



**MINUTES  
OF THE  
SPECIAL MEETING OF THE COUNCIL  
HELD ON  
TUESDAY 26 JUNE 2018  
AT 6.30PM IN THE COUNCIL CHAMBERS  
MELVILLE CIVIC CENTRE**

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**MINUTES OF THE SPECIAL MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBERS, MELVILLE CIVIC CENTRE, 10 ALMONDBURY ROAD, BOORAGOON, COMMENCING AT 6.30PM ON TUESDAY 26 JUNE 2018.**

**1. OFFICIAL OPENING**

The Presiding Member welcomed those in attendance to the meeting and declared the meeting open at 6:31pm. Mr J Clark, Governance and Compliance Advisor, 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 Meeting Procedures Local Law to ensure the efficient, effective and orderly decision making within this forum.

**2. PRESENT**

His Worship the Mayor R Aubrey

**COUNCILLORS**

Cr M Woodall (Deputy Mayor)  
Cr C Robartson  
Cr N Pazolli, Cr S Kepert  
Cr T Barling, Cr N Robins  
Cr G Wieland, Cr J Barton  
Cr K Mair, Cr D Macphail  
Cr P Phelan, Cr K Wheatland

**WARD**

Bull Creek - Leeming  
Bull Creek - Leeming  
Applecross – Mount Pleasant  
Bateman – Kardinya - Murdoch  
Bicton – Attadale – Alfred Cove  
Central  
Palmyra – Melville - Willagee

**3. IN ATTENDANCE**

Dr S Silcox	Chief Executive Officer
Mr M Tieleman	Director Corporate Services
Ms L Reid	A/Director Community Development
Mr S Cope	Director Urban Planning
Mr M McCarthy	Director Technical Services
Mr L Hitchcock	Executive Manager Governance and Legal Services
Mr B Taylor	Manager Financial Services
Mr W Nicholls	Senior Accountant
Ms D Whyte	Accounting Services Coordinator
Ms L Hartill	Manager Neighbourhood Development
Mr B Dawkins	Manager Neighbourhood Amenity
Mr T Cahoon	Manager Healthy Melville
Mr P Prendergast ( <i>until 6:44pm</i> )	Manager Statutory Planning
Ms D Olds	Assistant Accountant
Ms L Fitzgerald	Revenue Officer
Mr S Silva	Senior Accountant
Mr J Clark	Governance and Compliance Advisor
Ms C Newman	Governance Coordinator
Ms J Head	Governance Officer

At the commencement of the meeting there were 11 members of the public and one representative from the Press in the Public Gallery.

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

Ms C Young – Director Community Development

**4.2 APPROVED LEAVE OF ABSENCE**

Nil.

**5. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION) AND DECLARATIONS BY MEMBERS****5.1 DECLARATIONS BY MEMBERS WHO HAVE NOT READ AND GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTED BEFORE THE MEETING.**

Nil.

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

Nil.

**6. QUESTION TIME****6.1 Questions Received Prior To The Meeting****6.1.1 Mr D Maynier, Attadale****Question 1**

*Please explain the reason behind the \$280 million write down of assets in the 2017/2018 financial year?*

**Response:**

In the 2017-2018 year the asset classes of Land and Buildings, Jetties and Boardwalks, Lighting, Parking Machines and other infrastructure (Parks, Street Furniture, Irrigation and Playground Equipment) need to be revalued.

The revaluations for land and buildings have been received and these reflect a reduction in the current book value of \$250m for land and \$30m for buildings. The \$280m is a record of this adjustment in the budget.

The final impact on the asset revaluation reserve will not be known until valuations for the other classes of assets being revalued are received. The final changes to the value of the various classes of assets is recorded, with appropriate notations, in the Annual Financial Statements.

**Question 2**

*Are there exceptional circumstances involved requiring this large sum to be written down or is this a change in policy?*

**Response:**

There has been no change to Policy and no exceptional circumstance relating to the revaluation of the land and building assets. The valuation has been conducted in accordance with AASB 13 and Valuation Standards. The valuation for parks and reserves lands has been undertaken using a measurement based on the fact that there is no observable or active market for these assets (Level 3 as per AASB13) whereas the previous valuer predominantly applied Level 2 methodology which was more akin to market values and hence resulted in significantly higher land values being applied.

**Question 3**

*If a change in policy has this been considered and approved by council?*

**Response**

Council Policy CP-025 Accounting was reviewed by the Council at its meeting held 19 June 2018. Changes to the policy were made to provide further explanation to the application of Australian Accounting Standard, in particular AASB 13 and 116. These changes have no effect or impact how assets have been or are to be valued.

6.1 – Question Time continued – Mr D Maynier

Question 4

*Why is there no explanation in the budget or in the agenda notes of this apparently significant transaction?*

Response

Changes to the assets of the City are taken to account in the Annual Financial Statements with appropriate notations made. The budget document is a forecast document and at this point in time the full impact on the Non Cash Asset Revaluation Reserve is not known as the revaluation of all asset classes has not been completed at the time of preparing the budget papers.

Question 5:

*Does the City maintain a schedule of the individual items comprising this write down?*

Response

Yes the City maintains an asset register in its accounting database that contains details in relation to assets by Class, Sub-Class and records that relate to the historical and current valuations of each individual asset.

Question 6

*Are the following Applecross properties a part of this write down: 31 Moreau Mews? 23-27 Moreau Mews? 50-52 Kishorn Road?*

Response

No. The properties at 31 Moreau Mews, 23-27 Moreau Mews and 50-52 Kishorn Road are classified as being investment assets and are a separate class of assets to Property, Plant & Equipment Land and Buildings.

