

**MINUTES**

**OF THE**

**SPECIAL MEETING OF THE COUNCIL**

**HELD ON**

**WEDNESDAY 24 JUNE 2015**

**AT 6.30PM IN THE COUNCIL CHAMBERS**

**MELVILLE CIVIC CENTRE**

**DISCLAIMER**

**PLEASE READ THE FOLLOWING IMPORTANT DISCLAIMER BEFORE PROCEEDING:**

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.

Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity who has an application before the City must obtain, and should only rely on, written notice of the City's decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the City on the operation of written law, or the performance of a function by the City, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the City. Any advice on a matter of law, or anything sought to be relied upon as representation by the City should be sought in writing and should make clear the purpose of the request.

---

## **CONTENTS PAGE**

	<b>Item Description</b>	<b>Page Number</b>
<b>COMMUNITY DEVELOPMENT</b>		
<b>CD15/8074</b>	Proposed Library Cultural Centre Business Case	5
<b>MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL</b>		
<b>12</b>	Rescission Motion T15/3584 17 February 2015 - Confidential Item – Request for “In Principle” Support for Further Investigation for the Proposed Sale or Lease of the Southern Metropolitan Regional Council’s Materials Recovery Facility at the Regional Resource Recovery Centre.	16
<b>CONFIDENTIAL ITEMS</b>		
<b>TECHNICAL SERVICES</b>		
<b>T15/3642</b>	Approval of Southern Metropolitan Regional Council Materials Recovery Facility Transaction – Memorandum of Understanding	18
<b>T15/3641</b>	Confidential Item - Adoption of Southern Metropolitan Regional Council Major Trading Undertaking Business Plan for the Sale of Materials Recovery Facility	19
<b>CORPORATE SERVICES</b>		
<b>C15/6083</b>	Consideration and Adoption of the 2015/2016 Budget	20

**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 WEDNESDAY, 24 JUNE 2015.**

**1. OFFICIAL OPENING**

The Presiding Member welcomed those in attendance to the meeting and declared the meeting open at 6:30pm. Mr J Clark, Governance and Compliance Program Manager, read aloud the Disclaimer that is on the front page of these Minutes and then His Worship the Mayor, R 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 R Aubrey

**COUNCILLORS**

Deputy Mayor Cr N Foxtan  
Cr M Reynolds  
Cr R Aubrey  
Cr C Robartson, Cr R Willis  
Cr J Barton, Cr S Taylor-Rees  
Cr P Phelan  
Cr N Pazolli, Cr C Schuster

**WARD**

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

**3. IN ATTENDANCE**

Dr S Silcox	Chief Executive Officer
Mr M Tieleman	Director Corporate Services
Ms C Young	Director Community Development
Mr J Christie	Director Technical Services
Mr S Cope	Director Urban Planning
Mr L Hitchcock	Executive Manager Legal Services
Ms L Reid (Until 7.57pm)	Manager Cultural Services
Mr J Clark	Governance & Compliance Program Manager
Mr N Fimmano	Governance & Property Officer
Ms S Tranchita	Minute Secretary

**OTHER**

Mr R Johnston (Until 7.57pm)	Integral Project Creation
Mr J Sangalli (Until 7.57pm)	Integral Project Creation
Mr T Youé (From 8.04pm until 8.23pm)	Southern Metropolitan Regional Council

At the commencement of the meeting there were no members of the public and no 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 D Macphail – City 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**

Nil.

**7. DECLARATIONS OF INTEREST****7.1 FINANCIAL INTERESTS**

Nil.

**7.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT**

Nil.

**8. APPLICATIONS FOR NEW LEAVES OF ABSENCE**

At 6.36pm Cr Aubrey moved, seconded Cr Phelan –

**That the application for new leave of absence submitted by Cr Foxtan on 24 June 2015 be granted.**

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

**CARRIED UNANIMOUSLY (11/0)**

At 6.39pm Cr Reynolds moved, seconded Cr Foxtan –

**That the application for new leave of absence submitted by Cr Schuster on 24 June 2015 be granted.**

At 6.39pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (11/0)**

**9. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED**

- **Confidential Item T15/3642 – Approval of Southern Metropolitan Regional Council Materials Recovery Facility Transaction – Memorandum of Understanding**

The matter is confidential in accordance with section 5.23 (2) (c) of the *Local Government Act 1995*, a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and (e) a matter that if disclosed would reveal – information that has commercial value to a person; ...where the trade secret or information is held by, or is about, a person other than the local government;...

- **Confidential Item T15/3641 - Adoption of Southern Metropolitan Regional Council Major Trading Undertaking Business Plan for Sale of Materials Recovery Facility**

The matter is confidential in accordance with section 5.23 (2) (c) of the *Local Government Act 1995*, a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and (e) a matter that if disclosed would reveal – information that has commercial value to a person; ...where the trade secret or information is held by, or is about, a person other than the local government;...

**BEHIND CLOSED DOORS**

At 6.41pm Cr Aubrey moved, seconded Cr Schuster –

**That the meeting be closed to the public to permit discussion on a confidential matter (Item CD15/8074 which relates to Proposed Library Cultural Centre Business Case) covered under Section 5.23 (2) (c) of the *Local Government Act 1995*.**

At 6.41pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (11/0)**

At 7.07pm Cr Aubrey left the meeting and returned at 7.09pm.

**10. REPORTS OF THE CHIEF EXECUTIVE OFFICER**

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)**  
**(CONFIDENTIAL ATTACHMENT)**

Ward : Applecross/Mt Pleasant, City.  
 Category : Strategic  
 Subject Index : Melville City Centre Structure Plan/Garden City  
 Redevelopment  
 Customer Index : City of Melville  
 Disclosure of any Interest : No Officer involved in the preparation of this  
 report has a declarable interest in this matter.  
 Previous Items : CD14/8064 – Proposed New Library / Cultural  
 Facility – Melville Centre, 9 December 2014,  
 Ordinary Meeting of Council  
 Funding : The financial information was distributed to the  
 Elected Members of Council on Friday, 19 June  
 2015 under confidential cover.  
 Responsible Officer : Leeann Reid  
 Manager Cultural 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	<b><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></b>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes &amp; policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</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>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)****KEY ISSUES / SUMMARY**

- The Melville City Centre Structural Plan presents an opportunity for a new City (main) library and cultural centre to replace the existing Civic Square Library.
- The attached business case explores opportunities to maximise the social return on investment, consolidate facilities and services, as well as activation and sustainability of the future facility.
- The business case outlines the core and proposed functions for the future facility and various options and their associated order of cost estimates.
- This agenda item and recommendations outline the option that best meets the social return to the City of Melville community plus the greatest financial return on investment. The recommended option also has the greatest opportunity for increased activation and future flexibility of the facility.

