

MINUTES

OF THE

SPECIAL MEETING OF THE COUNCIL

HELD ON

THURSDAY 22 JUNE 2017

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

	Item Description	Page Number
CORPORATE SERVICES		
C17/6111	Consideration and Adoption of the 2017-2018 Budget	3

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 THURSDAY, 22 JUNE 2017.

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 R Aubrey
Cr D Macphail
Cr N Pazolli,
Cr C Schuster (From 6.51pm)
Cr G Wieland
Cr C Robartson, Cr M Woodall
Cr P Phelan
Cr N Foxtan, Cr T Barling

WARD

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

3. IN ATTENDANCE

Dr S Silcox	Chief Executive Officer
Mr M Tieleman	Director Corporate Services
Ms C Young	Director Community Development
Mr J Christie	Director Technical Services
Mr S Cope	Director Urban Planning
Mr L Hitchcock	Executive Manager Legal Services
Mr B Taylor	Manager Financial Services
Mr W Nicholls	Senior Accountant (Management)
Ms D Whyte	Accounting Services Coordinator
Ms L Fitzgerald	Finance Officer
Mr J Clark	Governance and Compliance Program Manager
Mr N Fimmano	Governance and Property Officer
Ms S Tranchita	Minute Secretary

At the commencement of the meeting there were two members of the public and one member from the Press in the Public Gallery.

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

Cr C Schuster – for late arrival

4.2 APPROVED LEAVE OF ABSENCE

Cr J Barton – Bicton/Attadale 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 6.32pm Cr Aubrey moved, seconded Cr Phelan –

That the application for new leave of absence submitted by Councillor Macphail on 22 June 2017 be granted.

At 6.32pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (10/0)

9. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil

10. REPORTS OF THE CHIEF EXECUTIVE OFFICER

C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 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	:	Elected Members and officers 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 <i>Local Government Act 1995</i> .
Previous Items	:	Not Applicable
Works Programme	:	As per 2017-2018 budget document
Funding	:	As per 2017-2018 budget document
Responsible Officer	:	Bruce Taylor Manager Financial Services

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council 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>

**C17/6111 CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****KEY ISSUES / SUMMARY**

- The 2017-2018 Budget document (including the Schedule of Fees and Charges for 2017-2018) is presented for consideration and adoption by the Council.
- When compared to the 2016-2017 adopted budget the 2017-2018 draft budget results in a decrease in total operating (including general rates) revenue of \$781,000 and operating expenditure of \$1,316,000 and an increase in net capital expenditure on City assets of \$11,019,000.
- Following application of the triennial revaluation conducted by the Valuer General of all City of Melville properties, total general rates yield in 2017-2018 is proposed to increase by \$1,624,000 (1.94%) when compared to the 2016-2017 adopted budget.
- Specific service charges will also be raised from ratepayers within the defined project areas to fund the Melville South and commencement of the Melville North and Alfred Cove East underground power projects being undertaken by Western Power.

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 2017-2018 Draft Budget (Budget) has been prepared based on direction provided by the Long Term Financial Plan (LTFP) of the Council and updated to reflect any changes in actual outcomes since the LTFP was adopted.

DETAIL

The City of Melville commenced its formal Budget preparation in February 2017. Inputs into the budget formulation process included:

- Budget responsible officers and the Operational and Executive Management Teams;
- Feedback and direction received from the Council arising out of Elected Member Information Sessions and Corporate and Long Term Financial Planning processes, or any specific requests arising from resolutions of the Council during the 2016-2017 financial year.
- The updated Gross Rental Values (GRV's) received from the Valuer General as a result of the triennial revaluation of the GRV's of all City of Melville properties undertaken by them.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

The Budget presented to the Council has been balanced to ensure that operating (excluding non-cash expenditure such as depreciation) and capital expenditure and funds set aside in specific purpose reserve accounts (Reserves) is matched by the opening surplus, operating and capital income and funds used from Reserves, with the resulting amount being the "Amount Required to be Raised from Rates".

The balanced position has been achieved whilst maintaining service and asset maintenance levels, at the same time reducing operational expenditure and increasing the amount spent on improving the City's assets and equity.

