



— *City of* —
Melville

**MINUTES
OF THE
SPECIAL MEETING OF THE COUNCIL
HELD ON
TUESDAY 22 JUNE 2010
AT 6.30PM IN THE COUNCIL CHAMBERS
MELVILLE CIVIC CENTRE**

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— City of —
Melville

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MINUTES OF THE SPECIAL MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBERS, MELVILLE CIVIC CENTRE, 10 ALMONDBURY ROAD, BOORAGOON, COMMENCING AT 6.30PM ON TUESDAY, 22 JUNE 2010.

1. OFFICIAL OPENING

The Presiding Member welcomed those in attendance to the meeting and declared the meeting open at 6:30 pm. Mr B Taylor, Manager Information, Technology & Support read aloud the Disclaimer and then His Worship the Mayor, Russell Aubrey, read aloud the Affirmation of Civic Duty and Responsibility.

Affirmation of Civic Duty and Responsibility

I make this Affirmation in good faith on behalf of Elected Members and Officers of the City of Melville. We collectively declare that we will duly, faithfully, honestly, and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the City's Code of Conduct and Standing Orders to ensure the efficient, effective and orderly decision making within this forum.

2. PRESENT

His Worship the Mayor, Russell Aubrey

COUNCILLORS

Cr N Pazolli, Cr P Reidy
Cr A Nicholson, Cr A Ceniviva
Cr J Barton, Cr G Wieland
Cr B Kinnell, Cr C Halton
Cr N Foxton, Cr M Reynolds
Cr C Robartson

WARD

Applecross/Mount Pleasant
City
Bicton/Attadale
Palmyra/Melville/Willagee
University
Bull Creek/Leeming

3. IN ATTENDANCE

Dr S Silcox	Chief Executive Officer
Mr M Tieleman	Director Corporate Services
Mr S Cope	Director Urban Planning
Mr J Christie	Director Technical Services
Ms C Young	Director Community Development
Mr K Johnson	Executive Manager Organisational Development
Ms D Whyte	Senior Management Accountant
Mr B Taylor	Manager Information, Technology & Support
Ms C Rourke	Minute Secretary

The City of Melville Officers in Attendance were:

Mr K Yeoh	Senior Financial Accountant
Mr L Bosworth	Manager Operations
Mr I Davis	Manager Parks & Environment
Mr J Cameron	Executive Engineer
Ms L Hartill	Manager Neighbourhood Development
Ms L Reid	Manager Community Services
Mr B Dawkins	Manager Neighbourhood Amenity
Mr P Kellick	Manager Asset Management

At the commencement of the meeting there were no members of the public in the Public Gallery and no members of the press in the Press Gallery.

4. APOLOGIES AND APPROVED LEAVE OF ABSENCE

- Apology - Cr R Subramaniam Bull Creek/Leeming

5. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION) AND DECLARATIONS BY MEMBERS

5.1 DECLARATIONS BY MEMBERS WHO HAVE NOT READ AND GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTED BEFORE THE MEETING.

- Cr Nicholson declared that she had received the agenda and budget documents but had not had the opportunity to review or given due consideration to the entire budget document.

5.2 DECLARATIONS BY MEMBERS WHO HAVE RECEIVED AND NOT READ THE ELECTED MEMBERS BULLETIN.

Nil

6. PUBLIC QUESTION TIME

Nil

7. DECLARATIONS OF INTEREST

7.1 FINANCIAL INTERESTS

Nil

7.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT

Nil

8. APPLICATIONS FOR NEW LEAVES OF ABSENCE

- Cr G Wieland

At 6.34pm Cr Robartson moved, seconded Cr Barton -

That the application for new leave of absence submitted by Cr Wieland on 22 June 2010 be granted.

At 6.34pm the Mayor submitted the motion which was declared

CARRIED (12/0)

9. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil.

10. REPORTS OF THE CHIEF EXECUTIVE OFFICER

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

Ward	:	All
Category	:	Operational
Subject Index	:	Budgeting Estimates, Operational & Forward Works Programme
Customer Index	:	Impacts on all Ratepayers of City of Melville
Disclosure of any Interest	:	The responsible officer and all Elected Members are property owners / ratepayers in the City of Melville however this is an exempt interest in accordance with Section 5.63 (1) (a) & (b) of the Local Government Act 1995.
Previous Items	:	C10/6034 – Annual Review – Schedule Of Fees and Charges – Ordinary Meeting of Council 18 May 2010 T05/3009 – Underground Power Round Four (4) Submissions T09/3094 - Attadale South Underground Power Project – Ordinary Meeting of Council 15 September 2009
Works Programme	:	As detailed in attachments
Funding	:	As per 2010/2011 budget document
Responsible Officer	:	Marten Tieleman Director Corporate Services

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>when Council review decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>when Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

KEY ISSUES / SUMMARY

- The 2010/2011 Budget Document is presented for consideration and adoption by Council.

BACKGROUND

The 2010/2011 Budget (the Budget) has been prepared after careful consideration of the strategic, asset management, community and operational needs of the City. The City is conscious of the need to maintain its natural and built assets in a manner that minimises their whole of life costs whilst presenting them to a standard expected by the Community.

The previous years, 2009/2010 Budget, was framed at a time when the full impacts of the Global Financial Crisis (GFC) were being felt throughout the world and to a lesser extent Australia. The particular impacts of the GFC on the City of Melville were:-

- Reduced investment income due to historically low interest rates;
- Reduced income from Planning and Building fees due to reduced building activity; and
- A loss of liquidity for the City's long-term investments and a marked reduction in the credit quality of the City's Collateralised Debt Obligation (CDO) investments which together with the lack of liquidity for the CDO's had the impact of severely reducing their book value;
- A widening "asset gap" as a result of asset renewal funding not keeping pace with depreciation of the City's asset base.
- The receipt of a \$2.67 million grant from the Federal Government's stimulus package which enabled the City to bring forward all stages of the development of the former Melville Primary School public open space and playground construction project at a cost totalling \$3.7 million.

The City responded to these impacts by reviewing its operations including staffing levels, reducing discretionary expenditures, commencing an asset rationalisation process as well as reducing transfers from Reserve accounts due to the illiquidity of the investments held by that fund. Whilst the value of the City's CDO investments remain depressed, liquidity has been partially restored to the Reserve accounts due to the healthy state of other forms of investments.

Over the course of the 2009/2010 Financial Year the City has experienced a markedly increased level of building activity and therefore planning and building fees, as well as increased investment earnings due to interest rate increases that have taken place over the course of the year. These factors, together with further cost savings achieved throughout the year, will enable the City to commence the year with an estimated \$1.6 million operating surplus which means that this amount will not be required to be raised from rates.

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(ATTACHMENT)**

In December 2009 the City leased the Leeming Recreation Centre to a private operator which has resulted in a substantially reduced cost burden on ratepayers as the Centre was running at a near \$1 million per annum loss including depreciation. The decision was taken to remove the swimming pool facility located in the Leeming Recreation Centre and the area has now been refocussed to provide a new offering for residents of a large in door cricket facility. Other fitness and recreation opportunities such as gym, squash and basketball remain at the centre.

The City could deliver a budget with no rate increases. However, to do this, it would be required to reduce service levels, reduce expenditure on capital works or defer maintenance of its assets to future years. These actions simply create a false sense of economy as it results in liabilities being passed on to future years ratepayers. The 2010/2011 Budget has therefore been formulated on the basis of maintaining service levels and maintaining acceptable standards of asset maintenance as desired by the community or required to avoid failure of assets. Timely proactive maintenance regimes, whilst appearing to be more costly in the short term, generally result in a lower whole of life cost as reactive intervention costs associated with inappropriate periods of deferred maintenance are high. The large 17.5% increase in the price of electricity experienced in Western Australia (WA) which follow increases of 25% last year, is an example of successive under funding of the state utility companies. This is a result of State Government commitments to artificially capping electricity price increases. Risk profiles also increase as a result of deferred maintenance. Recent examples of this have also been experienced by the electricity network where a lack of maintenance has led to fires and tragic deaths. It is ironic that substantial dollar amounts are then found to fund inquiries with the findings of those inquiries being quite predictable, among them a lack of maintenance or insufficient resources to enable an adequate amount of time and attention to be paid to areas of risk.

As noted earlier, whilst it would be possible to draft a budget that increases rates at a level equivalent to or less than the CPI, this would represent a short term approach that would necessitate a reduction in service levels and provide insufficient funding for asset maintenance and renewal. In effect such action would result in intergenerational inequities by deferring expenditures to future generations of ratepayers and is not considered by officers, the Australian and Western Australian Local Government Associations and best practice literature to constitute good governance. Section 1.3 of The Local Government Act 1995 (the Act) stipulates at subsection (3) that *“In carrying out its functions a local government is to use its best endeavours to meet the needs of current **and future generations** through integration of environmental protection, social advancement and economic prosperity.”* Further Section 3.1(1) of the Act stipulates that *“The general function of a local government is to provide for the good government of persons in its district.”*

In accordance with the principles expressed in the above function the 2010/2011 Budget has been drafted with a long term view of the needs of the City and its residents in mind. A lower level of rate increase could jeopardise the future financial sustainability of the City of Melville. The City of Melville believes that its community is best served by it taking long term decisions that take into account the real impacts of rising costs in order to ensure current residents pay an equitable contribution towards the consumption of services and future residents are protected from price shocks which would arise if this approach was not taken.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)****DETAIL**

The 2010/2011 budget [6035A June 2010](#) has been developed with the following issues in mind:-

- The well documented need to address asset maintenance and financial sustainability issues i.e. redress the historical under funding of asset maintenance and renewal as highlighted in the report of the Local Government Advisory Board's inquiry into Structural and Electoral Reform in Western Australia, the Western Australian Local Government Association's Systemic Sustainability Study report, various similar studies that have been conducted in each State and the Australian Local Government Association's study and report National Financial Sustainability Study of Local Government conducted by Price Waterhouse Coopers (The PWC Report);
- The need to maintain the real value of works and services in the face of rapidly escalating costs passed on by the State Government as well as the disposal of waste, which has been significantly greater than the Consumer Price Index (CPI) published by the Australian Bureau of Statistics (ABS); and
- The need to "lift the bar" in relation to meeting increasing community expectations, and safety and quality standards as promulgated via statute or as benchmarked in various Australian Standards.