**BACKGROUND**

Final adoption of the Melville City Centre Structure Plan (Structure Plan) was endorsed by the Council at a Special Meeting of Council held on 9 December 2013. The Structure Plan makes reference to a new City of Melville community hub to be provided in the city centre. The inclusion of a hub in the city centre is seen as critical for vibrancy and the delivery of key city services. It has clear links to the City's Strategic Community Plan to the aspirations of *Sense of Community* and *Accessible and Inclusive*. Previous community feedback regarding the City Centre has indicated the current civic spaces and facilities need improving.

The key principles and priorities of the City Centre Plan outline the non-negotiable priorities. The vision states 'deliver non-negotiable community facilities and services first, then seeks to achieve the best possible financial returns. The non-negotiables included the main street and piazza and community facilities.

The new civic building will be the central community facility for the City of Melville. It is envisaged to be the active face of the City with the vision to create a hub of culture and activity for the whole of the City to enjoy. A place where people can connect, learn, enjoy and celebrate their identity.

The new facility will house the following core services:

- the City's Main Library;
- Municipal/Community Museum;
- Gallery and Exhibition space;
- Flexible meeting spaces / conference room;
- City's customer service interface;
- Melville Volunteer Resource Centre;
- Community Information Service and JP service;
- Child Health Clinic;
- Outdoor Civic Space; and
- Commercial Café/Restaurant.



**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)**

The business case explores the opportunity to include additional functions/services as endorsed by the Council for further investigation at the Ordinary Meeting of Council held on 9 December 2014. The Item identified the following functions for consideration:

- Performance Space/Theatre;
- Council Chambers and associated facilities;
- Complementary Retail or Commercial Space;
- Co-working Facility (collaborative work space); and
- Community Groups/Not for Profits.

The business case details the space, size, levels and functions of the proposed facility. It provides indicative designs, space allocations and location to inform the order of cost estimates. The order of cost estimates provide detailed costings based on the current concept for informed decision making.

The business case was formed by a Project Team including City of Melville Officers, NS Projects - Project Manager, Integral Project Creation - Business Plan Analyst, Studio 53 Architects, Davis Langdon - Cost Planners and CK Design International - Space Planner.

**DETAIL**

The City of Melville has a significant opportunity to create an engaging, innovative and iconic civic facility that will provide vibrant, connected and convenient services for our community now and into the future. This facility will bring together the City's community interface to create an important civic presence in the City of Melville City Centre.

The City's main library will be the anchor tenant in a changing library context. The Library, with 52% of all households in the City with a least one active member, already speaks to our community as an important community place. Leveraging this opportunity to connect and engage with our community is the concept to converge our municipal community museum and other community and cultural services into the one space.

Libraries are changing in function and form throughout Australia and around the world. The contemporary library offers an experience well beyond the book, rather a place for connection, activity, learning, convenience and culture. This multi-purpose facility allows the trusted and inclusive atmosphere of the library brand to be expanded into other civic and cultural functions and experiences.

The Library will be larger than the current library to accommodate the needs of the City's main library. The scale of this branch will allow reductions in the size and role of our other branches, especially Canning Bridge and AH Bracks Libraries.

An innovative approach to the museum will see the convergence of the library and museum spaces. The library being the anchor tenant will allow the museum to have an existing and growing audience. The space would introduce changing exhibitions that continue to engage audiences rather than the current static museum model. As part of this, it is hoped that a strategic alliance with the State Museum can be established so that substantial exhibitions can be located within the Melville facility to increase interest and convenience for our community.

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)**

The facility will host part of the City's Art Collection, allowing greater public access to the collection and display of the City's well established and recognized Art Awards. The Gallery is proposed as an 'A Class' gallery. This specification will enable the gallery to host travelling exhibitions and the ability to borrow items from other museum and art institutions. The gallery will also be designed as a flexible space for functions and other events.

The flexible meeting spaces that are standard with modern library facilities will be adaptable, offering different size rooms for one on one meetings; such as the Justice of the Peace service, through to training, large conference and activity rooms. These will facilitate the key services within the facility as well as being available for community and commercial hire. It is envisioned that the meeting rooms could accommodate uses currently available at the main hall. The Auditorium will offer the largest of these flexible spaces with sprung floors and retractable tiered seating to accommodate a multitude of uses.

The Performance Space/Auditorium is seen as a key opportunity to complement the full cultural spectrum with the inclusion of the Arts. A performance space in the Cultural Centre would add vibrancy and extended trading hours to the larger facility. Community theatre can have a positive and unifying impact on youth, seniors, area businesses and a community's identity. It can provide opportunities for new experiences and knowledge. The new theatre would also ensure the continuing life of the successful Melville Theatre Company which for over three decades has been a part of the cultural make up of Melville.

The option to relocate the Melville Theatre Company to the city hub would also enhance the city's strategic plans. Melville Theatre Company (MTC) is currently located on the corner of Stock Road and Canning Highway. Releasing of the City's freehold land on this site would provide future financial returns.

This new library and cultural facility will become the City's main customer interface alongside our online presence. Co-locating the City's customer service function with the City's main library facility offers the community a very accessible one stop shop. This will create a place of community convenience and interaction.

Child health clinic facilities have significant opportunities being co-located with the library and museum facility. The relationship between clinics and libraries/community centres in establishing ongoing support groups, meeting places, discovery and sharing of knowledge and developing early year's literacy is integral. The centralised child health clinic within the facility will see the rationalisation of the outdated Brentwood and Alfred Cove child health clinics.

The commercial space referred to in the building concept designs and the business case is seen as the opportunity to include; complementary retail or commercial space, co-working facility, not for profit organisations and the future space for council chambers and associated facilities.

The collaborative work space is considered to be a significant growth activity across both creative and community scenarios. Advancements in technology, frustration with traffic congestion, desire for more personal time all drive a change in commuting and workplace behaviour. They also provide an opportunity for income generation and Lotterywest funding. The City understands that this model is now preferred by Lotterywest rather than the past "Lottery House" model.

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)**

Community organisations/not for profits interested in being located within the facility could support the collaborative work space model or create other related or convenient community services. The not for profit organisations would be the funding body for the leasable commercial areas within the facility as well as other commercial organisations.

By establishing the opportunity for commercial office and retail space within the facility supports subsidising the ongoing operational costs associated with the Centre. The business case outlines the likely return on investment and demand in relation to commercial space. Based on the estimated financial returns detailed in the business case, the recommended option has the maximum financial return within a low risk investment profile.

A commercial childcare facility was also investigated and demonstrated a strong financial return for the City. There is a demonstrated lack of childcare facilities and places in Perth. This lack of childcare has a significant impact on families and gender equality. The shortage of childcare in Western Australia is substantiated by the recently published 'Filling the Pool Report', a landmark report to achieve gender equality in Western Australia, by the Committee for Perth. The need, financial viability and importance of childcare facilities to the practicality of the site have led to its inclusion in the recommendation within this item.

The relocation of the council chambers to the new facility offers the opportunity to create the current civic building as an administrative building and the new facility as the community interface. The modern library and cultural centre would be the central community hub of the City. Having the council chambers within this space allows, through accessibility, the community to engage, understand and participate more actively in the decisions that affect their lives. The business case outlines the ability to locate these functions within the building at a point in time that is suitable to the Council. The space can be used as leased commercial space until that point in time is determined.

