## CS05-06/16 Adoption of Corporate Business Plan 2016/17–19/20 & Annual Budget 2016/17

File Ref: 25973 – 16/166150

Responsible Officer: Director Corporate Strategy and Performance

Disclosure of Interest: Nil

Attachments: 4

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**Issue**

To consider the adoption of the City’s Corporate Business Plan 2016/17–19/20 and Annual Budget 2016/17.

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**Background**

The preparation of the Corporate Business Plan and Annual Budget are statutory requirements for local governments and are two of the key elements of integrated planning and reporting (IPR). This report provides to Council these two documents as a consolidated package that sets out the City’s priorities and actions for the next four years, together with its financial capability to deliver on these during 2016/17.

A series of Integrated Planning and Reporting Workshops (Workshops) were arranged with Elected Members which focussed on the Corporate Business Plan and the various elements of the budget. To apply prudent financial management practices in guiding the development of the Annual Budget, the Council adopted a Strategic Budget Policy on 26 March 2016. In addition, the City has been continuously undertaking extensive work with regard to refining its Integrated Planning Framework

The following key economic parameters have been used in preparing the budget:

* Actual Annual (March Quarter) Local Government Cost Index: 1.1% (WALGA);
* Forecast 2016/17 CPI: 2.0% (Department of Treasury Western Australia);
* Forecast 2016/17 growth: 3.2%; and
* Forecast 2016/17 average interest rate return on investments: 2.5%.

This report provides a culmination of all development work and input from stakeholders into the 2016/17 process and produces required documentation as necessary through legislation.

**Detail**

**Corporate Business Plan 2016/17–19/20**

**Legislative Requirements**

The development of theCorporate Business Plan **(Attachment 1)** is a requirement under the *Local Government (Administration) Regulations 1996*. In accordance with the Regulations, a Corporate Business Plan is required to:

1. *Set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government’s priorities for dealing with the objectives and aspirations of the community in the district;*
2. *Govern a local government’s internal business planning by expressing a local government’s priorities by reference to operations that are within the capacity of the local government’s resources; and*
3. *Develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.*

**Integrated Planning Framework**

The Corporate Business Plan forms part of the City of Wanneroo Integrated Planning Framework (see below). This Framework encompasses a strategic and business planning system that delivers accountable and measurable linkages between Council’s long-term vision and aspirations and practical service delivery. This integrated approach ensures effective delivery of the City’s strategic intentions through a suite of four strategic and operational planning documents and associated performance reporting. The Framework takes into consideration the legislative requirements and reflects best practice integrated planning and reporting.

The City’s Framework has three levels:

* **Level 1 — Strategic Community Plan:** The Strategic Community Plan 2013/14–22/23 is the Council’s long-term plan that captures the aspirations of the community and describes the City’s strategic objectives. It is the key document for Council to track and report back to the community on the City’s progress.
* **Level 2 — Corporate Business Plan:** The **Corporate Business Plan** 2016/17–19/20 **(Attachment 1)** contains the same key objectives and strategies as the Strategic Community Plan, with the addition of specific priorities the City will focus on over the next four years. This Plan ensures the City will deliver services in line with Council priorities, as informed by community aspirations. The Plan provides a medium-term view of the City’s operational priorities and activities which works to inform the operational planning and annual budgeting process.
* **Level 3 — Operational Plan:** For 2016/17, this level will include annual operational actions which ‘unpack’ the priorities of the Corporate Business Plan. Quarterly milestones for the operational actions will be reported against on a quarterly basis. For 2017/18, it is intended that these operational actions comprise a sub-set of the Corporate Business Plan.

The diagram below shows how all of the elements of the Integrated Planning Framework fit together to deliver the Council’s vision:



**Development of the Corporate Business Plan 2016/17–19/20**

As part of the annual integrated planning and budgeting process, the Corporate Business Plan has been reviewed and a final draft has been prepared for 2016/17–19/20. Annual reviews aim to ensure that operational priorities of the City are set within resourcing capabilities.

Development of the Corporate Business Plan was undertaken throughout January to March 2016 in consultation with the Elected Members, Executive Leadership Team, Managers and Coordinators. The focus in developing the Plan has been to be conservative in adding new priorities, and instead to ensure that projects already committed to can be completed as planned. Consideration has also been given to ensuring that the priorities identified for each year are achievable within current and planned resources — both capacity and budget.

