

**CS04-06/13 Annual Budget 2013/2014**

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File Ref: 5509 – 13/59592  
Responsible Officer: Director, Corporate Strategy and Performance  
Disclosure of Interest: Nil  
Attachments: 4

**Issue**

To consider adoption of the City's Draft 2013/2014 Budget.

**Background**

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 and Long Term Financial Plan (previously referred to as Strategic Financial Management Plan). As the City has been currently undertaking extensive work with regard to the newly introduced Integrated Planning & Reporting Framework (IPRF) requirements, these Principles were maintained during the Budget development process. In addition, the following key economical parameters were recognised as part of the budget development:

- Forecast 2013/2014 CPI 2.5%
- Estimated growth in service requirement 4.0%
- Interest Rate on Investments 3.5%

In terms of working towards the adoption of the budget, a consistent approach to that of the previous year was taken, however as a separate report would also be presented to Council relating specifically to the IPRF, with the Long Term Financial Plan (LTFP) being a major component, this aspect will no longer be included as part of the Annual Budget report.

A series of Budget Workshops were arranged to involve and engage Elected Members as key stakeholders in the budget development process. The Workshops focused on discreet elements of the budget as outlined below:

- Budget Workshop 1 – Capital Works Program - Tuesday 12 March 2013
- Budget Workshop 2 – Operating Budget - Tuesday 9 April 2013
- Budget Workshop 3 – Preliminary Budget - Tuesday 14 May 2013

In considering the Budget, 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 2012/2013 the Council adopted 10% for the reporting of variances and the same percentage is proposed for 2013/2014.

**Detail**

In developing the 2013/2014 Budget, consideration has been given to the wider international economic context which remains quite uncertain and relatively weak in most leading countries like USA, China, India and most part of Europe. Australia's domestic growth is expected to be quite modest and stable whilst inflation is anticipated to be in the range of 2-3% in the 2013/2014 financial year supported by the record low interest rate environment (cash rate is currently 2.75%). At a local level for the City, this is being reflected as lower investment income potential, slightly slower than anticipated growth, delivering lower revenue growth and an unpredictable climate moving forward. Accordingly, a cautious approach has been taken in forecasting Revenues and activity levels for Wanneroo.

In conjunction with the Annual Budget development, Administration has continuously monitored the City’s financial performance for 2012/2013 to determine end of year forecasts and funding capacity for 2013/2014. This process has identified that the current 2012/2013 end of year Actual (Estimate) position will be an operational improvement of \$6.172 million over that proposed in the original Adopted Budget, with the major contributor to this better than expected result being a 50% advance payment of 2013/2014 Financial Assistance Grants at approximately \$3.006 million. This forecast result leaves the City in a stronger financial opening position for 2013/2014; however, a corresponding reduction of the early grant payment is reflected in the Operating Grants budget for 2013/2014 (neutral impact over two years).

The following documents provide a comprehensive outline of the proposed 2013/2014 Budget:

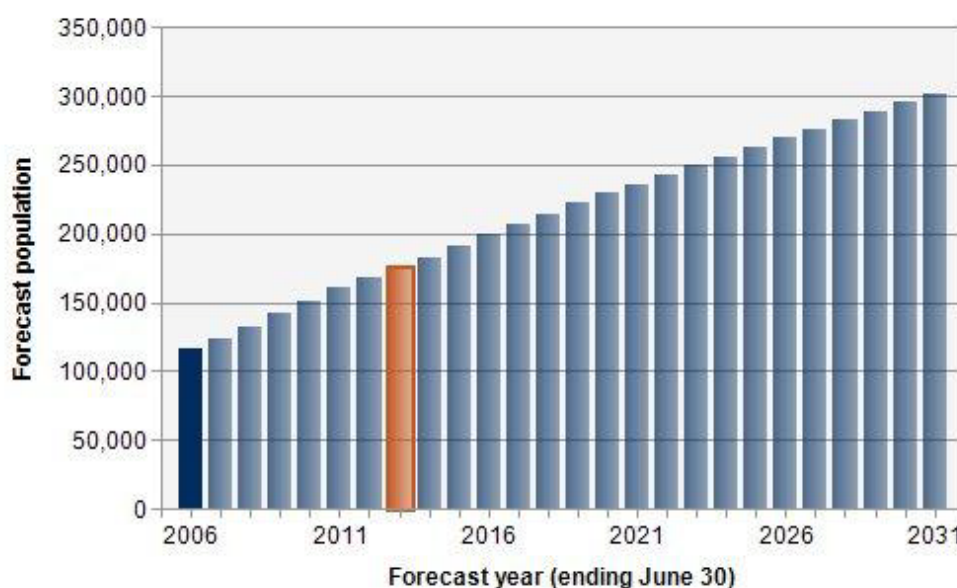
- 2013/2014 Annual Budget Overview (**Attachment 1**)
- 2013/2014 Statutory Budget (**Attachment 2**)
- 2013/2014 Capital Works Program (including carry forwards) (**Attachment 3**)
- 2013/2014 Schedule of Fees and Charges (**Attachment 4**)