The recommended option (Option 3) from the investigation, as detailed in the business case, includes the core services, being; the City's main library, municipal/community museum, gallery and exhibition space, flexible meeting spaces, City's customer service interface, Melville Volunteer Resource Centre, Community Information Service, child health clinic, outdoor civic space and a commercial café/restaurant. The option also includes the addition of the Auditorium/Theatre and suitable commercial areas to allow the accommodation of commercial and retail leasing opportunities, not for profits and co-working space at commercial rates as well as sufficient space to accommodate future use as the council chambers and associated facilities.

This option is seen to have the best social return on investment for the community as well as the greatest financial return on investment and future flexibility. The proposed services are to maximise the vibrancy, sustainability, economic investment, community convenience and the philosophy of a multi-purpose facility.

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)****STAKEHOLDER ENGAGEMENT****I. COMMUNITY**

The level of communication in accordance with the Stakeholder Engagement Policy CP-002 for this item is varied depending on the service, function or facility being referenced. The decision to locate the core functions as noted in this item has been determined from strategic plans that include the Strategic Community Plan People Places Participation 2012-2022, Future Plan for Libraries and Museum 2010-2015 and the Community Infrastructure Strategy 2011. These plans all included extensive community involvement.

No broad external community engagement has been carried out in regard to the future Library and Cultural Centre to date, although a Communication and Engagement Plan is currently being developed. The initial concept for community engagement is to develop a reference group of key industry representatives, nominated Elected Members and industry related residents. The reference group would be involved in a larger stakeholder engagement process around 'Creative Conversations in Melville'. One focus area would be the future Library and Cultural Centre. More specific creative conversations with the community would be based on themes, areas of interest and services; for example, a children and families workshop on the children's space within the facility.

The City of Melville has had detailed discussions with the Melville Theatre Company. The City engaged the services of 'One Degree Advisory' for a feasibility study on the relocation of Melville Theatre Company and the shared use theatre space in the proposed new Cultural Centre. Melville Theatre Company was involved in this process and they are in support of the new theatre/auditorium.

AMP Capital, the owners of Garden City Shopping Centre, engaged consultants to provide market research on the future shopping and City Centre precinct. This consultation was both online and group workshops. The findings indicated a strong support for the library facility as a key community asset in the precinct.

**II. OTHER AGENCIES / CONSULTANTS**

NS Projects –Project Management  
Integral Project Creation – Business Plan Analysts  
Studio 53 Architects  
Davis Langdon – Cost Planners  
CK Design International – Space Planner  
One Degree Advisory – Theatre Feasibility

**STATUTORY AND LEGAL IMPLICATIONS**

There are no Statutory and Legal implications with this item.

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)****FINANCIAL IMPLICATIONS**

The business case outlines the financial implications for the various options for the future Library and Cultural Centre.

The financial information was distributed to the Elected Members of the Council on Friday, 19 June 2015 under confidential cover.

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

This project will address key strategic goals and strategies from the City's community and corporate plans, these include:

People Places Participation 2012-2022 A strategic Community Plan for the City of Melville.

**Safe and Secure** - *Objective: Safe attractive places where people want to live, work and participate.* The recent 'Culture Counts - City of Melville Library Wellbeing Survey' conducted in 2014 had 1,825 responses and 98% of all respondents agreed or strongly agreed with the statement 'I feel safe and welcome when using the library service'. Libraries, over generations, have been seen as safe and trusted places within their communities.

**Sense of Community** – *Objective: Connected communities with a strong sense of belonging and community spirit.* The Library and Cultural Centre will be a key centre for community connection and belonging. The facility will house the City's community/municipal museum creating a focal point for our City's identity and sense of place. The 'Culture Counts - City of Melville Library Wellbeing Survey' as mentioned above also asked respondents to rate the statement 'The library helps me to feel connected to my local community', 88% responded with an 'agree' or 'strongly agree'.

**Accessible and Inclusive** – *Objective: Provide facilities and services which are accessible and inclusive.* This proposed facility will be the people's place, a free, accessible and inclusive place for the whole of the City to enjoy. The facility will be the main civic space in a larger retail and commercial environment.

**Involved and Engaged** – *Objective: Inform, communicate and engage with our communities through multiple mediums.* The Library and Cultural Centre is seen an ideal medium for community conversations and engagement. The facility will be a central hub of activity and participation where our community can take part in key decisions that affect their lives. The spaces, meeting and function rooms allow for dedicated consultation notwithstanding the anticipated attendance at the facility creating an accessible audience.

**Growth and Prosperity** – *Strategy: Facilitate the development of Melville City Centre as a focal point for commercial, retail, civic and entertainment activity.* This project will directly deliver on this key strategy from the strategic community plan. Creating a civic identity in the Melville City Centre with the addition of retail and commercial space to ensure its future sustainability.

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)**  
**(CONFIDENTIAL ATTACHMENT)**

The City of Melville Corporate Plan:

**Goal: A City for People.** Strategies: Contribute to vibrant and connected community, contribute to community resilience and activating commercial and public places to foster and promote vibrancy and amenity.

The proposed facility directly impacts the delivery of the above mentioned strategies. The facility will create a vibrant and connected community hub for the City of Melville community. The ability to create this modern facility with adequate space for shared functions and services helps build our communities resilience. This facility will focus on identity, belonging, literacy and life long learning building a stronger more resilient community.

**Goal: Economic Propriety.** Strategies: Facilitate vibrant and diverse commercial and activity centres (Melville City Centre Plan), achieve effective return on investment on City owned property for the benefit of the community, to be less reliant on rate income.

The Melville City Centre Plan speaks specifically to the need for a civic/community hub in the City Centre. The proposed facility will provide this outcome plus the opportunity to provide increased financial sustainability with the addition of retail and commercial space. The facility also allows the opportunity to rationalise other city facilities and release freehold land.

**Goal: Business Excellence.** Strategy: Ensure long term asset sustainability (Progress long term strategic planning for community infrastructure which includes focus on community hubs).

Long term strategic plans have identified the City Centre as the City's level one hub, being the central location for the City's main community infrastructure. The current Civic Square Library is not adequate in size or function to provide this outcome. The development of the proposed Library and Cultural Centre will address long term strategic planning for core services recommended for the future facility.

The items listed below outline the key risk areas at this stage in the project.

<b>Risk Statement</b>	<b>Level of Risk</b>	<b>Risk Mitigation Strategy</b>
Failure to act in a timely manner regarding endorsement of the concept and function of the proposed Library and Cultural Centre.	Major consequences which are likely, resulting in a <b>High</b> level of risk.	Endorsement by the Council of this Item will progress the project to the next stage of detailed design.
Lack of occupied tenancies as part of the commercial development.	Minor consequences which are unlikely, resulting in a <b>Low</b> level of risk.	The amount of commercial space designated in the facility has been investigated by a professional consultancy team and rated a low risk profile.
The developer agreement not providing the funding requested by the City of Melville.	Major consequences which are possible, resulting in a <b>High</b> level of risk.	Detailed Development agreement, that is subject to the Land Swap arrangement.