In forming the Budget officers have paid particular attention to the cost impacts on ratepayers. Over the past 2 to 3 years there have been significant increases in State Government charges for electricity and water as well as waste processing and disposal charges which the City has been required to provide for. The City's response has not been to simply increase the budgets. Two year fixed price electricity supply contracts were entered into for the eight buildings within the City that are classified as "contestable" sites. The Western Australia Local Government Association's (WALGA's) panel contract was used in this instance. Energy efficiency initiatives have also been implemented and will continue. The closure of the energy inefficient Leeming Pool has resulted in significant savings in electricity, gas and water. When additional aquatic facilities are developed at the Melville Aquatic Centre, as provided for in the 2010/2011 budget, these will incorporate the latest in water and energy efficient design including solar heating systems.

During the past year a number of reviews of the manner in which products and services are being delivered were undertaken. Such a review resulted in the decision to lease the Leeming Recreation Centre to an external provider of recreation services thus relieving the City of in excess of \$600,000 of operating costs, whilst still maintaining the delivery of recreation services in Leeming.

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The City also reviews its organisational structure and administrative budgets on an ongoing basis. The leasing out of the Leeming Pool and the termination of the joint security service with the City of Cockburn has resulted in a reduction of employee head count. Reductions in staff that were put in place last year in the Planning and Building Service areas due to the reduced level of activity have been reversed due to a renewed level of activity that took place over the course of the past financial year. Following last years below market increase in salaries and wages, this year's budget has provided for an increase in salaries and wages for employees that will bring them closer to levels being paid to staff of comparative local governments.

The 2010/2011 Budget maintains the City of Melville's commitment to the delivery of the City's portfolio of more than 200 different products and services to its Community.

The City of Melville, like other local governments, has a significant portfolio of assets (\$650 million in value, not including the value of land under the road network) that support modern living in our community. These assets support the delivery of the over 200 products and services offered by the City. Assets however carry with them substantial asset management costs including planning, design, construction, maintenance, operational expenditure, renewal and disposal.

The City has recently completed Asset Management Plans for the majority of its assets and this work has identified these life cycle costs and, in particular, the annual renewal expenditure required to ensure they continue to deliver the level of service the community expects. Failure to adequately fund asset renewal risks asset failure, deferred liabilities, personal injury and reputation amongst other things.

At the very least, the City should be reinvesting annual depreciation back into asset renewal to ensure future generations are not left with large renewal and reconstruction liabilities.

Estimated asset replacement values and annual depreciation costs are shown below:

Asset Class	Replacement Value (\$ million)	Average Useful Life (years)	Annual Renewal Funding Required (\$ million)
Buildings	263.1	70	2.6
Roads	179.8	50	4.5
Drainage	47.2	100	0.6
Paths	39.1	40	0.7
Irrigation	11.2	15	0.6
Parks structures	8.6	10	0.6
Playgrounds	7.0	10	0.6
Plant	15.0	5	3.0
I.T Equipment	2.5	3.5	0.65

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It should be noted that depreciation is based on averages and individual assets may deteriorate at a faster or slower rate than indicated by the straight-line depreciation rate. The objective of the City is to match the consumption of assets, as indicated by their depreciation, with sufficient funding in each year in each asset class, to ensure that renewal of those assets can occur as and when required. Previous budgets did not include sufficient funding to achieve this objective and whilst the 2010/11 budget goes a long way to achieving this, a 'renewal gap' remains. This gap is principally evident in the building asset classification and whilst the current budget shows a substantial expenditure of \$5,215,000 on building assets it should be noted that this only \$160,000 of this is funded by the City's own source revenue. The balance has been funded by transfers from reserves and grant funds and is highly unlikely to be repeatable in future years. The asset management plan highlights that expenditure of at least \$2.5 million per annum is required for renewal.

In addition to funding the renewal of assets, additional funding is required for upgrading of existing assets and the purchase or construction of new assets. The 2010/2011 Budget and Capital Works Program distinguishes between renewal, upgrade and new assets. These distinctions will be included in the 2010/2011 Budget documents together with a reconciliation of expenditure needs and funding applied to each asset class.

Work on asset management will continue as the City improves its knowledge of its assets, particularly their condition and ongoing renewal costs. We will continue to implement a number of strategies to ensure ratepayers receive maximum value from their assets, these include:

1. Continually reviewing the useful life and remaining life of assets,
2. Reviewing draft renewal plans in the field (condition, service level, non asset solutions),
3. Investigating low cost renewal methods,
4. Investigating alternative methods of service delivery,
5. Facilitating services rather than providing them,
6. Disposals of surplus or low use assets,
7. Increasing the income stream from property assets,
8. Seeking additional funding,
9. Placing a higher priority on renewal as opposed to new and upgraded assets,
10. Ensuring the appropriate use of Reserve Funds and or Loan Borrowings,
11. Increasing funding from rates.

The strategies that have been deployed to address these gaps include:-

1. Rationalise the pool of assets i.e. reduce the number of assets owned;
2. Ensure the level of maintenance of assets is carefully managed so as to optimise their useful life;
3. Ensure when assets are acquired or constructed that they are of an appropriate quality so as to ensure minimum whole of life cost and maximum life span;

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4. Only undertake the provision of services where absolutely required i.e. if the need could be met by other external parties whether commercial private businesses, other levels of government or non government agencies Council should act as a facilitator not a provider;
5. Ensure where possible that an income stream is derived from assets so as to offset the cost of maintaining them and reducing the reliance on rates;
6. Source external grant income;
7. Increase funding from Council revenue streams other than rates e.g. lease income;
8. Ensure the appropriate use of Reserve Funds and or Loan Borrowings;
9. Increase funding from rates.

In view of the above factors the 2010/2011 budget has provided for significant increases in the operational, maintenance and capital costs with the emphasis being on renewal rather than new assets.

The City's Capital Works Program focuses on the maintenance, renewal or upgrade of existing assets as a matter of priority. For all major asset classes the expenditure is in accordance with an Asset Management Plan as discussed earlier in this report.

Specific allocations made in the \$33.4m Capital Works Program are detailed in the attached budget and include:-

- \$5.05 million for the Melville Recreation & Aquatic Centre upgrades;
- \$5.06 million for road and car park resurfacing projects;
- \$3.10 million to complete the development of the former Melville Primary School land;
- \$4.50 million for year one of two of the South Attadale Underground Power Project;
- \$3.85 million for various road, car park and traffic management improvement projects;
- \$2.45 million for plant and vehicle replacements;
- \$1.79 million for various major maintenance works on City owned buildings;
- \$1.53 million for drainage works;
- \$1.15 million for new and replacement footpaths;
- \$937,700 for information technology hardware and software purchase and replacements;
- \$886,500 for environmental and foreshore improvement projects;
- \$600,000 for renewal of reticulation;
- \$433,000 for replacement playground equipment and installation of outdoor exercise equipment
- \$275,000 jetties and boardwalks refurbishment works.

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The 2010/2011 Budget as presented will result in an overall Rate in the \$ of Gross Rental Value (GRV) increase of 4.25% for improved domestic properties. When compared to comparative rate increase data for other Councils as published by the West Australian Newspaper and the Western Australian Local Government Association this level of increase is at the lowest end of the scale. A 5% Differential Rate has also been implemented for Commercial Properties. The Differential Rating methodology, which recognises the additional cost burden placed on the City by the Commercial sector, has been adopted by numerous other Local Authorities throughout Australia and the 5% differential imposed this year is at the very low end of the scale. As a result of the above increases and the growth in the property base that has taken place over the past year, total income from General Rates will increase from \$43.76 million to \$46.64 million or 6.6% in total including growth. This level of increase is modest when compared to the revenue increases experienced by other growth Councils which are in the order of 15% achieved through the creation of new lots and the building of new homes. Note the growth revenue does not include growth in other local government revenues.

The City's 100,000 residents accommodated in 38,000 homes generate approximately 51,000 tonnes of waste, which equates to 1.3 tonnes per household per annum. Following consideration by the Southern Metropolitan Regional Council (SMRC) of their draft budget, it appears that there will again be significant increases in the gate fees charged by that organisation to the City of Melville from last years budgeted \$155 per tonne to \$185 per tonne, an increase of \$30 per tonne or \$975,000 per annum. In addition to this there has been an increase in debt servicing costs for loans taken out by the SMRC. These loans fund the capital improvement works undertaken by the SMRC in order to meet the new, very stringent, licence conditions imposed on them by the Department of Environment & Conservation in respect to the control of the emission of odours that impact on residential areas in the vicinity of the Regional Resource Recovery facility at Canning Vale. These increases have been partially offset by a reduction of City of Melville collection and administration costs of \$446,000 or \$12 per bin service charges. The net additional costs have been factored into the Waste Services domestic refuse charges resulting in a \$15 increase in the domestic refuse charge. The increased costs also include the impact of the 300% increase in the State Government's Landfill Levy, from \$7 to \$28 per tonne in January 2010.