Consolidation of some actions from the existing Plan has occurred with smaller (lower-level) actions aggregated into higher-level priorities so that the Plan is kept as a high-level document that is appropriate for a Corporate Business Plan. More detailed actions relating to year one (2016/17) will be contained in the 1–Year Operational Plan and through quarterly milestones. This will allow greater clarity of annual priorities and actions and allow for effective reporting on performance. It is against these milestones that quarterly progress reports will be provided to the Audit and Risk Committee.

As a complete document, the attached Corporate Business Plan also includes: a demographic overview; a description of key challenges facing the City; Elected Member and Executive profiles; legislative requirements; an overview of the City’s Integrated Planning Framework; a summary of City services to the community; capital works sub-programs and ‘top projects’ for 2016/17; a risk management overview; and details of reporting.

**Annual Budget 2016/17**

In developing the Annual Budget, consideration has been given to the wider international economic climate which remains relatively stable with no major changes indicated in the short to medium term. Australia’s domestic growth is demonstrating some uncertainties, though inflation is anticipated to continue in the target range of 2-3% in the 2016/17 financial year, supported by the record low interest rate environment (cash rate is currently 1.75% - per May 2016 Reserve Bank of Australia meeting).

To compile the Annual Budget, Administration accesses and refers to other relevant bodies’ financial information, commentary and forecasts that may have an impact, such as the State and Federal Budgets. Both of these Budgets were released in May 2016 and provided some uncertainties and challenges in the short to medium term for the City, its services and for our community in general. It is noted 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 2016/17. As the final end of year processes will not be completed until September 2016, it is likely that the actual result will reflect further changes, with the final end of year surplus (or deficit) identified in the Rate Setting Statement to be transferred to the City's Strategic Projects/Initiatives Reserve per Council policy.

The following documents provide a comprehensive outline of the proposed 2016/17 Budget:

* 2016/17 Statutory Budget **(Attachment 2)**
* 2016/17 Schedule of Fees & Charges **(Attachment 3)**
* 2016/17 Capital Program, including 2015/16 carry forward capital projects **(Attachment 4)**

The City's Budget continues to grow, primarily due to factors such as:

* growth in the service area and population (expansion of service);
* community expectation and needs; and
* cost factor movements, such as Consumer Price Index (CPI), inflation or labour cost movements (increase to cost of service).

The development of the 2016/17 Operating Budget is a direct outcome of the work undertaken through the review of the Corporate Business Plan as part of the IPR process and based on a 3.2% growth factor, as supported by forecast.id.

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

The Net Result forms the basis of reporting organisational performance under Australian and International Accounting Standards and includes Non-Operating items such as Grants & Contributions and Town Planning Scheme Income & Expenses. Furthermore, current reporting requirements provide for the recognition of the value of physical assets contributed by Developers as income in the Statement of Comprehensive Income. The net result is budgeted at $78.20 million for 2016/17 being a moderate increase over the estimated actuals of $65.76 million for 2015/16.

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To better assess financial performance reference to the Underlying Operating Result is recommended, detailed below. The Underlying Operating Result excludes Non-Operating items such as Grants & Contributions, Town Planning Scheme Income & Expenses and Physical Assets received from Developers.

It is the City’s aim to achieve a balanced and therefore financially sustainable Underlying Operating Result. Whilst the estimate for 2015/16 is a deficit initiatives are in place to improve the result by year end, the outcome of which will be reported in the audited annual financial statements. For 2016/17 a modest surplus of $1.70 million is budgeted.

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Comments relating to the changes in each operating income and expense category, comparing to the 2015/16 Revised Budget, are provided below:

**Operating Income $183.67 million (+8.58%/+$14.52 million on 15/16 Actual (Estimates))**

* **Rates Revenue $142.13 million (+7.76%/+$10.23 million)**

In developing the Rating strategy, the City 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 Council’s long term financial sustainability.

In addition a Rating Strategy Review Committee which was established in 2015. This Committee met on the 10 November 2015, 9 February 2016 and 22 March 2016. The key outcomes from the meetings were:

* Combining of the Commercial and Industrial property categories;
* Increase of Vacant Land rates to be in the top quartile over the next 3 years;
* Consideration of the Pensioner Rebate Scheme; and
* Continuance of the Domestic Waste Service being incorporated into Rates.

