Pensioner Rate Rebate Scheme.

In accordance with the requirements of Section 6.36(1) of the *Local Government Act 1995*, a local public notice was published on 12 May 2015, detailing proposed Differential General and Minimum Rates for 2015/16, providing the opportunity for comments and questions from residents and ratepayers for a period of 21 days. The rates advertised were designed to meet a budget deficiency of approximately \$130.605 million. No submissions were received by the closing date.

The Rates modelling used in deriving the rates advertised have been subsequently adjusted to incorporate the latest valuations provided to the City by the Valuer General.

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 last received 2014/15).

The Rates-in-the-Dollar and Minimum Rates that have been proposed, deliver an overall rate revenue increase of 4.9%. The Residential Improved category will deliver an average rate revenue increase of 4.6%.

The Industrial Improved and Industrial Vacant categories will have a higher increase due to the strategy to rate these categories continuously with Commercial by the 2017/18 financial year. It is recognised that the categories of Commercial and Industrial should be rated the same as there is no distinction between the two categories on the impact to or the level of works and services provided by the City. To alleviate this anomaly a practice was implemented in 2014/15 to reduce the parity between the categories of Commercial and Industrial with a view to amalgamating these two categories into one Commercial/Industrial effective from the 2017/18 financial year. This aligns with the next Gross Rental Revaluation which is due effective 1 July 2017.

The modified Differential General and Minimum Rates are stated in the following table, with further information on the Rate Setting Strategy included in **Attachment 2**.

Rate Category	Advertised		Final	
	Rate in the Dollar (Cents)	General Minimum Rate \$	Rate in the Dollar (Cents)	General Minimum Rate \$
<b>Gross Rental Value:</b>				
Residential Improved	7.4958	1,260	<b>7.4958</b>	<b>1,261</b>
Residential Improved - Lesser Minimum Starta Titled Caraven Parks	N/A	394	<b>N/A</b>	<b>394</b>
Commercial Improved	6.8304	1,237	<b>6.8304</b>	<b>1,237</b>
Industrial Improved	6.0214	1,237	<b>6.0214</b>	<b>1,237</b>
Industrial Improved - Lesser Minimum Strata Titled Storage Units	N/A	618	<b>N/A</b>	<b>618</b>
Residential Vacant	9.5700	617	<b>9.5400</b>	<b>615</b>
Commercial Vacant	5.9245	1,237	<b>5.9245</b>	<b>1,237</b>
Industrial Vacant	5.2523	1,237	<b>5.2523</b>	<b>1,237</b>
<b>Unimproved Value:</b>				
Residential Improved	0.3530	1,260	<b>0.3450</b>	<b>1,261</b>
Commercial Improved	0.2752	1,237	<b>0.2590</b>	<b>1,237</b>
Industrial Improved	0.2659	1,237	<b>0.2589</b>	<b>1,237</b>
Rural and Mining Improved	0.3463	1,248	<b>0.3415</b>	<b>1,248</b>
Residential Vacant	0.4590	617	<b>0.4355</b>	<b>615</b>
Commercial Vacant	0.3005	1,237	<b>0.2906</b>	<b>1,237</b>
Industrial Vacant	0.2977	1,237	<b>0.2891</b>	<b>1,237</b>
Rural and Mining Vacant	0.3598	839	<b>0.3699</b>	<b>839</b>

It should be noted that for equity purposes the GRV category of Industrial Vacant is being levied a higher increase to bring it progressively in line with the comparable category of Commercial Vacant.

As Local Governments are required to collect the Emergency Services Levy (ESL) on behalf of the Department of Fire and Emergency Services (DFES), which is determined each year by the Minister, the City will need to include this charge with its Council rates billings. The ESL is classified into five categories to reflect the level of emergency service response that is available in different areas.

In 2014/15 Council approved the waiver of Council Rates (excluding the Emergency Services Levy) for land leased by the City to Wanneroo community groups with the following being groups identified for 2015/16 (the value of Rates revenues to be waived is approximately \$0.079 million):

- AJS Motorcycle Club of WA Inc
- Kingsway Football & Sporting Club Inc
- Olympic Kingsway Sports Club
- Pinjar Motorcycle Park Inc
- Quinns Mindarie Surf Lifesaving Club Inc
- Quinns Rocks Sports Club Inc
- Tiger Kart Club Inc
- Wanneroo Agricultural Society
- Wanneroo Amateur Boxing Club
- Wanneroo Amateur Football Club Inc, Wanneroo Cricket Club, Wanneroo Junior Cricket Club Inc & Wanneroo Junior Football Club (Wanneroo Showgrounds Clubrooms)
- Wanneroo BMX Club
- Wanneroo City Soccer Club Inc
- Wanneroo Districts Cricket Club Inc (indoor facility)
- Wanneroo Districts Cricket Club Inc & Wanneroo Districts Hockey Association Inc
- Wanneroo Districts Netball Association