A review of the Swimming Pool Inspection program as part of the Budget preparation process indicates that the charge for swimming pool inspections needs to increase from \$16.60 to \$25.60 per annum. This increase will mean that the inspection program will only be funded by owners with pools and not cross subsidised by non pool owning ratepayers. All fees raised for levies and service charges are used solely for the purposes they are raised. Any surplus funds are quarantined and placed in an appropriate reserve or restricted fund account at the end of the year to be used to offset costs of pool inspections in future years.

The Property Security and Surveillance Service Charge will increase from \$44.50 to \$48.50 per property. This is the first increase in 3 years. Like the Swimming Pool fee above all fees raised by this charge are used solely for the purposes they are raised. Any surplus funds are quarantined and placed in an appropriate reserve or restricted fund account at financial year end which will be used to offset future years costs.

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In the May 2010 State Government Budget it was announced that the State Government's Emergency Services Levy (ESL), which is used to fund the State Fire and Emergency Services Agency (FESA) will be as follows:-

ESL Rates and Minimum and Maximum Thresholds

ESL Rate per \$ of GRV ESL Category 1	MINIMUM AND MAXIMUM ESL CHARGES BY PROPERTY USE			
	Residential, Farming and Vacant Land		Commercial, Industrial and Miscellaneous	
	Minimum	Maximum	Minimum	Maximum
\$0.0145	\$50	\$260	\$50	\$150,000
(\$0.0123 09/10)	(\$43 09/10)	(\$225 09/10)	(\$43 09/10)	(\$130,000 09/10)

The ESL rate in the \$ has increased by 17.9%., the minimum ESL levy has increased by 16.3%, the maximum for residential and vacant land by 15.6% and the Commercial, Industrial & Miscellaneous by 15.4%. The levy, which is a State Government charge, is collected on behalf of FESA by all Western Australian Local Government Authorities. The overall amount of levy that will be raised from City of Melville property owners and remitted to FESA, will be approximately \$9.9 million. The total amount estimated to be raised for the ESL levy in 2010/2011 is \$1.5 million higher than the actual amount raised in 2009/2010. It is clear that the intention to shift the cost of the FESA service more to local government. In reviewing their budget papers, whilst local government contribution has increased by \$38.1m, the cash contribution from State Government has fallen from \$44m in 2009/10 to \$19m in 2010/11. It would appear the State Government is looking at a program of full cost recovery of providing the service from property owners.

Schedule of Fees and Charges

The Schedule of Fees and Charges was presented to and noted by Council at its Ordinary meeting held on Tuesday 18 May 2010. Since the report and agenda was prepared changes to the Planning and Development Fees and Charges have been notified. The May report to Council on the review of the City's Fees and Charges did not however include Planning and Development fees and charges as the annual Western Australian Planning Bulletin on Planning and Development Regulations (Part 7 Local Government Planning Charges) had not been received. In addition further work on the Swimming Pool Inspection program was required and Council was advised that this would form part of the Budget review. The proposed changes to Planning and Building Fees and Charges are listed with orange highlighting on the attached Schedule.

Planning Bulletin 93/2010 was received on 17 May 2010. This bulletin notified of an increase of 2.1% for the maximum Planning Application Fees as advised by WA Treasury. In order to provide for the user pays principle and attempt to obtain full recovery of the services provided, it is recommended that in keeping with the past practice of Council that Council adopt the maximum fees as shown in Planning Bulletin 93/2010.

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Other minor modifications included in this review include clarifications on fees to remove present interpretation issues (but essentially retaining present fee arrangements), removal of fees for applications referred through the Architectural and Urban Design Advisory Panel (due to the nature and purpose of the panel to improve the design outcomes on development and community benefit) and a new fee relative to Market Uses as proposed by Council Policy 06-PL-39 Market Uses. In addition to the mandatory swimming pool inspections (for which regulated fees apply) it has been identified that a number inspections are carried out by the inspection team inclusive of inspections relative to demolitions and decommissioning of pools. These fees are not regulated in the same manner as the mandatory inspection program and accordingly may be charged at a higher rate for service. Purchaser and construction inspection fees are presently charged out at \$55 per inspection inclusive of GST. It is proposed that the \$55 charge out rate be extended to cover demolitions and decommissioning of pools. The revenue associated with these inspections, which are carried out by the pool inspectors, will be credited to the Swimming Pool Inspections income and used to offset the cost of statutory swimming pool inspections. It has been estimated that for 2011/2011 net revenue after payment of GST, earned from this source will be \$10,000 i.e. 200 inspections at \$50 (net of GST) per inspection.

In the process of preparing the final draft of the budget it also became evident that there were inconsistencies between the waste charges listed in the Schedule of Fees and Charges and those waste fees that were required to be adopted by Council. It also became evident that due to a lack of clarity in the wording in the Schedule of Fees and Charge, that the accurate calculation of some of the waste fees and charges would be problematic. That part of the Schedule of Fees and Charges has therefore also been reviewed and corrections made and the proposed waste fees and charges brought into line with the budget.

Concessions

At the time of adopting the budget it is appropriate for Council to also disclose any waivers or concessions granted to rateable organisations and to disclose the financial impact of those concessions. The following concessions have previously been granted by the Council and are recommended to also be adopted in the 2010/2011 budget.

General Rates Concessions

Following representations from owners of individually strata titled and therefore rated storage units Council reviewed the impact of the overall rates applied to these properties when compared to similar storage units located on land that remained as one large title. As it was evident that the rating outcome was substantially greater where the units were individually strata titled Council decided to apply a concession so that the rating outcome yielded a result similar to if they were located on a single lot. The 2010/2011 proposes to continue this concession. This concession applies to appropriately zoned and used strata titled storage units of 18m² or smaller, whereby the minimum rate charged is 50% of the minimum charged to Commercial / Industrial zoned land. In 2010/2011 minimum rates for Commercial / Industrial Land is proposed to be \$630.00 therefore the minimum rate for the eligible storage unit properties would be \$315.00. The value of this concession amounts to \$15,750.

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The Council has, over the past few years commenced rating the Melville Glades Golf Club so as to recognise the Crown land on which the Club is situated and which is vested in the City in fact rateable land. At the time of implementing the correct rating of this property it was recognised however that the Club pays a lease fee of approximately \$21,600 per annum. The concession has been provided on the basis of recognising their substantial contribution to the community by maintaining the vested golf course land at a high level of presentation, the substantial self supporting loan contribution of \$364,000 per annum the proceeds of which were used to construct improvements on the vested land. The concession also recognises the fact that a high proportion of members are also City of Melville residents and ratepayers. The value of the concession from general rates is approximately \$13,300. The Club continues to pay all other charges applicable to the property.

Domestic Refuse Charge Concession

A pensioner concession has historically been provided to City of Melville pensioners who, through the criteria applied by Centrelink, are eligible for a full pension paid by the Federal Government. Note it does not apply to part owners, those who only qualify for part pension eligibility or those who are only entitled to seniors or healthcare cards. The concession is a \$40.00 per annum reduction in the Domestic Refuse Charge representing a reduction from the proposed \$360.00 per annum charge in the draft 2010/2011 budget to \$320.00. It is estimated that this concession will be applied to 5,052 eligible pensioners at a total cost of \$202,080. The cost of this concession is borne by other ratepayers who are paying the full Domestic Refuse Charge of \$360.00 per annum. It is estimated that should the concession not be granted the Domestic Refuse Charge would be \$355.00 per annum. It should be noted that if the revenue required to fund waste services operations was raised as a part of General Rates the State Government funded rebates available under the Rates and Charges (Rebates and Deferments) Act 1992 would apply. This would mean that not only would the eligibility criteria increase, but the cost would be borne by the State not the City. Many representations have been made to the State Government to amend the legislation to remove this inequity but all attempts to date have failed.

ATTADALE SOUTH UNDERGROUND POWER PROJECT

The Attadale South project is broadly defined as the portion of Attadale south of Wichmann Road, a portion of east Bicton and a small number of properties fronting Canning Highway in Alfred Cove. This matter was previously considered by Council at the Ordinary Council meeting held on Tuesday 15 September 2009 being report number T09/3094. Council resolved as follows:-

- 1. That following a seventy four percent (74%) resident acceptance rate for the installation of underground power in the Attadale South area, the City of Melville supports the State Underground Power Program (SUPP), round four (4) Project for Attadale South.***
- 2. That the residents and home owners in the project area be advised by a newsletter of the outcomes of the survey and anticipated start dates for the project.***

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

Attadale South Underground Power Project (continued)

- 3. That a further report be submitted to the Council following final design and costings for the adoption of budget objectives for the State Underground Power Program (SUPP), Round four (4) Attadale South project.**
- 4. That the Office of Energy be advised of the Council's resolutions in relation to the Attadale South underground power project.**

Western Power have advised that the estimated project cost is \$13,502,060 excluding GST which is very similar to the costs used as a basis for the survey to residents conducted in 2009. It is therefore anticipated that ratepayers are very likely to continue their previously demonstrated support for the project. Property owners in the Attadale South Underground Power project areas will be required to contribute 50% of the cost of the project being an estimated \$6,750,000. If approved by Council, the project will be commencing in July 2010 and will proceed through to the following financial year. It is imperative therefore that a charge be levied in the 2010/2011 budget so that funding will be available to meet the cash calls that will be received from Western Power in 2010/2011. It is estimated that two thirds of the project cost will be incurred in the 2010/2011 financial period.

