

## AGENDA

### Special Council Meeting

**Tuesday 5 July 2022**

Notice is hereby given of the Special Council meeting to be held in the Council Chamber, Administration Building 48 Old Perth Road, Bassendean WA 6054 commencing at 6:00pm

The purpose of the meeting is to present the proposed 2022/23 Annual Budget for the Town of Bassendean to Council for adoption.



Local school students' artwork featured.

The above contribution is from Evie who has painted "*Kaaraks flying over Kaatamoorda (Darling Ranges)*". Evie is from Middle Primary, Bassendean Primary School.

Peta Mabbs  
**CHIEF EXECUTIVE OFFICER**

1 July 2022

# Meeting Information

## About the Special Council Meeting

The Mayor will preside at the meeting. In the absence of the Mayor, the meeting will be presided over by the Deputy Mayor.

The meeting is open to all members of the public, except during the consideration of matters deemed confidential in line with the Local Government Act 1995.

## Recording and Live-streaming

All participation in the meeting, except for confidential business, will be audio recorded and live-streamed on the Town's website. The live stream will be archived and made available on the Town's website after the meeting.

## Conduct at meetings

The Town is committed to ensuring our Council Meetings are a safe work environment, free of risks to the health and wellbeing of Elected Members, Officers and our community. Any person attending is required to be respectful, courteous and have due regard for individual rights and differences. Individuals may be asked to leave should their conduct adversely affect the health and safety of others.

By attending this meeting, you agree to abide by these conditions.

For any questions regarding the meeting or any item presented in the agenda, please contact the Town of Bassendean at [mail@bassendean.wa.gov.au](mailto:mail@bassendean.wa.gov.au).

Tune in to live streaming from the comfort of your own home by going to:

<https://www.youtube.com/channel/UC46mMs3D7vmHuO0ePibihhg/live>

or if you miss it live, go to:

<https://www.youtube.com/channel/UC46mMs3D7vmHuO0ePibihhg>

# Council Role

Each Report presented will identify what Council's Role is in the item

Advocacy	When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
Executive	The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When the Council operates as a review authority on decisions made by Officers for appeal purposes.
Quasi-Judicial	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.
Information	For the Council/Committee to note.

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## **1 Declaration Of Opening; Acknowledgment of Country; Acknowledgment of Visitors; Disclaimer**

### **Acknowledgement of Traditional Owners**

The Town of Bassendean acknowledges the past and present traditional owners of the land on which we gather to conduct this meeting, and pays its respects to their Elders, both past and present.

## **2 Announcements by the Presiding Person Without Discussion**

## **3 Attendances and Apologies**

## **4 Declarations of Interest**

## **5 Presentations or Deputations**

Deputation requests can be submitted prior to the meeting via the online form: [Online Form - Request for Deputation » Town of Bassendean](#)

Further information can be found here:  
[About Council Meetings » Town of Bassendean](#)

## 6 Statements by Members of the Public on Agenda Items

The public statement session will be restricted to 15 minutes unless the Council, by resolution, decides otherwise on matters contained in the agenda.

Each person is restricted to one statement of up to two minutes unless the Council, by decision, determines that they may speak for no more than a further two minutes.

Statements can be submitted prior to the Council meeting to:  
[www.bassendean.wa.gov.au/forms/public-statement-time/37](http://www.bassendean.wa.gov.au/forms/public-statement-time/37)

*It should be noted that comments are recorded and live streamed via YouTube, and that there is no protection from legal action being taken against you, should it arise from your comments delivered at the meeting.*

## 7 Questions from Members of the Public

15 minutes will be allocated for questions by members of the public unless the Council, by resolution, decides otherwise on matters contained in the agenda.

Each member of the public with a question is entitled to ask up to two questions before other members of the public will be invited to ask their questions.

Questions can be submitted prior to the Council meeting to:  
[www.bassendean.wa.gov.au/forms/public-question-time/36](http://www.bassendean.wa.gov.au/forms/public-question-time/36)

If a person asking a question is not present at the meeting, then the Mayor can choose to deal with it at the meeting or arrange a response by email.