- Wanneroo Districts Rugby Union Football Club Inc
- Wanneroo Horse & Pony Club
- Wanneroo Racing Pigeon Club
- Wanneroo Shooting Complex Inc
- Wanneroo Sports & Social Club
- Wanneroo Tennis Club
- Wanneroo Trotting & Training Club Inc
- Yanchep Golf Club
- Yanchep Sports and Social Club Inc
- Yanchep Surf Lifesaving Club Inc

## Capital Works

The Capital Works Program is developed with the aim of balancing the demands for new infrastructure against the need to maintain, renew, upgrade and replace existing assets. Asset management plans have been developed for the different asset classes as an integral part of the IPRF to assist with the programming of maintenance, renew, upgrade and replacement for existing assets. The Capital Works Program for 2015/16 allocates 41% of the budget to Upgrade Works, 31% to New Works and 28% to Renewal Works.

The Annual Budget provides a total of \$56.477 million for the Capital Works Program, excluding \$25.123 million carry forward capital projects from 2014/15 (**Attachment 4**). Major projects included in the program for 2015/16 include:

- \$4.013 million Plant and Vehicle Replacement Program;
- \$4.000 million Civic Centre Extension;
- \$3.820 million Connolly Drive - Neerabup Road to Lukin Drive;
- \$3.726 million Yanchep/Two Rocks Active Open Space Facilities; and
- \$3.000 million Pearsall Hocking Community Centre.

## Reserves

In order to meet the funding requirements of the Annual Budget, a range of Reserve transfers are proposed from particular Reserves established for the relevant purpose. This includes transfers from the following Reserves:

- Alkimos/Eglinton District Community Facilities Reserve;
- Asset Replacement Reserve;
- Domestic Refuse Reserve;
- Golf Course Reserve;
- Neerabup Development Reserve;
- Plant Replacement Reserve;
- Strategic Projects/Initiatives Reserve; and
- Yanchep/Two Rocks District Community Facilities Reserve.

Through prudent budgeting in accordance with the previously adopted Budget Principles and the current Long Term Financial Plan, it has been possible to improve the City's reserve funding capacity, which should enhance the City's ability to sustainably meet future demands and liabilities.

To ensure sufficient funds are set aside and available for future specific capital expenditure needs the need for three additional reserves has been identified. Hence it is proposed that Council endorse the creation of:

- Carry Forward Capital Projects Reserve (for the accumulation of funds to support the Municipally funded carried forward capital works);

- Coastal Infrastructure Management Reserve (for the accumulation of funds to support Coastal Infrastructure capital works); and
- Regional Open Space Reserve (for the accumulation of funds to support Regional Open Space capital works).

Furthermore, as a result of ongoing assessments of the City's funding sources, it is proposed that the following reserve is to be closed as it is no longer specifically required. Any available funds will be transferred to the City's Strategic Projects/Initiatives Reserve:

- Commercial Refuse Reserve.

## Loan Funding

In 2006, the City secured a \$60.778 million loan from Western Australia Treasury Corporation (WATC), to be drawn down over five years to assist in funding major and strategic projects with the final drawdown of \$14.060 million having taken place in November 2010. Repayments are interest only, with the principal due for repayment in December 2026.

The application of the draw-downs has been varied in successive Budgets to recognise changes in project costs, availability of alternative funding and changes in priorities and timing of projects. It is worth noting that the Loan Repayment Reserve is projected to have sufficient funds to fully repay the City's \$60.778 million loan to WATC when it falls due (2026) through previous annual transfers and future income distributions from Tamala Park Regional Council (TPRC).

The City is currently reviewing and assessing the various options of debt management strategies in consultation with WATC.

## Recent Considerations in the Budget Development

The development of the Annual Budget is informed and updated continuously to reflect the latest factors likely to influence the City's operations. As a result of a range of factors or clarification being obtained, the following material adjustments have been made to the Annual Budget:

### Revenues:

#### **Interest Earnings -\$0.500 million**

As a result of the recent 0.25% reduction to the cash rate by the Reserve Bank of Australia (RBA) interest earnings have been reviewed and subsequently revised down.