Therefore on the basis of an estimated project cost of \$13,502,060 of which 50% will be met by ratepayers in the Attadale South project area, a figure of approximately \$4,500,000 will need to be raised in the 2010/2011 financial year with the estimated balance of \$2,227,500 needing to be raised in the following 2011/2012 financial year. Note that these are estimated costs with final pricing being determined sometime after completion of the project following conclusion of defects periods and payment of contract retentions to the contractors.

Underground Power projects consist of two major elements being;

1. the construction of the network including underground cable laying and placement of transformers and switches; and
2. the connection from the network to each individual property.

As it is likely that the bulk of the project which will, if approved by Council, commence in July/August 2010 will consist of works relevant to the construction of the underground power network it is proposed to raise only the network portion of the charge in the 2010/2011. The balance, including the connection service charge, will be raised in the following 2011/2012 financial year at which time we will also have a better idea of how closely the actual costs are matching estimated costs.

There are additional complexities associated with the Attadale South Underground Power project area that have not been present to this degree in previous projects undertaken by the City. The South Attadale project encompasses a number of significant commercial properties, such as the Melville Plaza shopping centre. If the project cost was distributed entirely by reference to an uncapped % of Gross Rental Value (GRV) methodology these premises would be confronted with very significant cost imposts that could result in financial hardship. It is appropriate for the major consumers of power to contribute a greater proportion of the project costs as the network must be improved so as to be capable of meeting the peak load demands of the larger users and is not a cost that should be borne by a standard residential property owner.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)***Attadale South Underground Power Project (continued)*

It is proposed therefore to adopt a similar methodology as applied in the previous Mount Pleasant North project which is to apply a uniform rate in the dollar but apply a maximum rate in the \$ of GRV amount that will ensure that each property type makes a contribution towards the construction of the network which roughly approximates the costs of provision according to peak usage. The maximum is applied by way of concession and the cost of the concession redistributed across the ratepayers of the project area. Following analysis of the gross rental value (GRV) data and conducting a comparison between the resulting charge as a result of calculation using GRV shows that a suitable maximum network charge for residential properties would be \$3,500 plus a connection charge (if applicable) of \$650. As the project will be undertaken over two financial years it is proposed that no connection charge be applied in the 2010/2011 financial year and that approximately 77% of the network charge be levied. This equates to a maximum of \$2,700 in \$2010/2011 with the balance of the maximum residential property of \$800, plus the connection charge of \$650.00 (if applicable) being levied in the following year. Commercial properties vary markedly in nature with the largest property, and electricity consumer in the project area being the Melville Plaza Shopping Centre. In view of this it is proposed to set the maximum commercial network charge at \$115,000 for the 2010/2011 financial year. This maximum will only apply to the shopping centre. Should the maximum not be set in place they would be required to pay approximately \$305,000 due to the high GRV applicable to the property. It is not considered however that the application of the GRV without a maximum represents an equitable distribution of costs to this property owner.

PUBLIC CONSULTATION/COMMUNICATION

Whilst no specific public consultation has taken place in regards to the 2010/2011 Budget, community consultation has occurred for a number of the major projects identified within the budget document. A notice of intention to impose differential rates was also advertised in the Melville Times on Tuesday, 18 May 2010 and the 21 day public comment period ended on Wednesday 8 June 2010. No comments were received.

Residents owning property in the South Attadale Underground Power project area were surveyed in July/ August 2009 with 82% support for the project being indicated.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

- Fire and Emergency Services Agency with respect to the Emergency Services Levy;
- Landgate (The Valuer General) in relation to the Gross Rental Valuations used as a basis for calculation of Municipal General and Specified Area Rates;
- Office of Energy and Western Power with respect to Underground Power Projects.
- Southern Metropolitan Regional Council (SMRC) in relation to the Waste Disposal operation run by them on behalf of the City and five other local authorities.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

STATUTORY AND LEGAL IMPLICATIONS

Local Government Act 1995

1.3. Content and intent

Section 1.3 (3) In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity.

3.1. General function

- (1) The general function of a local government is to provide for the good government of persons in its district.

Divisions 5 and 6 of the Local Government Act 1995 refer to the setting of budgets and the raising of rates and charges and fees and charges.

The 2010/2011 budget as presented is considered to meet these statutory obligations.

FINANCIAL IMPLICATIONS

Specific financial implications are as detailed in the forgoing Detail section of this report and the attached 2010/2011 budget document. Implications for Melville ratepayers will include:-

- Various increases in the levels of user fees and charges as detailed in the Fees and Charges Schedule 2010/2011 as previously noted by the Council on Tuesday 18 May 2010 as amended by the recent increases in Planning Application Fees notified by the State in Planning Bulletin 93/2010 and reviewed Waste charges;
- An increase in the residential general improved rate of approximately 4.25% from 5.87 cents in the \$ of gross rental value to 6.1195 cents in the \$ and the minimum rate from \$575 to \$600;
- An increase in the residential unimproved rate of approximately 4.25% from 4.573 cents in the \$ of gross rental value to 4.8956 cents in the \$ and the minimum rate from \$585 to \$610.
- An increase in the commercial/industrial rate of approximately from 5.87 cents in the \$ of gross rental value to 6.4255 cents and the minimum rate from \$585 to \$630.
- A Specified Area Rate being applied to approximately 2,020 properties in the South Attadale Underground Power Project area with the rate in the dollar of GRV being 13.30 cents with a maximum residential charge of \$2,700 and a maximum commercial property charge of \$115,000.
- A \$15 increase in the domestic refuse charges from \$345 to \$360 pa with the concessional pensioner's residential charge also rising by \$15 from \$305 to \$320 pa.
- An increase in the Community Security & Liaison Service Charge from \$44.50 to \$48.50 – the first increase in three years.
- An increase in the Swimming Pool Inspection Fee from \$16.60 to \$25.60 inclusive of GST.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

- Maintaining the charge for payment by instalments at \$16.00 per annum;
- The implementation of an instalment interest charge of 4%;
- The removal of the Direct Debits administration fee at \$30.00.
- The maintenance of the Credit / Debit Card Surcharge Fee of 0.77% to offset bank fees associated with credit card payments by ratepayers.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk	Risk Mitigation Strategy
Insufficient budget funding achieved to carry out works & services and maintain the City's assets.	Major consequences which are almost certain, resulting in a High level of risk.	Ensure sound Financial policy positions are adopted by Council and that the consequences of insufficiently funding the City's operations are well understood.
An excessive quantum of funding is requested by some officers and directed towards areas of expenditure that are not a priority of the Community and Council or a Technical or Statutory requirement.	Minor consequences which might occur at some stage, resulting in a Medium level of risk.	Ensure budget development process is sound & subject to independent review by all Managers, Finance & Council.

POLICY IMPLICATIONS

The budget has been developed on the principles outlined in Council's policies CP-008 Financial Sustainability – Forward Financial Planning and Funding Allocation Policy and CP-024 Borrowings & Asset Financing Policy.

Variation from policy CP-008 has occurred in respect to policy clause 2.2 in that the Annual 2010/2011 Budget does **not** include a two year budget, but it is intended that this will be presented next year. The budget also **does not** fully address the estimated asset maintenance and renewal funding shortfall/gap, particularly in the Building Assets classification, however makes substantial progress towards that objective in other classes of assets.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Council may chose to adopt a rate increase of greater or less than the recommended 4.25% however in doing so it would need to identify which Operating Programme it wishes to see amended or what Capital Works it wishes to be added to or does not wish to proceed with. In regards to the Capital Works Programme, reductions in the quantum of the programme are likely to result in a deferment of expenditure to future years at an increased cost and a further exacerbation of Council's asset management deferred liability. The projects presented to Council for funding are considered to be the priority projects however there are many more that are also worthy of funding that could be suggested for inclusion should others be removed. Council needs to maintain and improve the level of asset refurbishment and renewal funding that will enable it to refurbish and renew its assets when they reach the end of their useful lives and will need to build reserves to enable it to do so.

An increase or decrease of 1% of rates equates to approximately \$460,000.

At the Ordinary Meeting of Council held on Tuesday 15 December 2010 Council resolved as follows:-

***That Policy 13-PL-001 Financial Sustainability – Forward Financial Planning and Funding Allocation Policy be amended as follows -
Clause 1.7: Add the following sentence to the end of the clause 1.7:
That the proposed Council budget be presented to the Council with the untied FAG Funds applied to Reserve Accounts as per this clause and that an alternative budget proposal option to be presented with the united FAG Funds applied to current budget operational or capital expenditures. The Council can then decide on the appropriate budget option to adopt.***

Rate setting statements showing the two different treatments requested to be applied by Council are attached [6035B June 2010](#).

In respect to applying the \$1,405,000 that has been identified to be transferred to the Land and Property Reserve in 2010/2011 to capital expenditure instead, the difference has been adjusted by reducing the transfer from the Community Facilities Reserve earmarked to help fund the Melville Aquatic Centre redevelopment. There is therefore no impact on the bottom line budget or rates.

Applying the reduction of \$1,405,000 in reserve transfers to the operational budget could be dealt with in a number of ways. It could be applied to not implementing a 5% differential rate for commercial properties, with the balance being applied to a reduction in total general rates. This would have the effect of reducing Commercial rates income by approximately \$497,000 in the first instance, with the remainder of \$908,000 being applied to all property types. The overall rate increase would then be approximately 2.0%. Should the Commercial differential of 5% remain and the \$1,405,000 was applied proportionally across all rateable properties the rate increase would be approximately 1.1% for residential property owners and 6.2% for owners of commercial properties.