## 8 Reports

8.1 Implementation of Differential Rates – Consideration of Submissions	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	RAT&VAL/FEECHAG/3
Author	Paul White
Department	Director Corporate Services
Previous Reports	
Authority/Discretion	<b>Executive</b> The substantial direction setting and oversight role of the Council.
Attachments	<ol style="list-style-type: none"> <li>1. Statement of Objects and Reasons for 2022-23 Differential Rates [8.1.1 - 4 pages]</li> <li>2. Draft Differential Rates Refund Policy [8.1.2 - 2 pages]</li> </ol>

### Purpose

The purpose of this report is for Council to consider submissions received in response to the advertising of proposed differential rates for 2022/23.

### Background

Council introduced Differential Rates as part of the 2021/2022 Budget Process, with the creation of a Vacant Land category, to impose a higher rate in the dollar on vacant land to encourage development.

For 2022/2023, it is proposed to continue with the Vacant Land category and introduce a further differential rating category for Commercial and Industrial property, based on land zoned for these purposes. This is to raise additional revenue to meet the higher level of service costs associated with commercial and industrial properties and the localities within which they are situated.

Differential rating will assist in raising additional rates revenue for the Town while spreading the rate burden more fairly, minimising the impact of rate increases for residential property owners.

At the Ordinary Council Meeting on 24 May 2022, Council resolved as follows:

1. Approves the Town of Bassendean 2022/2023 rate in the dollar and the minimum payment to be advertised by public notice as per the following:

Rating Category	Rate in Dollar in Cents	Minimum Payment (\$)
Improved – Residential	8.7771	1,106
Improved – Commercial and Industrial (GRV)	9.0404	1,106
Vacant Land – Residential, Commercial and Industrial (GRV)	13.1656	1,106

2. Approves the Town of Bassendean's Objects and Reasons for the Proposed Differential Rate Categories for the 2022/2023 Financial Year, as per the attachment included in this report.

The proposed differential rates were determined by calculating an increase in the general rate in the dollar of 4% and then applying a premium of 3% for Commercial and Industrial land and a premium of 50% to Vacant Land. There was no change to the advertised minimum payment, which is proposed to remain as it was for the last three years, at \$1,106.

The Statement of Objects and Reasons is presented at **Attachment 1**.

## Proposal

That Council considers the written submissions received in response to the advertised proposed differential rates for 2022/23 and adopts the advertised differential rates and statement of objects and reasons for the purpose of the 2022/23 Proposed Annual Budget.

## Communication and Engagement

The Town placed a Notice of Intention to Levy Differential Rates in the PerthNow on Thursday 2 June 2022, and on the notice board at the Town's Administration Building, Customer Service Centre and Bassendean Memorial Library. Written submissions were invited by 4:30pm, Friday 24 June 2022.

The Town also prepared a news item for its website, with a link to the Statement of Objects and Reasons and made the Statement of Objects and Reasons available for inspection on the public notice boards mentioned above.

## Strategic Implications

Priority Area 4: Driving Financial Suitability

4.1 Ensure there is sufficient, effective and sustainable use of assets



Priority Area 6: Providing Visionary Leadership and Making Great Decisions

6.1 Make brave decisions in line with a risk appetite

6.3 Ensure operational activities reflect the strategic focus of Council

**Comment**

The Town received the following written submissions in response to the proposed differential rates for 2022/23 (addresses provided):

Date	Comment
03/06/2022	I support the use of a higher rate for vacant properties, to encourage development within the Town.
16/06/2022	Supports the increase in vacant land, commercial and industrial rates The increase in rates should be higher and in line with inflation. Has the Town considered imposing higher rates for short stay accommodation properties as they are no longer residential in line with other Councils

In determining the recommended differential rates, the Town has:

- Undertaken a thorough analysis of its budget, working proactively with Staff and Councillors to generate efficiencies and reduce operating costs where possible;
- The rates proposed within this paper are necessary to enable the Town to meet its current and future obligations, and to continue operating in a financially sustainable manner; and
- The rate increases are consistent with increases planned by other surrounding metropolitan Councils.