### Expenses:

#### **Materials and Contracts (Bank Charges) +\$0.365 million**

As an outcome of State Government's Budget 2015/16 announcement, the City will be required to pay an additional \$0.365 million per annum for the Government Guarantee Levy to WATC, being an increase from 0.1% to 0.7% per annum in respect of the WATC loan.

### **Carry Forward Capital Projects +\$25.123 million**

To recognise the forecast value of Capital Projects which are likely to remain unspent as at the end of the current financial year, to be finished in 2015/16. Major projects to be carried forward include:

- Lenore Road	\$ 5.000 million
- Flynn Drive Neerabup	\$ 2.000 million
- Replace Plant – Heavy Trucks	\$ 1.563 million
- Koondoola Community Facility	\$ 1.469 million

The carry forward projects are supported by the following funding sources:

- Grants and Contributions	\$ 1.782 million
- TPS	\$ 5.891 million
- Reserves	\$ 6.039 million
- Loans	\$ 1.400 million
- Municipal	\$10.012 million

### **Rate Setting Statement:**

The Rate Setting Statement represents a composite view of the finances of the City, identifying the movement in the surplus/(deficit), primarily based on the operations and capital works revenue and expenditure, all transfers (reserves and developers contributions) and resulting rating income required.

Initial rate setting statement calculations identified the need to raise \$130.607 million through Rates, which equated to a 4.9% overall average rate revenue increase. Whilst necessary amendments were required to be factored into the Annual Budget throughout the development process, Council were mindful of the potential impact to ratepayers and ensured that no further increase over that already established was necessary.

In accordance with the City's policy, any unallocated surplus from the Rate Setting Statement is to be transferred to the Strategic Projects/Initiatives Reserve. An estimated unallocated surplus of \$7,138,991 has been transferred to this reserve for 2014/15, and an unallocated surplus of \$1,721,637 has been budgeted to be transferred for 2015/16.

### **Consultation**

At the beginning of 2015 the City commenced with the annual review of the CBP. A number of Directorate and Service Unit workshops were held with leaders. Through these workshops priority areas and supporting operating actions were identified. These priorities and actions were discussed with Elected Members during the Workshops.

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 12 May 2015, open for a submission period of 21 days. No submissions were received within the submission period.

### **Comment**

In developing the Annual Budget, various non-controllable economic and legislative factors have been considered, however the most influential driver is recognised as being the linkage to the revised CBP, being an extension of the SCP. These factors, together with the compliance requirements of the IPRF, create a significant degree of complexity to the preparation of the Annual Budget. Nonetheless, a prudent and responsible approach has been taken in forecasting revenues and activity levels for the City.

This approach results in an Operating Budget that reflects an 11.53% increase in Operating Income and an increase in Operating Expenditure of 10.36% when comparing to the 2014/15 Adopted Budget. Furthermore, the following associated risks and opportunities affecting the Annual Budget are noted:

**1. Parks Maintenance Responsibilities.**

Administration have used a conservative approach in developing the 2015/16 parks maintenance budget in view of the uncertainties as to the exact value and timing of the handing over of new parks assets from developers or transfer of the maintenance responsibilities. This will be monitored and addressed as necessary.

**2. Pensioner Rates Rebate**

Indications are that the State Government may review the pensioner rebate scheme, due to related funding arrangements with the Federal government; however should any changes be made they would not come into effect until the 2016/17 financial year. Administration will monitor the progress in this regard.

**3. Fair Value Legislation**

The outcome of the revaluation of the City's assets may reflect material adjustments through the accounts however this will not be fully known until the updated asset values are available and audited, during the early part of the next financial year.

The Annual Budget provides a total of \$56.477 million for the Capital Works Program (excluding \$25.123 million Carry Forward Capital Projects from 2014/15), which will deliver significant improvements for the local community. It balances the real need for services and infrastructure in the City's North and Coastal growth corridors whilst recognising the need for new, renewal and upgrade of facilities and services in the City's established areas.

In light of the recent economic uncertainty, the Annual Budget is considered to be financially prudent and responsible, providing efficiencies on the back of tough Federal and State budgets, whilst maintaining a high level of service and delivering on long-term sustainability.

## **Statutory Compliance**

In accordance with the requirements of the *Local Government Act 1995 and Local Government (Administration) Regulations 1996*, all local governments are required to implement a plan for the future, which provides for a ten-year SCP and a four-year CBP. The annual review of the CBP is a requirement of the *Local Government (Administration) Regulations 1996: 19DA (4)*.