C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)

This adjustment would have a one off impact in the 2010/2011 financial year in respect to the reduction of rates and should the practice be reversed in the following year the resultant would equate to over 3% of rates before any other cost increases are provided for. It would however mean that no funds are being set aside by Council for the renewal of Council's land and building assets other than what it being funded in the capital budget. Total upgrade and renewal capital expenditure on Land and Buildings in the 2010/2011 financial year is \$5,215,000. Of this amount \$4,522,000 has been funded from reserve funds and \$533,000 funded by grants leaving just \$160,000 being funded by the City's own source revenue. When compared to the replacement value of buildings of \$263 million this represents just 0.0608% of asset value. Standard building depreciation rates are between 2-2.5% per annum. The asset management plans have also identified that annual renewal funding requirements for the City's existing buildings is approximately \$2.6 million per annum.

It is clearly not financially sustainable to eliminate the practice of setting aside funds for the replacement of Council's building assets and therefore the alternative option of using the current \$1,405,000 being transferred to reserves to offset operational expenditure and therefore general rates is not recommended.

CONCLUSION

The 2010/2011 Budget demonstrates that the City is in a financially sound position. This is due to the decision taken by the Council in previous years, to address the issue of the historical under funding of asset maintenance and renewal, as well as a marked improvement in the value of the City's investments and the rebuilding of reserve account balances back to a level equal to pre global financial crisis levels.

The 2010/2011 Budget continues the City of Melville's objective of delivering responsible budgets with a view to the long, rather than short term financial position of the City. In the course of formulating the draft budget officers have taken into account a broad range of factors with the emphasis being on ensuring that:-

- appropriate levels of service are maintained,
- increased costs of operating are provided for, and
- appropriate funding levels are set aside for proactive asset maintenance, refurbishment and renewal and that the operational capacity of assets is maintained.

This has been achieved without resorting to loan borrowings.

Reductions in the level of rate increase, whilst possible using short term measures such as deferment of asset maintenance or renewal, is not recommended as this simply creates a greater financial burden for future generations. Such action would also be a departure from Council policy CP-008 and the good governance provisions of the Local Government Act 1995 referred to earlier in this report. Evidence is also emerging that decisions taken by other local authorities in past years to impose rate increases pegged to the Consumer Price Index (CPI), has now resulted in them now being required to pass on successive rate increases well in excess of CPI.

The 2010/2011 budget is recommended to the Council for approval.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)

ABSOLUTE MAJORITY

1.1 Consideration and Adoption of the 2010/2011 Budget (ATTACHMENT)

The Budget Papers forming attachment 6035A June 2010 were distributed to Elected Members under separate cover on Friday 18 June 2010.

1.1.1. Ratepayer Profile (ATTACHMENT)

6035C June 2010

The Ratepayer Profile forms part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 18 June 2010.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)

ABSOLUTE MAJORITY

At 6.36pm Cr Halton moved, seconded Cr Kinnell -

That the 2010/2011 Ratepayer Profile 6035C June 2010 be noted.

At 6.36pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.2 Differential Rating (ATTACHMENT)

6035D June 2010

Background

The Local Government Act 1995 outlines procedures by which a local government can impose differential rates.

Detail

Section 6.36 of the Act requires that all local governments, which impose differential rates or a differential minimum, must give prior notice of its intention and invite submissions from electors and ratepayers. Consideration of all submissions is then to be undertaken.

The Act requires that information regarding differential rates be included with the Rate Notice detailing all rates imposed, together with a summary of the Objects and Reasons for those rates.

A Notice of Intention to Impose Differential Rates was advertised in the Melville Times on Tuesday, 18 May 2010 as well as on the City's web-site and in the e-news.

C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**1.1.2 Differential Rating (Continued)**

The Notice of Intention to Levy Differential Rates forms part of the Attachments to the Agenda, which was distributed to the Members of the Council on 18 June 2010. The 21 day submission period closed on Tuesday, 8 June 2010 with no submissions having been received by the close of business on that date.

Unless amended by the Council, the rates in the dollar and minimum rates for residential properties will be 6.1195 cents in the \$ (09/10 5.87 cents) with a minimum rate of \$600.00 (09/10 \$575.00) for all Residential Improved Land and 4.8956 cents in the \$ (09/10 4.5735 cents) with a minimum rate of \$610.00 (09/10 \$585.00) for all Residential Unimproved Land.

Due to the implementation of a differential rate for all Commercial / Industrial properties in 2010/2011, the rates in the \$ for these properties will be 6.4255 cents in the \$ (09/10 5.87 cents) with a minimum rate of \$630.00 (09/10 \$585.00). Note this applies to all improved and unimproved Commercial / Industrial Land.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)**ABSOLUTE MAJORITY**

At 6.36pm Cr Robartson moved, seconded Cr Halton -

That the Differential Rating Submissions Report [6035D June 2010](#) be noted.

At 6.36pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)**1.1.3 Adoption of Percentage for Reporting of Material Variances**

Each financial year, a local government is 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. The level adopted for the year 2009/2010 was 10.0% or \$50,000 whichever is the greater. It is proposed that the level adopted for the reporting of material variances for 2010/2011 should remain the same as in 2009/2010.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)**ABSOLUTE MAJORITY**

At 6.36pm Cr Halton moved, seconded Cr Wieland -

That in accordance with Regulation 34 of the Local Government (Financial Management) Regulations 1996, the level to be used in statements of financial activity in the year 2010/2011 for reporting material variances, be 10% or \$50,000, whichever is the greater.

At 6.37pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges

COMMENT

Before proceeding to the recommendations with respect to the 2010/2011 Budget, it is appropriate to identify requirements of the Local Government Act 1995 in regard to the Budget process.

The following matters require a decision by Absolute Majority:

- Adoption of the Annual Budget
- Granting of discount or other incentives for early payment
- Granting a concession on refuse to pensioners
- Setting the interest rate on outstanding debts
- Imposing any fees or charges for goods or services other than a service for which a service charge is imposed
- Imposing the General Rate and Differential Rate on rateable land in the district
- Imposing a service charge e.g. Property Surveillance and Security Services and Underground Power connection charges.
- Imposing a specified area rate. Used to fund Underground Power Projects.

The Local Government Act 1995 enables service charges to be imposed equally across assessments including non-rateable properties for the purpose of property surveillance, security service and underground electricity.

OFFICER RECOMMENDATION (6035)

ABSOLUTE MAJORITY

At 6.37pm Cr Ceniviva moved, seconded Cr Halton -

1. **That by Absolute Majority Decision of Council the 2010/2011 Municipal Fund Budget 6035A June 2010 be adopted.**

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

2. That by Absolute Majority Decision of Council the following general rates applicable to the 2010/2011 financial year i.e. for the period 1 July 2010 to 30 June 2011 , be adopted:

All Improved Residential Land

6.1195 cents in the dollar of gross rental value applicable to each property, residence, unit, strata, location or other residential property subject to a minimum rate of \$600.00 per assessment;

All Unimproved Residential Land

4.8956 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$610.00 per lot;

Note: - Residential Land includes general residential, duplex, multi-unit, residential strata properties and Homeswest properties.

All Commercial/Industrial Land

6.4255 cents in the dollar of gross rental values applicable to each assessment, lot, location, strata, or other piece of land subject to a minimum rate of \$630.00 per assessment;

Note: - Commercial/Industrial land includes general industrial, commercial including retail, professional and office uses, service station, hotel / tavern, TAB and hospitals.

3. That by Absolute Majority Decision of Council

- i. Western Power be advised of the City of Melville's approval to commence the South Underground Power Project and
- ii. A specified area rate of 13.30 cents in the dollar of gross rental value be adopted for each property in the South Attadale Underground Power Project Area for which a gross rental value is applicable.

Note: - The South Attadale Underground Power project will run over two financial years. The specified area rate adopted in 2010/2011 is to fund the estimated cash calls of \$4,500,000 that are expected to be paid to Western Power, for the construction of the underground power network, during the 2010/2011 financial year. The balance, including connection charges, will be raised in the 2011/2012 financial year.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

4. **That by Absolute Majority Decision of Council the following rates concessions for the 2010/2011 financial year, be adopted:**

A. General Rate Concessions

Strata storage units. Appropriately zoned and used strata titled storage units of 18m² or smaller, whereby the minimum commercial / industrial general rate charged be \$315.00; The value of this concession amounts to approximately \$15,750.

Melville Glades Golf Club. 100% concession from general rates. The value of this concession amounts to approximately \$13,300.

B. Specified Area Rates Concessions

South Attadale Underground Power Project

Concessions be granted so that no ratepayer in the following categories shall pay an amount of specified area rate in respect of the network charge in 2010/2011 greater than the amounts listed below:-

Residential properties - \$2,700

Commercial and industrial properties - \$115,000

5. **That by Absolute Majority Decision of Council the following refuse / waste charges be adopted, for the 2010/2011 financial year where these services are charged via the City of Melville rates system**

A) Residential Properties Waste & Recycling

- \$360.00 per annum (exclusive of GST) for one standard service;

- Eligible pensioners a concessional rate of \$320.00 (exclusive of GST) per annum for one standard service the \$202,080 cost of this concession being funded from other domestic waste service fee charges.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

Note:- a standard service includes weekly domestic collection and disposal of one 240 litre City of Melville approved bin, fortnightly recycling collection and disposal of one 240 litre City of Melville approved bin, one junk goods and three green waste kerbside collections and disposals per annum.