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)**

Consideration has been given in the preparation of a business case in regard to environmental design and operational principles with reference to Environmental Policy CP-030.

**POLICY IMPLICATIONS**

Neighbourhood Development – Community Hub Council Policy CP-037. This Policy outlines the principles of community hubs and the notion of the City Centre Community Hub is consistent with this Policy.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

The business case outlines alternative options including a Base Case and Options 1, 2 and 3.

This information was distributed to the Elected Members of Council on Friday, 19 June 2015 under confidential cover.

**CONCLUSION**

The development of a key civic facility for the City of Melville community is an extremely important community investment and social outcome. The need to ensure the facility is the most effective in terms of social outcomes, as well as the opportunity to ensure options for increased sustainability and vibrancy, are integral.

The recommended option (Option 3) includes the core services being; the City's main library, municipal/community museum, gallery and exhibition space, flexible meeting spaces, the City's customer service interface, Melville Volunteer Resource Centre, Community Information Service, child health clinic, outdoor civic space and a commercial café/restaurant. This option also includes the addition of the auditorium/theatre and suitable commercial to allow the accommodation for commercial and retail leasing, not for profits and co-working space at commercial rates as well as sufficient space to accommodate future use as a council chambers and associated facilities.

This is seen as the option with the greatest outcome for our community now and into the future.

This important civic facility development is part of the wider City Centre Project. The City Centre Project is currently in progress with the negotiation of the Development Agreement and the anticipated land swap agreement. The progress and support of the recommendations within this item will be subject to the above agreements being finalised.

**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (8074)****APPROVAL**

At 7.37pm Cr Schuster moved, seconded Cr Phelan–

**That the Council:**

1. Endorse option three as the preferred option with its inclusion of the core services:

- The City's main library;
- Municipal/community museum;
- Gallery and exhibition space
- Flexible meeting spaces / conference room;
- City's customer service interface;
- Melville Volunteer Resource Centre;
- Community Information Service;
- Child health clinic;
- Outdoor civic space; and
- Commercial café/restaurant.

Plus the inclusion of the auditorium, commercial space and additional floor at the estimated indicative cost as outlined in the financial implications document under confidential attachments.

2. Endorse the inclusion of the childcare facility at an additional indicative cost as outlined in the financial implications document under confidential attachments.
3. Supports in principle the capital funding combination of Developer Contribution and City Reserve Accounts, to fund the indicative project cost as outlined in the financial implications document under confidential attachments.
4. Supports the procurement of a project team to progress the facility subject to the Development Agreement and Land Swap Agreement being finalised.

At 7.56pm the Mayor submitted the motion, which was declared

**CARRIED (8/3)**



**CD15/8074 - PROPOSED LIBRARY CULTURAL CENTRE BUSINESS CASE (REC)  
(CONFIDENTIAL ATTACHMENT)**

<b>Vote Result Summary</b>	
Yes	8
No	3

<b>Vote Result Detailed</b>	
Cr Aubrey	Yes
Cr Foxtton	Yes
Cr Phelan	Yes
Cr Reynolds	Yes
Cr Robartson	Yes
Cr Schuster	Yes
Cr Willis	Yes
Mayor Aubrey	Yes
Cr Barton	No
Cr Pazolli	No
Cr Taylor-Rees	No

At 7.56pm Cr Schuster moved, seconded Cr Barton–

**That the meeting come out from behind closed doors and the public be invited back into the meeting.**

At 7.56pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (11/0)**

There were no members of the public that entered the meeting.

**Adjournment**

At 7.57pm The Mayor adjourned the meeting for a comfort break.

At 8.04pm the meeting resumed.

**12. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL**

A Notice of Rescission Motion containing 1/3 of the number of offices of members of the Council, in accordance with Regulation 10 of the *Local Government (Administration) Regulations 1996*, was received from Cr Schuster. The Members who signed the notice were: Cr Aubrey, Cr Foxton, Cr Phelan, Cr Reynolds and Cr Schuster.

**COUNCIL RESOLUTION****ABSOLUTE MAJORITY APPROVAL**

At 8.05pm Cr Schuster moved, seconded Cr Willis -

**That Cr Schuster be permitted to present to the Council a Motion Without Notice relating to Item T15/3584 of the Ordinary Meeting of the Council held on 17 February 2015 – Confidential Item – Request for “In Principle” Support for Further Investigation for the Proposed Sale or Lease of the Southern Metropolitan Regional Council’s Materials Recovery Facility at the Regional Resource Recovery Centre.**

At 8.05pm the Mayor submitted the motion which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**COUNCIL RESOLUTION****ABSOLUTE MAJORITY APPROVAL**

At 8.06pm Cr Schuster moved, seconded Cr Willis –

**That the Council:**

- 1 Delete the words “up to 10 years” in the second line of Item 2 of Council Resolution T15/3584; and**
- 2 Insert the words “between 10 and 20 years” so that the relevant sentence reads “– from the yellow topped bin for a period of between 10 and 20 years subject to suitable terms and conditions being negotiated”.**

At 8.08pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**12. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL  
(Continued)**Reasons for Motion

Cr Schuster provided the following reasons in support of the Rescission Motion.

1. The Resolution 3584 from the 17 February 2015 Council meeting is reproduced in full on page 2 of Agenda Item T15/3641. The resolution seeking a term of up to 10 years was the thinking of the SMRC and Member's representatives at the time, but in the development of the draft business case it has become clear that some more flexibility to allow terms between 10 and 20 years could be of value to the City – the eventual value proposition will require consideration of the capital price and other payments offered for the MRF, as well as the price and terms and conditions offered for treatment of the City's recyclables at the MRF under new ownership;
2. Three of the five SMRC Members have already resolved to seek a term of at least 10 years and the other (City of Cockburn) is likely to consider the matter favourably next week. The matter was discussed at the SMRC Agenda Briefing Session on 10 June, and there was general agreement from Regional Councillors and officers of Member Councils that more flexibility with the term we could advertise and accept would be of value.