The City of Wanneroo Budget has experienced continuous growth and this is primarily due to the following two factors:

1. Growth in the population and service area (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).

The City's population forecast estimates a population at 30 June 2013 of 175,081, up from 167,647 the previous year (7,434 or 4.43%).

**Forecast population, City of Wanneroo**



The population growth in 2012/13 has been slightly lower than the above projection, with the following table reflecting growth statistics to end May and a projection to end June:

	<b>Actual 1/07/12</b>	<b>Actual 31/05/13</b>	<b>Forecast 30/0613</b>	<b>% Incr.</b>
New Lots Created	68,250	2,742	2,991	4.4%
Residential Development completed	58,622	1,974	2,153	3.7%
Population Increase	167,647	5,646	6,200	3.7%

The 2012/13 Budget was developed on the basis of a 4% growth factor, with an improvement to 5% being factored into 2013/14 in the Long Term Financial Plan. In terms of rate revenue, the 4% growth has been achieved in 2012/13, however on current trend, 4% has been maintained for 2013/14.

The development of the 2013/2014 Operating Budget recognises a steady improvement in the City's financial position and an opportunity 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 priorities have been placed on the community safety initiatives, maintenance and upgrade of existing assets as well as provision for the development of new community buildings and sporting facilities in various locations.

### 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.

	<b>2012/2013 Adopted Budget \$ Million</b>	<b>2013/2014 Budget \$ Million</b>	<b>Increase \$ Million</b>	<b>Increase %</b>
Operating Income	138.286	149.805	11.519	8.3
Operating Expenditure	140.595	151.383	10.788	7.7

Comments relating to increases in the Operating Expenditure are:

- Employee Costs \$4.449 million (+7.4%)  
Reflects increase in the establishment through the endorsed Workforce Plan, together with standard annual increments to pay rates endorsed in the various Collective agreements.
- Materials and Contracts \$3.192 million (+7.8%)  
Reflect CPI adjustments and ongoing expansion in asset maintenance costs and responsibilities.
- Utility Charges \$0.512 million (+6.9%)  
Forecasted increase in Electricity, Gas and Water charges, together with growth factor for new assets and expansion of street lightning network.
- Depreciation on Non-Current Assets \$2.629 million (+9.7%)  
Increase in Depreciation associated with the City's continuously expanding asset base. This increase when compared to 2012/2013 Revised Budget reduces to 4.8% (\$1.287 million) in recognition of adjustments during the current financial year.

