

MINUTES

OF THE

SPECIAL MEETING OF COUNCIL

HELD ON

TUESDAY

26 JUNE 2012

AT 6.30PM IN THE COUNCIL CHAMBERS

MELVILLE CIVIC CENTRE

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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, 26 JUNE 2012.

1. OFFICIAL OPENING

The Presiding Member welcomed those in attendance to the meeting and declared the meeting open at 6:30pm. Dr Shayne Silcox, Chief Executive Officer read aloud the Disclaimer that is on the front page of these Minutes and then His Worship the Mayor R A Aubrey, read aloud the following 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

Deputy Mayor Cr C Robartson
Cr N Pazolli, Cr P Reidy
Cr A Nicholson, Cr D Macphail
Cr J Barton, Cr S Taylor-Rees
Cr R Hill, Cr B Kinnell
Cr N Foxtan, Cr M Reynolds

WARD

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

3. IN ATTENDANCE

Dr S Silcox	Chief Executive Officer
Mr M Tieleman	Director Corporate Services
Ms C Young	Director Community Development
Mr S Cope	Director Urban Planning
Mr J Christie	Director Technical Services
Mr L Hitchcock	Executive Manager Legal Services
Mr W Nicholls	A/Senior Management Accountant
Mr J Clark	Governance & Compliance Program Manager
Mr N Fimmano	Governance & Property Officer
Ms D Beilby	Minute Secretary

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

4. APOLOGIES AND APPROVED LEAVE OF ABSENCE**4.1 APOLOGIES**

Nil.

4.2 APPROVED LEAVE OF ABSENCE

Cr R Willis Bull Creek/Leeming Ward

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.**

Nil.

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

Nil.

6. QUESTION TIME**6.1 R & C Kranz of Bicton**Question 1

We have been communicating with the Council, Western Power and the Minister for Energy for many years regarding the acquisition of Bicton Park from Western Power.

Recent correspondence received from Minister Peter Collier advised that The City of Melville and Western Power were working together to finalise the matter.

Can you please advise when negotiations are likely to be finalised and whether there has been a deadline date set by Western Power for the purchase of Bicton Park?

Response

The City has been negotiating with Western Power since early this year in an attempt to purchase 58-60 Murray Road Bicton. Most recently the CEO met with the Acting CEO of Western Power following meetings with the Minister for Energy's Office.

This meeting with the Acting CEO was productive and since that time, Western Power has been finalising matters internally to arrive at a formal proposal to the City for the purchase of the property in question.

Western Power has not set a timeline for the completion of these negotiations however it is hoped that a formal proposal will be received within the next month

6.2 Mr J Backhouse of Bicton – Save Bicton Park Community Action GroupQuestion 1

We understand that there was a closed session of Council in March pertaining to the potential acquisition of Bicton Park.

Can Council please advise the key outcome from this session?

Response

At the Special Council Meeting held on 27 March 2012 a confidential item was presented to Council regarding the purchase of the western Power land at 58 – 60 Murray Road Bicton. That Item included an update to Elected Members with respect to the negotiations with Western Power.

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

Nil.

9. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil

10. REPORTS OF THE CHIEF EXECUTIVE OFFICER

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

Ward	:	All
Category	:	Operational
Subject Index	:	Budgeting Estimates, Operational & Forward Works Programme
Customer Index	:	Impacts on all Ratepayers of the City of Melville
Disclosure of any Interest	:	The responsible officer and 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	:	Item C11/6042 – Special Meeting of the Council 28 June 2011 – Consideration and Adoption of the 2011/2012 Budget
Works Programme	:	As per 2012/2013 budget document
Funding	:	As per 2012/2013 budget document
Responsible Officer	:	Marten Tieleman Director Corporate Services

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the 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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the 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>

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****KEY ISSUES / SUMMARY**

- The 2012/2013 Budget Document is presented for consideration and adoption by the Council.

BACKGROUND

The 2012/2013 City of Melville budget (The Budget) has been framed against a back ground of continuing cost increases in Western Australia that are well in excess of the Consumer Price Index (CPI). Utility, materials, contractors and salary and wage costs are the major cost drivers of the City's budget. The impact of the implementation of the Federal Governments Carbon Tax from 1 July 2012 will have, an as yet unquantifiable, impact on costs with electricity suppliers stating that the impact may be up to 10% on top of any increases they will be levying. Due to this uncertainty no specific provision has been made for the cost impacts of the carbon tax which, as they become known, will need to be absorbed into the budget through other efficiencies / cost savings.

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 City continues to refine its Long Term Financial Model, which has been a guiding document in the preparation of The Budget. The Long Term Financial Model uses a combination of long run averages from relevant indices published by the Australian Bureau of Statistics (ABS), historical trends derived from the City's records and other long term plans (including the City's Asset Management Plans) to help forecast income and expenditure for the next ten years. The Model allows the City to forecast and track the financial impact of various scenarios and ensure that financially sustainability budgeting and financial management practices are followed. A closer alignment of the preparation of the annual budget to the long term financial model has been taken when preparing the 2012/2013 budget. In doing so, particular attention has been paid to the principle of ongoing funding of reserve accounts to ensure that capital works can be undertaken in the future without the need for inconsistent rate rises being imposed to meet the cost of these works.

At the request of the Council additional funds have been included for the employment of a specific wetlands maintenance crew at an initial cost in 2012/2013 of \$258,200 reducing to \$200,000 per annum plus annual cost increases thereafter. These funds will enable the employment of two staff and associated maintenance vehicle and equipment.