As in previous years, the cost of the Domestic Refuse Collection service is included as part of General Rates. This ensures 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 17 and 19 May 2016 detailing proposed Differential General and Minimum Rates for 2016/17. This provided the opportunity for ratepayers to comment and ask questions. The rates advertised were designed to meet a budget deficiency of approximately $142.57 million. No submissions were received by the closing date.

The Rates modelling used in deriving the rates advertised have been adjusted to incorporate the latest valuations provided to the City by the Valuer General and accommodates a reduction to the Residential Improved category.

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 in 2014/15).

The Rates-in-the-Dollar and Minimum Rates that have been proposed, deliver an overall rate revenue increase of 3.50% for the Residential Improved category which will apply to 87% of Ratepayers.

Listed below are Rates increases for the past decade, of which 2016/17 is the lowest. It is important to recognise that as a growth Council with a significant capital program, there is a need to raise Rates above CPI. However, due to concerted efforts these increases have been kept to a minimum whilst still delivering the essential infrastructure and services needed by the City’s expanding community.



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

 

It should be noted that both the Industrial Vacant and Commercial Vacant categories are levied at the same rates for equity purposes (per recommendation of the Rating Strategy Committee and endorsed by Council March 2016) .

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 notices. The ESL is classified into five categories to reflect the level of emergency service response that is available in different areas. For 2016/17 the Minister has determined that the estimated total ESL payable will be $338.89 million, which represents an increase of $18.37 million (5.7%) on the amount raised through the ESL in 2015/16. In 2014/15 it was $320.52 million, which represented an increase of $31.31 million (10.8%) on the previous year.

In 2015/16 Council approved the waiver of Council Rates (excluding the Emergency Services Levy) for land leased by the City to Wanneroo community groups. For 2016/17 the value of Rates revenues to be waived for the same groups, together with the inclusion of the Yanchep Sports & Social Club, is approximately $0.08 million.

* **Operating Grants, Contributions & Subsidies $12.58 million (+34.73%/+$3.24 million)**

An increase to Operating Grants and Subsidies is recognised, primarily due to an advance payment of Grants revenue being made from the Grants Commission for 2015/16 (approximately $3.0 million).

* **Interest Earnings $8.55 million (+0.95%/+$0.08 million)**

With the recent official cash rate reduction, the interest earning potential of the City is reduced. Notwithstanding the funds available for investment remain relatively stable at approximately $180.0 million.

* **Fees and Charges $19.76 million (+5.69%/+$1.06 million)**

Each year all fees and charges imposed by Council are reviewed as part of the budget development process to ensure compliance requirements are met, cost recoveries are in place and market rates are comparable. As such the Schedule of Fees and Charges for 2016/17 is included as **Attachment 3** for adoption by Council and to be effective in the new financial year (Monday 4 July 2016 or as soon as practicable).

* **Other Revenue $0.64 million (-13.64%/-$0.10 million)**

The main contributor to the unfavourable variance for Other Revenue is the closure of the Wangara Recycling Centre operations which consists of only residual income for 2015/16 and a reduction in forward estimates in 2016/17 of Building Assessment Fee income.

**Operating Expenses $181.96 million (+4.90%/+$8.51 million)**

* **Employee Costs $71.30 million (-2.64%/-$1.94 million)**

The decrease in employee costs for 2016/17 is reflective of investment in new technology, employee upskilling and process improvements being an outcome of the operating model review.

* **Materials and Contracts $55.56 million (+12.10%/+$6.00 million)**

The main contributors to the increase relate to the areas of Refuse Removal Costs (due to an increase in volume and tariffs) and Contract Expenses-Other (due to the planned increase in service levels in the Parks area). In response to customer feedback the City has increased its streetscapes and landscape work with a focus on Marmion Avenue and Wanneroo Road.

* **Utility Charges $8.85 million (+5.91%/+$0.49 million)**

Utility charges comprise Water, Electricity and Gas costs and are based on forecast unit charges together with any growth in usage. Whilst there are increases across these cost areas, it is the Street Lighting component which is the most substantial driver. Budget calculations for Street Lighting were based on the actual number currently charged.