**BEHIND CLOSED DOORS**

At 8.09pm Cr Aubrey moved, seconded Cr Schuster –

**That the meeting be closed to the public to permit discussion on a confidential matter (T15/3642 – Approval of Southern Metropolitan Regional Council Materials Recovery Facility Transaction – Memorandum of Understanding and T15/3641 - Adoption of Southern Metropolitan Regional Council Major Trading Undertaking Business Plan for Sale of Materials Recovery Facility, covered under Section 5.23 (2) (c) of the Local Government Act 1995.**

At 8.09pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (11/0)**

---

**CONFIDENTIAL ITEM T15/3642 – APPROVAL OF SOUTHERN METROPOLITAN  
REGIONAL COUNCIL MATERIALS RECOVERY FACILITY TRANSACTION –  
MEMORANDUM OF UNDERSTANDING (REC) (CONFIDENTIAL ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (3642)****APPROVAL**

At 8.15pm Cr Schuster moved, seconded Cr Willis–

**That the Council:**

- 1. Authorises the Chief Executive Officer to conclude negotiations on the final terms of the attached draft Memorandum of Understanding : Materials Recovery Facility Project; and**
- 2. Authorises the Mayor and Chief Executive Officer to sign the completed document after the drafting of the Memorandum of Understanding is finalised to the satisfaction of all parties.**
- 3. Authorises the Director Corporate Services to be the Representative for the City of Melville to fulfil the conditions of Clause 6 of the Memorandum of Understanding.**

At 8.17pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (11/0)**

**CONFIDENTIAL ITEM T15/3641 - ADOPTION OF SOUTHERN METROPOLITAN REGIONAL COUNCIL MAJOR TRADING UNDERTAKING BUSINESS PLAN FOR SALE OF MATERIALS RECOVERY FACILITY (REC) (CONFIDENTIAL ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (3641)****APPROVAL**

At 8.18pm Cr Schuster moved, seconded Cr Willis –

**That the Council:**

- 1. Provide “in principle” support to the Southern Metropolitan Regional Council to progress with the advertising of the Draft Major Trading Undertaking Business Plan for the sale of the Materials Recovery Facility located within the Regional Resource Recovery Centre in Canning Vale pursuant to clause 3.59 of the *Local Government Act 1995*.**
- 2. Requests the Chief Executive Officer of the Southern Metropolitan Regional Council to further investigate the proposed retained overheads and sale price scenarios to determine opportunities for reduction in the retained overheads and the future impact of those scenarios on the Member Councils’ costs, prior to any formal decision to progress with the disposal of the Materials Recovery Facility being made.**
- 3. Requests that once the investigation into recommendation 2 above has been concluded, the Chief Executive Officer of the Southern Metropolitan Regional Council is to report the findings to the Member Councils for consideration.**

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

**CARRIED UNANIMOUSLY (11/0)**

At 8.23 pm Cr Willis moved, seconded Cr Barton –

**That the meeting come out from behind closed doors and the public be invited back into the meeting.**

At 8.23pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (11/0)**

There were no members of the public that entered the meeting.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)**  
**(ATTACHMENT)**

Ward	:	All
Category	:	Operational
Subject Index	:	Budget Estimates Operational and 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	:	C15/6080 – Ordinary Meeting of the Council 12 May 2015 – Consideration of 2015-2016 Draft Budget Requests C15/6081 – Ordinary Meeting of the Council 12 May 2015 – Endorsement of Differential Rating Advertisement C15/6082 – Ordinary Meeting of the Council 12 May 2015 – Annual Review of Fees and Charges
Works Programme	:	As per 2015/2016 budget document
Funding	:	As per 2015/2016 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"/>	<b>Executive</b>	<b><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></b>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes &amp; policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</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 (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****KEY ISSUES / SUMMARY**

- The 2015/2016 Budget Document is presented for consideration and adoption by the Council.
- If supported the annual rate increase adopted by the Council will be 3.75%

**BACKGROUND**

The City of Melville is required to prepare an Annual Budget in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. The purpose of an Annual Budget, in simplistic terms, is to outline the various revenue and expenditure streams and the required rating levels to achieve a balanced and sustainable financial position. The 2015/2016 Budget has been prepared with strong linkage to the Long Term Financial Plan (LTFP). The LTFP was first adopted by the Council in December 2012, revised in December 2013 and a further revision presented to Council at an Elected Member Information Session in March 2015. Aligning the Budget with this Plan ensures income and expenditure levels are set with reference to both current and future needs.

**DETAIL**

The City of Melville commenced its formal Budget preparation in February 2015 with input from key officers from the various service areas. Budget practices and processes continue to be streamlined each year and the 2015/2016 Budget was no exception. As a result of the adoption of the Long Term Financial Plan, the Budget was prepared with greater acknowledgment of longer term sustainability. The Budget was also prepared with consideration and review of the Corporate Plan (2012-2016) by the Council. A number of briefing sessions were held with Elected Members during the process to provide updates, discuss current issues and provide opportunity for feedback.

The 2015/2016 Budget has been finalised in a balanced position. To arrive at a balanced position is never an easy task when trying to minimise the impact on ratepayers whilst maintaining service levels and ensuring intergenerational equity.

Key aspects of the budget are as follows:-

- Operating revenue excluding rates decreased by \$1.8m or 5.7% from \$31.4m in 2014/2015 to \$29.6m in 2015/2016. Of this \$772,000 relates to a reduction in service charges to fund underground power projects when compared to 2014/2015. This revenue reduction is offset by an equal reduction in expenditure so has a nil net impact on the budget bottom line. A further revenue reduction of \$655,000 relates to reduced investment earnings and has a direct negative impact on the bottom line of the budget.
- Operating expenditure, including depreciation, has increased by \$3.4m or 3.5% from \$98m to \$101.4m. Of this increase \$2.5m relates to increases in employee costs, \$1.8m relates to increases in materials and contracts costs and \$1.5m to increases in depreciation expenses. This has been partially offset by decreases in other expenditure classifications with the major decrease being \$2.2m in other expenditure, \$772,000 of which relates to the reduction in the cost of the underground power projects mentioned in operating revenue above.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)**

- Non operating revenue has increased by \$477,745 largely due to increases in roads grants.
- Capital expenditure has increase by \$3.3m or 13.6% from \$24.5m in 2014/2015 to \$27.8m in 2015/2016. The major increase is in the Purchase of Land and Buildings category of \$3.1m which includes provision for the costs of commencing construction of the new Civic Square Library, Library and Civic Hub building in conjunction with the Melville City Centre / Garden City redevelopment.
- Funds to be set aside to specific purpose reserves has increased by \$3.3m to \$27.2m whilst funds to be used from specific purpose reserves has increased by \$7.9m to \$27.1m.
- The balance to be made up from rate revenue has increased by \$3.6m or 4.7%, from \$77m in 2014/2015 to \$80.6m in 2015/2016. This was achieved by a 3.75% increase in the rate in the dollar with the balance of the revenue increase of 0.95% being derived from, an increase of 0.45% in the valuation base due to new rateable properties being created over the course of the 2014/2015 financial year and 0.5% being the estimated revenue from new rateable properties expected to be added to the rate base over the course of the 2015/2016 financial year.
- The organisational full time equivalent employee head count has increased by 1.28 from 483.56 in 2014/2015 to 484.84 in 2015/2016. A general increase in salaries and wages has been provided for. Additional funds have also been budgeted to address specific positions where salaries and wages benchmarking against like organisations has shown significant disparities. This action is necessary to ensure the retention of key skilled staff, the loss of which would be of detriment to the City and the replacement of whom would require an increase in salary to an appropriate market rate in order to attract the appropriate candidates.