Question 7

*If the answer to question 6 is yes, what is the new written down value of these properties?*

Response:

Not applicable

6.1 – Question Time continued – Mr D Maynier

Question 8

*Will the Council defer the passing of the budget until this significant transaction is fully explained to ratepayers and debated by council?*

Response

It would not be appropriate for the Council to decide not to adopt the budget as the valuation of assets adjustment is a non cash item and has no impact on the amount to be raised from rates or the adoption of the 2018-2019 budget.

The final balance of the asset revaluation reserve will not be known until all revaluations required in the 2017-2018 year have been completed. The revaluations will be taken to account as at the 30 June 2018 with appropriate notations made in the 2017-2018 Annual Financial Statements, as required by the Australian Accounting Standards.

**6.1.2 Mr L Rowe, Applecross**

My Questions relate to the Special Meeting of Council to be held on June 26, 2018 for the purpose of consideration and adoption of the 2018/2019 Budget. Page 25 of the Budget Book proposes a \$280 million write down based on a revaluation on non-current assets/ Page 28 of the Budget Book indicates this would result in the asset Revaluation Reserve being reduced from \$840m to \$560m.

I have the following questions for Councillor McPhail (sic) who I understand is the Chair of the Financial Management, Audit, Risk and Compliance Committee (FMARCC). My questions are:

Question 1

*Did the FMARCC sign off on the appointment of the independent valuer who has recommended this change and was this a different valuer to that used the previous year?*

Response:

No the FMARCC did not – the appointment of the valuers was undertaken by the officers.

In the 2017-2018 year the City was required to revalue the asset classes of Land and Buildings, Jetties and Boardwalks, Lighting and Parking Machines as the last time this exercise was undertaken was in the 2014-2015 financial year. In that year the revaluation adjustment was an increase of \$433,932,549 for Land and Buildings.

The valuation firm engaged for the 2017-2018 revaluation is different to the firm previously engaged. Requests for quotations, with detailed specification and evaluation criteria for the provision of asset valuation services was forward to experienced and qualified valuers appointed to the WALGA preferred supplier panel. Two firms were shortlisted and references obtained.

The appointment of the valuer complied with the City's procurement policy and the use of WALGA preferred supplier panel for the appointment of licenced asset valuers.

6.1 – Question Time continued – Mr L Rowe

Question 2

*Did the FMARCC discuss with the valuer the basis of the valuation before the valuer commenced his work?*

Response

No the FMARCC did not.

An officer group representative of the Executive, Strategic Land and Property Services, Asset Management Services and Asset Accounting held a pre-engagement meeting with the appointed valuer to understand their valuation methodology in relationship to the Fair Value and insurance valuations that were required.

Question 3

*If the valuer is different to last year, why was the change made?*

Response:

The last time the valuation for these asset classes was undertaken was in the 2014-2015 financial year and a different valuer was used. The current valuer was appointed based on the evaluation criteria advised in the request for quotation specification. The evaluation criteria included, but was limited to methodology, valuation hierarchy and assumptions to be used, relevant skills, resourcing, relevant experience and quality assurance. Interviews were subsequently conducted and AssetVal were appointed.

*At 6:44pm Mr P Prendergast left the meeting and did not return.*

Question 4

*Has the valuer reported to FMARCC on the results of the independent valuation?*

Response

No the valuer has not reported the results of the independent valuation to the FMARCC.

The revaluation of the assets classes required to be revalued in the 2017-2018 year is yet to be fully concluded. The final revaluation report for the land and buildings classification has been received and the forecast results for those two asset classes shown accordingly in the budget. Final revaluation reports for other classes of assets required to be revalued in the current year are due by 16 July 2018. The impacts, either positive or negative on the revaluation reserve will then be known and reported and noted under the heading Other Comprehensive Income, Changes on Revaluation of Non Current Assets in the 2017-2018 Annual Financial Statements.

The City's independent auditors will examine the valuations when conducting their audit of the 2017-2018 Annual Financial Statements and will report the findings to the FMARCC.



6.1 – Question Time continued – Mr L Rowe

Question 5

*If so, what reason did the valuer give for changing the basis of the valuation?*

Response

The valuer for the 2017-2018 assessed the value of land that the City owns in freehold but is zoned and used for Parks and Recreation on the basis of Level 3 valuations in accordance with AASB13. The previous valuer predominantly used Level 2 which aligned more closely to market values and hence resulted in significantly higher land values being applied.

Question 6

*Has the FMARCC endorsed the valuation?*

Response:

Neither the FMARCC or the Council endorse valuations. Valuations are provided by an independent, professionally qualified valuer, based on the Australian Accounting Standards. Changes to valuation have been discussed with the City's external auditors during the recent interim audit. The valuation methodology and valuations are subject to annual audit. The Annual Financial Statement will include notations on changes to asset valuations and the statements are presented to the FMARCC and Council with the external auditors presenting their Audit report to the FMARCC.

Question 7:

*Can the Chair of the FMARCC agree that such a very large reduction in the underlying valuation of the ratepayers assets should have been highlighted and explained in the budget book?*

Response

The Chair notes that the figures being referred to are in the forecast column for 2017-2018 which will not be concluded until the completion of the Annual Financial Statements and audit has taken place.

Question 8

*Does the Chair of the FMARCC agree that such a very large reduction in the underlying valuation of the ratepayers assets should have been highlighted and explained in the budget book?*

Response

Notations are not generally made in the Budget Book for forecasts as these relate to the currently incomplete financial year and as stated previously will be comprehensively dealt with in the Annual Financial Statements for 2017-2018.

6.1 – Question Time continued – Mr L Rowe

Question 9

*Does the Chair of the FMARCC agree that other than in exceptional or significantly changed circumstances it is preferable to apply consistent valuation procedures so that accurate year to year comparisons can be made?*

Response

It is not appropriate for the FMARCC or City officers to dictate to independent valuers how they should undertake their valuations.

Revaluations for these asset classes are undertaken on a three yearly cycle. The Australian Accounting Standards and Valuation standards prescribe the methodology of valuations that are applied, and have been applied in conducting the current round of asset valuations relating to land and buildings.