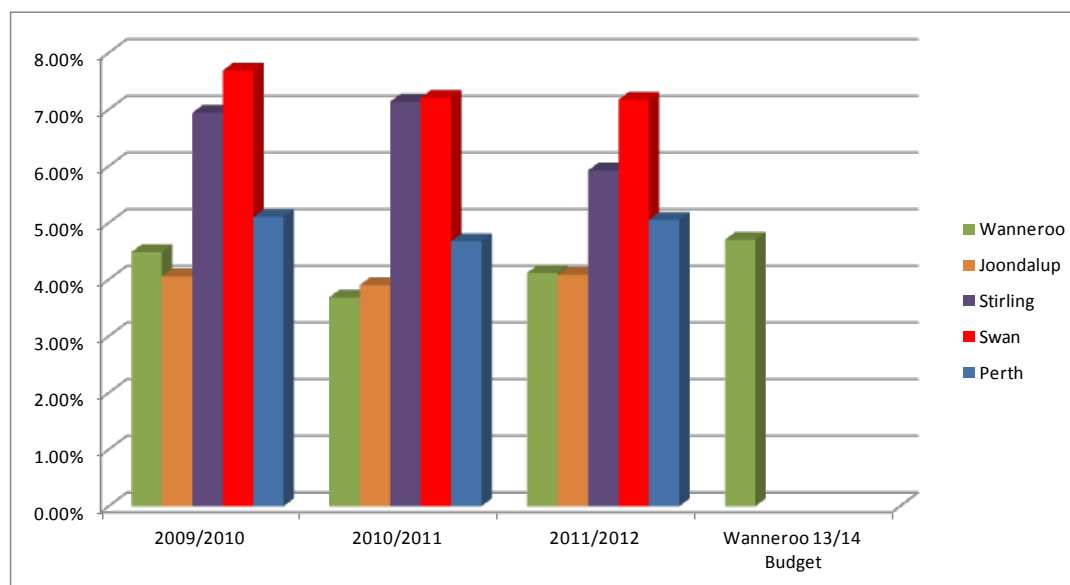
### Administration Overhead Costs

During Budget Workshop 3, Elected Members requested Administration to provide benchmark details (ratios/graphs) on the administrative overhead costs of the City compared to total cost as part of the budget adoption material. Administration has researched and compiled the information below based on the 2009/10 to 2011/12 actual financials comparing

to Cities of Perth, Joondalup, Swan and Stirling together with the ratio for the City for Budget 2013/14.

Governance vs. Expenses (excluding finance costs) ratio comparison						
		Wanneroo	Joondalup	Stirling	Swan	Perth
2009/2010	Governance Cost	5,405,132	4,356,566	11,034,857	6,970,012	6,085,053
	Total Cost	120,578,656	107,480,037	158,981,634	90,672,258	119,345,332
	Percentage	4.48%	4.05%	6.94%	7.69%	5.10%
2010/2011	Governance Cost	4,628,798	4,402,800	11,336,135	7,570,665	5,980,535
	Total Cost	125,643,757	112,881,137	158,844,207	105,055,306	127,899,832
	Percentage	3.68%	3.90%	7.14%	7.21%	4.68%
2011/2012	Governance Cost	5,648,085	4,933,978	9,986,208	7,784,693	7,012,862
	Total Cost	137,260,453	120,870,657	168,642,678	108,553,240	138,879,832
	Percentage	4.11%	4.08%	5.92%	7.17%	5.05%
Wanneroo 13/14 Budget	Governance Cost	7,517,749				
	Total Cost	160,055,355				
	Percentage	4.70%				

**Selected Councils Annual Ratio Comparison for 2009/2010 to 2011/2012**



It should be noted that based on the Local Government Accounting Manual issued by the Department of Local Government, all local governments' administrative overhead costs are described as Governance costs which include administration and operation of facilities and services to members of council and all costs that related to the tasks of assisting Elected Members and ratepayers on matters which do not concern specific council services or programs. As reflected by the ratios comparison, the City continuously maintains a very low administrative overhead ratio from 2009/10 to Budget 2013/14, at the range of 3.68% to 4.70%.

**Fees and Charges**

The Schedule of Fees and Charges for 2013/2014 is included as **Attachment 4** for adoption by Council and to be effective from early in the new financial year (28 July or as soon as practicable). Details of all changes from those in 2012/2013 have been highlighted 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 Rate-in-the-Dollar only recovers an amount (referred to as the Budget Deficiency), which is considered essential to the running of Council activities as reflected in the long term financial plan.