Consequently, it is recommended that Council adopts the advertised differential rates and statement of objects and reasons for the purpose of the 2022/23 Proposed Annual Budget.

When considering submissions last year, Councillors noted that some landowners may intend to develop their land but be unable to secure building services in a timely manner due to the difficulties faced in the current market. These landowners may be penalised through the introduction of differential rates due to delays in developing their land, despite their best intentions and endeavors. To alleviate those concerns, Council adopted a Differential Rates Refund Policy in September 2021, ensuring land owners who develop their land within a specified period are not penalised through the imposition of differential rates.

It is recommended that Council extend this policy to provide for a refund of additional rates on vacant land paid due to the imposition of differential rates to 2023/24, thereby allowing three years from the first imposition of differential rates on vacant land for the property owner to submit all appropriate applications for approvals and permits. A draft amended policy is provided for that purpose (**Attachment 2**). The policy can be reviewed at any time but is scheduled for review by 30 June 2025.

## Statutory Requirements

The requirements of the *Local Government Act 1995* (the **Act**) and *Local Government (Financial Management) Regulations 1996* (the **Regulations**) may be summarised as follows:

- A local government may, by absolute majority, resolve to impose differential rates as part of the annual budget (section 6.32 of the Act)
- Differential rates may be based on zoning, land use, whether the land is vacant, situated in a townsite or in a particular district (section 6.33 of the Act; Reg 52A(2))
- Provide budgeted revenue of between 90% and 110% of the estimated budget deficiency (section 6.34 of the Act)
- Ensure the minimum payment in any rating category is not imposed on more than 50% of properties in that category (section 6.35 of the Act; Reg 52)
- Comply with the advertising requirements of section 6.36 of the Act:
  - o give local public notice, in the two months preceding the start of the financial year
  - o publish the objects and reasons for each proposed rate and minimum payment
  - o include details in the local public notice of each rate and minimum payment in the public notice and invite submissions, allowing at least 21 days
  - o advise in the public notice the place the objects and reasons can be inspected and that the objects and reasons are published on the website
  - o consider any submissions received.

The Act also states that a local government cannot impose a differential rate that is more than twice the lowest differential rate, without the approval of the Minister for Local Government.

Section 6.47 of the Act provides that a local government may at the time of imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

## Financial Considerations

Budgeted revenue to be raised from rates for 2021/22 and 2022/23 is shown in the following table:

Rate Type	2021/22		2022/23	
	Number of Properties	Budgeted Revenue	Number of Properties	Budgeted Revenue
<b>Differential General Rate:</b>				
Improved – Residential, Commercial and Industrial	5,125	\$11,185,425	n/a	n/a
Vacant Land - Residential, Commercial and Industrial	125	\$291,284	147	\$334,700
Improved - Residential	n/a	n/a	5,287	\$8,072,249
Improved – Commercial and Industrial	n/a	n/a	349	\$4,271,429
<b>Minimum Payment:</b>				
Improved – Residential, Commercial and Industrial	1,979	\$2,188,774	n/a	n/a
Vacant Land - Residential, Commercial and Industrial	93	\$102,858	90	\$99,540
Improved - Residential	n/a	n/a	1,513	\$1,673,378
Improved – Commercial and Industrial	n/a	n/a	2	\$2,212
Interims and back rates	n/a	68,500	n/a	65,000
Discounts		(\$6,304)		(\$7,342)
<b>Total Budgeted Revenue</b>	<b>7,322</b>	<b>\$13,830,537</b>	<b>7,388</b>	<b>14,511,166</b>

## Risk Management Implications

Financial Risk  
Medium

The Town has an ambitious capital and operational project program, as outlined in the report on the proposed Annual Budget for 2022/23 also presented to Council at this meeting.