6.2 Questions Receive at the Meeting

**6.2.1 Ms D Chatfield, Myaree**

Question 1

*It came to my attention that the 69 unit complex neighbouring ours at 15 Cottrill St (made up of St Ives Retirement Village and Opal Aged Care) was charged only 1 charge for all 69 units rather than 69 separate charges as we have been rated.*

*I believe Council have now sent rated notices to 19 of the 20 units/buildings owned by St Ives – please advise if the 49 units that make up Opal Aged Care have been re-rated and what their total will be. These units cost \$645,000 to go into and it is a profit making concern?*

Response

This question was taken on notice.

6.2 – Question Time continued – Ms D Chatfield

Question 2

*When the Melville North underground power project was first advised to residents in mid 2016, I began negotiating with City of Melville as we have 69 units (mainly with no street frontage and already underground within our over 55's strata village) and our total Underground Power liability was going to be \$224,000.*

*We have only 2 electricity poles on our boundary while 69 single dwellings in the area would have between 23 and 34 poles. This is hardly user pays. I have consistently since mid 2016 tried to have City of Melville make allowances for this very uneven situation. Our dwellings are mainly 2 bedroom and sell for mid \$300K's and \$400K's as opposed to many of the huge single dwellings in the area which are mainly much larger and bigger electricity users.*

*We are totally ignored by City of Melville when doing the 2017 rates and have been told the Council will make some reduction for us in the 2<sup>nd</sup> instalment being considered now. Can you advise what this reduction will be and also when the underground project will actually start?*

Response

This question was taken on notice.

**7. DEPUTATIONS**

Nil.

**8. DECLARATIONS OF INTEREST**

**8.1 FINANCIAL INTERESTS**

Nil.

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

Nil.

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

Nil.

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

Nil.

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

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 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 2018-2019 budget document
Funding	:	As per 2018-2019 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"/>	<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 (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>

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****KEY ISSUES / SUMMARY**

- The 2018-2019 Budget document (including the Schedule of Fees and Charges for 2018-2019) is presented for consideration and adoption by the Council.
- When compared to the 2017-2018 adopted budget the 2018-2019 draft budget results in a increases in total operating (including general rates) revenue of \$5,488,000 and operating expenditure of \$6,486,000 and an increase in net capital expenditure on City assets of \$3,054,000.
- An increase of 0.9% on the 2017-2018 rate in the dollar and minimum rates is proposed with the general rates yield in 2018-2019 increasing by \$2,066,000 (2.42%) when compared to the 2017-2018 adopted budget.
- Specific service charges will also be raised from ratepayers within the defined project areas to fund the Melville North and Alfred Cove East underground power projects being undertaken by Western Power.
- Whilst not a City of Melville rate charge, this years rate notice will reflect an average increase in the Emergency Services levy of approximately 9.5%. The City collects this fee on behalf of Department of Fire and Emergency Services Emergency Services (DFES) and remits the funds collected to them.

**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 2018-2019 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 last adopted.

**DETAIL**

The City of Melville commenced its formal Budget preparation in February 2018. 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 2017-2018 financial year.

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

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

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

Key aspects of the Budget are as follows:-

- The rates in the dollar and minimum rates have increased by 0.9%. This is the lowest rate in the \$ increase for the City in 20 years and is in line with the Perth Consumer Price Index for the year ended March 2018.
- Operating revenue, excluding rates, increased by \$3.5m from \$29.9m in 2017-2018 to \$33.4m in 2018-2019. Of this variance, \$3.5m relates to an increase in service charge income required to fund underground power projects when compared to 2017-2018, with other minor positive and negative variances.
- Operating expenditure, including depreciation, has increased by \$6.5m or 6.31% from \$102.8m to \$109.3m. Increases in the expenditure classification "Employee Costs" amount to \$1.8m or 3.94%. A base line increase in salaries and wages of 2.0% has been provided for in the budget. Increases in the expenditure classification "Other Expenditure" amount to \$5.4m, \$3.8m of which relates to the increase in the cost of the underground power projects mentioned in operating revenue above. Capital income has increased by \$3.4m due to increases in the Transport category of \$2.4m, an increase in the Recreation and Culture category of \$1.5m, and a decrease in the Community Amenities category of \$525k.
- Capital expenditure has increased by \$4.5m or 12.9% from \$34.9m in 2017-2018 to \$39.4m in 2018-2019. The major increase is in the Infrastructure Assets category of \$5.9m, with reductions in Land and Buildings category of \$1.2m, Furniture and Equipment category of \$310k and Plant and Equipment category of \$64k.
- Funds to be set aside to specific purpose reserves has decreased by \$1.5m to \$29.8m whilst funds to be used from specific purpose reserves has increased by \$3.4m to \$39.4m.
- The balance to be made up from rate revenue has increased by \$2.0m or 2.42%, from \$85.4m in 2017-2018 to \$87.4m in 2018-2019. This was achieved by an increase in the rate in the dollar of 0.9% with the balance of the increase being derived from valuations for a number of commercial properties that were received from the Valuer General post the 2017-2018 budget being prepared, as well as valuations for new rateable properties expected to be added to the rate base over the course of the 2018-2019 financial year.

The Budget Book [6161A June 2018](#) 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
- 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 2018-2019

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

Attachment [6161B June 2018](#) 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, 29 May 2018 and the public comment period (minimum of 21 days) ends on Thursday 21 June 2018. Should any public comments be received they will be reported to the Council for consideration at the meeting.

Whilst no other specific public consultation has taken place in regards to the 2018-2019 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 (ESL);
- 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.*

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 2018-2019 Budget as presented meets these statutory obligations.

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****FINANCIAL IMPLICATIONS**

Specific financial implications are as detailed in the attached 2018-2019 budget document.