Key aspects of the Budget are as follows:-

- Operating revenue, excluding rates, decreased by \$2.5m from \$32.4m in 2016-2017 to \$29.9m in 2017-2018. Of this variance, \$3.1m relates to a decrease in service charge income required to fund underground power projects when compared to 2016-2017.
- Operating expenditure, including depreciation, has decreased by \$1.3m or 1.3% from \$101.2m to \$99.9m. Increases in the expenditure classification "Employee Costs" amount to \$1.0m or 2.2%. A base line increase in salaries and wages of 2.0% has been provided for in the budget. Decreases in the expenditure classification "Other Expenditure" amount to \$4.7m, \$3.1m of which relates to the decrease in the cost of the underground power projects mentioned in operating revenue above. These decreases have been offset by increases in other expenditure classifications with the major increase being \$2.2m in depreciation.
- Non operating revenue has decreased by \$1.1m largely due to decreases in tied roads grants.
- Capital expenditure has increased by \$11.3m or 47.9% from \$23.6m in 2016-2017 to \$34.9m in 2017-2018. The major increases are in the Purchase of Land and Buildings category of \$9.2m, Purchase of Furniture and Equipment category of \$2.0m and Purchase of Infrastructure Assets of \$1.4m.
- Funds to be set aside to specific purpose reserves has increased by \$1.3m to \$28.7m whilst funds to be used from specific purpose reserves has increased by \$12.5m to \$32.5m.
- The balance to be made up from rate revenue has increased by \$1.6m or 1.9%, from \$83.8m in 2016-2017 to \$85.4m in 2017-2018. This was achieved by an increase in the rate in the dollar with the balance of the revenue increase being derived from estimated revenue from new rateable properties expected to be added to the rate base over the course of the 2017-2018 financial year.

The Budget Book [6111A June 2017](#) outlines key information including:

- The Budget Certification
- A Budget overview;
- The Budget set out in the "Statutory" format as per legislation and regulations including:-
 - Rate Setting Statement by Program and Sub-program
 - Statements of Comprehensive Income by Nature & Type and by Program
 - Statement of Cash Flows
 - Statement of Financial Position
 - Statement of Changes in Equity

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

- Extensive notes to and forming part of the Budget including details of cash backed specific purpose reserve accounts, detailed rating information and information on other charges such as the Security levy, Underground Power etc.
- The Schedule of Fees and Charges for 2017-2018 to be adopted by the Council

Attachment [6111B June 2017](#) provides a Ratepayer Profile for the City. There are no major changes to the Ratepayer Profile compared to last year.

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

A notice of intention to impose differential rates was advertised in the Melville Times on Tuesday, 30 May 2017 and the public comment period (minimum of 21 days) ends on Wednesday 21 June 2017. Should any public comments be received they will be reported to the Council at the meeting.

Whilst no other specific public consultation has taken place in regards to the 2017-2018 Budget, community consultation has occurred for a number of the major projects identified within the budget document.

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;
- Public Utilities Office (formerly known as 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.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

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 2017-2018 Budget as presented meets these statutory obligations.

FINANCIAL IMPLICATIONS

Specific financial implications are as detailed in the attached 2017-2018 budget document.

Estimated opening funds expected to be brought forward from 2017-2018 of \$250,000 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 0.29% of General Rates

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

Implications for City of Melville ratepayers will include:-

1. Various increases in the levels of user fees and charges as detailed in the 2017-2018 Fees and Charges Schedule;
2. An increase of 2% in the residential general improved rate in the dollar from 6.255597 cents (2016-2017) in the dollar of gross rental value to 6.379582 cents in the dollar in 2017-2018. An increase of 2% in the minimum rate from \$1,233.50 to \$1,258.15;
3. An increase of 2% in the residential unimproved rate in the dollar from 7.046511 cents (2016-2017) in the dollar of gross rental value to 7.186171 cents in the dollar in 2017-2018 reflecting a 12.64% differential to the residential rate in the dollar. An increase of 2% in the minimum rate from \$786.80 to \$802.50. As a result of this increase, the loss of revenue from an increasing number of non-rateable independent retirement units provided by "charitable" organisations and valuation changes, the rate yield from residential properties has increased by \$1,174,408 or 1.75%. Residential rates represents 80% of total rates raised;
4. An increase in the commercial/industrial rate of 11% in the dollar from 6.501477 cents (2016-2017) in the dollar of gross rental value to 7.213036 cents in the dollar in 2017-2018, reflecting a 13.06% differential to the residential rate in the dollar. An increase of 2% in the minimum rate increasing from \$956.90 to \$976.00. Despite the disproportionate % increase in the rate in the dollar, due to valuation changes, the rate yield from commercial/industrial properties has increased by just \$413,936 or 2.5%. Commercial/industrial rates represents 20% of total rates raised;
5. An Underground Power Network Service Charge of \$326.50 to recover the cost of cash calls made in the 2016-2017 financial year for the Melville South Underground Power project area;