The Budget Book [6083A June 2015](#) outlines key information including:

- A Budget overview;
- A comparison to the Long Term Financial Plan;
- Detailed rating information;
- Information on other charges such as the Security levy etc.;
- A schedule of Fees and Charges;
- Operating Income and Expenditure schedules by service area;
- Capital Income and Expenditure schedules by service area;
- Reserve Levels and proposed transfers;
- Budget in the “Statutory” format as per legislation and regulations.

[6083B June 2015](#) provides an alternate Rate Setting Statement, showing the impact on Rate revenue should Federal Assistance funding be treated differently. This has been outlined under the ‘Alternate Options’ section of this report.

[6083C June 2015 amended](#) provides a Ratepayer Profile for the City.



**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****STAKEHOLDER ENGAGEMENT****I. COMMUNITY**

Whilst no specific public consultation has taken place in regards to the 2015/2016 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, 26 May 2015 and the public comment period (minimum of 21 days) ends on Friday 19 June 2015. At the time of writing this report no formal comments had been received.

**II. OTHER AGENCIES / CONSULTANTS**

- Department of Fire and Emergency Services 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 Rates;
- Office of Energy and Western Power with respect to Underground Power Projects.
- Southern Metropolitan Regional Council (SMRC) in relation to the recycling, composting, green waste and residual waste disposal operations run by them on behalf of the City and three 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 2015/2016 budget as presented is considered to meet these statutory obligations.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****FINANCIAL IMPLICATIONS**

Specific financial implications are as detailed in the attached 2015/2016 budget document. Implications for City of Melville ratepayers will include:-

- Various increases in the levels of user fees and charges as detailed in the 2015/2016 Fees and Charges Schedule.
- An increase of 3.75% in the residential general improved rate in the dollar from 5.885 cents (2014/2015) in the dollar of gross rental value to 6.106 cents in the dollar in 2015/2016. An increase in the minimum rate from \$1,160.00 to \$1,204.00;
- An increase of 3.75% in the residential unimproved rate in the dollar from 6.629 cents (2014/2015) in the dollar of gross rental value to 6.878 cents in the dollar in 2015/2016 reflecting a 12.65% differential to the residential rate in the dollar. An increase in the minimum rate from \$740.00 to \$768.00;
- An increase in the commercial/industrial rate of 3.74% in the dollar from 6.117 cents (2014/2015) in the dollar of gross rental value to 6.346 cents in the dollar in 2015/2016, reflecting a 3.94% differential to the residential rate in the dollar. An increase in the minimum rate increasing from \$900.00 to \$934.00;
- An Underground Power Service Charge of \$3,400 to recover the cost of \$3.2m cash calls in the 2015/2016 financial year for the Melville South Underground Power project area.
- The Community Security & Liaison Service Charge has increased from \$52.70 to \$53.00 being 0.57%.
- The Swimming Pool Inspection Fee has increased from \$33.60 to \$34.25 per annum being 1.93%.
- The administration charge for payment by instalments has increased from \$16.00 to \$16.50 being 3.1%;
- Reducing late payment penalty interest from the statutory maximum of 11% to 8%;
- Maintaining an instalment interest charge of 4%;
- Reducing the Credit / Debit Card Surcharge Fee which is used to offset bank fees associated with credit card payments by ratepayers from 0.65% to 0.45%.
- Payment methods available to ratepayers include;
  - Direct debit – ratepayers need to contact the City of Melville to set up a direct debit payment. Direct debit can be set up as weekly, fortnightly, monthly, yearly, standard instalments or ad-hoc payment dates.
  - Payment at any Australia Post Office
  - BPay and BPayview
  - Payment at City of Melville Civic Centre
  - Online at [melvillecity.com.au](http://melvillecity.com.au) using Visa, MasterCard or American Express
  - By phone 1300 880 716 using Visa, MasterCard or American Express

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)**

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

<b>Risk Statement</b>	<b>Level of Risk</b>	<b>Risk Mitigation Strategy</b>
Insufficient budget funding achieved to carry out works and services and maintain the City's assets.	Major consequences which are almost certain, resulting in a <b>High</b> 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.
Funding is directed towards areas of expenditure that are not a priority of the Community and Council or required to address a Technical or Statutory requirement.	Minor consequences which might occur at some stage, resulting in a <b>Medium</b> level of risk.	Ensure budget development process is sound and subject to independent review by all Managers, Finance and Council to ensure funding requests are directed at meeting the Community Plan and Corporate Plan objectives.

**POLICY IMPLICATIONS**

The budget has been developed on the principles outlined in the Council's policies CP-008 Financial Sustainability – Forward Financial Planning and Funding Allocation Policy, CP-024 Borrowings & Asset Financing Policy and CP-031 Asset Management Policy.

Variation from policy CP-008 has occurred in respect to policy clause 2.2 in that the Annual 2015/2016 Budget does **not** include a two year budget.

Variation from policies CP008 and CP-031 has also occurred in that the amounts proposed to be set aside for asset replacement are less than that required to renew those assets as and when required. The funding shortfall is \$819,000 in 2015/2016. The LTFP shows that these amounts will not be made up until 2020/2021.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

The 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 Program 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 program 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 the 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.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)**

An increase or decrease of 1% of rates equates to approximately \$806,000.

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 it’s 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 it’s 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. 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 the Council are attached [6083B June 2015](#).

Should the \$2.15 million ear marked to be transferred to the Land and Property Reserve be applied to reducing general rates, this would have the estimated impact of reducing total rate revenue by 2.66% and if applied evenly across all classes of differentially rated properties would result in improved residential properties rate revenue being reduced by \$1,684,976, vacant residential land by \$43,270 and commercial properties by \$421,754.

This adjustment would have a one off impact in the 2015/2016 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 7.1% of rates to meet the target set in the Long Term Financial Plan and before any other additional cost increases are provided for.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****CONCLUSION**

In accordance with the principles expressed in the Long Term Financial Plan (except for the instances highlighted in the previous commentary), the 2015/2016 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 or the continuing delivery of services. The City of Melville believes that its community is best served by 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, asset failure or reduction of services which would arise if this approach was not taken.

The Budget has been achieved without resorting to loan borrowings to fund any operating or capital programmes.

It should be noted however that estimated opening funds expected to be brought forward from 2014/2015 of \$250k have been used in balancing the budget. This estimated opening funds position represents the unexpended storm damage contingency held under the Chief Executive Officer's budget and represents approximately 0.31% of General Rates. In addition, \$1,190,819 from the Rates Equalisation Reserve has also been used in balancing the budget. The Rates Equalisation Reserve was established as part of the 2014/2015 budget in order to temporarily retain any surpluses that may be identified from the yearly audit of the City's Annual Financial Statements. Following the completion of the 2014 audit, a surplus of \$1,316,790 was identified and transferred to the Reserve at the Mid Year Budget Review. It is suggested that the balance of \$125,971 be retained in the Reserve and be used to fund any 2015/2016 mid-year budget review requirements or to reduce rate increases required in future years.

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. It is evident that decisions taken by various local, state or federal authorities in past years to impose increases pegged to the Consumer Price Index (CPI), has now resulted in them now being required to pass on successive increases well in excess of CPI.