\$290.00 per annum (inclusive of GST) for each additional 240 litre City of Melville approved domestic waste bin when emptied at the same time as the standard weekly domestic waste collection;

\$110.00 per annum (inclusive of GST) for each additional 240 litre City of Melville approved recycling bin service when emptied at the same time as the standard fortnightly domestic recycling collection.

Note:- additional waste or recycling bin services includes the collection and disposal of the additional 240 litre bins during the normal domestic collection round.

- B) Commercial and Non-Rateable Properties**
\$488.25 per annum for one standard removal and disposable of waste in a 240 litre City of Melville approved bin; (this amount is exclusive of GST for the first bin however GST would be added for any additional bins)

Note:- a standard non-rateable service includes the weekly removal and disposable of refuse in a 240 litre City of Melville approved bin;

- C) Bulk Refuse Collection and Disposal**

\$53.40 (including GST) per service – one bin of 1.5 cubic metre capacity;

\$69.90 (including GST) per service – one bin of 3.0 cubic metre capacity;

\$86.40 (including GST) per service – one bin of 4.5 cubic metre capacity.

\$23.00 (including GST) per service – one bin of 660 litre capacity.

\$29.30 (including GST) per service – one bin of 1,100 litre capacity.

Note:- a service is rendered each time a bin is emptied.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

D) Commercial and Non Rateable Recycling Services

\$220.00 per annum including GST for a fortnightly recycling bin service provided to commercial and non-rateable properties for one 240 litre recycling bin emptied on a fortnightly basis;

\$440.00 per annum including GST for a weekly recycling bin service provided to commercial and non-rateable properties for one 240 litre recycling bin emptied on a weekly basis.

\$19.00 (including GST) per service – one bin of 660 litre capacity.

\$22.95 (including GST) per service – one bin of 1,100 litre capacity.

Note:- a service is rendered each time a bin is emptied.

6. Swimming Pool Inspection Fee

That by Absolute Majority Decision of Council a swimming pool inspection fee of \$25.60 including GST be adopted for 2010/2011.

Note:- \$25.60 is charged in each year of the four yearly inspection cycle. Should the total revenue raised exceeds the actual total costs of conducting all pool inspections in anyone year the surplus is transferred to a reserve account and used to offset the costs of inspections in the following years budget.

7. Property Surveillance and Security Service Charge

That by Absolute Majority Decision of Council the property surveillance and security charge for the 2010/2011 year of \$48.50 excluding GST be adopted.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

At 6.50pm Cr Nicholson left the meeting and returned at 6.51pm.

Amendment

At 6.41pm Cr Pazolli moved, seconded Cr Barton that the following amendment be made to the Officers Recommendation –

That Financial Assistance Grants Funds of \$1,405,000 be applied proportionally across all rateable properties so that the rate increase for 2010/11 would be reduced to approximately 1.1% increase over the amount raised from rates in the 2009/10 financial year for residential property owners and approximately 6.2% increase for owners of commercial properties.

At 7.02pm the Mayor submitted the amendment, which was declared

LOST (2/10)

His Worship the Mayor requested that votes be recorded.

For: Cr Nicholson, Cr Pazolli

Against: His Worship the Mayor, Cr Robartson, Cr Ceniciva, Cr Barton, Cr Wieland, Cr Reidy, Cr Reynolds, Cr Foxton, Cr Kinnell and Cr Halton

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6035)

ABSOLUTE MAJORITY

At 7.16pm the Mayor submitted the Officer Recommendation -

- 1. That by Absolute Majority Decision of Council the 2010/2011 Municipal Fund Budget 6035A June 2010 be adopted.**
- 2. That by Absolute Majority Decision of Council the following general rates applicable to the 2010/2011 financial year i.e. for the period 1 July 2010 to 30 June 2011 , be adopted:**

All Improved Residential Land

6.1195 cents in the dollar of gross rental value applicable to each property, residence, unit, strata, location or other residential property subject to a minimum rate of \$600.00 per assessment;

All Unimproved Residential Land

4.8956 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$610.00 per lot;

Note: - Residential Land includes general residential, duplex, multi-unit, residential strata properties and Homeswest properties.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

All Commercial/Industrial Land

6.4255 cents in the dollar of gross rental values applicable to each assessment, lot, location, strata, or other piece of land subject to a minimum rate of \$630.00 per assessment;

Note: - Commercial/Industrial land includes general industrial, commercial including retail, professional and office uses, service station, hotel / tavern, TAB and hospitals.

3. That by Absolute Majority Decision of Council

- i. Western Power be advised of the City of Melville's approval to commence the South Underground Power Project and**
- ii. A specified area rate of 13.30 cents in the dollar of gross rental value be adopted for each property in the South Attadale Underground Power Project Area for which a gross rental value is applicable.**

Note: - The South Attadale Underground Power project will run over two financial years. The specified area rate adopted in 2010/2011 is to fund the estimated cash calls of \$4,500,000 that are expected to be paid to Western Power, for the construction of the underground power network, during the 2010/2011 financial year. The balance, including connection charges, will be raised in the 2011/2012 financial year.

4. That by Absolute Majority Decision of Council the following rates concessions for the 2010/2011 financial year, be adopted:

A) General Rate Concessions

Strata storage units. Appropriately zoned and used strata titled storage units of 18m² or smaller, whereby the minimum commercial / industrial general rate charged be \$315.00; The value of this concession amounts to approximately \$15,750.

Melville Glades Golf Club. 100% concession from general rates. The value of this concession amounts to approximately \$13,300.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

B) Specified Area Rates Concessions

South Attadale Underground Power Project

Concessions be granted so that no ratepayer in the following categories shall pay an amount of specified area rate in respect of the network charge in 2010/2011 greater than the amounts listed below:-

Residential properties - \$2,700

Commercial and industrial properties - \$115,000

5. That by Absolute Majority Decision of Council the following refuse / waste charges be adopted, for the 2010/2011 financial year where these services are charged via the City of Melville rates system

A) Residential Properties Waste & Recycling

- \$360.00 per annum (exclusive of GST) for one standard service;
- Eligible pensioners a concessional rate of \$320.00 (exclusive of GST) per annum for one standard service the \$202,080 cost of this concession being funded from other domestic waste service fee charges.

Note:- a standard service includes weekly domestic collection and disposal of one 240 litre City of Melville approved bin, fortnightly recycling collection and disposal of one 240 litre City of Melville approved bin, one junk goods and three green waste kerbside collections and disposals per annum.

\$290.00 per annum (inclusive of GST) for each additional 240 litre City of Melville approved domestic waste bin when emptied at the same time as the standard weekly domestic waste collection;

\$110.00 per annum (inclusive of GST) for each additional 240 litre City of Melville approved recycling bin service when emptied at the same time as the standard fortnightly domestic recycling collection.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

Note:- additional waste or recycling bin services includes the collection and disposal of the additional 240 litre bins during the normal domestic collection round.

- B) Commercial and Non-Rateable Properties**
\$488.25 per annum for one standard removal and disposable of waste in a 240 litre City of Melville approved bin; (this amount is exclusive of GST for the first bin however GST would be added for any additional bins)

Note:- a standard non-rateable service includes the weekly removal and disposable of refuse in a 240 litre City of Melville approved bin;

- C) Bulk Refuse Collection and Disposal**

\$53.40 (including GST) per service – one bin of 1.5 cubic metre capacity;

\$69.90 (including GST) per service – one bin of 3.0 cubic metre capacity;

\$86.40 (including GST) per service – one bin of 4.5 cubic metre capacity.

\$23.00 (including GST) per service – one bin of 660 litre capacity.

\$29.30 (including GST) per service – one bin of 1,100 litre capacity.

Note:- a service is rendered each time a bin is emptied.

- D) Commercial and Non Rateable Recycling Services**

\$220.00 per annum including GST for a fortnightly recycling bin service provided to commercial and non-rateable properties for one 240 litre recycling bin emptied on a fortnightly basis;

\$440.00 per annum including GST for a weekly recycling bin service provided to commercial and non-rateable properties for one 240 litre recycling bin emptied on a weekly basis.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2010/2011 Budget and Setting of 2010/2011 Rates and Charges (Continued)

\$19.00 (including GST) per service – one bin of 660 litre capacity.

\$22.95 (including GST) per service – one bin of 1,100 litre capacity.

Note:- a service is rendered each time a bin is emptied.

6. Swimming Pool Inspection Fee

That by Absolute Majority Decision of Council a swimming pool inspection fee of \$25.60 including GST be adopted for 2010/2011.

Note:- \$25.60 is charged in each year of the four yearly inspection cycle. Should the total revenue raised exceeds the actual total costs of conducting all pool inspections in anyone year the surplus is transferred to a reserve account and used to offset the costs of inspections in the following years budget.

7. Property Surveillance and Security Service Charge

That by Absolute Majority Decision of Council the property surveillance and security charge for the 2010/2011 year of \$48.50 excluding GST be adopted.

At 7.17pm the Mayor submitted the motion which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.5 Early Payment Incentives

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.18pm Cr Reidy moved, seconded Cr Reynolds -

- 1. That by Absolute Majority Decision of Council the following early payment incentives be granted provided all 2010/2011 rates and charges (including refuse service charge, property surveillance and security charge, swimming pool inspection fee, emergency services levy and specified area rates) are paid in full on or before close of business (i.e. 5.00pm) by the early payment due date shown on the rate notice.**

Major Prize

One \$3,000 Bonus Saver Account from Westpac Bank.