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

6. An Underground Power Network Service Charge of \$1,060.00 to recover the estimated cost of cash calls in the 2017-2018 financial year for the Melville North Underground Power project area;
7. An Underground Power Network Service Charge of \$1,380.00 to recover the estimated cost of cash calls in the 2017-2018 financial year for the Alfred Cove East Underground Power project area;
8. The Property Surveillance and Security Service Charge has increased from \$53.75 to \$55.30;
9. The Swimming Pool Inspection Fee has increased from \$36.70 to \$42.30 per annum;
10. The administration charge for payment by instalments has increased from \$16.75 to \$17.00 being a 1.5% increase;
11. Maintaining a late payment penalty interest charge of 8%;
12. Maintaining an instalment interest charge of 4%;
13. Maintaining the Credit/Debit Card Surcharge Fee which is used to offset bank fees associated with payments made using the credit card network, by ratepayers at 0.60%.
14. Payment methods available to ratepayers include;
 - a. 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
 - b. Payment at any Australia Post Office
 - c. Post Bill Pay, BPay and BPayview
 - d. In person at City of Melville Civic Centre
 - e. Online at melvillecity.com.au using Visa, MasterCard or American Express
 - f. By phone 1300 880 716 using Visa, MasterCard or American Express

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk	Risk Mitigation Strategy
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 High level of risk.	Ensure sound Financial policy positions are adopted by Council and that the consequences of insufficiently funding the City's operations are well understood.
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 Medium level of risk.	Ensure budget development process is sound and subject to independent review by all Managers, Finance and the 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 and Asset Financing Policy
- CP-031 Asset Management Policy and
- CP-091 Elected Members Allowances and Expenses.

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 Programs 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 renewal component of 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 priority projects, however there are many more that are also worthy of funding that could be suggested for inclusion should others be removed. The 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. Prudent financial management practices take into account the needs of current and future generations and support the need to build reasonable levels of cash backed specific purpose reserves to enable it to do so.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

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.

An increase or decrease of 1% of rates equates to approximately \$851,000.

CONCLUSION

In accordance with the principles expressed in the Long Term Financial Plan and relevant Council Policies, the 2017-2018 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 however that its community is best served by the Council making long term decisions that take into account the real impacts of rising costs. This ensures 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 Papers for 2017-2018 form part of the Attachments to the Agenda, which was distributed to the Members of the Council 2 June 2017. [Attachment 6111A June 2017](#)

In accordance with Section 6.2 of the Act the 2017-2018 budget is recommended to the Council for adoption by Absolute Majority Decision.

1. BUDGET ADOPTION AND ASSOCIATED RESOLUTIONS**COMMENT**

Before proceeding to the recommendations with respect to the 2017-2018 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 Rates 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.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

The Act also outlines procedures by which a local government can impose differential rates. 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, 30 May 2017. The 21 day submission period closes on Wednesday, 21 June 2017 with no submissions having been received by the date of distribution of this report. Any submission subsequent to that date will be notified to the Council at or prior to the Special Council meeting to be held on 22 June 2017.

Unless amended by the Council, the proposed rates in the dollar and minimum rates for Residential Improved properties for 2017-2018 will be 6.379582 cents in the \$ of Gross Rental Valuation (GRV) (2016-2017 6.255597 cents) with a minimum rate of \$1,258.15 (2016-2017 \$1,233.50).