Based on the level of Budget Deficiency, the Rate increase has been calculated on an average 5.5% increase. As per previous years the Domestic Refuse Collection service will form part of the normal activities of Council and be included as part of the General Rates, which ensures that the full benefit can be obtained from the State Government's Pensioner Rate Rebate Scheme.

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 (next review for 2014/2015). Where a revaluation has a significant impact on the category, an adjustment can be made to the Rate-in-the-Dollar to minimise the revaluation impact. This has not been necessary for the 2013/2014 Budget period.

In accordance with the requirements of Section 6.36(1) of the Local Government Act 1995, a notice was published on 21 May 2013 detailing proposed Differential and Minimum Rates for 2013/2014. Due to a requirement to ensure no more than 50% of rates in any one category are minimum rated, on further modelling, it has been necessary to reduce the proposed Minimum Rate for GRV Residential Vacant. The following table demonstrates a comparison between the 2012/2013 Rates and the proposed Rates for 2013/2014. The City's detailed Rate Setting Strategy is included in Attachment 2 - Annual Budget Overview.

GRV Category	Rate in the Dollar (cents)		Minimum Rate \$	
	2012/2013	2013/2014	2012/2013	2013/2014
Caravan Parks & Park Homes Improved	7.3520	<b>7.7564</b>	344	<b>362</b>
Commercial Improved	7.1227	<b>7.5144</b>	1,076	<b>1,135</b>
Community Groups – Major Improved**	7.8778	<b>8.3111</b>	228	<b>240</b>
Community Groups – General Improved	3.7222	<b>3.9269</b>	228	<b>240</b>
Community Groups – Surf Club Improved	1.9436	<b>2.0505</b>	228	<b>240</b>
Industrial Improved	5.9959	<b>6.3257</b>	1,076	<b>1,135</b>
Industrial Improved – Storage Unit Lesser Minimum	n/a	<b>n/a</b>	538	<b>567</b>
Residential Improved	7.3530	<b>7.7574</b>	1,095	<b>1,155</b>
Rural and Mining Improved	8.0397	<b>8.4819</b>	1,086	<b>1,145</b>
Commercial Vacant	6.0865	<b>6.4213</b>	1,076	<b>1,135</b>
Industrial Vacant	3.9192	<b>4.1348</b>	1,076	<b>1,135</b>
Residential Vacant	10.2772	<b>10.8424</b>	665	<b>668</b>
Rural and Mining Vacant	7.5130	<b>7.9262</b>	730	<b>770</b>

UV Category	Rate in the Dollar (cents)		Minimum Rate \$	
	2012/2013	2013/2014	2012/2013	2013/2014
Commercial Improved	0.2465	<b>0.2597</b>	1,076	<b>1,135</b>
Community Groups – Major Improved**	0.2417	<b>0.2550</b>	228	<b>240</b>
Community Groups – General Improved	0.1172	<b>0.1237</b>	228	<b>240</b>
Industrial Improved	0.2304	<b>0.2420</b>	1,076	<b>1,135</b>
Residential Improved	0.3135	<b>0.3304</b>	1,095	<b>1,155</b>
Rural and Mining Improved	0.3130	<b>0.3211</b>	1,086	<b>1,145</b>
Commercial Vacant	0.2613	<b>0.2757</b>	1,076	<b>1,135</b>
Industrial Vacant	0.2577	<b>0.2719</b>	1,076	<b>1,135</b>
Residential Vacant	0.3618	<b>0.4296</b>	665	<b>701</b>
Rural and Mining Vacant	0.3280	<b>0.3410</b>	730	<b>770</b>

\*\* = *Sporting Clubs and Major Event Providers.*

The City will also be responsible for collecting the Emergency Services Levy (ESL) on behalf of the Fire and Emergency Services Authority (FESA), which 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.

The City also administrates the rebate to pensioners and seniors under the *Rates and Charges (Rebates and Deferments) Act 1992* which are funded by the State Government.