Estimated opening funds expected to be brought forward from 2018-2019 of \$ Nil have been used in balancing the budget. 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 2018-2019 Fees and Charges Schedule;
2. An increase of 0.9% in the residential general improved rate in the dollar from 6.379582 cents (2017-2018) in the dollar of gross rental value to 6.436998 cents in the dollar in 2018-2019. An increase of 0.9% in the minimum rate from \$1,258.15 to \$1,269.47 being \$11.32 for the year;
3. An increase of 0.9% in the residential unimproved rate in the dollar from 7.186171 cents (2017-2018) in the dollar of gross rental value to 7.250847 cents in the dollar in 2018-2019 reflecting a 12.64% differential to the residential rate in the dollar. An increase of 0.9% in the minimum rate from \$802.50 to \$809.72 being \$7.22 for the year. As a result of this increase, the rate yield from residential properties has increased by \$1,148,924 or 1.69%. Residential rates represents 79.5% of total rates raised (80% in 2017-18);
4. An increase of 0.9% in the commercial/industrial rate in the dollar from 7.213036 cents (2017-2018) in the dollar of gross rental value to 7.277950 cents in the dollar in 2018-2019, reflecting a 13.06% differential to the residential rate in the dollar. An increase of 0.9% in the minimum rate increasing from \$976.00 to \$984.78 being \$8.78 for the year. The rate yield from commercial/industrial properties has increased by \$901,795 or 5.3%. This is as a result of valuations for 2017-2018 not being received until after the 2017-2018 budget preparation was concluded. Commercial/industrial rates represents 20.5% of total rates raised (20% in 2017-18);
5. At the time of balancing the budget, the cost of processing fees for recyclables was \$72.70 per tonne. Subsequently, the City has received advice from the SMRC that expected decreases in revenue from the sale of recyclables could mean a gate fee of \$90.00 per tonne or more could apply during 2018-2019. This would have a financial impact to the City in excess of \$220,000. Should a price increase of this magnitude occur, then an adjustment to the City's budget would be required at the time of the 2018-2019 Mid Year Budget Review. The separately charged recycling charges reflected in the Schedule of Fees and Charges to be adopted by the Council have been increased in this budget in anticipation of this increase in processing costs.



**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

6. Particular emphasis has been placed on reviewing the fee structure used to apportion the cost of the two underground power programs among residents in the respective project areas. Feedback from residents in 2017-2018 indicated that the impact of these charges on those properties in high density areas, such as retirement villages, was necessary, and the charges detailed below reflect the City's response to this feedback.
7. Final cost estimates for the Melville North and Alfred Cove East underground power projects have now been provided by Western Power. The average cost for the Melville North project differed from that estimated in initial estimates provided to residents by an increase of 6.9% and the average cost for the Alfred Cove East project differed by an increase of 15.6%.

Guidelines set out by the Public Utilities Office stipulate that where the average cost is above that estimated by more than 10% then it is appropriate to re-survey the residents in the project area. As the Alfred Cove East project final costs have increased by 15.6% a resurvey of residents is required to determine whether or not they are still agreeable to the project commencing at the higher cost. Service charges for both projects, based on the final cost estimates will still need to be levied, and in the event that the Alfred Cove East project does not go ahead, then any funds already received from those ratepayers will be refunded.

8. Underground Power Network Service Charges to recover the estimated cost of cash calls in the 2018-2019 financial year for the Melville North Underground Power project area;
  - a. Up to 4 properties \$2,363.00 (per property/dwelling)
  - b. 5-15 properties \$1,625.40 (per property/dwelling)
  - c. 16+ properties \$1,164.95 (per property/dwelling)
9. Underground Power Network Service Charges to recover the estimated cost of cash calls in the 2018-2019 financial year for the Alfred Cove East Underground Power project area;
  - a. Up to 4 properties \$2,964.00 (per property/dwelling)
  - b. 5-15 properties \$2,095.00 (per property/dwelling)
  - c. 16+ properties \$1,442.30 (per property/dwelling)
10. Underground Power Network Connection Charges to recover the estimated cost of cash calls in the 2018-2019 financial year for the Melville North Underground Power project area;

Full Network Connection

- a. Up to 4 properties \$1,430.50 (per property/dwelling)
- b. 5-15 properties \$1,072.90 (per property/dwelling)
- c. 16+ properties \$ 804.65 (per property/dwelling)

Modified Network Connection

- a. Up to 4 properties \$1,072.90 (per property/dwelling)
- b. 5-15 properties \$ 804.65 (per property/dwelling)
- c. 16+ properties \$ 603.50 (per property/dwelling)

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

11. Underground Power Network Connection Charges to recover the estimated cost of cash calls in the 2018-2019 financial year for the Alfred Cove East Underground Power project area;  
  
Full Network Connection
  - a. Up to 4 properties \$1,185.00 (per property/dwelling)
  - b. 5-15 properties \$ 890.00 (per property/dwelling)
  - c. 16+ properties \$ 665.00 (per property/dwelling)  
Modified Network Connection
  - a. Up to 4 properties \$ 890.00 (per property/dwelling)
  - b. 5-15 properties \$ 665.00 (per property/dwelling)
  - c. 16+ properties \$ 500.00 (per property/dwelling)
12. The Property Surveillance and Security Service Charge has increased from \$55.30 to \$56.40;
13. The Swimming Pool Inspection Fee has increased from \$42.30 to \$49.00 per annum;
14. The administration charge for payment by instalments has increased from \$17.00 to \$17.25 being a 1.5% increase;
15. Maintaining a late payment penalty interest charge of 8%;
16. Maintaining an instalment interest charge of 4%;
17. 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%.
18. 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 [www.melvillecity.com.au](http://www.melvillecity.com.au) using Visa, MasterCard or American Express
  - f. By phone 1300 880 716 using Visa, MasterCard or American Express

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 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 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.