The proposed rates in the dollar and minimum rates for all Residential Unimproved Land will be 7.186171 cents in the \$ of GRV (2016-2017 7.046511 cents) with a minimum rate of \$802.50 (2016-2017 \$786.80).

The proposed differential rate for all Commercial/Industrial properties in 2017-2018 is 7.213036 cents in the \$ of GRV (2016-2017 6.501477 cents) with a minimum rate of \$976.00 (2016-2017 \$956.90). Note this applies to all improved and unimproved Commercial/Industrial Land.

1.1 Ratepayer Profile

The Ratepayer Profile which shows rating outcomes for different property types forms part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 2 June 2017. Attachment [6111B June 2017](#)

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)**NOTING**

At 6.33pm Cr Robartson moved, seconded Cr Phelan –

That the 2017-2018 Ratepayer Profile as detailed in Attachment [6111B June 2017](#) be noted.

At 6.38pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (10/0)

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.2 Adoption of 2017-2018 Budget and Setting of 2017-2018 Rates and Charges****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 6.38pm Cr Macphail moved, seconded Cr Robartson –

- 1) That by Absolute Majority Decision of the Council the 2017-2018 Municipal Fund Budget as detailed in Attachment [6111A June 2017](#) be adopted.
- 2) That by Absolute Majority Decision of the Council the following general rates applicable to the 2017-2018 financial year i.e. for the period 1 July 2017 to 30 June 2018, be adopted:
 - a. All Improved Residential Land
6.379582 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 \$1,258.15 per assessment;
 - b. All Unimproved Residential Land
7.186171 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$802.50 per lot;

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

- c. All Commercial/Industrial Land including Strata Storage Units
7.213036 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 \$976.00 per assessment;

noting that 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
 - a. Properties included in the Melville South Underground Power Project Area shall be charged a Network Charge of \$326.50 per property.
 - b. Properties included in the Melville North Underground Power Project Area shall be charged a Network Charge of \$1,060.00 per property.
 - c. Properties included in the Alfred Cove East Underground Power Project Area shall be charged a Network Charge of \$1,380.00 per property.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.2 Adoption of 2017-2018 Budget and Setting of 2017-2018 Rates and Charges
(Continued).****4) That by Absolute Majority Decision of the Council the following general rates concessions for the 2017-2018 financial year, be adopted:**

- a. Strata storage units. Appropriately zoned and used strata titled storage units of 18m² or smaller, granted a concession of \$488.00 each it being noted that the value of this concession is approximately \$26,840.**
- b. Melville Glades Golf Club. 100% concession from general rates it being noted that the value of this concession amounts to approximately \$19,556.**

5) That by Absolute Majority Decision of the Council the following refuse waste charges be adopted, for the 2017-2018 financial year where these services are charged via the City of Melville rates system/notice:**A) Additional Residential Rateable**

- a. \$330.00 per annum for each additional City of Melville approved domestic waste bin when emptied at the same time as the standard weekly domestic waste collection;**
- b. \$105.00 per annum for each additional City of Melville approved recycling bin service when emptied at the same time as the standard domestic recycling collection;**

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

B) Residential Non Rateable Properties Waste and Recycling

- a. \$464.75 per annum for each Non-Rateable (Residential) for one standard removal and disposal of waste in a City of Melville approved waste bin;**

Note: - Standard removal includes the collection and disposal of City of Melville approved bins from the kerbside or other City of Melville approved collection locations during the normal domestic collection round.

C) Commercial and Non-Rateable (Non-Residential) Properties Waste Service

- a. \$599.00 per annum for one standard removal and disposal of waste in a City of Melville approved waste bin;**

Note:- a standard commercial and non-rateable service includes the once a week removal and disposal of refuse in a City of Melville approved waste bin from the kerbside or other City of Melville approved collection locations;

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.2 Adoption of 2017-2018 Budget and Setting of 2017-2018 Rates and Charges
(Continued).****D) Bulk Refuse Collection and Disposal**

- a. **\$25.00 (excluding GST) per service – one bin of 660 litre capacity.**
- b. **\$35.20 (excluding GST) per service – one bin of 1,100 litre capacity.**

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

E) Commercial and Non Rateable Recycling Services

- a. **\$503.25 per annum for a once a week collection recycling bin service provided to commercial and non-rateable properties for one City of Melville approved recycling bin emptied on a weekly basis.**
- b. **\$22.00 (excluding GST) per service – one bin of 660 litre capacity.**
- c. **\$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 \$42.30 for the 2017-2018 year be adopted.