* **Depreciation $40.05 million (+9.27%/+$3.40 million)**

Depreciation is an accounting process which values the usage (consumption) of the City’s property, plant and equipment including infrastructure assets such as roads and drains. The increase is due to the growth in assets held by the City, the revaluation exercise undertaken during the 2015/16 financial year and the Contributions of Physical Assets from Developers. During the 2014/15 financial year total assets increased by $0.51 million to $2.36 billion. It is noted that further revaluations in the asset base may take place in the 2016/17 financial year. This may further impact the City in the coming financial years.

* **Insurance Expenses $1.58 million (+3.64%/+$0.06 million)**

A minimal increase to the Insurance Expenses budget for 2016/17 allows for the provision of additional premium costs as a result of growth in assets covered and inflation.

* **Interest Expenses $4.61 million (+12.15%/+$0.50 million)**

The majority of Interest Expense ($4.11 million) relate to a loan agreement with Western Australian Treasury Corporation (WATC). This loan has been fully drawn and interest only payments will be made until the principal falls due in 2026. An additional loan to fund capital works in Yanchep is anticipated to incur approximately $0.50 million in interest per year for which a transfer will be made from the Yanchep/Two Rocks District Community Facilities Reserve.

**Capital Program**

The Capital 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 to assist with the programming of maintenance, renew, upgrade and replacement for existing assets. The Capital Program for 2016/17 allocates 46% of the budget to Upgrade Works, 32% to New Works and 22% to Renewal Works.

The capital expenditure program has been set and prioritised based on a process of consultation with Elected Members that has enabled the City to assess the needs for each project and the priorities of the community, balanced against the City's financial and resourcing capacity.

The capital program for 2016/17 is proposed to be $75.54 million (excluding carry forward projects). Of the $75.54 million required for new works, funding will come from:

 **$ Million**

* Grants & Contributions 15.78
* Town Planning Schemes 0.73
* Loan Borrowings 11.04
* Reserves 22.87
* Municipal 25.12

Major projects included in the program for 2016/17 include:

 **$ Million**

* Wanneroo Civic Centre 12.00
* Yanchep Active Open Space 7.35
* Yanchep Surf Lifesaving Club 3.94
* Quinns Mindarie Surf Lifesaving Club 3.92
* Yanchep District Sports Amenities 2.85
* Connolly Drive Dualling - Clarkson 2.61
* Neerabup Road Second Carriageway 2.50
* Upgrade Marmion Ave 2.00
* Connolly Drive Dualling - Merriwa 1.79
* Riverlinks Park 1.49
* Develop Industrial Area Neerabup 1.28
* Mary Lindsay Homestead Building 1.15
* Old Yanchep Road Upgrade 0.97
* Mary Lindsay Homestead Public Open Space 0.61
* Quinns Beach Long Term Coastal Management 0.50
* Quinns Beach Shark Barrier 0.30

Progress reporting on these projects will be provided to Council with the statement of financial activity on a monthly basis.

A detailed listing of all individual projects comprising the capital program is included in **Attachment 4.**

**Carry Forward Capital Projects**

At the end of the financial year it is anticipated that some projects and plant replacements will be either incomplete or not commenced which is not uncommon and is typically due to either:

* The size and complexity of projects which will by their very nature, need to be phased over multiple financial years to accommodate accurate development and effective delivery; and
* Projects which suffer delays and interruptions, which can typically result from a range of issues such as: scoping, definition or budget clarification, extended consultation periods, planning and approvals, 3rd party/statutory bodies and contractual delays etc.

In analysing the profile of anticipated carry-forward works from 2015/16 it is estimated that $16.89 million worth of works will be carried forward. This will notionally bring the total capital program for 2016/17 to $92.43 million. However, of the $16.89 million carry-forward amount, it is expected that nearly $10.0 million will be expended by 30 September 2016 on projects which have either already been awarded / committed or are currently in progress.

The carried forward project component is fully funded from the 2015/16 Budget. Actual amounts may be adjusted based on the final end of year results.

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

 **$ Million**

* Grants & Contributions 1.71
* Loans 0.57
* Reserves 5.09
* Municipal (to be transferred to reserve) 9.52

**Reserves**

In order to meet the funding requirements of the Annual Budget, a range of Reserve transfers are proposed. Details of the budgeted transfers to and from reserves are provided as part of the Notes to Accounts included in **Attachment 2**.