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 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 \$872,000.

**CONCLUSION**

In accordance with the principles expressed in the Long Term Financial Plan and relevant Council Policies, the 2018-2019 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 0.9% rate in the dollar increase has been realised through long term financial and community planning including land and asset management, and by taking an intergenerational approach to ensure ratepayers will be looked after now and into the future,

The Budget Papers for 2018-2019 form part of the Attachments to the Agenda, which was distributed to the Members of the Council 15 June 2018. [6161A June 2018](#)

In accordance with Section 6.2 of the Act the 2018-2019 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 2018-2019 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.

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

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.

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, 29 May 2018. The 21 day submission period closes on Wednesday, 20 June 2018, 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 26 June 2018.

Unless amended by the Council, the proposed rates in the dollar and minimum rates for Residential Improved properties for 2018-2019 will be 6.436998 cents in the \$ of Gross Rental Valuation (GRV) (2017-2018 6.379582 cents) with a minimum rate of \$1,269.47 (2017-2018 \$1,258.15).

The proposed rates in the dollar and minimum rates for all Residential Unimproved Land will be 7.250847 cents in the \$ of GRV (2017-2018 7.186171 cents) with a minimum rate of \$809.72 (2017-2018 \$802.50).

The proposed differential rate for all Commercial/Industrial properties in 2018-2019 is 7.277950 cents in the \$ of GRV (2017-2018 7.213036 cents) with a minimum rate of \$984.78 (2017-2018 \$976.00). 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, 15 June 2018. Attachment [6161B June 2018](#)

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)****NOTING**

At 6:52pm Cr Robartson moved, seconded Cr Wieland–

**That the 2018-2019 Ratepayer Profile as detailed in Attachment [6161B June 2018](#) be noted.**

At 6:52pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (13/0)**

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****OFFICER RECOMMENDATION (6161)****ABSOLUTE MAJORITY APPROVAL****1.2 Adoption of 2018-2019 Budget and Setting of 2018-2019 Rates and Charges**

At 6.52pm Cr Woodall moved, seconded Cr Macphail –

- 1) That by Absolute Majority Decision of the Council the 2018-2019 Municipal Fund Budget as detailed in Attachment 6161A June 2018 be adopted.
- 2) That by Absolute Majority Decision of the Council the following general rates applicable to the 2018-2019 financial year i.e. for the period 1 July 2018 to 30 June 2019, be adopted:

- a. All Improved Residential Land

6.436998 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 \$1,269.47 per assessment;

- b. All Unimproved Residential Land

7.250847 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$809.72 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 7.277950 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 \$984.78 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 North Underground Power Project Area shall be charged a Network Service Charge per property/dwelling as described below.

i. Up to 4 properties	\$2,363.00 (per property/dwelling)
ii. 5-15 properties	\$1,625.40 (per property/dwelling)
iii. 16+ properties	\$1,164.95 (per property/dwelling)

- b. Properties included in the Alfred Cove East Underground Power Project Area shall be charged a Network Service Charge per property/dwelling as described below.

i. Up to 4 properties	\$2,964.00 (per property/dwelling)
ii. 5-15 properties	\$2,095.00 (per property/dwelling)
iii. 16+ properties	\$1,442.30 (per property/dwelling)

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****4) That by Absolute Majority Decision of the Council**

- a. Properties included in the Melville North Underground Power Project Area shall be charged a Network Connection Charge per property/dwelling as described below.

**Full Network Connection**

- i. Up to 4 properties \$1,430.50 (per property/dwelling)
- ii. 5-15 properties \$1,072.90 (per property/dwelling)
- iii. 16+ properties \$ 804.65 (per property/dwelling)

**Modified Network Connection**

- i. Up to 4 properties \$1,072.90 (per property/dwelling)
- ii. 5-15 properties \$ 804.65 (per property/dwelling)
- iii. 16+ properties \$ 603.50 (per property/dwelling)

- b. Properties included in the Alfred Cove East Underground Power Project Area shall be charged a Network Connection Charge per property/dwelling as described below.

**Full Network Connection**

- i. Up to 4 properties \$1,185.00 (per property/dwelling)
- ii. 5-15 properties \$ 890.00 (per property/dwelling)
- iii. 16+ properties \$ 665.00 (per property/dwelling)

**Modified Network Connection**

- i. Up to 4 properties \$ 890.00 (per property/dwelling)
- ii. 5-15 properties \$ 665.00 (per property/dwelling)
- iii. 16+ properties \$ 500.00 (per property/dwelling)

**5) That by Absolute Majority Decision of the Council the following general rates concessions for the 2018-2019 financial year, be adopted:**

- a. Strata storage units. Appropriately zoned and used strata titled storage units of 18m<sup>2</sup> or smaller, granted a concession of \$492.38 each, it being noted that the value of this concession is approximately \$27,081.
- b. Melville Glades Golf Club. 100% concession from general rates, it being noted that the value of this concession amounts to approximately \$10,460.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

- 6) That by Absolute Majority Decision of the Council the following refuse waste charges be adopted, for the 2018-2019 financial year where these services are charged via the City of Melville rates system/notice:

**A) Additional Residential Rateable Waste or Recycling**

- a. \$336.60 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. \$130.00 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. \$610.00 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;

**D) Bulk Refuse Collection and Disposal**

- a. \$28.30 per service – one bin of 660 litre capacity.
- b. \$39.80 per service – one bin of 1,100 litre capacity.

**Note:-** A service referred to in b. and c. is rendered each time a bin is emptied.



**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****E) Commercial and Non Rateable Recycling Services**

- a. \$598.00 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. \$25.70 (excluding GST) per service – one bin of 660 litre capacity.
- c. \$33.80 (excluding GST) per service – one bin of 1,100 litre capacity.

Note:- A service referred to in b. and c. is rendered each time a bin is emptied.