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 reserve 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 a Property Surveillance and Security Charge of \$55.30 for the 2017-2018 year be adopted.

At 6.45pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (10/0)

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.3 Early Payment Incentives****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 6.45pm Cr Foxtan moved, seconded Cr Macphail –

- 1. That by Absolute Majority Decision of the Council the following early payment incentives be granted provided all 2017-2018 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. Three \$1,000 Bonus Saver Accounts donated from Westpac Bank.**
- 2. The following prizes donated by various sponsors be offered to those ratepayers who register or are registered for paperless billing options by the due date for payment of the first instalment. Six other prizes, ranging in value from \$500 to \$2,856.**

At 6.45pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (10/0)

1.4 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. It is noted that dependant on the outcomes of a report to the Council in June 2017 regarding the amalgamation of the Melville and Mount Pleasant Bowling Clubs and the Tompkins Park Sports and Recreational Association into a new Association at Tompkins Park, the City may take back the responsibility for meeting the repayment costs associated with the repayment of loans 399 and 413. The total annual debt repayment costs for these loans are \$75,173 with loan 399 maturing on 31 December 2029 and loan 413 on 26 September 2022.

At 6.51pm Cr Schuster entered the meeting.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 6.46pm Cr Robartson moved, seconded Cr Foxtan –

That by Absolute Majority Decision of the Council the 2017-2018 Loan Fund Budget as detailed in Attachment [6111A June 2017](#) be adopted.

At 6.54pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.5 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 Surveillance and 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, Fleet Services Vehicles, Plant and Equipment Replacement Reserve, Infrastructure 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 local governments and represent funds that have been set aside for future known and unknown events in order to help reduce the variability of General 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.

New Reserves have been created for the 2017-2018 year being –

- Melville North Underground Power & Streetscape Enhancement Reserve
- Alfred Cove East Underground Power & Streetscape Enhancement Reserve

The stated purpose of each reserve is outlined in the recommendation below.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)****ABSOLUTE MAJORITY APPROVAL**

At.6.54pm Cr Schuster moved, seconded Cr Aubrey –

That by Absolute Majority Decision of the Council the 2017-2018 Reserve Accounts (Fund) Budget as detailed in Attachment [6111A June 2017](#) be adopted for the following reserve accounts and purposes:

- 1) **Alfred Cove East Underground Power & Streetscape Enhancement Reserve**
To be used for underground power projects and streetscape enhancements in the Alfred Cove East Underground Power project area.
- 2) **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.
- 3) **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.
- 4) **Attadale North Underground Power & Streetscape Enhancement Reserve**
To be used for underground power projects and streetscape enhancements in the Attadale North Underground Power project area.
- 5) **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.
- 6) **Bicton North Underground Power & Streetscape Enhancement Reserve**
To be used for underground power projects and streetscape enhancements in the Bicton North Underground Power project area.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)**

- 7) Civic Centre Precinct Improvements Reserve**
To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct (Melville City Centre).
- 8) 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.
- 9) Community Facilities Reserve**
To be used for the provision of new, renewed or upgraded community facilities/buildings.
- 10) 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 years Property Surveillance and Security Service Charges or for the purchase of plant and equipment used for community surveillance and security services.
- 11) Fleet Services Vehicles, Plant and Equipment Replacement Reserve**
To be used to fund the purchase of replacement vehicles, plant and equipment.
- 12) Future Works Reserve**
To be used to fund the "New" component of the costs of Infrastructure Capital Works and Buildings as opposed to renewal of existing assets as per Asset Management Plans.
- 13) Information Technology Reserve**
To be used to fund the acquisition and replacement of computer software and information technology hardware.
- 14) 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 road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure assets.
- 15) Land and Property Reserve**
To be used to:
 - a) fund the acquisition or construction of commercial revenue earning land and or buildings, or
 - b) fund the acquisition of land and buildings in structure plan areas to help encourage of the redevelopment of those structure plan areas by assembling developable land parcels and fund demonstration developments in line with structure plan principles; or

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)**

- c) 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.