Other Prizes

Two weekly, chance prize draws of up to \$250 at Stockland, Bull Creek Shopping Centre.

The winners for the major Westpac prize will be drawn by random computer selection of valid properties. The winners of the Stockland prize will be drawn from entry forms placed in the entry barrel at Stockland Bull Creek Shopping Centre.

At 7.18pm the Mayor submitted the motion, which was declared
CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.6 Loan Capital Fund Budget (ATTACHMENT)

This budget includes self-supporting loans raised on behalf of other organisations that are responsible for meeting the loan repayment costs. The Council is effectively the guarantor of these loans.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.18pm Cr Robartson moved, seconded Cr Kinnell -

That by Absolute Majority Decision of Council the 2010/2011 Loan Fund Budget 6035A June 2010 be adopted.

At 7.18pm the Mayor submitted the motion, which was declared
CARRIED BY ABSOLUTE MAJORITY (12/0)

C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**1.1.7 Reserve Account Budgets**

Reserve accounts form part of the Municipal Fund and equity of Council. Specific purpose cash backed reserve accounts have been created for various reasons as detailed below.

In some cases e.g. the Community Security Service Reserve they are specifically required by legislation to record any surpluses arising from Service Charges or Specified Area Rates.

Other reserves such as the Leave Entitlement Reserve are created to ensure that funds are available to meet future known liabilities. Some such as the Risk Management Reserve are created to provide for contingent future liabilities the extent of which cannot yet be accurately assessed.

Reserves such as the Civic Centre Precinct Improvements Reserve, Information Technology Reserve, Community Facilities Reserve, Plant Replacement Reserve, Road Asset Management Reserve and the Parking Facilities Reserve are set aside to save for the future replacement of assets that are currently being consumed. It should be noted that Councils in Western Australia are required to exclude depreciation expenses when setting rates however they are required to include capital expenditure and transfers to/from reserves and other forms of non-operating revenues.

Other forms of funding such as General Rates and Loan Borrowings are available to fund the replacement of assets. However due to:-

- a) the very large value of assets owned by Council the replacement of which, if achieved solely through reliance on loan borrowings, would quickly result in unacceptable debt service, debt to equity and debt to revenue ratios being encountered,
- b) the desire to ensure that rate levels do not unduly fluctuate each year depending on whether or not a major expenditure is incurred or asset purchase/replacement is made and
- c) the need to ensure that ratepayers meet their equitable share of the cost of consumption of assets (as recognised by the application of condition based depreciation calculations) each financial year rather than deferring the liability to future years ratepayers reserves are used.

Reserve accounts therefore represent the "savings accounts" of Councils and represent funds that have been set aside for future known and unknown events in order to help reduce the variability of Municipal rates.

Funds held in reserve accounts are invested and the interest earned is reinvested in those reserves, so as to, as far as is possible, maintain the real value of those savings.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.7 Reserve Account Budgets (Continued)

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.18pm Cr Foxton moved, seconded Cr Reidy -

That by Absolute Majority Decision of Council the 2010/2011 Reserve Accounts (Fund) Budget 6035A June 2010 be adopted for the following reserve accounts and purposes:

A) Applecross Underground Power & Streetscape Enhancement Reserve

To be used for underground power projects and streetscape enhancements in the suburb of Applecross.

B) Civic Centre Precinct Improvements Reserve

To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct.

C) Community Facilities Reserve

To be used for the provision of new, renewed or upgraded community facilities owned by the City of Melville.

D) Community Surveillance and Security Service Reserve

To temporarily retain any surpluses that may arise from the Property Surveillance and Security Service Charge to be used to offset future year's property surveillance and security service charges or for the purchase of plant and equipment used for community surveillance and security services.

E) Information Technology Reserve

To be used to fund the acquisition and replacement of computer software and information technology hardware.

F) Land & Property Reserve

To be used to fund land and property purchases within the City of Melville.

G) Leave Entitlements Reserve

To be used to fund annual, sick and long service leave entitlements accrued in previous financial years.

H) South Attadale Underground Power & Streetscape Enhancement Reserve

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.7 Reserve Account Budgets (Continued)

To be used for underground power projects and streetscape enhancements in the South Attadale Underground Power project area.

I) Parking Facilities Reserve

To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.

J) Plant Replacement Reserve

To be used to fund the purchase of replacement motor vehicles and plant, including waste collection trucks.

K) Public Open Space Reserve

To be used to fund the purchase, development and re-development of public open space, parks and reserves.

L) Refuse Bins Reserve

To be used for the purchase and replacement of domestic refuse bins.

M) Commercial Refuse Reserve

To be used for the acquisition and replacement of commercial refuse bins, plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.

N) Refuse Facilities Reserve

To be used for payments relating to the establishment and operation of waste management facilities, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former refuse tip sites operated by the City of Melville.

O) Risk Management Reserve

To be used to fund prior years insurance premium contingencies, the self-insured element of insurance claims, risk reduction initiatives or projects and losses arising from investment activities.

P) Road and Drainage Asset Management Reserve

To be used to fund road and drainage asset management projects including the construction, maintenance and renewal of the City of Melville's road, kerbing, street furniture and drainage infrastructure.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.7 Reserve Account Budgets (Continued)

Q) Unexpected Capital Works & Specific Purpose Grants Reserve

To be used to carry forward available funding for uncompleted projects and specific purpose grants, that will be completed and expended in ensuing financial years.

At 7.19pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.8 Trust Fund Budget

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.19pm Cr Reynolds moved, seconded Cr Barton -

That by Absolute Majority Decision of Council the 2010/2011 Trust Fund Budget as detailed 6035A June 2010, be adopted.

At 7.19pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.9 2009/2010 Surplus Funds

The 2010/2011 Budget has been formulated on the basis that an estimated surplus of \$6,563,145 will be carried forward from the 2009/2010 financial year. Of this amount \$4,916,420 relates to continuing projects and tied grant works whilst \$1,646,725 arises as a result of revenue exceeding budget or expenditure savings. This amount will vary as revenue and expenditure and works will continue for the balance of the financial year. The actual surplus will be finally determined following receipt of the 2009/2010 audited financial statements. Where a variance to the surplus is identified that variance will be offset by a corresponding increase or decrease in the budgets of the continuing projects or grants reflected in the 2010/2011 Budget. Should, following receipt of the 2009/2010 audited financial statements, any additional surplus be identified this will be reported to Council at a future review of the 2010/2011 budget and direction sought from the Council as to the use of the additional surplus (if any). Should the 2009/2010 audited financial statements reveal a lower than anticipated surplus amount, this will also be addressed by a review of the 2010/2011 budget and direction sought from Council as to which projects or programs it wishes to be curtailed.

It should be noted that the final surplus/deficit position will be established and reported to the Council after completion of the 2009/2010 audit in October 2010.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.9 2009/2010 Surplus Funds (Continued)

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.20pm Cr Kinnell moved, seconded Cr Robartson -

That Council note that an estimated Municipal Fund 30 June 2010 surplus amount of \$6,563,145 has been used as an opening position in the 2010/2011 budget and that the final net surplus amount will be determined following receipt of the 2009/2010 audited financial statements and further direction sought from Council as to the treatment of any variance identified during a review of the 2010/2011 budget.

At 7.20pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.10 Imposition of Fees and Charges

Section 6.16 of the Local Government Act 1995 allows a Local Government to impose by absolute majority decision a fee or charge for any goods or services it provides or proposes to provide other than a service for which a service charge has been imposed.

The fees are to be imposed when adopting the annual budget but may, subject to giving local public notice, be imposed or amended from time to time during the financial year. This year it has been decided to adopt the Fees & Charges at the same time as adopting the Budget.

A report regarding proposed Fees & Charges was submitted to the Council on Tuesday, 18 May 2010. The resolution of Council in respect to this report was as follows:-

That the proposed Fees & Charges Schedule for 2010/2011, as documented in attachment [6035A June 2010](#) be noted for inclusion in the Budget Report for adoption and implementation from 1 July 2010.

As noted earlier in this report subsequent to the Council meeting held on Tuesday 18 May 2010 the City has been advised of increases in Planning Application Fees and Waste Fees and Charges have also been reviewed. These fee changes have been reflected in the attached Schedule of Fees and Charges.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.10 Imposition of Fees and Charges (Continued)

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.21pm Cr Wieland moved, seconded Cr Halton -

That by Absolute Majority Decision of Council, in accordance with Section 6.16 of the Local Government Act 1995, the 2010/2011 Schedule of Fees and Charges included in the attached budget papers [6035A June 2010](#) be adopted and the new fees be applicable from 1 July 2010.

At 7.21pm the Mayor submitted the motion, which was declared
CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.11 Payment and Instalment Due Dates

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.21pm Cr Foxton moved, seconded Cr Reidy -

That in accordance with Section 6.45 of the Local Government Act 1995 and applicable Regulations, due dates for payment of rates and the instalment due dates be as follows:-

Full payment and 1st instalment due date	30 August 2010
2nd Instalment due date	5 November 2010
3rd Instalment due date	10 January 2011
4th and final instalment due date	17 March 2011

At 7.22pm the Mayor submitted the motion, which was declared
CARRIED BY ABSOLUTE MAJORITY (12/0)

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)****1.1.12 Administration and Interest Charge for Rates and Services Charges**

Sections 6.45 and 6.51 of the Local Government Act 1995 detail the methods by which the Council can impose an administration charge and interest charge in respect to payment of Rates and Service Charges.