Funds have also been set aside for the implementation of weekly recycling using the existing 240 litre recycling bins, or to continue the recycling pickup on a fortnightly basis but increasing capacity by a staged implementation of a 360 litre size recycling bin to replace the existing 240 litre bins, for those residents who wish to avail themselves of this additional capacity.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

In simplistic terms, a balanced budget is achieved when:

Estimated Opening Funds (Deficit) from Prior Financial Year
Plus Estimated Revenues Earned During the Year
Minus Estimated Operational & Capital Expenditure
Minus Funds Set Aside in Reserve Accounts
Plus Funds Used from Reserve Accounts
Minus Loan Borrowings (not applicable for Melville)
For the Budget to Be Balanced the result should Total \$0

The 2012/2013 budget is structurally sound in that it achieves a balanced position whilst managing to provide for above CPI cost increases and at the same time achieving a \$2.107m net (after capital income) increase in funding of the capital works program and a net increase of \$2.032m in funds set aside in specific purpose reserve accounts - the City's equivalent of the State and Federal Governments Future Funds or the domestic households savings account.

The \$4.14m increase in net capital expenditure and transfers to reserve accounts has been funded by a net increase of operating income above the increase in operating expenditure of \$2.65m plus an increase of \$1.49m in opening funds brought forward from prior years. Operating expenditure has been contained to a net increase of 3.75%. The weighted average rate increase impact of increases in operating and capital expenditures and a commitment to fund reserves for future works is estimated to be in excess of 10% when taken across the entire Budget. This has however been contained to an effective rate increase in general residential rates of 4.5%. Increases in income from sources other than rates, the use of reserve and opening funds from prior years, along with efficiency and productivity improvements have enabled this result to be achieved.

The City could theoretically deliver a budget with no rate increases. To accomplish this however, after incorporating productivity/efficiency improvements which are a feature of each year's budget, the City would be required to reduce service levels, programs run by the City, reduce expenditure on capital works or defer maintenance of its assets to future years. These actions simply create a false sense of economy as they result in liabilities being passed on to future years ratepayers or place the cost of running programs on other organisations. 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.*" 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 2012/2013 Budget has therefore been formulated on the basis of maintaining, and in some case improving, service levels and maintaining acceptable standards of asset maintenance.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

In accordance with the principles expressed in the Act, the 2012/2013 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 making 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.

DETAIL

The 2012/2013 budget [6047A June 2012](#) has been developed with the following issues in mind:-

- The well documented need to address asset maintenance and financial sustainability issues;
- The need to maintain the real value of works and services in the face of rapidly escalating costs (including those passed on by the State Government); 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.

The 2012/2013 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 of approximately \$720 million in replacement value (\$503 million in depreciated value) that support the maintenance of a high quality lifestyle in our community. These assets support the delivery of the over 200 products and services offered by the City. Local government assets however carry with them substantial asset management costs including planning, design, construction, maintenance, operational expenditure, renewal and disposal. Unlike private sector assets, local government assets in most instances generate a low level of return and therefore funding for asset management costs must be derived from other sources such as grants or rates.

The City has completed Asset Management Plans for the majority of its assets and this work has identified the life cycle costs of assets and in particular, the annual renewal expenditure required to ensure they continue to deliver an appropriate level of service. Failure to adequately fund asset renewal creates risks of asset failure, personal injury and reputation and creates deferred liabilities amongst other things. The Asset Management Plans continue to be refined and serve as valuable informing documents for the Long Term Financial Plan and ultimately this Budget.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

Asset Management Plans exist for the following asset classes:

- Buildings
- Roads
- Drainage
- Paths
- Park Structures
- Irrigation
- Playgrounds
- Fleet
- Information Technology
- Recreation Equipment

The Long Term Financial Plan continues to be refined with particular emphasis being placed on meeting the needs of the City's Asset Management Plans without the need for inconsistent rate rises to meet the costs of asset maintenance and renewal programs. The approach taken is to set aside a consistent flow of funds to specific reserve accounts that will then be used to fund expenditure as required.

Action to eliminate asset funding gaps will continue as the City improves its knowledge of its assets, particularly their condition and ongoing renewal costs and pays attention to funding reserve accounts to ensure that the upkeep of the City's assets is financially sustainable into the future. The City will continue to implement a number of strategies to ensure ratepayers receive maximum value from their assets including:

1. Maximising the life of assets by ensuring the level of maintenance of assets is carefully managed and 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. Rationalising the pool of assets i.e. reduce the number of assets owned e.g. disposals of surplus or low use assets,
7. Increasing the income stream from property assets so as to offset the cost of maintaining them and to reduce the reliance on rates,
8. Seeking additional funding e.g. through grants,
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, and finally as a last resort
11. Increasing funding from rates.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

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.

Specific allocations made in the \$18.66m Capital Works Program are detailed in the attached budget and include:-

- \$4.47 million for various road, car park and traffic management improvement projects;
- \$4.32 million for road and car park resurfacing projects;
- \$2.01 million for plant and vehicle replacements;
- \$2.09 million for various major maintenance works on City owned buildings;
- \$1.03 million for new and replacement footpaths;
- \$989,000 for information technology hardware and software purchases and replacements;
- \$884,000 for environmental and foreshore improvement projects;
- \$806,000 for Stage 2 of the Wireless Hill 2012 project
- \$680,000 for renewal of reticulation and pumps;
- \$419,000 for replacement playground equipment;
- \$385,000 for park improvements;
- \$300,000 for jetties and boardwalks refurbishment works.

The 2012/2013 Budget as presented will result in an average residential rate increase of \$46.00 from \$948 to \$994 and an overall rate yield increase of \$2,096,627 or 5.56% for residential properties. Minimum residential rates have increased from \$625.50 to \$653.65, a 4.5% increase. When compared to comparative rate increase data for other Local Governments, this level of increase appears to be at the lower end of the scale of increases for the second year running. Estimated Residential rates of \$39.84 million to be raised in 2012/2013 represent 76.74% of total general rate income compared to 76.86% in 2011/2012.

A Differential Rate has also been maintained 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. The proposed Commercial Rate in the \$ of 5.926819 cents compares favourably to those of a large adjoining local government whose proposed 2012/2013 differential Commercial Rates in the \$ range from 7.319 to 11.676 cents in the \$. The total increase in rate yield achieved from the commercial sector is \$714,143 or 6.28%. Estimated Rates of \$12.08 million to be raised from Commercial properties in 2012/2013 represents 23.26% of total general rate income compared to 23.14% in 2011/2012.