16) Leave Entitlements Reserve

To be used to fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.

17) Libraries, Art Centres and Museums Equipment, Furniture and Specialised Fit Out Reserve

To be used to fund the acquisition and replacement of the fit outs, furniture and specialised equipment for art centres, museums and libraries.

18) 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.

19) Melville North Underground Power & Streetscape Enhancement Reserve

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

20) Organisational Environmental Sustainability Initiatives Reserve

To be used to fund environmental initiatives which are intended to reduce the energy usage and or carbon footprint of the corporation of the City of Melville or for debt servicing costs associated with any loan borrowings taken out for such purposes.

21) Parking Facilities Reserve

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

22) 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 that may occur in future year's operations of the Private Swimming Pools Inspection Program.

23) Public Open Space and Urban Forest Reserve

To be used to fund the purchase, development and re-development of public open spaces, including streetscapes, bushlands, parks and reserves and to fund initiatives to enhance and improve the urban forest or for debt servicing costs associated with any loan borrowings taken out for such purposes.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)****24) 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 years 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 budget reviews.

25) Recreation Centres Specialised Plant, Equipment and Structures Reserve

To be used to fund the acquisition, repair, upgrade and replacement of Recreation Centres specialised plant, equipment and structures.

26) Refuse Bins Reserve

To be used for the purchase, replacement and distribution of domestic and public refuse and recycling bins or receptacles.

27) Refuse Facilities Reserve

To be used for payments relating to the establishment and operation of waste management facilities and collection systems, funding associated costs, and the costs associated with monitoring and remediating/ rehabilitating including landscaping, former refuse tip sites operated by the City of Melville and for any additional waste collection and disposal costs of waste associated with storm or disaster events.

28) Risk Management and Insurance Equalisation Reserve

To be used to fund prior years insurance premium contingencies, the self-insured element of insurance claims, risk reduction initiatives or projects, any losses arising from investment activities, and funding responses to emergencies or disasters impacting on the City of Melville not funded by the State Government.

29) 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.

30) Unexpended Capital Works and Specific Purpose Grants Reserve

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

At 7.11pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (11/0)

At 7.11pm Cr Woodall left the meeting.

**C17/6111 - CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

1.6 Trust Fund Budget

This budget includes funds held on trust separate and distinct from Municipal Funds where required by legislation or deeds of trust.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 7.11pm Cr Schuster moved, seconded Cr Macphail –

That by Absolute Majority Decision of the Council the 2017-2018 Trust Fund Budget as detailed in Attachment [6111A June 2017](#), be adopted.

At 7.11pm the Mayor submitted the motion, which was declared
CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (10/0)

1.7 2015-2016 Surplus Funds

The audited annual financial statements for the 2015-2016 financial year reflected a budget surplus of \$2,942,921.

At the Special Meeting of Council held 28 June 2016 Item C16/6099 – Consideration and Adoption of the 2016-2017 Budget, the Council resolved –

That the Council note that an estimated Municipal Fund 30 June 2016 closing funds amount of \$150,000 has been used as an opening position in the 2016/2017 budget and that the final net closing funds amount will be determined following receipt of the 2015/2016 audited financial statements and approves the transfer of any additional net closing funds for the completed 2015/2016 financial year over \$150,000 being transferred to the Rates Equalisation Reserve account.

Officers recommend that the remaining funds of \$2,792,921 be allocated to the Rates Equalisation Reserve in accordance with the above resolution, and the intended purpose of the reserve, to offset future rate rises. \$1,233,044 of this Reserve Account was used in 2016-2017 to fund the repayment of rates previously raised and collected of \$281,777 as a result of a successful valuation appeal resulting in a refund of the rates with the remaining balance of \$951,267 being the reversal of Rates Paid in Advance which as the result of a change in Accounting Standards were required to be reflected as income in the 2015-2016 financial year and therefore artificially inflated the surplus by that amount. The Accounting Standards have been changed again in 2016-2017 so that the City can revert to its previous practice of treating Rates Paid in Advance as a liability and not income until the year in which the rates are raised in respect to those advance payments.