For 2012/2013 Council approved the waiver of Council Rates (excluding the Emergency Services Levy) for land occupied by City of Wanneroo community groups. The same waiver is proposed for 2013/2014 for the groups listed below with the value of Rates revenues to be waived approximately \$0.050 million:

- AJS Motorcycle Club of WA Inc
- Kingsway Football & Sporting Club Inc
- Kingsway Olympic Sports Club
- Quinns Mindarie Surf Lifesaving Club Inc
- Quinns Rocks Sports Club
- Tiger Kart Club Inc
- Wanneroo Agricultural Society
- 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 Junior Motocross Club Inc
- Wanneroo Racing Pigeon Club
- Wanneroo Shooting Complex Inc
- Wanneroo Sports & Social Club

- Wanneroo Tennis
- Wanneroo Trotting & Training Club Inc
- Yanchep Golf Club
- Yanchep Sports Club Inc
- Yanchep Surf Lifesaving Club Inc

The City commenced a review of its Rating Strategy during 2012/13. This review will continue in 2013/14, taking into account outcomes from the Integrated Planning process, impacting on the LTFFP. It is proposed this will be workshopped with Council during 2013/14 and available for consideration for the 2014/15 Rating period and beyond.

### **Capital Works**

The 10 Year Capital Works Program (incorporated into the LTFFP) has been closely reviewed, balancing the demands for new infrastructure with the need to maintain and upgrade existing assets. Asset management plans have been developed for the different asset classes as an integral part of the Integrated Planning Framework to assist with the programming of maintenance, upgrade and replacement for existing assets.

The 2013/2014 Budget provides a total of \$42.158 million Capital Works Program, excluding \$30.152 million carry forward capital projects from 2012/2013 (**Attachment 3**). Some major new construction projects addressing the growth in the City include:

- Commencement of a major expansion (\$27m) of the Civic Centre building - \$1.635 million,
- Remediation and subdivision works of \$1.600 million on Wangara industrial area,
- In excess on \$0.670 million expanding our network of footpaths in the City,
- \$2.300 million on the realignment of Brazier Road in Yanchep,
- A further \$1.500 million on the upgrade of Lenore Road in Wanneroo,
- \$2.900 million towards the construction of new district sporting facilities in the Yanchep/Two Rocks area.

### **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. This includes transfers from the following Reserves:

- Asset Replacement
- Butler Collaborative Infrastructure Agreement
- City of Wanneroo Townsite
- Commercial Refuse - Plant Replacement
- Domestic Refuse
- Domestic Refuse - Plant Replacement
- Environmental Initiatives
- Golf Course
- Heavy Vehicle Replacement
- Light Vehicle Replacement
- Materials Facility Upgrade
- Neerabup Development
- Plant Replacement
- Quinns Caravan Park
- Strategic Projects/Initiatives

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 meet future demands, without requirements on further loan funding.

Furthermore, to provide greater clarity and appropriate recognition of specific funding needs from reserves the establishment of an additional reserve and deletion of other reserves are proposed as follows:

Addition:

- Asset Renewal Reserve: To be used for the purpose of setting aside necessary funds for the future requirements of asset renewal and replenishments.

Deletion:

- Commercial Refuse Plant Reserve,
- Domestic Refuse Plant Replacement Reserve,
- Heavy Vehicle Replacement Reserve,
- Light Vehicle Replacement Reserve,

It is proposed that the above 4 reserves are to be abolished to rationalise the number of reserves, particularly that service similar requirements. Funds equal to the carried forward replacement programs are to be transferred to the Plant Replacement Reserve with the balance being transferred to the Strategic Projects/Initiative Reserve.

- Asset Preservation Reserve,
- Fleming Park Lake Reserve.

It is proposed that the above 2 reserves are to be abolished due to the immaterial amount involved and the balance of the funds, if any, transferred to the Municipal Account to support the on-going expenses requirements.

### **Loan Funding**

In 2006, the City secured a \$60.778 million loan from Treasury Corp, 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 loans 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 back to State Treasury when it falls due (2026) through the previous annual transfers of \$2.400 million to 2011/2012 together with forecast sale of land dividend income from Tamala Park Regional Council.

### **Key Changes to Budget since Workshop 3**

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 adjustments have been made to the draft Budget since the previous Budget Workshop with Elected Members.