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 last years budgeted \$49.34 million to \$52.2 million or 5.73% including growth in the property data base that took place during the 2011/2012 financial year. This level of increase is modest when compared to the revenue increases experienced by other growth Councils which are in the order of 10% achieved through the creation of new lots and the building of new homes.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

The City's approximately 100,000 residents accommodated in 38,000 homes generate 29,750 tonnes of waste, equating to 0.78 tonnes per household per annum. Note these tonnages are reduced from last year due to the proposed implementation of additional recycling capacity which will divert waste to recycling. Following consideration by the Southern Metropolitan Regional Council (SMRC) of their draft budget, it appears that there will be increases in the waste disposal gate fees charged by that organisation to the City of Melville from \$194 per tonne to approximately \$202 per tonne, an increase of \$8 per tonne or \$238,000 per annum. The cost of disposal of the 14,500 tonnes of kerbside domestic recycling materials collected has decreased from last years budgeted \$85.00 per tonne to \$45.00 per tonne. The per tonne gate fee proposed by the SMRC of \$45.00 compared very favourably to the current charges of \$90.00 to \$95.00 the City is currently paying to process recycling. A budgetary provision for the change from a fortnightly domestic recycling service, to either a weekly recycling service or a fortnightly recycling service with a change from the use of the current 240L bin to a 360L bin has resulted in a \$5 increase in the domestic refuse charge from \$374 to \$379.

A review of the Swimming Pool Inspection program as part of the Budget preparation process indicates that the charge for inspecting the 9,086 swimming pools in the City, which occurs once in each four year period, will be maintained at \$27.00 per annum. Should the fee remain constant the fee paid over four years would be \$108.00 which, after paying the Goods and Services Tax, results in net revenue per inspection of \$98.18 being received by the City. Full cost recovery has not been achieved resulting in the inspection program being partly cross subsidised by non pool owning ratepayers to the value of \$10,503. This subsidy equates to \$1.16 per pool without which the inspection fee would be \$28.16 per pool. 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 a 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 \$48.50 to \$50.00 per property, a 3% increase. Like the Swimming Pool Inspection 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 and used to offset future year's costs. \$17,133 has been transferred from this reserve to subsidise the charge.

The Emergency Services Levy, which is a State Government charge, is collected on behalf of FESA by all Western Australian Local Government Authorities.

In the May 2012 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) has increased by 5.61%. It is estimated that the overall amount of levy that will be raised from City of Melville property owners and remitted to FESA, will be approximately \$10.84 million.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****Schedule of Fees and Charges**

The Schedule of Fees and Charges is included in the 2012/2013 Budget document. Significant changes to the fees and charges schedule for 2012/2013 are

- Community Services – removal of the last HACC services, and the Kickstart Trailer is no longer available for hire;
- Lifestyle Services – changes to the structure of membership pricing, and some new swimming lesson fees.

The Schedule of Fees and Charges has also been reviewed to change the GST treatment of additional bin charges and additional recycling charges on residential properties. Previously, GST has been applied to these charges, however recent tax advice has confirmed that these charges may now be presented as GST free.

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 2012/2013 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 2012/2013 Budget proposes to continue this concession, with the concession applying to appropriately zoned and used strata titled storage units of 18m² or smaller. The minimum rate for the eligible storage unit properties is \$351.00, with the value of this concession amounting to \$20,740.

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 \$22,787 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 \$143,426 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 \$15,705. The Club continues to pay all other charges applicable to the property.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**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 rebate on the Domestic Refuse Charge representing a potential reduction from the proposed \$379.00 per annum charge in the draft 2012/2013 budget to \$339.00. The concession is conditional on the payment of the refuse charge by the eligible pensioner, no later than 30 June 2013. It is estimated that this concession will be applied to 5150 eligible pensioners at a total cost of \$206,000. 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. The effect of incorporating the Waste Charges into General Rates would however result in a higher per household charge being applied to higher value properties. The City believes that the more equitable approach is to continue raising waste revenue as a separate, clearly identifiable charge on the rate notice and for the State Government to amend the legislation to include Waste Charges as a rebateable charge under the Rates and Charges (Rebates and Deferments) Act 1992. Despite numerous approaches to them on this matter they have failed to do so.

Underground Power Projects

Underground Power projects consist of two major elements being;

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

The methodology applied in previous Underground Power projects, incorporated a uniform rate in the dollar with a maximum \$ 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 was applied by way of concession and the cost of the concession redistributed across the ratepayers of the project area. The use of the rate in the dollar method of distributing the project cost according to Gross Rental Value allowed eligible pensioners and seniors to claim state government funded rebates on these amounts. Unfortunately, as Gross Rental Values are not uniform, there was often inconsistency between properties as to the share of project costs applied to each owner.

Recent amendments to the Local Government Act 1995 and the Rates and Charges (Rebates and Deferments) Act have provided local governments the ability to apply a uniformly applied service charge to recover the cost of underground power projects while still attracting State Government funded rebates for eligible pensioners and seniors. This means that rebates are now available on both the proposed service charge to be applied for the underground power and streetscape works, and now also on the connection fee which previously did not attract the rebate.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****Attadale North Underground Power Project**

The Attadale North project is broadly defined as the portion of Attadale north of Wichmann Road, and bounded by Stock Road, Burke Drive and Hislop Road.

Western Power have estimated the project cost to be \$8,661,137 excluding GST. The 951 property owners in the Attadale North Underground Power project area are each required to contribute 50% of the cost of the project being an estimated \$4,330,569. The amount required from each property owner to cover the cash calls for 2012/2013 will be charged by way of service charge of \$2,750 per property. The project is being funded over the two financial years 2012/2013 and 2013/2014 in line with the cash calls to be made by the City of Melville to Western Power. Approximately two thirds of the project cost being \$2,731,000 will be raised in 2012/2013 leaving a balance of approximately \$1,600,000 to be raised in 2013/2014.