**7) Swimming Pool Inspection Fee**

That by Absolute Majority Decision of the Council a Swimming Pool Inspection Fee of \$49.00 for the 2018-2019 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.

**8) Property Surveillance and Security Service Charge**

That by Absolute Majority Decision of the Council a Property Surveillance and Security Charge of \$56.40 for the 2018-2019 year be adopted.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**Officer Amendment

At 6:55pm Cr Wieland moved, seconded Cr Barling -

1. That the Council note that there is no Item 1.8 in the Budget Adoption and Associated Resolutions and that 1.9 to 1.15 be renumbered Items 1.8 to 1.14, accordingly.
2. That the following Officer Recommendations be withdrawn from the Agenda and that the subsequent adjustments to the Draft 2018-2019 Budget detailed below be approved by Absolute Majority Decision of the Council.

**3) That by Absolute Majority Decision of the Council**

***“b. Properties included in the Alfred Cove East Underground Power Project Area shall be charged a Network Service Charge per property/dwelling as described below.***

- |                                     |  |
|-------------------------------------|--|
| <b><i>i. Up to 4 properties</i></b> | <b><i>\$2,964.00 (per property/dwelling)</i></b> |
| <b><i>ii. 5-15 properties</i></b>   | <b><i>\$2,095.00 (per property/dwelling)</i></b> |
| <b><i>iii. 16+ properties</i></b>   | <b><i>\$1,442.30 (per property/dwelling)</i></b> |

**4) That by Absolute Majority Decision of the Council**

***“b. Properties included in the Alfred Cove East Underground Power Project Area shall be charged a Network Connection Charge per property/dwelling as described below.***

***Full Network Connection***

- |                                     |  |
|-------------------------------------|--|
| <b><i>i. Up to 4 properties</i></b> | <b><i>\$1,185.00 (per property/dwelling)</i></b> |
| <b><i>ii. 5-15 properties</i></b>   | <b><i>\$ 890.00 (per property/dwelling)</i></b>  |
| <b><i>iii. 16+ properties</i></b>   | <b><i>\$ 665.00 (per property/dwelling)</i></b>  |

***Modified Network Connection***

- |                                     |   |
|-------------------------------------|---|
| <b><i>i. Up to 4 properties</i></b> | <b><i>\$ 890.00 (per property/dwelling)</i></b> |
| <b><i>ii. 5-15 properties</i></b>   | <b><i>\$ 665.00 (per property/dwelling)</i></b> |
| <b><i>iii. 16+ properties</i></b>   | <b><i>\$ 500.00 (per property/dwelling)</i></b> |

**3 That by Absolute Majority Decision of the Council**

The Melville North Underground Power & Streetscape Enhancement Reserve funds to be used, be amended to reflect the use of \$1,188,085 in unspent 2017-2018 service charges, toward payment of the 2018-2019 cash calls for the project,

Should the Alfred Cove East Underground Power Project proceed in the 2018-2019 year the Alfred Cove East Underground Power & Streetscape Enhancement Reserve funds to be used, be amended to reflect the use of \$1,360,914 in unspent 2017-2018 service charges, toward payment of the 2018-2019 cash calls for the project,

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

**The General Purpose Funding income be reduced by \$3,290,478 as a result of the decision not to apply the Service Charges for the Alfred Cove East Underground Power, in the 2018-2019 year.**

**The General Purpose Funding underground power cash call expenditure be increased by \$184,522.**

**Should the Alfred Cove East Underground Power Project proceed in the 2018-2019 year the Rates Equalisation Reserve, be amended to reflect an additional \$2,114,086 funds to be used to meet the shortfall in projected cash call expenditure for the required payment of the 2018-2019 cash calls, with these funds to be repaid to the Rates Equalisation Reserve in the 2019-2020 annual budget,**

At 7:02pm the Mayor submitted the amendment which was declared

**CARRIED (13/0)**

Reasons for Amendment

Final cost estimates for the Melville North and Alfred Cove East underground power projects have now been provided by Western Power. The average cost for the Alfred Cove East project differed by an increase of 15.6%.

Guidelines set out by the Public Utilities Office stipulate that where the average cost is above that estimated by more than 10% then it is appropriate to re-survey the residents in the project area. As the Alfred Cove East project final costs have increased by 15.6%, a resurvey of residents is required to determine whether or not they are still agreeable to the project commencing at the higher cost. The budget was prepared on the basis that Service charges for the project, based on the final cost estimates would be levied, and in the event that the Alfred Cove East project did not go ahead, then any funds already received from those ratepayers would be refunded.

Officers have considered that it would not be appropriate, nor logical from the ratepayers viewpoint, to levy the charge at the same time that the survey is being conducted as it may seem presumptuous as to the outcome of the survey.

As the City may only levy rates and charges struck as part of the annual budget, it is proposed that charges for the Alfred Cove East Underground Power project not be adopted for 2018-2019. If the survey results are supportive of continuing with the project, then the required revised cash calls for 2018-2019 of \$3,475,000 (originally \$3,290,478) be met partly from \$1,360,914 funds raised from ratepayers in 2017-2018, and that the balance be met by way of a temporary accommodation of \$2,114,086 from the City's Rates Equalisation Reserve. Repayment of the temporary accommodation and balance of cash calls remaining will be recovered from ratepayers in the normal manner by way of service charges in the 2019-2020 annual budget.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

Substantive Motion as Amended

**COUNCIL RESOLUTION (6161)****ABSOLUTE MAJORITY APPROVAL**

At 6.52pm Cr Woodall moved, seconded Cr Macphail –

- 1) **That by Absolute Majority Decision of the Council the 2018-2019 Municipal Fund Budget as detailed in Attachment [6161A June 2018](#) be adopted.**
- 2) **That by Absolute Majority Decision of the Council the following general rates applicable to the 2018-2019 financial year i.e. for the period 1 July 2018 to 30 June 2019, be adopted:**
  - a. **All Improved Residential Land**  
6.436998 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 \$1,269.47 per assessment;
  - b. **All Unimproved Residential Land**  
7.250847 cents in the dollar of gross rental values applicable to each property, location or other piece of land subject to a minimum rate of \$809.72 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 7.277950 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 \$984.78 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 North Underground Power Project Area shall be charged a Network Service Charge per property/dwelling as described below.**
    - i. **Up to 4 properties \$2,363.00 (per property/dwelling)**
    - ii. **5-15 properties \$1,625.40 (per property/dwelling)**
    - iii. **16+ properties \$1,164.95 (per property/dwelling)**

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****4) That by Absolute Majority Decision of the Council**

- a. Properties included in the Melville North Underground Power Project Area shall be charged a Network Connection Charge per property/dwelling as described below.