The accompanying Budget for 2015/16 has been prepared in accordance with the *Local Government Act 1995 (the Act)*, *Local Government (Financial Management) Regulations 1996* and *Australian Accounting Standards*.

Pursuant to Section 6.36(1) of the Act, the City has given the appropriate notice of its intention to impose Differential General Rates and Minimum Rates in respect of each Differential Rate Category. No submissions were received by close of submission period. In accordance with Section 6.36(5), the City may modify the proposed rates and minimum payments after considering any submissions, without the requirement for further local public notice. The final Differential General Rates and Minimum Rates to be applied in imposing the 2015/16 Rates are detailed in the table below:

Rate Category	Final	
	Rate in the Dollar (Cents)	General Minimum Rate \$
<b>Gross Rental Value:</b>		
Residential Improved	7.4958	1,261
Residential Improved - Lesser Minimum Starta Titled Caraven Parks	N/A	394
Commercial Improved	6.8304	1,237
Industrial Improved	6.0214	1,237
Industrial Improved - Lesser Minimum Strata Titled Storage Units	N/A	618
Residential Vacant	9.5400	615
Commercial Vacant	5.9245	1,237
Industrial Vacant	5.2523	1,237
<b>Unimproved Value:</b>		
Residential Improved	0.3450	1,261
Commercial Improved	0.2590	1,237
Industrial Improved	0.2589	1,237
Rural and Mining Improved	0.3415	1,248
Residential Vacant	0.4355	615
Commercial Vacant	0.2906	1,237
Industrial Vacant	0.2891	1,237
Rural and Mining Vacant	0.3699	839

Sub-regulation 56(4)(b) of the *Local Government (Financial Management) Regulations 1996* requires that the Rate Notices 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. The final rates to be applied will differ from those advertised as a result of the provision of updated valuation data from the Valuer General.

In considering the Annual Budget and subsequent reporting, it is also timely to consider Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, which 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 2014/15 the Council adopted 10% for the reporting of variances and the same percentage is proposed for 2015/16.

### Strategic Implications

The proposal accords with the following Outcome Objective of the City's Strategic Plan 2006 – 2021:

- “4 *Civic Leadership - Working with others to ensure the best use of our resources.*
- 4.3 *A Strong and Progressive Organisation - You will recognise the hard work and professionalism delivered by your council through your interactions and how our community is developing.*”

<b>Risk Title</b>  1) Integrated Planning and Reporting Framework 2) Compliance Framework	<b>Risk Rating</b>  1) Moderate 2) Moderate
<b>Accountability</b>  1) Executive Management Team 2) Executive Management Team	<b>Action Planning Option</b>  1) Manage 2) Mitigate

The above risks relating to the issue contained within this report have been identified and considered within the City's corporate risk register. Action plans have been developed to manage and mitigate these risks to improve the existing management systems.

### Policy Implications

Nil

### Financial Implications

The timely adoption of the Annual Budget will facilitate opportunities in terms of investment revenue and allow the implementation of the CBP and associated Capital Works Program.

### Voting Requirements

Absolute Majority

### Recommendation

That Council by an **ABSOLUTE MAJORITY:-**

1. **ADOPTS the Corporate Business Plan 2015/16-18/19 (Attachment 1),**
2. **ADOPTS the Budget for the City of Wanneroo for the Financial Year Ending 30 June 2016 ( Attachment 3), incorporating:**
  - 2.1 **Statement of Comprehensive Income, showing Total Comprehensive Income of \$80,069,010 Surplus.**
  - 2.2 **Statement of Cash Flows, showing cash at end of year position of \$247,964,140.**
  - 2.3 **Rate Setting Statement, showing the need to generate \$130,605,729 through the levying of Rates.**
  - 2.4 **All the Notes To and Forming Part of the Budget.**
  - 2.5 **Attachments (4) & (5) being –**
    - (4) **2015/16 Capital Works Program (including Carry Forwards from 2014/15).**
    - (5) **2015/16 Schedule of Fees and Charges.**

**3. In accordance with Section 6.47 of the *Local Government Act 1995*, AGREES to waive the 2015/16 Council rates (excludes Emergency Services Levy) for land leased by the City to the following community groups:**