Through prudent budgeting in accordance with the adopted Strategic Budget Policy and the Long Term Financial Plan, it has been possible to improve the City’s reserve funding capacity, which will enhance the City’s ability to sustainably meet future demands and liabilities. This is illustrated by the incorporation of a $4.0 million transfer to the Asset Renewal Reserve acknowledging the City has a growing asset base (currently $2.36 billion) and asset renewal demand in future years that will require injection of funds. This will be achieved by increasing allocations to the asset renewal reserve in alignment to the depreciation charge.

Additionally, there is a $1.0 million transfer to the Coastal Management Reserve to assist the City in managing its 32 kilometres of coastline. Anticipated land sales in 2016/17, together with an allocation to assist with the future funding of new corporate systems in the City, will also result in a transfer of $4.4 million to the Asset Replacement Reserve.

**Loan Funding**

**Existing Loan**

In developing the Five Year Financial Plan in 2006, loan borrowings were identified as a significant funding source for the capital program. Prior to this, the City had not sought to borrow preferring to fund new works from operations. This left the City in a strong position to borrow to meet significant requirements for new and replacement infrastructure.

The City agreed to borrow $60.78 million over five years and secured a loan facility in 2006/07 from the WATC. The term of the loan is 20 years interest only with the principal due for repayment in December 2026. A Loan Repayment Reserve has been created to ensure funds are available upon loan maturity.

The application of the draw-downs for this loan has been varied in successive Budgets to recognise changes in project costs, availability of alternative funding, changes in priorities and timing of projects.

Due to refinement of costs, availability of other external funding sources and priorities of Council, where a more appropriate application of loan funds is sought Council is required to adopt that change in application. Outlined in the table below is a summary of the annual adoption and application of the existing WATC loan funds which are budgeted to be used from 2016/17.



**New Loan**

The City in partnership with Developers is undertaking capital works in the Yanchep / Two Rocks area. The partnership was officially signed off by Council at its meeting held on 28 April 2015. The Developers’ Contribution Plan (DCP) covers a ten year period from 9 September 2014 to 8 September 2024. The DCP sets out the specific works covered by the Agreement, costings and the portion for which each party is liable, and timeframes for the woks to be undertaken.

Due to slower than expected Lot sales and the immediacy of the timeframe for the works, the DCP does not have sufficient reserves to fund the works in 2016/17. It has therefore been proposed to take out a loan for $11.1 million to fund the developers’ portion of the costs. Repayments and interest for the loan will be funded from lot sales in the area covered under the DCP.

**Rate Setting Statement**

The Rate Setting Statement represents a composite view of the finances of the City. It highlights the movement in the surplus (deficit) which is primarily based on the operations and capital works revenue and expenditure as well as all transfers (reserves and developers contributions). The bottom line shows the resulting rating income required.

Rate setting statement calculations for 2016/17 identified the need to raise $142.13 million through Rates, which equated to a 3.5% overall increase to the Residential Improved category – which represents 87% of the total rateable properties (4.57% overall average rate revenue increase).

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 $0.06 million is expected to be transferred to this reserve for 2015/16 and an unallocated surplus of $0.97 million has been budgeted to be transferred for 2016/17.

**Consultation**

At the beginning of 2016 the City commenced the annual review of the Corporate Business Plan. 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. Per the recommendation of the Rating Strategy Committee at their meeting of 22 March 2016 (and endorsed by Council on 5th April 2016), notices to this effect were advertised on 17 and 19 May 2016 and were open for a submission period of 21 days. No submissions were received within the submission period.

**Comment**

In developing the Annual Budget various economic and legislative factors have been considered. The most influential driver to the budget is the Corporate Business Plan, being an extension of the Strategic Community Plan.

For 2016/17 a positive Result from Operations is anticipated, whilst setting an average increase in Residential Improved Rates of 3.50%. The Residential Improved Rate applies to 87% of rateable properties and is the lowest increase in over ten years.

Despite being the lowest increase in over ten years, the City will continue to invest in community infrastructure with budgeted spend on capital works totalling $75.54 million, plus an additional $16.89 million for carry forward projects from 2015/16.