**Full Network Connection**

- i. Up to 4 properties \$1,430.50 (per property/dwelling)
- ii. 5-15 properties \$1,072.90 (per property/dwelling)
- iii. 16+ properties \$ 804.65 (per property/dwelling)

**Modified Network Connection**

- i. Up to 4 properties \$1,072.90 (per property/dwelling)
- ii. 5-15 properties \$ 804.65 (per property/dwelling)
- iii. 16+ properties \$ 603.50 (per property/dwelling)

**4A) That by Absolute Majority Decision of the Council**

The Melville North Underground Power & Streetscape Enhancement Reserve funds to be used be amended to reflect the use of \$1,188,085 in unspent 2017-2018 service charges toward payment of the 2018-2019 cash calls for the project,

Should the Alfred Cove East Underground Power Project proceed in the 2018-2019 year the Alfred Cove East Underground Power & Streetscape Enhancement Reserve funds to be used be amended to reflect the use of \$1,360,914 in unspent 2017-2018 service charges toward payment of the 2018-2019 cash calls for the project,

The General Purpose Funding income be reduced by \$3,290,478 as a result of the decision not to apply the Service Charges for the Alfred Cove East Underground Power, in the 2018-2019 year.

The General Purpose Funding underground power cash call expenditure be increased by \$184,522.

Should the Alfred Cove East Underground Power Project proceed in the 2018-2019 year the Rates Equalisation Reserve, be amended to reflect an additional \$2,114,086 funds to be used to meet the shortfall in projected cash call expenditure for the required payment of the 2018-2019 cash calls, with these funds to be repaid to the Rates Equalisation Reserve in the 2019-2020 annual budget.

**5) That by Absolute Majority Decision of the Council the following general rates concessions for the 2018-2019 financial year, be adopted:**

- a. Strata storage units. Appropriately zoned and used strata titled storage units of 18m<sup>2</sup> or smaller, granted a concession of \$492.38 each, it being noted that the value of this concession is approximately \$27,081.
- b. Melville Glades Golf Club. 100% concession from general rates, it being noted that the value of this concession amounts to approximately \$10,460.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

- 6) That by Absolute Majority Decision of the Council the following refuse waste charges be adopted, for the 2018-2019 financial year where these services are charged via the City of Melville rates system/notice:

**A) Additional Residential Rateable Waste or Recycling**

- a. \$336.60 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. \$130.00 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. \$610.00 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;

**D) Bulk Refuse Collection and Disposal**

- a. \$28.30 per service – one bin of 660 litre capacity.
- b. \$39.80 per service – one bin of 1,100 litre capacity.

Note:- A service referred to in b. and c. is rendered each time a bin is emptied.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****E) Commercial and Non Rateable Recycling Services**

- a. \$598.00 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. \$25.70 (excluding GST) per service – one bin of 660 litre capacity.
- c. \$33.80 (excluding GST) per service – one bin of 1,100 litre capacity.

Note:- A service referred to in b. and c. is rendered each time a bin is emptied.

**7) Swimming Pool Inspection Fee**

That by Absolute Majority Decision of the Council a Swimming Pool Inspection Fee of \$49.00 for the 2018-2019 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.

**8) Property Surveillance and Security Service Charge**

That by Absolute Majority Decision of the Council a Property Surveillance and Security Charge of \$56.40 for the 2018-2019 year be adopted.

At 7:09pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

*At 7:07pm Ms L Fitzgerald left the meeting and returned at 7:08pm.*

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.3 Early Payment Incentives****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:10pm Cr Barling moved, seconded Cr Robins–

**1. That by Absolute Majority Decision of the Council the following early payment incentives be granted provided all 2018-2019 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.**

- **\$10,000 from Amara City Gardens Booragoon**
- **Three (3) \$1,000 Bonus Saver Accounts from Westpac Bank**
- **Four (4) Healthy Life Plus Memberships from LeisureFit, valued at \$5,912**

**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 \$100 to \$1,095.**

At 7:10pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**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.

All loan repayments are funded directly by the individual respective clubs and associations, except Mt Pleasant Bowling Club. As per council resolution CD17/8098, Mt Pleasant Bowling Club will suspend any further payments in respect of the self supporting repayments. The Council resolved to amalgamate and relocate the Melville Bowling Club and Mt Pleasant Bowling Club to the Tompkins Park Sporting Hub. Provided that the relocation and amalgamation occur, the self supporting loan debt for Mt Pleasant Bowling Club and Tompkins Park Community and Recreation Association will be met by the City and treated as a cost of the project.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:10pm Cr Robartson moved, seconded Cr Wieland –

**That by Absolute Majority Decision of the Council the 2018-2019 Loan Fund Budget as detailed in Attachment [6161A June 2018](#) be adopted.**

At 7:10pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**



**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 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.

The stated purpose of each reserve is outlined in the recommendation below. There is one proposed change to a Reserve purpose in the 2018-2019 Budget. The purpose of the Future Works Reserve has been expanded to include upgrade works.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:10pm Cr Wieland moved, seconded Cr Barling –

**That by Absolute Majority Decision of the Council the 2018-2019 Reserve Accounts (Fund) Budget as detailed in Attachment [6161A June 2018](#) 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.**
- 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.**

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)****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 and upgrade components 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
- 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.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)**

- 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.
- 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.