Ardross West Underground Power Project

The Ardross West project is broadly defined as the portion of Ardross west of Riseley Street, and bounded by Almondbury Road, McCallum Crescent, Canning Highway and Willcock Street.

Western Power have estimated the project cost to be \$6,417,400 excluding GST. Property owners in the Ardross West Underground Power project area are required to contribute 50% of the cost of the project being an estimated \$3,208,700. The project is being fully funded in the 2012/2013 financial year in line with the cash calls to be made by the City of Melville to Western Power. The amount required from each property owner to cover the construction of the network including underground cable laying and placement of transformers and switch gear will be \$4,025 per property. The amount required from each property owner to cover the connection from the network to each individual property will be up to \$800.00 according to specific property requirements.

Coolbellup East Underground Power Project

The Coolbellup East underground power project was undertaken by the City of Cockburn and Western Power during the 2011/2012 financial year and encompassed 26 properties within the City of Melville, situated along Winterfold Road. At the time of preparing the 2011/2012 annual budget, the information required to include the charge was not available. The funds generated from this charge will be remitted to the City of Cockburn in payment of the City of Melville portion of the project.

A Network Service Charge of \$3,050 will be applicable to each property in the Coolbellup East Underground Power Project Area.

PUBLIC CONSULTATION/COMMUNICATION

Whilst no specific public consultation has taken place in regards to the 2012/2013 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, 15 May 2012 and the 21 day public comment period ended on Monday 5 June 2012. No comments were received.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****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.

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 2012/2013 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 2012/2013 budget document. Implications for Melville ratepayers will include:-

- Various increases in the levels of user fees and charges as detailed in the 2012/2013 Fees and Charges Schedule.
- An increase in the residential general improved rate in the dollar from 4.8455 cents (2011/2012) in the dollar of gross rental value to 5.06355 cents in the dollar in 2012/2013. A 4.5% increase in the minimum rate from \$625.50 to \$653.65;
- An increase in the residential unimproved rate in the dollar from 6.10665 cents (2011/2012) in the dollar of gross rental value to 6.38145 cents in the dollar in 2012/2013. A 4.5% increase in the minimum rate from \$625.50 to \$653.65;

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
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- An increase in the commercial/industrial rate in the dollar from 5.572325 cents (2011/2012) in the dollar of gross rental value to 5.926819 cents (2012/2013) and the minimum rate from \$720 to \$765.80 reflecting a 17% differential to the residential rates in the dollar and minimum.
- An Underground Power Service Charge of \$2,750 to recover the cost of cash calls in the 2012/2013 financial year for the Attadale North Underground Power project area.
- An Underground Power Service Charge of \$4,025 to recover the cost of cover the construction of the network in the Ardross West Underground Power project area.
- An Underground Power Service Charge to recover the cost of internal property connections to the new underground power network in the Ardross West Underground Power project area. This charge is only charged where a suitable connection does not currently exist and the charge amount will vary depending on the extent of works to be undertaken.
- An Underground Power Service Charge of \$3,050 to cover the construction of and connection to the network for those properties in the Coolbellup East Underground Power project area.
- A \$5 increase in the domestic refuse charges from \$374 to \$379 pa with the council funded pensioner's residential refuse rebate maintained at \$40.00 pa upon full payment of the charge by 30 June 2013.
- The Community Security & Liaison Service Charge has increased to \$50.00 from \$48.50.
- Maintaining the charge the Swimming Pool Inspection Fee at \$27.00 per annum inclusive of GST.
- Maintaining the charge for payment by instalments at \$16.00 per annum;
- Maintaining an instalment interest charge of 4%;
- Maintaining the Credit / Debit Card Surcharge Fee which is used to offset bank fees associated with credit card payments by ratepayers at 0.70% including GST.

STRATEGIC, RISK AND ENVIRONMENTAL 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.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****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 2012/2013 Budget does **not** include a two year budget.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Council may choose to adopt a rate increase of greater or less than the recommended amounts 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 Program, 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 \$519,000.

Clause 1.7 of Council Policy CP-008 Financial Sustainability – Forward Financial Planning and Funding Allocation states as follows:

In view of the potential risk of significant reductions in untied government grants, such as the Federal Governments Financial Assistance Grant (FAG), due to redistribution to other less financially sustainable local authorities, the City of Melville will seek to reduce its reliance on such grants to fund its day to day operations and maintenance requirements. This will be achieved over time as funds permit by ensuring such funds are earmarked to finance the cost of non-recurrent projects or by transferring them to an appropriately designated cash backed reserve account. Such reserves will then be used to purchase investments or fund revenue earning projects that will assist the City to reduce its reliance on rate revenue by using some or all of the returns on those investments or revenue earning projects to fund current operations. This principle recognises that untied grants may be of a temporary nature and that in order to ensure financial sustainability, it would be prudent for the City to maximise its capacity to fund its current operations using own source revenue.

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The untied roads portion of the Federal Assistance Grant will however be used solely to maintain or renew roads infrastructure as that portion of the grant is calculated with reference to the City's road network and maintenance needs. 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 untied FAG Funds applied to the current budget operational or capital expenditures. The Council can then decide on the appropriate budget to adopt;

Rate setting statements showing the two different treatments requested to be applied by Council are attached [6047B June 2012](#).

Should the \$1.5 million identified to be transferred to the Land & Property Reserve be applied to reducing general rates this would have the estimated impact of reducing total rate revenue by 2.875% and if applied evenly across all classes of differentially rated properties would result in improved residential properties rate revenue reducing by \$1,107,273, vacant residential land by \$45,530 and commercial land and properties by \$347,195.

This adjustment would have a one off impact in the 2011/2012 financial year in respect to the reduction of rates and should the practice be reversed in the following year the resultant increase would equate to over 2.87% of rates before any other cost increases are provided for.

CONCLUSION

The 2012/2013 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 on a total not individual value.

The 2012/2013 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.