Operating Revenues -\$2.692 million

Reduced to recognise that an early payment from the Grants Commission of 50% of the 2013/2014 Financial Assistance Grant will take place in 2012/2013.

Operating Expenses -\$0.042 million

Reduced to recognise updated Depreciation calculations based on latest data to Budget 2013/2014.

Non Operating Revenue & Expenses +\$1.977 million



Reduced to recognise recently signed contracts for the sale of the 2 EcoVision properties with 50% of the net proceeds to be recorded in 2012/2013 however also increased to reflect the funding of carry forward capital works.

#### New Capital +\$0.900 million

To recognise an increase of \$0.050 million to the furniture replacement program and a new inclusion of \$0.850 million for an access road to Yanchep Playing Fields.

#### Carry Forward Capital +\$30.152 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 2013/2014. Major projects to be carried forward include:

PR-1671 Yanchep Lagoon Redevelopment	\$0.850m
Kingsway Regional Sporting Complex	\$3.602m
Flynn Drive, Neerabup – Construct Road	\$6.341m
Lenore Road, Wanneroo – Construct Carriageway	\$6.120m
Upgrade Roundabout Marmion/Hester Ave	\$0.900M
Upgrade road – McPharlin Ave	\$0.470M
Traffic treatments – Lagoon Dr/Brazier Ave	\$0.517M
Wanneroo Road Streetscape	\$0.927M
Wangara MRF Upgrade	\$0.498M

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

- Grants and Contributions	\$5.382M
- TPS	\$9.310M
- Reserves	\$2.718M
- Loans	\$4.897M
- Municipal	\$7.845M

## 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 21 May 2013, open for a submission period of 21 days. No submissions were received within the submission period.

## Comment

In developing the 2013/2014 Budget, various non-controllable economic and legislative factors have been considered, including the uncertain and remaining weak international economic environment, Australia's slowing national growth and low inflation, plus a full year better than anticipated impact of the new Building Act legislation and the flow on effects of the carbon tax. The compound effect of these factors together with the compliance requirements of the Integrated Planning Framework creates a significant degree of complexity to the preparation of the 2013/2014 Budget. Nonetheless, a prudent and responsible approach has been taken in forecasting revenues and activity levels for Wanneroo.

This approach results in an Operating budget that reflects an 8.3% increase in Operating Income and an increase in Operating Expenditure of 7.7% when comparing to the 2012/2013 Adopted Budget. Furthermore, the following factors and the associated risks and opportunities affecting the City's Budget must be noted:

1. On the 7 June 2013, Commonwealth Government has paid the City in advance 50% of the 2013/2014 Financial Assistance Grants which equated to \$3.006 million. This revenue will be receipted as income in 2012/2013. This factor alone can be directly

attributed to the Operating deficit (-\$1.578 million) being reflected for 2013/2014. Hence notionally reinstating the grants income to a full year scenario would provide a modest Operating Surplus.

2. The Reserve Bank recently cut the cash rate by another 0.25% at its May meeting with the current cash rate now reflecting as 2.75%. Economic commentaries suggest that further rate cuts may be possible by end of this year and if they eventuate, the situation will have some detrimental impact on the City's investment earnings.
3. Recent amendments to the *Local Government (Financial Management) Regulations 1996*, restrict investments effective from 1 July 2012 onwards to the following highly secured investments:
  - Authorised deposit taking institutions and the Western Australian Treasury Corporation for a term not exceeding 12 months;
  - Bonds that are guaranteed by the Commonwealth Government or a State or Territory for a term not exceeding three years; and
  - Australian currency.

This regulation has materially restricted the flexibility of local government investment options to low yield high security financial instruments, however; that is consistent with the City's previous prudent approach.