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 7.12pm Cr Schuster moved, seconded Cr Aubrey –

That the Council approve the transferring of the remaining unallocated 2015-2016 surplus of \$2,792,921 to the Rates Equalisation Reserve account.

At 7.12pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (10/0)

1.8 2016-2017 Surplus Funds

The 2017-2018 Budget has been formulated on the basis that an estimated surplus of \$250,000 will be carried forward from the 2016-2017 financial year.

This amount has arisen as a result of contingency funding not being required in 2016-2017. The actual surplus/deficit will be finally determined following receipt of the 2016-2017 audited financial statements anticipated to be in October 2016. Should, following receipt of the 2016-2017 audited financial statements, any budget surplus be identified, this will be reported to the Council at a future review of the 2017-2018 budget and it will be recommended that the funds be transferred into the Rates Equalisation Reserve. Should the 2016-2017 audited financial statements reveal a budget deficit amount, this will also be addressed by a review of the 2017-2018 budget and direction sought from the Council as to which projects or programs it wishes to be curtailed or the funds transferred from the Rates Equalisation Reserve.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 7.12pm Cr Robartson moved, seconded Cr Foxtan –

That the Council note that an estimated Municipal Fund 30 June 2017 closing funds amount of \$250,000 has been used as an opening position in the 2017-2018 budget and that the final net closing funds amount will be determined following receipt of the 2016-2017 audited financial statements and approves the transfer of any additional net closing funds for the completed 2016-2017 financial year over \$250,000 being transferred to the Rates Equalisation Reserve account.

At 7.12pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (10/0)

1.9 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.

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

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 2017-2018 include:

- LeisureFit programs – revised programs and pricing as required to keep the facilities competitive;
- Recreation – review of reserve hire and sport lighting fees to better reflect the cost of running and maintaining these facilities.
- Parking – reduced parking fees for the Raffles underground car park to encourage use of the facility.

At 7.13pm Cr Woodall returned to the meeting.

1.9 Imposition of Fees and Charges (Continued)**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)****ABSOLUTE MAJORITY APPROVAL**

At 7.12pm Cr Aubrey moved, seconded Cr Foxtton–

That by Absolute Majority Decision of the Council, in accordance with Section 6.16 of the *Local Government Act 1995*, the 2017-2018 Schedule of Fees and Charges Included in the attached budget papers [6111A June 2017](#) be adopted and the new fees be applicable from 1 July 2017.

At 7.14pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)**1.10 Payment and Instalment Due Dates****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)****ABSOLUTE MAJORITY APPROVAL**

At 7.14pm Cr Aubrey moved, seconded Cr Wieland –

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:-

Full payment and 1st instalment due date	28 August 2017
2nd Instalment due date	30 October 2017
3rd Instalment due date	4 January 2018
4th and final instalment due date	7 March 2018

At 7.17pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.11 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 \$17.00 (2016-2017 \$16.75) 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 2016-2017 financial year the City of Melville imposed an interest rate of 8%, being less than the maximum interest rate of 11% permitted by the regulations. In light of falling interest rates, it is recommended that a penalty interest rate of 8% again be adopted for 2017-2018.

In respect to interest charged on underground power and streetscape enhancement amounts that remain unpaid, it is proposed that the imposition of interest again be charged at a rate of 4.0% (4.0% in 2016-2017) per annum for 2017-2018.

The credit card surcharge fee of 0.60% (0.60% in 2016-2017) 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.

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.11 Administration and Interest Charge for Rates and Services Charges (Continued)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 7.18pm Cr Aubrey moved, seconded Cr Wieland –

- 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 \$17.00 and an instalment interest charge of 4% per annum, as provided for in section 6.45 of the *Local Government Act 1995*, be imposed.
- 2) That by Absolute Majority Decision of the Council, an interest charge of 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 five 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 2017-2018) is to be applied.

At 7.18pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.12 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 8% being, the maximum interest rate permitted by the regulations. 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.