It should be noted however that the budget has been balanced using funds brought forward from prior years of \$3.355m which have been achieved either through the achievement of savings in actual expenditures when compared to budget or through the achievement of revenue increases in excess of the budgeted amounts. Opening funds represent approximately 6.43% of General Rates and in the event that this level of opening funds was not achieved in any one year a rate increase of that amount would be required simply to maintain status quo.

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(ATTACHMENT)**

In addition to that rate increases would be required to cover the impact of cost increases which are inevitable. Alternatively the City would be required to significantly curtail services or programs.

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 or state 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 rates or charges increases well in excess of CPI.

The 2012/2013 budget is recommended to the Council for approval.

OFFICER RECOMMENDATION (6047)**ABSOLUTE MAJORITY****1.1 Consideration and Adoption of the 2012/2013 Budget (ATTACHMENT)**

The Budget Papers for 2012/2013 form part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 8 June 2012.

6047A June 2012**1.1.1. Ratepayer Profile (ATTACHMENT)****6047C June 2012**

The Ratepayer Profile forms part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 8 June 2012.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)**NOTING**

At 6.33pm Cr Robartson moved, seconded Cr Macphail -

That the 2012/2013 Ratepayer Profile 6047C June 2012 be noted.

At 6.33pm the Mayor submitted the motion, which was declared

CARRIED (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.2 Differential Rating (ATTACHMENT)****6047D June 2012****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 newspaper on Tuesday, 15 May 2012.

A copy of 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 8 June 2012. The 21 day submission period closed on Tuesday, 5 June 2012 with no submissions having been received by, or subsequent to, the close of business on that date.

Unless amended by the Council, the proposed rates in the dollar and minimum rates for residential properties for 2012/2013 will be 5.06355 cents in the \$ of GRV (11/12 4.8455 cents) with a minimum rate of \$653.65 (11/12 \$625.50) for all Residential Improved Land and 6.38145 cents in the \$ of GRV (11/12 6.10665 cents) with a minimum rate of \$653.65 (11/12 \$625.50) for all Residential Unimproved Land.

The proposed differential rate for all Commercial / Industrial properties in 2012/2013, is 5.926819 cents in the \$ of GRV (11/12 5.572325 cents) with a minimum rate of \$765.80 (11/12 \$720.00). Note this applies to all improved and unimproved Commercial / Industrial Land.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.2 Differential Rating (Continued)**

The differential rates proposed above differ to those notified in the "Notice of Intention to Levy Differential Rates" in the following manner:

- A differential Commercial/Industrial Land rate was identified in the advertised notice as having a differential rate being 15% higher than that rate for Residential Improved Land. The differential Commercial/Industrial Land rate proposed in this report is 17% higher than that rate for Residential Improved Land. The increase was required to maintain parity between the overall rate take for residential properties of 77% and commercial properties at 23%.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)**NOTING**

At 6.34pm Cr Reidy moved, seconded Cr Robartson -

That the Differential Rating Submissions Report [6047D June 2012](#) be noted.

At 6.34pm the Mayor submitted the motion, which was declared

CARRIED (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 2011/2012 was 10.0% or \$50,000 whichever is the greater. It is proposed that the level adopted for the reporting of material variances for 2012/2013 should remain the same as in 2011/2012.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)**APPROVAL**

At 6.34pm Cr Robartson moved, seconded Cr Foxtan -

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 2012/2013 for reporting material variances, be 10% or \$50,000, whichever is the greater.

At 6.35pm the Mayor submitted the motion, which was declared

CARRIED (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 [Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges](#)****COMMENT**

Before proceeding to the recommendations with respect to the 2012/2013 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 network and connection charges.

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.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)

OFFICER RECOMMENDATION (6047)

ABSOLUTE MAJORITY

At 6.35pm Cr Macphail moved, seconded Cr Robartson -

1. That by Absolute Majority Decision of Council the 2012/2013 Municipal Fund Budget 6047A June 2012 be adopted.

Amendment 1A

At 6.36pm Cr Kinnell moved, seconded Cr Hill -

That at 1.1.4 "Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges", Clause 1 be amended by the addition of the words "as amended" after "Municipal Fund Budget 6047A June 2012" and the words "by the inclusion of;

- a. *An amount of \$130,000 to allow for the project management costs associated with detailed design and tender documentation of the former Carawatha Primary School site to enable construction to commence in July 2013;"*

Amendment 2

At 6.42pm Cr Pazolli moved, seconded Cr Barton -

That Amendment 1A be amended after \$130,000 in part (a) to add the words "sourced from Public Open Space Reserve Funds" then after the words \$220,000 in part (b) to add the words "sourced from Public Open Space Reserve Funds".

At 6.55pm Mr Nicholls left the meeting.

At 7.06pm the Mayor submitted Amendment 2, which was declared

LOST (4/8)

Cr Pazolli requested that the votes be recorded -

For: Cr Kinnell, Cr Nicholson, Cr Pazolli, Cr Taylor-Rees.
Against: Mayor Aubrey, Cr Barton, Cr Foxton, Cr Hill, Cr Macphail, Cr Reidy, Cr Reynolds, Cr Robartson.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)**

At 7.23pm Mr Nicholls returned to the meeting.

At 7.25pm Cr Macphail left the meeting and returned at 7.26pm.

At 7.26pm the Mayor submitted Amendment 1A, which was declared

CARRIED (8/4)

Cr Pazolli requested that the votes be recorded –

**For: Mayor Aubrey, Cr Foxtton, Cr Hill, Cr Kinnell, Cr Pazolli,
Cr Reidy, Cr Reynolds, Cr Taylor-Rees.**

Against: Cr Barton, Cr Macphail, Cr Nicholson, Cr Robartson.

Amendment 1B

That at 1.1.4 “Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges”, Clause 1 be amended by the addition of the words “as amended” after “Municipal Fund Budget [6047A June 2012](#)” and the words “by the inclusion of;

b. An amount of \$220,000, to allow for the development and upgrade of the recently purchased Water Corporation site in Mount Pleasant and this” be added before the words “be adopted”.