Focusing on liveability, the budget includes allowances for improved resident services including extra Ranger patrols during the summer months, an increase in Parks Maintenance and additional spend on median and verge landscaping & maintenance.

Reflecting outcomes from the City’s operating model review and subsequent investment in technology, process improvements and employee upskilling, total employee costs are budgeted to decrease $1.94 million over 2015/16. In summary, the budget reflects prudent and responsible management of the City’s funds balanced by the needs of a growing community. It is also recognised that the City will continue to deliver its quality services as well as meeting the growth in these areas.

**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 Strategic Community Plan and a four-year Corporate Business Plan. The annual review of the Corporate Business Plan is a requirement of the Local Government (Administration) Regulations 1996: 19DA (4).

The accompanying Budget for 2016/17 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.

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 2016/17 Rates were subsequently modified to incorporate the latest valuations provided to the City by the Valuer General and to accommodate a reduction to the Residential Improved category (details included in **Attachment 2** and in Resolutions to report). 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.

In considering the Annual Budget and subsequent reporting it is also important to consider Regulation 34(5) of the Local Government (Financial Management) Regulations 1996. This regulation 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 2015/16 the Council adopted 10% for the reporting of variances and the same percentage is recommended for 2016/17, together with a minimum value of $10,000.

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**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.”*

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**Risk Management Considerations**

The tables below outline the Strategic and Corporate risks within the City's existing risk registers which relate to the issues contained in this report. Action plans have been developed to manage these risks to improve the existing management systems.  Through Councils adoption of this report the abovementioned risks will be effectively addressed and mitigated.

|  |  |
| --- | --- |
| **Risk Title** | **Risk Rating** |
| Financial Management | Moderate |
| **Accountability** | **Action Planning Option** |
| Executive Management Team | Manage |

|  |  |
| --- | --- |
| **Risk Title** | **Risk Rating** |
| Integrated Reporting | Moderate |
| **Accountability** | **Action Planning Option** |
| Executive Management Team | Manage |

**Policy Implications**

Nil

**Financial Implications**

The timely adoption of the Annual Budget will allow for the timely implementation of the Corporate Business Plan and associated Capital Program.

**Voting Requirements**

Absolute Majority

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| **Recommendation**That Council by an ABSOLUTE MAJORITY:-1. ADOPTS the Corporate Business Plan 2016/17–19/20 (Attachment 1),
2. ADOPTS the Budget for the City of Wanneroo for the Financial Year Ending 30 June 2017 (Attachment 2), incorporating:

2.1 Statement of Comprehensive Income, showing Total Comprehensive Income of $78,202,262 Surplus.2.2 Statement of Cash Flows, showing cash at end of year position of $270,303,521.2.3 Rate Setting Statement, showing the need to generate $142,127,655 through the levying of Rates.2.4 All the Notes To and Forming Part of the Budget.2.5 Attachments (3) & (4) being:(3) 2016/17 Schedule of Fees & Charges, and(4) 2016/17 Capital Program (including carry forward capital projects from 2015/16).3. AGREES to waive the 2016/17 Council Rates (excludes Emergency Services Levy) for land leased by the City to the following community groups in accordance with Section 6.47 of the *Local Government Act 1995*:* **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.;**
* **Vikings Softball Club Inc. & The Wanneroo Giants Baseball 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.; and**
* **Youth Futures WA Inc..**

4 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 2016/17 Financial Year;4.2 NOTES that the Differential Rates and Minimum Rates for the 2016/17 Financial Year are inclusive of Domestic Rubbish Collection Charges where applicable; and4.3 SETS the Differential General Rates in accordance with the following tables: 4.3.1 IMPOSES the 2016/17 Gross Rental Value Differential Rates and Minimum Rates as follows, subject to the provisions of Sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*: -

|  |  |  |
| --- | --- | --- |
| GRV Category | Rate in the Dollar (cents) | General Minimum Rate $ |
| Residential Improved | **7.7581** | **1,305** |
| Lesser Minimum for Strata Titled Caravan Parks |  | **410** |
| Commercial/Industrial Improved | **6.3874** | **1,280** |
| Lesser Minimum for Strata Titled Storage Units |  | **640** |
| Residential Vacant | **11.8820** | **745** |
| Commercial/Industrial Vacant | **5.9420** | **1,280** |