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.12 Interest Charge on Money Owing to Local Government (Continued)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 7.18pm Cr Schuster 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 7.18pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (11/0)

1.13 Elected Members Allowances and Sitting Fees

Section 5.98 of the Act states as follows: *Fees etc. for council members*

(1A). *In this section — determined means determined by the Salaries and Allowances Tribunal under the Salaries and Allowances Act 1975 section 7B.*

Subsection (5) states: *The mayor or president of a local government is entitled, in addition to any entitlement that he or she has under subsection (1) or (2), to be paid —*

- (a) *the annual local government allowance determined for mayors or presidents; or*
- (b) *where the local government has set an annual local government allowance within the range determined for annual local government allowances for mayors or presidents, that allowance.*

Section 5.99 of the Act states as follows:

5.99. *Annual fee for council members in lieu of fees for attending meetings A local government may decide* that instead of paying council members a fee referred to in section 5.98(1), it will instead pay all council members who attend council or committee meetings —*
(a) *the annual fee determined by the Salaries and Allowances Tribunal under the Salaries and Allowances Act 1975 section 7B; or*

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)**

1.13 Elected Members Allowances and Sitting Fees (Continued)

(b) where the local government has set a fee within the range for annual fees determined by that Tribunal under that section, that fee.

** Absolute majority required.*

When setting the budget it an opportune time to determine the fees and allowances for elected members. Due to the scale, volume and complexity of the matters dealt with by the Elected Members of the City it is recommended that the fees and allowances be set at the top of the range determined by the Salaries and Allowances Tribunal. Sufficient funds have been provided in the 2017-2018 Draft Budget for this to occur.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111)
ABSOLUTE MAJORITY APPROVAL**

At 7.18pm Cr Schuster moved, seconded Cr Aubrey –

That by Absolute Majority Decision of the Council all Elected Members allowances and sitting fees be paid at the maximum rate as determined by the Salaries and Allowances Tribunal.

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

CARRIED BY ABSOLUTE MAJORITY (8/3)

Vote Result Summary	
Yes	8
No	3

Vote Result Detailed	
Cr Aubrey	Yes
Cr Barling	Yes
Cr Macphail	Yes
Cr Phelan	Yes
Cr Robartson	Yes
Cr Schuster	Yes
Cr Wieland	Yes
Mayor Aubrey	Yes
Cr Foxton	No
Cr Pazolli	No
Cr Woodall	No

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****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 2017-2018.

OFFICER RECOMMENDATION (6111)**APPROVAL**

At 7.21pm Cr Macphail moved, seconded Cr Phelan –

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.

AMENDMENT

At 7.18pm Cr Schuster moved, seconded Cr Aubrey –

That the following be added to the officer recommendation:

“That all Elected Members and closely associated persons where the Elected Members would be required to declare an interest under the Clause 5.62(1) (e) of the Local Government Act 1995, and staff of the city be ineligible to be chosen as a winner of the early rate payment incentive prizes either as a sole or part owner of any property”.

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

CARRIED UNANIMOUSLY (11/0)

COUNCIL RESOLUTION (6111)

That the Council:

- 1. 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.**
- 2. Resolves that all Elected Members and closely associated persons where the Elected Members would be required to declare an interest under the Clause 5.62(1) (e) of the Local Government Act 1995, and staff of the City be ineligible to be chosen as a winner of the early rate payment incentive prizes either as a sole or part owner of any property.**

At 7.31pm the Mayor submitted the substantive motion as amended, which was declared

CARRIED UNANIMOUSLY (11/0)

**C17/6111 – CONSIDERATION AND ADOPTION OF THE 2017-2018 BUDGET (AMREC)
(ATTACHMENT)****1.15 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 (AASB), to be used in statements of financial activity for reporting material variances. The AASB 1031 Materiality refers to the publication *Framework for the Preparation and Presentation of Financial Statements* in which it is stated that information is material if its omission or misstatement could influence the economic decisions of users of the financial statements

The level adopted for the year 2016-2017 was 10.0% or \$50,000 whichever is the greater. It is proposed that the level adopted for the reporting of material variances for 2017-2018 should remain the same as in 2016-2017.

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6111) APPROVAL

At 7.31pm Cr Foxtan 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 2017-2018 for reporting material variances, be 10% or \$50,000, whichever is the greater.

At 7.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (11/0)

11. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil

12. CLOSURE

There being no further business to discuss, the Mayor declared the meeting closed at 7.32pm.