Section 6.45 allows a person to pay their rates and service charges by four equal instalments and provides that the Council can impose an administration charge as well as an interest component.

This year it is proposed to maintain an administration charge of \$16.00 (2009/2010 \$16.00) where a person pays their rates by the four instalment option. This fee partially offsets the additional costs incurred by the City in generating and delivering instalment reminder notices.

Section 6.45 of the Local Government Act 1995 provides the opportunity for a Local Government to impose an additional charge over and above the administrative charge, where payments of rates or service charges are made by instalments. Effectively this is an interest charge which has been set at a maximum amount of 5.5% to enable a Local Government to recover some of the lost investment revenue that would have been earned had the payment of rates or service charges been made in one lump sum by the first due date. The City of Melville has not previously imposed this charge as it was considered that the ratepayers who were paying by instalments had already missed out on the early payment discount so in effect it was considered that they had already paid a penalty. As the early payment discount has been discontinued however, it is considered that the imposition of this charge at this time will, in the absence of the early payment discount, encourage more ratepayers to pay their rates by one instalment. If implemented, the City will be recompensed somewhat for forgone investment earnings. It is proposed to set the interest rate at a moderate 4% so as not to place an undue burden on ratepayers.

Legislative changes introduced from 1 May 2005 meant that Council could not recover the full costs of any legal debt recovery processes that become necessary to ensure that Rates are properly paid. In order to minimise this new cost, a Legal Action Administration fee of \$100.00 was introduced. This fee is levied on overdue accounts that require legal debt recovery action. It is proposed that the amount of this fee will not be increased in 2010/2011.

Section 6.51 of the Local Government Act 1995 provides the Council with the legislative power to raise a penalty interest where rates and service charges remain unpaid by the due date and the ratepayer has not entered into an instalment program. During the 2009/2010 financial year the City of Melville imposed an interest rate of 11% being, the maximum interest rate permitted by the regulations. This rate is considered reasonable in the light of interest rates charged by credit card providers and is again recommended for 2010/2011.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)****1.1.12 Administration and Interest Charge for Rates and Services Charges
(Continued)**

In respect to interest charged on underground power and streetscape enhancement amounts that remain unpaid, it is proposed to continue the imposition of interest at 5.5% per annum for 2010/2011, which is 0.5% less than the previous year.

The credit card surcharge fee of 0.77% has been continued offset the cost of bank fees associated with credit card payments by ratepayers. No concessions for seniors or pensioners has been considered in respect to this charge due to the substantial cost of implementing and managing a system whereby such a concession could be easily administered.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.26pm Cr Reynolds moved, seconded Cr Barton -

- 1. That by Absolute Majority Decision of Council where, a property owner has elected to, and is adhering to, paying rates and service charges through an instalment program, an instalment administration charge of \$16.00 and an instalment interest charge of 4% per annum, as provided for in section 6.45 of The Local Government Act 1995, be imposed.**
- 2. That by Absolute Majority Decision of Council a legal action administration fee of \$100.00 be imposed on overdue accounts where debt recovery action, that requires a legal firm to be retained by the City's debt collection agents, becomes necessary.**
- 3. That by Absolute Majority Decision of Council, an interest charge of the maximum amount permitted under the Local Government Act 1995 and applicable Regulations (currently 11%) be imposed on all rates and service charges including the refuse charge, swimming pool inspection fee, and property surveillance and security service charge, but excluding any outstanding amounts relating to underground power and streetscape service charges or specified rates, that are not paid by the due date.**

This charge applies to non payment at the completion of the first instalment or payment in full period and if the payment by instalment option is chosen, any subsequent instalment payments that are not made by the due dates.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.12 Administration and Interest Charge for Rates and Services Charges
(Continued)

- 4. That by Absolute Majority Decision of Council, an interest charge of 5.5% be imposed on all outstanding underground power and streetscape service charges or specified area rate debts that remain unpaid and this concessional interest charge be applicable for a period of three years from 1 July in the year in which the specified area rate or service charge was first levied, after which time the standard maximum interest charge permitted under the Local Government Act 1995 and applicable Regulations (currently 11%) is to be applied.**

At 7.26pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.13 Interest Charge on Money Owing to Local Government

Each year a local government may resolve by absolute majority decision to require a person to pay interest at a particular rate, as set out in the annual budget, on any amount of money other than rates and service charges which is owed to the local government and has been owed for a period of not less than thirty five days.

This interest charge was imposed for the first time in the 2001/2002 financial year and provides an added incentive for people to meet their obligations to the City of Melville.

The Council must determine by Absolute Majority decision during the annual budget process to impose this interest charge and must determine a rate and the period of time after which the interest is applied.

The regulations provide that the maximum amount of interest that can be charged is 11%. In keeping with the practice of previous years it would seem reasonable that this should be applied to commercial transactions only and a lesser rate be applied in respect to community groups and organisations. To enable this differentiation to occur a Delegated Authority is granted to the Chief Executive Officer to determine which category a particular debt falls with the consequence that the relevant interest charge is then applied.

It should be noted that the Local Government is not able to impose any interest until thirty five days after the date of payment has elapsed. On that basis if fourteen days is allowed for payment the earliest that the interest can be applied is on the forty ninth day.

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.13 Interest Charge on Money Owing to Local Government (Continued)

In respect to commercial activities it is, therefore, proposed to introduce the maximum amount permitted under the Local Government Act Regulations as an interest charge and for that to be applied thirty five days after the date which is stated on the account for payment.

In respect of the various community clubs and organisations, it is suggested that 50% of the maximum interest charge permitted under the Local Government Act 1995 should be applied (i.e. 5.5%) where the amount owing to the Council has been outstanding for a period of sixty days after payment was due. This would generally mean that these clubs and organisations would have about seventy five days to make the payment before any interest charges are incurred.

With respect to both of the arrangements any account under \$50.00 will not have interest applied to it due to the significant administration costs involved in the process.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.26pm Cr Robartson moved, seconded Cr Barton -

- 1. That by Absolute Majority Decision of Council, in accordance with Section 6.13 of the Local Government Act, the maximum interest charge permitted under the Local Government (Financial Management) Regulations 1996 be imposed on all outstanding accounts in respect to commercial activities with such interest commencing thirty five days after the date which is stated on the account for payment.**
- 2. That by Absolute Majority Decision of Council, in accordance with Section 6.13 of the Local Government Act, 50% of the maximum interest charge permitted under the Local Government (Financial Management) Regulations 1996 be imposed on all outstanding accounts in respect to community clubs and organisations with such interest commencing sixty days after the date which is stated on the account for payment.**
- 3. That by Absolute Majority Decision of Council, the interest charges outlined in recommendations 1 and 2 will not apply where the account outstanding is \$50.00 or less.**
- 4. That by Absolute Majority Decision of Council, the Chief Executive Officer be granted delegated authority to determine whether an outstanding debt is classified as a commercial activity or as community clubs and organisations.**

At 7.26pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C10/6035 - CONSIDERATION AND ADOPTION OF THE 2010/2011 BUDGET (AMREC)
(ATTACHMENT)**

1.1.14 Eligibility for Rate Prize

In previous years, the Council has determined that Elected Members and Staff are ineligible to be chosen as a winner of any of the early rate payment incentive prizes.

It is proposed to continue with that practice for 2010/2011.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6035)
ABSOLUTE MAJORITY**

At 7.27pm Cr Halton moved, seconded Cr Reynolds -

That all Elected Members and staff of the City of Melville be ineligible to be chosen as a winner of the early rate payment incentive prizes either as a sole or part owner of any property.

At 7.27pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

At 7.29pm His Worship the Mayor addressed the meeting. The Mayor's speech was endorsed by Cr Reynolds on behalf of Elected Members in the absence of the Deputy Mayor, Cr Subramaniam.

"The true value of a budget can really only be determined at the end of the financial year. However, this is a watershed for all of us, not just Mr Tieleman and staff who have sweated over this budget resulting in a 4.25% increase, the lowest in the region.

I want to take this opportunity to give credit where credit is due, to the Chief Executive Officer and staff of this City as well and I am sure Elected Members will want to join me in thanking them for maintaining their focus during turbulent times – the impact of the Global Financial Crisis, lower salaries and increased workload. It also gives me great pleasure to see that we have moved forward some way to restoring staff salaries in this year's budget.

Thankyou to the hard working management team and staff that we as Elected Members have learnt to trust and respect. I thank them for successfully managing to deliver our services to the community, particularly for coping with the stress placed on all staff and supporting them, often to work smarter and be patient with salaries and benefits.

It is pleasing, also, to see our financial reserves being restored, complaint levels reduced, high standards of facilities and services maintained.

As the best in the region with a 4.25% increase helps keep us in the bottom 10% of rates per resident in Western Australia, whilst we are recognised as the world's most liveable community in our population class.

This is excellence in Local Government and I, as Mayor, take this opportunity to thank our Chief Executive Officer and staff for their outstanding success in 2009/2010 and for setting in place a budget that moves us forward in 2010/2011. The residents of Melville have every reason to be proud."

Cr Reynolds addressed the Council thanking all Officers involved and acknowledged the conditions Officers work under. Cr Reynolds recognised that Officers worked within restraints to produce a budget balanced by projects that will enhance the liveability in the City of Melville and take us in to the future.

The Chief Executive Officer thanked the Council for its acknowledgement of the achievements of Staff and the difficulty involved in getting the budget so low. Congratulations was also given to the Management team and to Elected Members for their support.

10. CLOSURE

There being no further business to discuss His Worship the Mayor declared the meeting closed at 7.33pm.