- **AJS Motorcycle Club of WA Inc**
- **Kingsway Football & Sporting Club Inc**
- **Olympic Kingsway Sports Club**
- **Pinjar Motorcycle Park Inc**
- **Quinns Mindarie Surf Lifesaving Club Inc**
- **Quinns Rocks Sports Club Inc**
- **Tiger Kart Club Inc**
- **Wanneroo Agricultural Society**
- **Wanneroo Amateur Football Club, Wanneroo Cricket Club, Wanneroo Junior Cricket Club and Wanneroo Junior Football Club (Wanneroo Showgrounds Clubrooms)**
- **Wanneroo BMX Club**
- **Wanneroo City Soccer Club Inc**
- **Wanneroo Districts Cricket Club Inc (indoor facility)**
- **Wanneroo Districts Cricket Club Inc & Wanneroo Districts Hockey Association Inc**
- **Wanneroo Districts Netball Association**
- **Wanneroo Districts Rugby Union Football Club Inc**
- **Wanneroo Horse & Pony Club**
- **Wanneroo Racing Pigeon Club**
- **Wanneroo Shooting Complex Inc**
- **Wanneroo Sports & Social Club Inc**
- **Wanneroo Tennis Club**
- **Wanneroo Trotting & Training Club Inc**
- **Yanchep Golf Club**
- **Yanchep Sports & Social Club Inc**
- **Yanchep Surf Lifesaving Club Inc**

**4 Differential Rating**

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

**4.1 IMPOSES Differential Rates and Minimum Rates for the 2015/16 Financial Year;**

**4.2 NOTES that the Differential Rates and Minimum Rates for the 2015/16 Financial Year are inclusive of Domestic Rubbish Collection Charges where applicable; and**

**4.3 SETS the Differential General Rates in accordance with the following tables:**

**4.3.1 General Rate – Gross Rental Value & Minimum Rates**

**Subject to the provisions of Sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, IMPOSES the 2015/16 Gross Rental Value Differential Rates and Minimum Rates as follows: -**

GRV Category	Rate in the Dollar (cents)	General Minimum Rate \$
Residential Improved	7.4958	1,261
Residential Improved - Lesser Minimum Strata Titled Caravan Parks	7.4958	394
Commercial Improved	6.8304	1,237
Industrial Improved	6.0214	1,237
Industrial Improved - Lesser Minimum Strata Titled Storage Units	6.0214	618
Residential Vacant	9.5400	615
Commercial Vacant	5.9245	1,237
Industrial Vacant	5.2523	1,237

#### 4.3.2 General Rate – Unimproved Value & Minimum Rates

Subject to the provisions of Sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, IMPOSES the 2015/16 Unimproved Value Differential Rates and Minimum Rates as follows: -

UV Category	Rate in Dollar (cents)	General Minimum Rate \$
Residential Improved	0.3450	1,261
Commercial Improved	0.2590	1,237
Industrial Improved	0.2589	1,237
Rural and Mining Improved	0.3415	1,248
Residential Vacant	0.4355	615
Commercial Vacant	0.2906	1,237
Industrial Vacant	0.2891	1,237
Rural and Mining Vacant	0.3699	839

#### 5. Domestic Refuse Charges

Pursuant to the provisions of Division 5 of Part IV of the *Health Act* (as amended) and Section 67 under Division 3, Part 6 of the *Waste Avoidance and Resource Recovery Act 2007*, IMPOSES the following Domestic Refuse Charges for the 2015/16 Financial Year: -

- 5.1 Standard Service Charge p.a. (one 240L recycling bin & one 240L rubbish bin) included within General Rates.
- 5.2 Additional Service Charge p.a. (one 240L recycling bin & one 240L rubbish bin) \$405.00.
- 5.2 Additional Recycling Service Charge Only p.a. (one 240L recycling bin) \$169.00.
- 5.3 Additional Rubbish Service Charge Only p.a. (one 240L rubbish bin) \$354.00.
- 5.4 Establishment Charge (per each new or additional service, one 240L



**recycling bin & one 240L rubbish bin) \$105.00.**

**5.5 Establishment Charge (per each new or additional 240L recycling bin or additional 240L rubbish bin) \$57.00.**

## **6. Private Swimming Pool Inspection Fees**

In accordance with the provisions of the *Local Government (Miscellaneous Provisions) Act 1960*, Section 245A, IMPOSES for the 2015/16 financial year, a Private Swimming Pool Inspection Fee on construction of \$40.00 and in each subsequent year thereafter a Private Swimming Pool Inspection Fee of \$18.00 for each property where there is located a private swimming pool.