At 7.34pm the Mayor submitted Amendment 1B, which was declared

CARRIED (7/6)

Cr Pazolli requested that the votes be recorded –

**For: Mayor Aubrey, Cr Hill, Cr Kinnell, Cr Pazolli, Cr Reidy,
Cr Taylor-Rees.**

**Against: Cr Barton, Cr Foxtton, Cr Macphail, Cr Nicholson,
Cr Reynolds, Cr Robartson.**

Due to an equality of votes, the Presiding Member exercised his right to cast a second vote to reach a decision in this matter. (Section 5.21(3) of the Local Government Act 1995)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)****Reasons for Amendment**

Cr Kinnell provided the following reasons in support of Amendments 1A and 1B.

“Carawatha

The City purchased Carawatha Primary School site back in 2006 And since this time little has been done to improve the quality of this area. There was an expectation that this site would be developed into a more attractive usable Public Open Space for the community of Willagee. Recently the City has demolished the school building and the development of this site is critical to the revitalisation of the Willagee area. It is therefore critical that the City commits to funding the improvements in the 2012/2013 financial year and honours the commitment it gave back in 2006.

Mount Pleasant – Former Water Corporation Site

Council will be aware that there is deficiency of usable Public Open Space in Mount Pleasant and as such the City recently purchased the Water Corporation site on Ogilvie Road and Clive Street. This site is currently unkempt and to allow the residents in Mount Pleasant to access to the site it needs to be upgraded. If funds are not allocated within the 2012/2013 budget this site will remain unusable and detract form the amenity of the area. The funds will allow for the installation of a groundwater bore, the removal of non native trees, installation of turf and additional tree planting. “

At 8.06pm Cr Reynolds left the meeting and returned at 8.08pm.

Amendment 3

At 7.36pm Cr Taylor-Rees moved, seconded Cr Barton -

That at 1.1.4 “Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges”, Clause 1 be amended by the addition of the words “as amended by the provision of an amount of \$65,000 to provide for an additional 100 street trees funded from the Elected Members Special Projects Account and then” after the words “Municipal Fund Budget 6047A June 2012”.

At 8.00pm the Mayor submitted the amendment, which was declared

LOST (5/7)

Cr Pazolli requested that the votes be recorded -

**For: Cr Barton, Cr Hill, Cr Nicholson, Cr Pazolli, Cr Taylor-Rees.
Against: Mayor Aubrey, Cr Foxton, Cr Kinnell, Cr Macphail, Cr Reidy,
Cr Reynolds, Cr Robartson.**

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)****COUNCIL RESOLUTION 1.1.4 1 (6047)****ABSOLUTE MAJORITY**

At 8.12pm the Mayor submitted the substantive motion as amended –

- 1. That by Absolute Majority Decision of Council the 2012/2013 Municipal Fund Budget [6047A June 2012](#) as amended by the inclusion of:**
 - a. An amount of \$130,000 to allow for the project management costs associated with detailed design and tender documentation of the former Carawatha Primary School site to enable construction to commence in July 2013;**
 - b. An amount of \$220,000, to allow for the development and upgrade of the recently purchased Water Corporation site in Mount Pleasant, be adopted.**

At 8.12pm the Mayor declared the motion

CARRIED BY ABSOLUTE MAJORITY (10/2)**OFFICER RECOMMENDATION 1.1.4.2 (6047)****ABSOLUTE MAJORITY**

At 8.13pm Cr Robartson moved, seconded Cr Kinnell –

- 2. That by Absolute Majority Decision of Council the following general rates applicable to the 2012/2013 financial year i.e. for the period 1 July 2012 to 30 June 2013 , be adopted:**

All Improved Residential Land**5.06355 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 \$653.65 per assessment;****All Unimproved Residential Land****6.38145 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$653.65 per lot;****Note: - Residential Land includes general residential, duplex, multi-unit, residential strata properties and Homeswest properties.**

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)**

**All Commercial/Industrial Land including Strata Storage Units
5.926819 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 \$765.80 per assessment;**

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

Amendment

The mover and seconder of the Council Resolution agreed to incorporate the following Amendment into the Resolution.

***That in order to increase rate revenue by \$350,000 the following
amendments to the rates in the dollar of gross rental value and the
minimum rates be made:***

Recommendation 1.1.4.2

Under the heading "All Improved Residential Land"

Delete 5.06355 and insert 5.0961

Delete \$653.65 and insert \$658.00

Under the heading "All Unimproved Residential Land"

Delete 6.38145 and insert 6.4224

Delete \$653.65 and insert \$658.00

***Under the heading "All Commercial/Industrial Land including Strata
Storage Units"***

Delete 5.926819 and insert 5.9649

Delete \$765.80 and insert \$771.00

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)

COUNCIL RESOLUTION 1.1.4 2 (6047)

ABSOLUTE MAJORITY

At 8.14pm Cr Robartson moved, seconded Cr Kinnell -

- 2. That by Absolute Majority Decision of Council the following general rates applicable to the 2012/2013 financial year i.e. for the period 1 July 2012 to 30 June 2013 , be adopted:**

All Improved Residential Land

5.0961 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 \$658.00 per assessment;

All Unimproved Residential Land

6.4224 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$658.00 per lot;

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

All Commercial/Industrial Land including Strata Storage Units 5.9649 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 \$771.00 per assessment;

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

At 8.14pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (9/3)

Cr Macphail requested that the votes be recorded –

For: Mayor R Aubrey, Cr Foxtan, Cr Hill, Cr Kinnell, Cr Pazolli, Cr Reidy, Cr Reynolds, Cr Robartson, Cr Taylor-Rees.

Against: Cr Barton, Cr Macphail, Cr Nicholson.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)****OFFICER RECOMMENDATION & COUNCIL RESOLUTION 1.1.4 3 (6047)
ABSOLUTE MAJORITY**

At 8.14pm Cr Reynolds moved, seconded Pazolli -

3. That by Absolute Majority Decision of Council

A Properties included in the Ardross West Underground Power Project Area shall be charged in accordance with the following scale of fees.