4. A Review of Commercial Waste has been undertaken and the City will phase out a portion of the commercial business stream, in particular Bulk Bins, which operates in a highly competitive market.
5. The changes to the Building Act which came into effect 1 April 2012 have shown minimal adverse impacts to the City's building application approval activities and revenues in 2012/2013. However, the City will continue to closely monitor the development in this regard, especially the growth in private certification practices businesses. It is believed that the new legislation's impact will not be known until after another 12 months.
6. The Mandarie Regional Council (MRC) Gate Fee has been modelled on a scenario of \$149 per tonne, increased from this year's fee of \$137 per tonne (8.6% increase). The impact of the Gate Fee on Refuse Removal Expenses is significant given the City is the largest contributor to MRC by way of tonnages, which are estimated at approximately 78,000 tonnes, including the residue from the Wangara Recycling Centre.

The Budget provides a total of \$42.158 million Capital Works Program (excluding \$30.152 million Carry Forward Capital Projects from 2012/2013), which will deliver significant improvements to 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, this Budget is considered to be financially prudent and responsible, 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 Asset Renewal and Upgrade. Importantly, over the longer term, it establishes a process for building on the City's Reserves.

The proposed level of rate increase of 5.5% 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 actually 0.4% lower than that forecast in the previous LTFFP. This is considered appropriate when taking into account the challenges imposed by the reduced growth in income and noting that the Rate includes the Rubbish Charge.

## Statutory Compliance

The accompanying Budget for 2013/2014 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 6.33(3) of the Act, Administration has written to the Minister seeking approval to the Differential General Rates as published. Confirmation of approval is required (and anticipated) prior to Budget Adoption, however at the time of writing this report is yet to be received.

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 Specified Minimum Payments 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 only modification proposed is to reduce the Minimum Rate for Residential Vacant from \$701 to \$668 to comply with the legislative requirement for a maximum of 50% of properties in a category to be rated on a minimum rate basis.

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.

## Strategic Implications

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

“4 Governance

4.6 Provide and maintain a high standard of governance and accountability”

## Policy Implications

Nil

## Financial Implications

The timely adoption of the 2013/2014 Annual Budget will facilitate opportunities in terms of investment revenue and allow the implementation of the Capital Program.

## Voting Requirements

Absolute Majority

## Recommendation

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

1. **ADOPTS** the Budget for the City of Wanneroo for the Financial Year Ending 30 June 2014, incorporating:

1.1 **Statement of Comprehensive Income, showing Total Comprehensive Income of \$43,106,715 Surplus.**

- 1.2 **Statement of Cash Flows, showing cash at end of year position of \$145,069,608.**
  - 1.3 **Rate Setting Statement, showing the need to generate \$109,500,000 in Rates.**
  - 1.4 **Notes To and Forming Part of the Budget.**
  - 1.5 **Attachments (3) & (4) being –**
    - (3) **2013/2014 Capital Works Program (including Carry Forwards from 2012/2013).**
    - (4) **2013/2014 Schedule of Fees and Charges.**
- 2. In accordance with Section 6.47 of the Local Government Act 1995, AGREES to waive the 2013/2014 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**
  - **Kingsway Olympic Sports Club**
  - **Quinns Mindarie Surf Lifesaving Club Inc**
  - **Quinns Rocks Sports Club**
  - **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 Junior Motocross Club Inc**
  - **Wanneroo Racing Pigeon Club**
  - **Wanneroo Shooting Complex Inc**
  - **Wanneroo Sports & Social Club**
  - **Wanneroo Tennis**
  - **Wanneroo Trotting & Training Club Inc**
  - **Yanchep Golf Club**
  - **Yanchep Sports Club Inc**
  - **Yanchep Surf Lifesaving Club Inc**
- 3 Differential Rating**

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

- 3.1 **IMPOSES Differential Rates and Minimum Rates for the 2013/2014 Financial Year; and**
- 3.2 **NOTES that the Differential Rates and Minimum Rates for the 2013/2014 Financial Year are inclusive of Domestic Rubbish Collection Charges where**

applicable, and

### 3.3 SETS the Differential General Rates in accordance with the following tables:

#### 3.3.1 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*, impose the 2013/2014 Gross Rental Value Differential Rates and Minimum Rates as follows: -