Should Council resolve not to adopt the proposed differential rates, it will be necessary to review proposed Reserve allocations and/or the proposed capital and operational project program to identify projects that can be de-scoped, removed and/or deferred to a later budget period for rates revenue to be sufficient to fund the expected budget deficiency.

## Declaration of Conflicts of Interest

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

## Officer Recommendation – Item 8.1

That Council:

1. Considers the written submissions received in response to the advertised proposed differential rates for 2022/23;
2. Adopts the differential rates for the purpose of the 2022/23 Proposed Annual Budget set out in the following table:

Rating Category	Rate in Dollar in Cents	Minimum Payment (\$)
Improved – Residential	8.7771	1,106
Improved – Commercial and Industrial (GRV)	9.0404	1,106
Vacant Land – Residential, Commercial and Industrial (GRV)	13.1656	1,106

3. Adopts the Objects and Reasons for the differential rates for 2022/23, attached to this report (**Attachment 1**); and
4. Adopts the draft amended Differential Rates Refund Policy (**Attachment 2**).

### Voting requirements:

**Point 1 and 4 – Simple Majority**

**Point 2 and 3 - Absolute Majority**

<b>8.2 Adoption of the 2022/23 Annual Budget</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	FINM/BUGTG/1
<b>Author</b>	Paul White
<b>Department</b>	Director Corporate Services
<b>Previous Reports</b>	
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	<ol style="list-style-type: none"> <li>1. CONFIDENTIAL - Operational Projects Detail 2022-23 - CONFIDENTIAL [8.2.1 - 8 pages]</li> <li>2. CONFIDENTIAL - Capital Projects Detail 2022-23 - CONFIDENTIAL [8.2.2 - 11 pages]</li> <li>3. Fees and Charges 2022-23 [8.2.3 - 22 pages]</li> <li>4. Operational Projects Listing - Budget 2022-23 [8.2.4 - 2 pages]</li> <li>5. Capital Projects Listing - Budget 2022-23 [8.2.5 - 4 pages]</li> </ol>

## Purpose

The purpose of this report is to present the proposed 2022/23 Annual Budget for the Town of Bassendean to Council for adoption.

This report provides the strategic context for the Town's proposed 2022/23 Annual Budget together with supporting schedules, including proposed rates and minimum payments, fees and charges, and operational and capital projects.

The proposed 2022/23 Annual Budget is presented in its statutory form for Council adoption in accordance with the *Local Government Act 1995* (Act), the *Local Government (Financial Management) Regulations 1996* (Regulations) and Australian Accounting Standards (Standards) (**Attachment 1**).

## Background

The proposed Annual Budget for 2022/23 was developed in light of the effects from the COVID-19 pandemic and in consideration of the implications of local and global supply chain issues and inflationary pressures impacting local, national and international economies on the Town's operations.

The proposed budget is fiscally responsible, with the long-term financial sustainability of the Town paramount. It strives to balance the current and future needs of the community, by funding current and future projects, while continuing to provide quality services across the range of the Town's business activities.

The proposed budget is informed by the Town's 10-year Strategic Community Plan (**SCP**), supported by the Corporate Business Plan, with a range of initiatives (operational and capital projects) designed to deliver on the community's aspirations as set out in the SCP's seven priority areas.

The Town will continue to identify and implement initiatives to strengthen and connect our community by building community connection, creating safe and welcoming environments, and supporting healthy lifestyles (**SCP Priority Area 1**).

In early-2022/23, the Town will complete construction of the nature play space and new ablution facilities at Sandy Beach Reserve, with additional facilities to be added during the year including BBQs, seating and indigenous cultural elements. This \$1.6 million project, funded by the Town, the Australian Government's Local Roads and Community Infrastructure Program and Lotterywest, will provide a fabulous nature playground in shady public open space along the Derbarl Yerrigan for the community to enjoy.