- **Network Charge – per property \$4,025**

A connection charge will be levied on properties which require a new power connection to their property to be installed.

- **Service Charge, single residential property \$800**
- **Service Charge, multi unit property up to 4 units \$800**
- **Service Charge, multi unit property, 5 to 15 units \$400**
- **Service Charge, multi unit property 16 or more units \$200**
- **Service Modification Charge, single residential property \$400**
- **Service Modification Charge, multi unit property up to 4 units \$400**
- **Service Modification Charge, multi unit property, 5 to 15 units \$200**
- **Service Modification Charge, multi unit property 16 or more units \$100**

B Properties included in the Attadale North Underground Power Project Area shall be charged a Network Charge of \$2,750 per property.

C Properties included in the Coolbellup East Underground Power Project Area shall be charged a Network Charge of \$3,050 per property.

At 8.15pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**

1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)

OFFICER RECOMMENDATION 1.1.4.4 (6047) ABSOLUTE MAJORITY

4. That by Absolute Majority Decision of Council the following rates concessions for the 2012/2013 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 \$351.00; The value of this concession amounts to approximately \$20,740.

Melville Glades Golf Club. 100% concession from general rates. The value of this concession amounts to approximately \$15,705.

Amendment

The mover and seconder of the Council Resolution agreed to incorporate the Amendment into the Resolution.

That in order to increase rate revenue by \$350,000 the following amendments to the rates in the dollar of gross rental value and the minimum rates be made:

Recommendation 1.1.4.4 A "General Rate Concessions" be amended by:

Deleting \$351.00 and inserting \$353.00

Deleting \$20,740 and inserting \$20,900

Deleting \$15,705 and inserting \$15,806

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)****COUNCIL RESOLUTION 1.1.4 4 (6047) ABSOLUTE MAJORITY**

At 8.16pm Cr Robartson moved, seconded Cr Reynolds -

4. That by Absolute Majority Decision of Council the following rates concessions for the 2012/2013 financial year, be adopted:**B. 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 \$353.00; The value of this concession amounts to approximately \$20,900.

Melville Glades Golf Club. 100% concession from general rates. The value of this concession amounts to approximately \$15,806.

At 8.16pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (11/1)

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION 1.1.4 5 (6047)
ABSOLUTE MAJORITY**

At 8.20pm Cr Reidy moved, seconded Cr Foxtan -

5. That by Absolute Majority Decision of Council the following refuse waste charges be adopted, for the 2012/2013 financial year where these services are charged via the City of Melville rates system**A) Residential Properties Waste & Recycling**

\$379.00 per annum (exclusive of GST) for one standard service;

Eligible pensioners will receive a concession of \$40 per annum for one standard service, provided payment is received by 30 June 2013, resulting in a concessional waste charge of \$339.00 with the \$206,000 cost of this concession being funded from general funds.

Note:- a standard service includes weekly domestic collection and disposal of one City of Melville approved waste bin, fortnightly (or weekly if adopted by Council) recycling collection and disposal of one City of Melville approved recycling bin and four waste kerbside collections and disposals per annum.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)**

\$273.00 per annum for each additional City of Melville approved domestic waste bin when emptied at the same time as the standard weekly domestic waste collection;

\$100.00 per annum for each additional City of Melville approved recycling bin service when emptied at the same time as the standard domestic recycling collection.

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

B) Commercial and Non-Rateable Properties

\$550.00 per annum for one standard removal and disposal of waste in a City of Melville approved waste bin; (this amount is inclusive of GST)

Note:- a standard non-rateable service includes the weekly removal and disposal of refuse in a City of Melville approved waste 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.

\$19.00 (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.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 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 City of Melville approved 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 City of Melville approved 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.

At 8.21pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (11/1)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.4 Adoption of 2012/2013 Budget and Setting of 2012/2013 Rates and Charges
(Continued)****OFFICER RECOMMENDATION & COUNCIL RESOLUTION 1.1.4 6 (6047)
ABSOLUTE MAJORITY**

At 8.21pm Cr Kinnell moved, seconded Cr Hill -

6. Swimming Pool Inspection Fee

That by Absolute Majority Decision of Council a swimming pool inspection fee of \$27.00 (including GST) be adopted for 2012/2013.

Note:- \$27.00 is charged in each year of the four yearly inspection cycle. Should the total revenue raised exceed the actual total costs of conducting all pool inspections in any one year the surplus is transferred to a restricted fund account and used to offset the costs of inspections in the following years budget.

At 8.21pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (11/1)

**For: Mayor R Aubrey, Cr Barton, Cr Foxtan, Cr Hill, Cr Kinnell, Cr Macphail,
Cr Nicholson, Cr Reidy, Cr Reynolds, Cr Robartson, Cr Taylor-Rees.
Against: Cr Pazolli.**

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION 1.1.4 7 (6047)
ABSOLUTE MAJORITY**

At 8.22pm Cr Robartson moved, seconded Cr Reidy -

7. Property Surveillance and Security Service Charge

That by Absolute Majority Decision of Council the property surveillance and security charge for the 2012/2013 year of \$50.00 (excluding GST) be adopted.

At 8.22pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.5 Early Payment Incentives****OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)
ABSOLUTE MAJORITY**

At 8.23pm Cr Hill moved, seconded Cr Robartson -

That by Absolute Majority Decision of Council the following early payment incentives be granted provided all 2012/2013 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

Four other prizes, each to the value of approximately \$500.

At 8.23pm 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 (6047)
ABSOLUTE MAJORITY**

At 8.24pm Cr Robartson moved, seconded Cr Foxton -

That by Absolute Majority Decision of Council the 2012/2013 Loan Fund Budget 6047A June 2012 be adopted.