GRV Category	Rate in Dollar (cents)	General Minimum Rate \$
Caravan Parks & Park Homes Improved	7.7564	362
Commercial Improved	7.5144	1135
Community Groups – Major Improved**	8.3111	240
Community Groups – Surf Clubs Improved	2.0505	240
Community Groups – General Improved	3.9269	240
Industrial Improved	6.3257	1135
Industrial Improved – Lesser Minimum	N/A	567
Residential Improved	7.7574	1155
Rural and Mining Improved	8.4819	1145
Commercial Vacant	6.4213	1135
Industrial Vacant	4.1348	1135
Residential Vacant	10.8424	668
Rural and Mining Vacant	7.9262	770

\*\* = Sporting Clubs & Major Event Providers

#### 3.3.2 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*, impose the 2013/2014 Unimproved Value Differential Rates and Minimum Rates as follows: -

UV Category	Rate in Dollar (cents)	General Minimum Rate \$
Commercial Improved	0.2597	1135
Community Groups – Major Improved**	0.2550	240
Community Groups – General Improved	0.1237	240
Industrial Improved	0.2420	1135
Residential Improved	0.3304	1155
Rural and Mining Improved	0.3211	1145
Commercial Vacant	0.2757	1135
Industrial Vacant	0.2719	1135

<b>Residential Vacant</b>	<b>0.4296</b>	<b>701</b>
<b>Rural and Mining Vacant</b>	<b>0.3410</b>	<b>770</b>

**\*\* = Sporting Clubs & Major Event Providers**

#### **4. 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*, impose the following Domestic Refuse Charges for the 2013/2014 Financial Year: -

- 4.1 Standard Service Charge p.a. (one 240L recycling bin & one 240L rubbish bin) included within General Rates.
- 4.2 Additional Service Charge p.a. (one 240L recycling bin & one 240L rubbish bin) \$360.50.
- 4.2 Additional Recycling Service Charge Only p.a. (one 240L recycling bin) \$160.00.
- 4.3 Additional Rubbish Service Charge Only p.a. (one 240L rubbish bin) \$334.75.
- 4.4 Establishment Charge (per each new or additional service, one 240L recycling bin & one 240L rubbish bin) \$98.90.
- 4.5 Establishment Charge (per each new or additional 240L recycling bin or additional 240L rubbish bin) \$54.40.

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

In accordance with the provisions of the *Local Government (Miscellaneous Provisions) Act 1960*, Section 245A, IMPOSES for the 2013/2014 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 \$18.20 (inclusive of 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 Charges 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 early incentive draw.

- **Two Instalments**

The first instalment of 50% of the total current Rates and Charges, 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 and Charges, 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 Charges 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 and Charges, 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 and Charges, 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 and Charges, 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 and Charges, 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 Sections 6.13 and 6.51 of the *Local Government Act 1995*, impose 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, 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 2013/2014 Financial Year, the following Administration Fees and Charges are imposed for payment of Rates and Charges 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 Charges 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 Charges 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 Charges 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 Charges 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. ADOPTS the Significant Accounting Policies as detailed in Note 1 of Attachment 2 (2013/2014 Statutory Budget).

11. ADOPTS a percentage of 10% for the purposes of the reporting of material variances by Nature and Type monthly for the 2013/2014 Financial Year, in accordance with Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*.

12. As part of the Budget AUTHORIZES the establishment of the following new Reserve:

- Asset Renewal.

13. As part of the Budget AUTHORIZES the deletion of the following Reserves:

- Commercial Refuse Plant Replacement;



- **Domestic Refuse Plant Replacement;**
- **Heavy Vehicle Replacement;**
- **Light Vehicle Replacement;**
- **Asset Preservation; and**
- **Fleming Park Lake.**

*Attachments:*

- |  |          |
|--|----------|
| 1. <i>Annual Budget Overview 2013 2014</i>           | 13/87087 |
| 2. <i>2013_2014 Model Budget with carry forwards</i> | 13/87133 |
| 3. <i>2013/2014 Capital Works Budget</i>             | 13/82073 |
| 4. <i>Fees and Charges 2013 2014</i>                 | 13/80687 |