The 2015/2016 budget is recommended to the Council for approval.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY****1.1 Consideration and Adoption of the 2015/2016 Budget**

The Budget Papers for 2015/2016 form part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 5 June 2015.

**6083A June 2015****1.1.1. Ratepayer Profile****6083C June 2015 amended**

The Ratepayer Profile forms part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 5 June 2015.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
NOTING**

At 8.24pm Cr Schuster moved, seconded Cr Robartson –

**That the 2015/2016 Ratepayer Profile 6083C June 2015 amended be noted.**

At 8.24pm the Mayor submitted the motion, which was declared  
**CARRIED UNANIMOUSLY (11/0)**

**1.1.2 Differential Rating****Background**

The *Local Government Act 1995* (Act) 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, 26 May 2015.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)**

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 6 June 2015. The 21 day submission period closes on Tuesday, 17 June 2015 with no submissions having been received by the distribution of this report. Any submission subsequent to that date will be notified to the Council prior to the Special Council meeting to be held on 24 June 2015.

Unless amended by the Council, the proposed rates in the dollar and minimum rates for Residential Improved properties for 2015/2016 will be 6.106 cents in the \$ of GRV (14/15 5.885 cents) with a minimum rate of \$1,204.00 (14/15 \$1,160) for all Residential Improved Land and 6.878 cents in the \$ of GRV (14/15 6.629 cents) with a minimum rate of \$768.00 (14/15 \$768.00) for all Residential Unimproved Land.

The proposed differential rate for all Commercial/Industrial properties in 2015/2016 is 6.346 cents in the \$ of GRV (2014/2015 6.117 cents) with a minimum rate of \$934.00 (2014/2015 \$900.00). Note this applies to all improved and unimproved Commercial/Industrial Land.

**Refer to Page 31 Item 2 for Resolution**

**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 2014/2015 was 10.0% or \$50,000 whichever is the greater. It is proposed that the level adopted for the reporting of material variances for 2015/2016 should remain the same as in 2014/2015.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
APPROVAL**

At 8.27pm Cr Willis moved, seconded Cr Schuster–

**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 2015/2016 for reporting material variances, be 10% or \$50,000, whichever is the greater.**

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

**CARRIED UNANIMOUSLY (11/0)**

---

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.4 Adoption of 2015/2016 Budget and Setting of 2015/2016 Rates and Charges****COMMENT**

Before proceeding to the recommendations with respect to the 2015/2016 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 of any concessions on rates
- Setting the penalty interest rates 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.



**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.27pm Cr Robartson moved, seconded Cr Foxton–

1. That by Absolute Majority Decision of the Council the 2015/2016 Municipal Fund Budget [6083A June 2015](#) be adopted.
2. That by Absolute Majority Decision of the Council the following general rates applicable to the 2015/2016 financial year i.e. for the period 1 July 2015 to 30 June 2016, be adopted:

**All Improved Residential Land**

6.106 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 \$1,204.00 per assessment;

**All Unimproved Residential Land**

6.878 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$768.00 per lot;

Note: - Residential Land includes general residential, duplex, multi-unit, residential strata properties and properties owned by the Department of Housing.

**All Commercial/Industrial Land including Strata Storage Units**

6.346 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 \$934.00 per assessment;

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

3. That by Absolute Majority Decision of the Council

Properties included in the Melville South Underground Power Project Area shall be charged a Network Charge of \$3,400 per property.

4. That by Absolute Majority Decision of the Council the following rates concessions for the 2015/2016 financial year, be adopted:

**A. General Rate Concessions**

Strata storage units. Appropriately zoned and used strata titled storage units of 18m<sup>2</sup> or smaller, granted a concession of \$467.00 each; The value of this concession amounts to approximately \$26,619.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.4 Adoption of 2015/2016 Budget and Setting of 2015/2016 Rates and Charges  
(Continued)**

**Melville Glades Golf Club. 100% concession from general rates. The value of this concession amounts to approximately \$17,205.30.**

**5. That by Absolute Majority Decision of the Council the following refuse waste charges be adopted, for the 2015/2016 financial year where these services are charged via the City of Melville rates system as**

**A) Residential Rateable and Non Rateable Properties Waste and Recycling**

**\$450.00 per annum for each Non-Rateable (Residential) for one standard removal and disposal of waste in a City of Melville approved waste bin;**

**\$319.70 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;**

**\$115.70 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 (Non-Residential) Properties**

**\$578.80 per annum for one standard removal and disposal of waste in a City of Melville approved waste bin;**

**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**

**\$26.55 (excluding GST) per service – one bin of 660 litre capacity.**

**\$33.80 (excluding GST) per service – one bin of 1,100 litre capacity.**

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

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.4 Adoption of 2015/2016 Budget and Setting of 2015/2016 Rates and Charges  
(Continued)****D) Commercial and Non Rateable Recycling Services**

**\$503.35 per annum 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.**

**\$22.00 (excluding GST) per service – one bin of 660 litre capacity.**

**\$26.55 (excluding GST) per service – one bin of 1,100 litre capacity.**

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

**6. Swimming Pool Inspection Fee**

**That by Absolute Majority Decision of the Council a swimming pool inspection fee of \$34.25 be adopted for 2015/2016.**

**Note:- The Swimming Pool Inspection Fee 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 year's budget.**

**7. Property Surveillance and Security Service Charge**

**That by Absolute Majority Decision of the Council the property surveillance and security charge for the 2015/2016 year of \$53.00 be adopted.**

At 8.30pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.5 Early Payment Incentives****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.31pm Cr Aubrey moved, seconded Cr Schuster –

1. **That by Absolute Majority Decision of the Council the following early payment incentives be granted provided all 2015/2016 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 8.31pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**1.1.6 Loan Capital Fund Budget**

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 AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.31pm Cr Willis moved, seconded Cr Aubrey –

**That by Absolute Majority Decision of the Council the 2015/2016 Loan Fund Budget [6083A June 2015](#) be adopted.**

At 8.31pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 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 Councils and represent funds that have been set aside for future known and unknown events in order to help reduce the variability of Municipal rates.

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

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)**1.1.7 Reserve Account Budgets (Continued)**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.32pm Cr Reynolds moved, seconded Cr Schuster –

**That by Absolute Majority Decision of the Council the 2015/2016 Reserve Accounts (Fund) Budget 6083A June 2015 be adopted for the following reserve accounts and purposes:**

**A) Ardross East Underground Power & Streetscape Enhancement Reserve**

To be used for underground power projects and streetscape enhancements in the Ardross East 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) Attadale South Underground Power & Streetscape Enhancement Reserve**

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

**D) Civic Centre Precinct Improvement Reserve**

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

**E) Commercial Refuse Reserve**

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

**F) Community Facilities Reserve**

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

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.7 Reserve Account Budgets (Continued)****G) 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.