**C18/6161 - CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.5 Reserve Account Budgets (Continued)****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 (13/0)**

**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 (6161)**

**ABSOLUTE MAJORITY APPROVAL**

At 7:11pm Cr Woodall moved, seconded Cr Macphail –

**That by Absolute Majority Decision of the Council the 2018-2019 Trust Fund Budget as detailed in Attachment [6161A June 2018](#), be adopted.**

At 7:11pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.7 2017-2018 Surplus Funds**

The 2018-2019 Budget has been formulated on the basis that no surplus funds will be carried forward from the 2017-2018 financial year.

The actual surplus/deficit will be finally determined following receipt of the 2017-2018 audited financial statements anticipated to be in October 2018. Should, following receipt of the 2017-2018 audited financial statements, any budget surplus be identified, this will be reported to the Council at a future review of the 2018-2019 budget and it will be recommended that the funds be transferred into the Rates Equalisation Reserve. Should the 2017-2018 audited financial statements reveal a budget deficit amount, this will also be addressed by a review of the 2018-2019 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 (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:11pm Cr Robins moved, seconded Cr Barling–

**That the Council note that an estimated Municipal Fund 30 June 2018 closing funds amount of \$nil has been used as an opening position in the 2018-2019 budget and that the final net closing funds amount will be determined following receipt of the 2017-2018 audited financial statements and approves the transfer of any net closing funds for the completed 2017-2018 financial year being transferred to the Rates Equalisation Reserve account.**

At 7:11pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**1.8 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.

It should be noted that Building and Planning statutory fees are not determined by Council, but are set by the State Government who in turn advise local governments of the maximum fees allowable. At the time of preparing the budget, the amended fee levels for 2018-2019 have not been advised by the State Government. It is the intention that as the relevant state legislation is amended, and local governments are advised in due course, that the maximum fees determined at that time will be adopted.

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

Significant changes to the fees and charges schedule for 2018-2019 include:

- LeisureFit Melville and AH Bracks Library room hire – restructured fee schedule rates for room hire at LeisureFit Melville and AH Bracks Library arising out of renovations being undertaken at those facilities

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:12pm Cr Macphail moved, seconded Cr Robins–

**That by Absolute Majority Decision of the Council, in accordance with Section 6.16 of the *Local Government Act 1995*, the 2018-2019 Schedule of Fees and Charges Included in the attached budget papers [6161A June 2018](#) be adopted and the new fees be applicable from 1 July 2018.**

At 7:12pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**1.9 Payment and Instalment Due Dates****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:12pm Cr Wieland moved, seconded Cr Robartson –

**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>28 August 2018</b>
<b>2<sup>nd</sup> Instalment due date</b>	<b>30 October 2018</b>
<b>3<sup>rd</sup> Instalment due date</b>	<b>4 January 2019</b>
<b>4<sup>th</sup> and final instalment due date</b>	<b>7 March 2019</b>

At 7:12pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.10 Administration and Interest Charges 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 \$17.25 (2017-2018 \$17.00) 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 2017-2018 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 continuing low interest rates, it is recommended that a penalty interest rate of 8% again be adopted for 2018-2019.

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 2017-2018) per annum for 2018-2019.

The credit card surcharge fee of 0.60% (0.60% in 2017-2018) 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.



**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:12pm Cr Barling moved, seconded Cr Robartson –

- 1) That by Absolute Majority Decision of the Council where, a property owner has elected to, and is adhering to, paying rates and service charges through an instalment program, an instalment administration charge of \$17.25 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 2018-2019) is to be applied.

At 7:13pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.11 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.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:13pm Cr Phelan moved, seconded Cr Robins–

- 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.**

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)**

- 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 7:13pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**1.12 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*  
*(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. The SAT has determined no changes to the fees and allowances for 2018-2019. Sufficient funds have been provided in the 2018-2019 Draft Budget for the current level of fees and allowances.

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)  
ABSOLUTE MAJORITY APPROVAL**

At 7:13pm Cr Wieland moved, seconded Cr Robartson–

**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 7:14pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (13/0)**

**1.13 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 2018-2019. In 2017-2018, Council moved an amendment that included a reference to closely associated persons in respect of eligibility for any rates incentive prizes.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161) APPROVAL**

At 7:14pm Cr Phelan moved, seconded Cr Barling–

- 1) That the Council 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 of Melville be ineligible to be chosen as a winner of the early rate payment incentive prizes either as a sole or part owner of any property.**

At 7:14pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (13/0)**

**C18/6161 CONSIDERATION AND ADOPTION OF THE 2018-2019 BUDGET (AMREC)  
(ATTACHMENT)****1.14 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 2017-2018 was 10.0% or \$50,000 whichever is the greater. It is proposed that the level adopted for the reporting of material variances for 2018-2019 should remain the same as in 2017-2018.

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6161)                      APPROVAL**

At 7:15pm Cr Robins moved, seconded Cr Wieland–

**That in accordance with Regulation 34 of the *Local Government (Financial Management) Regulations 1996*, the level to be used in statements of financial activity in the year 2018-2019 for reporting material variances, be 10% or \$50,000, whichever is the greater.**

At 7:15pm the Mayor submitted the motion, which was declared

**CARRIED UNANIMOUSLY (13/0)**

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

Nil.

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

Nil.

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

Nil.

**15. CLOSURE**

The Mayor, on behalf of Elected Members, congratulated the staff on completing an excellent budget for the community of the City.

There being no further business to discuss, his Worship the Mayor declared the meeting closed at 7:16pm.