## **7. Payment Incentives**

In accordance with the provisions of Section 6.46 of the *Local Government Act 1995*, AGREES to offer the following incentives for the payment of Rates and Charges: -

- **Full payment**

Full payment of all current and arrears of Rates and Charges and Private Swimming Pool Inspection Fees within 35 days of the issue date on the Annual Rate Notice (7/9/2015): -

- eligibility to enter the early incentive draw.

- **Two Instalments**

The first instalment of 50% of the total current Rates and Charges, Private Swimming Pool Inspection Fees and Instalment Charge, plus the total outstanding arrears payable within thirty-five (35) days of date of issue of the Annual Rate Notice (7/9/2015): -

- eligibility to enter the early incentive draw.

- **Four Instalments**

The first instalment of 25% of the total current Rates and Charges, Private Swimming Pool Inspection Fees and Instalment Charge, plus the total outstanding arrears payable within thirty-five (35) days of date of issue of the Annual Rate Notice (7/9/2015): -

- eligibility to enter the early incentive draw.

## **8. Payment Options**

In accordance with the provisions of Section 6.45 of the *Local Government Act 1995*, AGREES to offer the following payment options for the payment of Rates and Charges and Private Swimming Pool Inspection Fees: -

- **One Instalments**

Payment in full within 35 days of the issue date of the Annual Rate Notice (7/9/2015).

- **Two Instalments**

The first instalment of 50% of the total current Rates and Charges, Private Swimming Pool Inspection Fees and Instalment Charge, plus the total outstanding arrears payable within 35 days of date of issue of the Annual Rate Notice (7/9/2015).

The second instalment of 50% of the total current Rates and Charges, Private Swimming Pool Inspection Fees and Instalment Charge, payable 63 days after due date of first instalment (9/11/2015).

- **Four Instalments**  
The first instalment of 25% of the total current Rates and Charges, Private Swimming Pool Inspection Fees and Instalment Charge, plus the total outstanding arrears payable within 35 days of date of issue of the Annual Rate Notice (7/9/2015).  
The second, third and fourth instalments each of 25% of the total current Rates and Charges, Private Swimming Pool Inspection Fees and Instalment Charge, payable as follows: -
  - Second Instalment 63 days after due date of first instalment (9/11/2015).
  - Third Instalment 63 days after due date of second instalment (11/1/2016).
  - Fourth Instalment 63 days after due date of third instalment (14/3/2016).

## 9. Late Payment Interest

In accordance with the provisions of Sections 6.13 and 6.51 of the *Local Government Act 1995*, IMPOSES interest on all arrears and current charges in respect of Rates and Charges and Private Swimming Pool Inspection Fees (including GST where applicable) at a rate of 8.45% per annum, calculated on a simple interest basis on 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 (7/9/2015), or the due date of the instalment and continues until instalment is paid, excluding:

- a) Deferred Rates;
- b) Instalment current amounts not yet due under the Four (4) payment options;
- c) Registered Pensioner Portions; and
- d) 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.

## 10. 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 2015/16 Financial Year, IMPOSES the following Administration Fees and Charges are imposed for payment of Rates and Charges and Private Swimming Pool Inspection Fees:-

### 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 Charges and Private Swimming Pool Inspection Fees 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 Charges and Private Swimming Pool Inspection Fees 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 Charges and Private Swimming Pool Inspection Fees 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 Charges and Private Swimming Pool Inspection Fees calculated from the due date of the Third (3rd) Instalment to the due date of the Fourth (4th) Instalment.**
11. **ADOPTS a percentage of 10% for the purposes of the reporting of material variances by Nature and Type monthly for the 2015/16 Financial Year, in accordance with Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996.***
12. **AUTHORISES the closure of the following Reserve:**
- **Commercial Refuse Reserve.**
13. **AUTHORISES the creation of the following Reserves:**
- **Coastal Management Reserve;**
  - **Regional Open Space Reserve; and**
  - **Carry Forward Capital Projects Reserve.**

*Attachments:*

- |  |           |         |
|--|-----------|---------|
| 1. 2015/16-2018/19 Corporate Business Plan | 15/5402   | Minuted |
| 2. 2015/16 Annual Budget Overview          | 15/176517 |         |
| 3. 2015/16 Statutory Budget                | 15/172390 | Minuted |
| 4. 2015/16 Capital Program                 | 15/172227 | Minuted |
| 5. 2015/16 Schedule of Fees and Charges    | 15/172261 | Minuted |