**H) Information Technology Reserve**

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

**I) 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.

**J) Land and Property Reserve**

To be used to a) fund the acquisition or construction of commercial revenue earning land and or buildings, or b) internally fund the purchase or construction of City of Melville community facilities or infrastructure assets, on the basis that those funds will be returned to the Land and Property Reserve over a predetermined period of time with interest, with the interest rate being set at what would have been charged by the Western Australian Treasury Corporation for the term of the borrowing using the Semi Annual Annuity interest rate.

**K) Leave Entitlements Reserve**

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

**L) Melville South Underground Power & Streetscape Enhancement Reserve**

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

**M) New Capital Works Reserve**

To be used to fund "New" Infrastructure Capital Works as opposed to renewal of existing assets as per Asset Management Plans.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.7 Reserve Account Budgets (Continued)****N) 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.

**O) Parking Facilities Reserve**

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

**P) Plant Replacement Reserve**

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

**Q) Private Swimming Pool Inspection Fee Reserve**

To temporarily retain any surpluses that may arise from the Swimming Pool Inspection fees to be used to offset any deficits in future year's Swimming Pool Inspection Fees.

**R) 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.

**S) Rates Equalisation Reserve**

To temporarily retain any surplus carried forward funds as shown in the audited Annual Financial Report Rate Setting Statement in excess of the estimated surplus funds brought forward amount identified in the following year's Annual Budget Rate Setting Statement to subsequently be used to reduce the need to raise rates in future years or to meet any budget shortfalls identified during the mid-year or other budget reviews.

**T) 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.

**U) Refuse Bins Reserve**

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



**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)**1.1.7 Reserve Account Budgets (Continued)**V) 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.

**W) 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 any losses arising from investment activities.

**X) Special Projects Reserve**

To be used to fund costs associated with City of Melville Council Elections, infrastructure asset condition surveys, asset valuations and gross rental value revaluations and strategic planning projects.

**Y) 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 8.39pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.8 Trust Fund Budget**

This budget includes funds held separate and distinct from municipal funds where required by legislation.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.40pm Cr Barton moved, seconded Cr Schuster –

**That by Absolute Majority Decision of the Council the 2015/2016 Trust Fund Budget as detailed [6083A June 2015](#), be adopted.**

At 8.40pm the Mayor submitted the motion, which was declared  
**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**1.1.9 2014/2015 Surplus Funds**

The 2015/2016 Budget has been formulated on the basis that an estimated surplus of \$250,000 will be carried forward from the 2014/2015 financial year.

This amount has arisen as a result of contingency funding not being required in 2014/2015. The actual surplus/deficit will be finally determined following receipt of the 2014/2015 audited financial statements anticipated to be in October 2015. Should, following receipt of the 2014/2015 audited financial statements, any budget surplus be identified, this will be reported to the Council at a future review of the 2015/2016 budget and the funds transferred into the Rates Equalisation Reserve. Should the 2014/2015 audited financial statements reveal a budget deficit amount, this will also be addressed by a review of the 2015/2016 budget and direction sought from the Council as to which projects or programs it wishes to be curtailed.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
APPROVAL**

At 8.40pm Cr Schuster moved, seconded Cr Willis–

**That the Council note that an estimated Municipal Fund 30 June 2015 closing funds amount of \$250,000 has been used as an opening position in the 2015/2016 budget and that the final net closing funds amount will be determined following receipt of the 2014/2015 audited financial statements and approves the transfer of any additional net closing funds for the completed 2014/2015 financial year over \$250,000 being transferred to the Rates Equalisation Reserve account.**

At 8.40pm the Mayor submitted the motion, which was declared  
**CARRIED UNANIMOUSLY (11/0)**

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 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 2015/2016 include:

- Parking Fines – revised fines to be effective following the amendment of the City's local laws;
- Health – the penalties for offences committed have been increased significantly.
- Works – Introduction of kerb side deposit re-inspection fee.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.41pm Cr Willis moved, seconded Cr Robartson –

**That by Absolute Majority Decision of the Council, in accordance with Section 6.16 of the *Local Government Act 1995*, the 2015/2016 Schedule of Fees and Charges included in the attached budget papers [6083A June 2015](#) be adopted and the new fees be applicable from 1 July 2015.**

At 8.45pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.11 Payment and Instalment Due Dates****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.45pm Cr Robartson moved, seconded Cr Reynolds–

**That by Absolute Majority Decision of the Council 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:-**

<b>Full payment and 1<sup>st</sup> instalment due date</b>	<b>26 August 2015</b>
<b>2<sup>nd</sup> Instalment due date</b>	<b>26 October 2015</b>
<b>3<sup>rd</sup> Instalment due date</b>	<b>4 January 2016</b>
<b>4<sup>th</sup> and final instalment due date</b>	<b>4 March 2016</b>

At 8.45pm the Mayor submitted the motion, which was declared  
**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.12 Administration and Interest Charge for Rates and Services Charges**

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

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

This year it is proposed to increase the instalment administration charge to \$16.50 (2014/2015 \$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 instalment (interest) charge is recommended to be 4% so as to ensure an undue burden is not placed on ratepayers choosing to pay by instalments.

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 2014/2015 financial year the City of Melville imposed an interest rate of 11% being, the maximum interest rate permitted by the regulations. In light of falling interest rates, it is recommended that a penalty interest rate of 8% be adopted for 2015/2016.

In respect to interest charged on underground power and streetscape enhancement amounts that remain unpaid, it is proposed that the imposition of interest be charged at a rate of 4.0% (4.5% in 2014/2015) per annum for 2015/2016.

The credit card surcharge fee of 0.45% (0.65% in 2014/2015) is proposed to offset the additional cost of bank fees associated with credit card payments by ratepayers. No concessions for seniors or pensioners have 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.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.12 Administration and Interest Charge for Rates and Services Charges  
(Continued)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.46pm Cr Willis moved, seconded Cr Aubrey –

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 \$16.50 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 8% 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.

3. That by Absolute Majority Decision of the Council, an interest charge of 4% 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 interest charge (8% proposed for 2015/2016) is to be applied.

At 8.46pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****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.

During the 2014/2015 financial year the City of Melville imposed an interest rate of 11% being, the maximum interest rate permitted by the regulations. In light of falling interest rates, it is recommended that a penalty interest rate of 8% be adopted for 2015/2016. 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 due 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.

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. 4%) 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.

**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 BUDGET (AMREC)  
(ATTACHMENT)****1.1.13 Interest Charge on Money Owing to Local Government (Continued)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
ABSOLUTE MAJORITY**

At 8.47pm Cr Aubrey moved, seconded Cr Robartson –

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 8.47pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**



**C15/6083 – CONSIDERATION AND ADOPTION OF THE 2015/2016 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 2015/2016.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6083)  
APPROVAL**

At 8.47pm Cr Phelan moved, seconded Cr Robartson–

**That the Council resolves 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 8.48pm the Mayor submitted the motion, which was declared  
**CARRIED UNANIMOUSLY (11/0)**

**11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil.

**14. CLOSURE**

There being no further business to discuss, the Mayor declared the meeting closed at 8.50pm.