4.3.2 IMPOSES the 2016/17 Unimproved Value Differential Rates and Minimum Rates as follows, subject to the provisions of Sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*:

|  |  |  |
| --- | --- | --- |
| UV Category | Rate in Dollar (cents) | General Minimum Rate $ |
| Residential Improved | **0.3568** | **1,305** |
| Commercial/Industrial Improved | **0.2697** | **1,280** |
| Rural and Mining Improved | **0.3500** | **1,292** |
| Residential Vacant | **0.5283** | **745** |
| Commercial/Industrial Vacant | **0.2957** | **1,286** |
| Rural and Mining Vacant | **0.3809** | **868** |

5. IMPOSES the following Domestic Refuse Charges for the 2016/17 Financial Year, 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*,: 5.1 Standard Service Charge per annum (one 240L recycling bin & one 240L rubbish bin) included within General Rates.5.2 Additional Service Charge per annum (one 240L recycling bin & one 240L rubbish bin) $413.00.5.2 Additional Recycling Service Charge Only per annum (one 240L recycling bin) $185.00.5.3 Additional Rubbish Service Charge Only per annum (one 240L rubbish bin) $361.00.5.4 Establishment Charge (per each new or additional service, one 240L recycling bin & one 240L rubbish bin) $107.00.5.5 Establishment Charge (per each new or additional 240L recycling bin or additional 240L rubbish bin) $58.00.6. IMPOSES for the 2016/17 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, in accordance with the provisions of the *Local Government (Miscellaneous Provisions) Act 1960*, Section 245A.7. AGREES to offer the following incentives for the payment of Rates and Charges in accordance with the provisions of Section 6.46 of the *Local Government Act 1995*,: • Full paymentFull 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 (5 September 2016): - eligibility to enter the early incentive draw.• Two InstalmentsThe 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 (5 September 2016): - eligibility to enter the early incentive draw.• Four InstalmentsThe 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 (5 September 2016): - eligibility to enter the early incentive draw.8. AGREES to offer the following payment options for the payment of Rates and Charges and Private Swimming Pool Inspection Fees in accordance with the provisions of Section 6.45 of the *Local Government Act 1995*,: * One Instalment

Payment in full within 35 days of the issue date of the Annual Rate Notice (5 September 2016).* 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 (5 September 2016).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 (7 November 2016).* 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 (5 September 2016).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 (7 November 2016).- Third Instalment 63 days after due date of second instalment (9 January 2017).- Fourth Instalment 63 days after due date of third instalment (13 March 2017).9. IMPOSES, In accordance with the provisions of Sections 6.13 and 6.51 of the *Local Government Act 1995*, 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. This amount will be 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 (5 September 2016), or the due date of the instalment and continues until instalment is paid, excluding:1. Deferred Rates;
2. Instalment current amounts not yet due under the Four (4) payment options;
3. Registered Pensioner Portions; and
4. 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. IMPOSES, in accordance with the provisions of Section 6.45 of the *Local Government Act 1995*, for the 2016/17 Financial Year, the following Administration Fees and Charges for payment of Rates and Charges and Private Swimming Pool Inspection Fees:Two Instalment OptionAn 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 OptionAn 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% and value of $10,000 for the purposes of the reporting of material variances by Nature and Type monthly for the 2016/17 Financial Year, in accordance with Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*.****12. ENDORSES the following transfers to reserves, to ensure adequate funding is available over the longer term:*** **$2,000,000 to the Asset Replacement Reserve;**
* **$4,000,000 to the Asset Renewal Reserve; and**
* **$1,000,000 to the Coastal Management Reserve.**

**13. APPROVES the seeking of up to a maximum of $11,100,000 in loan funding for capital projects in the Yanchep Development area to be recouped from the Yanchep/Two Rocks District Facilities Reserve.** |

*Do not delete this line*

*Attachments:*

|  |  |  |  |
| --- | --- | --- | --- |
| *1**.* | *2016/17 Draft Corporate Business Plan*  | *16/137939* | *Minuted*  |
| *2**.* | *2016/2017 Statutory Budget* | *16/209353* | *Minuted*  |
| *3**.* | *2016/17 Schedule of Fees & Charges* | *16/180226* |  |
| *4**.* | *2016/17 Capital Program*  | *16/208092* |  |