At 8.24pm the Mayor submitted the motion, which was declared
CARRIED BY ABSOLUTE MAJORITY (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.7 Reserve Account Budgets**

Reserve accounts form part of the Municipal Fund and equity of the City. 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 that may arise 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 Local Authorities in Western Australia are required to exclude depreciation expenses when setting rates however they are required to include capital expenditure and funds set aside or used 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 high value of assets owned by the City, 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 Council 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.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**1.1.7 Reserve Account Budgets (Continued)**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)
ABSOLUTE MAJORITY**

At 8.25pm Cr Reidy moved, seconded Cr Kinnell -

That by Absolute Majority Decision of Council the 2012/2013 Reserve Accounts (Fund) Budget 6047 June 2012 be adopted for the following reserve accounts and purposes:

A) North Attadale Underground Power & Streetscape Enhancement Reserve

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

B) Ardross West Underground Power & Streetscape Enhancement Reserve

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

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.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)**1.1.7 Reserve Account Budgets (Continued)**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

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 or for debt servicing costs associated with any loan borrowings taken out for such purposes.

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 and for the waste collection and disposal costs of waste associated with storm or disaster events.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.7 Reserve Account Budgets (Continued)****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) Recreation Centres Equipment Replacement Reserve

To be used to fund the replacement of Recreation Centre equipment to meet the requirements of the Recreation Equipment Asset Management Plan.

Q) Infrastructure Asset Management Reserve

To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City of Melville's building, road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure.

R) Unexpended 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 7.25pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

1.1.8 Trust Fund Budget**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)
ABSOLUTE MAJORITY**

At 8.25pm Cr Reidy moved, seconded Cr Kinnell -

That by Absolute Majority Decision of Council the 2012/2013 Trust Fund Budget as detailed 6047A June 2012, be adopted.

At 8.25pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.9 2011/2012 Surplus Funds**

The 2012/2013 Budget has been formulated on the basis that an estimated surplus of \$3,355,210 will be carried forward from the 2011/2012 financial year. This amount has arisen as a result of revenue exceeding budget or expenditure savings due to operational efficiencies. This amount will vary as revenue and expenditure and works will continue for the balance of the financial year. The actual surplus/deficit will be finally determined following receipt of the 2011/2012 audited financial statements anticipated to be in October 2012. 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 2012/2013 Budget. Should, following receipt of the 2011/2012 audited financial statements, any additional surplus be identified this will be reported to Council at a future review of the 2012/2013 budget and direction sought from the Council as to the use of the additional surplus (if any). Should the 2011/2012 audited financial statements reveal a lower than anticipated surplus amount, this will also be addressed by a review of the 2012/2013 budget and direction sought from Council as to which projects or programs it wishes to be curtailed.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)**NOTING**

At 8.26pm Cr Kinnell moved, seconded Cr Macphail-

That Council note that an estimated Municipal Fund 30 June 2012 surplus amount of \$3,355,210 has been used as an opening position in the 2012/2013 budget and that the final net surplus amount will be determined following receipt of the 2011/2012 audited financial statements and further direction sought from Council, during a review of the 2012/2013 budget, as to the treatment of any variance identified.

At 8.27pm the Mayor submitted the motion, which was declared

CARRIED (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****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.

Significant changes to the fees and charges schedule for 2012/2013 are:

- Community Services – removal of the last HACC services, and the Kickstart Trailer is no longer available for hire;
- Lifestyle Services – changes to the structure of membership pricing, and some new swimming lesson fees.

The GST treatment of additional waste bin charges and additional recycling charges on residential properties and waste charges on commercial/non-rateable properties has been reviewed following receipt of updated taxation advice.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)
ABSOLUTE MAJORITY**

At 8.27pm Cr Kinnell moved, seconded Cr Reidy -

That by Absolute Majority Decision of Council, in accordance with Section 6.16 of the Local Government Act 1995, the 2012/2013 Schedule of Fees and Charges included in the attached budget papers [6047A June 2012](#) be adopted and the new fees be applicable from 1 July 2012.

At 8.28pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.11 Payment and Instalment Due Dates****OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)
APPROVAL**

At 8.28pm Cr Pazolli moved, seconded Cr Hill -

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	22 August 2012
2nd Instalment due date	24 October 2012
3rd Instalment due date	2 January 2013
4th and final instalment due date	5 March 2013

At 8.29pm the Mayor submitted the motion, which was declared
CARRIED (12/0)

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 (2011/2012 \$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 administration (interest) charge is recommended to be 4% so as to ensure an undue burden is not placed on ratepayers choosing to pay by instalments.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.12 Administration and Interest Charge for Rates and Services Charges
(Continued)**

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 2011/2012 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 2012/2013.

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 2012/2013.

The credit card surcharge fee of 0.7% (0.7% 2011/2012) has been continued to offset the additional 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. This charge is included in the Schedule of Fees and Charges adopted above.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)
ABSOLUTE MAJORITY**

At 8.29pm Cr Reynolds moved, seconded Cr Robartson -

- 1. That by Absolute Majority Decision of the 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 the 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.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.12 Administration and Interest Charge for Rates and Services Charges
(Continued)**

- 3. That by Absolute Majority Decision of the 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 8.29pm 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.

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.

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 BUDGET (AMREC)
(ATTACHMENT)****1.1.13 Interest Charge on Money Owing to Local Government (Continued)**

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 (6047)
ABSOLUTE MAJORITY**

At 8.29pm Cr Hill moved, seconded Cr Kinnell -

- 1. That by Absolute Majority Decision of the Council, in accordance with Section 6.13 of the Local Government Act 1995, 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 the Council, in accordance with Section 6.13 of the Local Government Act 1995, 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 the 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 the 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 8.29pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

**C12/6047 - CONSIDERATION AND ADOPTION OF THE 2012/2013 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 2012/2013.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6047)
APPROVAL**

At 8.30pm Cr Reynolds moved, seconded Cr Robartson -

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 8.30pm the Mayor submitted the motion, which was declared
CARRIED (12/0)

11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

12. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL

Nil.

13. CLOSURE

There being no further business to discuss, His Worship the Mayor declared the meeting closed at 8.30pm.