Also in early 2022/23, the Town will conduct an exciting "Power to the People" project, with a grant from the RAC, for a trial closure and activation of Old Perth Road, between Wilson Street and Guildford Road. This pilot project will create a safe and healthy pedestrian only zone (on the northern lane), engaging with the community in demonstrating the benefits of reimagining and revitalising the high street.

Western Power is scheduled to complete the undergrounding of power in Eden Hill and parts of Bassendean in late-2022 or early-2023, providing safer and more reliable electricity, enhancing the capacity for tree canopy and facilitating opportunities to take advantage of emerging technologies. Property owners are responsible for the cost of the consumer mains connection to their properties, through payment of a service charge to be levied by the Town, over five years from 2022/23.

The Town will work with the Swan Districts Football Club (SDFC) and the Western Australian Football Commission (WAFC) to install new floodlights and poles to a standard of 200 lux, being sufficient for night training and matches. The project will be funded by the Town, the SDFC, the WAFC and the Western Australian government's Community Sporting and Recreation Facilities Fund (CSRFF).

The Town will also undertake works to enhance the lighting at Ashfield Reserve, again with the assistance of a grant from the CSRFF along with upgrading the pitch and fencing at the Reserve.

Council continues to strive to be a leader in protecting our environment and improving sustainability, with many projects proposed for 2022/23 designed to conserve, protect and enhance our natural environment including our waterways, and support a greener and more shaded Town (**SCP Priority Area 2**).

The proposed budget provides funds for some important environmental planning initiatives to properly plan for the future protection and enhancement of some of our important environmental assets, including:

- Finalising the Bassendean Foreshore Precinct Plan;
- Developing the Sandy Beach Reserve Foreshore Restoration Plan;
- Completing the Success Hill Foreshore Stabilisation Design; and
- Progressing with the detailed design for the Point Reserve River Park.

In addition, the feasibility study of the Success Hill Reserve catchment area will continue, to develop a new drainage solution to replace the current temporary solution, with the aim of improving water quality and environmental outcomes.

The Town will also continue to work with the Water Corporation with a view to progressing with stage one of the construction of a living stream, from Second Avenue to Fourth Avenue, Bassendean, and is currently in negotiations with the Water Corporation regarding a potential license agreement for the Town for management of the drainage infrastructure.

The Town will build upon considerable work over the past two years designed to create a vibrant Town and precincts and support the town centre to thrive (**SCP Priority Area 3**), with adoption of the Town Centre Masterplan by Council in November 2021, following extensive community consultation. In May 2022, the Statutory Planning Committee of the Western Australian Planning Commission resolved to certify the Town's new draft Local Planning Strategy, and Council approved the Local Planning Strategy for advertising in June 2022. Work will continue on a new Local Planning Scheme for the Town in 2022/23 and the Town will also prepare a Bassendean Precinct Structure Plan. This new local planning framework for the Town will provide the optimal environment to attract investment and promote development. Additionally, a plan will be developed for the Old Perth Road streetscape later in 2022/23, with a program of initial tree planting to occur in the interim.

Council and the community value the Town's local heritage and recognise that our connection to history and heritage forms an important part of our local identity (**SCP Priority Area 7**).

It is important for the Town to enhance the participation of local Noongar people in community life and decision-making and create opportunities to share Noongar history. In partnering with the Bassendean Primary School, local artists and community groups, a new community cultural development project will aim to share stories of the Derbarl Yerrigan through visual art and performance. The Town will also update its Local Heritage Survey (formerly the Municipal Heritage Inventory) to recognise the area's rich history.

### Proposal

That Council adopts the proposed 2022/23 Annual Budget.

### Communication and Engagement

The budget process commenced in January 2022, with the Finance Team and Business Unit Managers:

- Reviewing workforce plans;
- Reviewing budgeted expenditure/year to date expenditure;
- Forecasting 2022/23 operational requirements;
- Preparing plans for operational and capital projects and prioritising activities
- Reviewing fees and charges; and
- Developing rating models for the potential introduction of differential rates.

The administration and Council participated in seven budget-related workshops:

Date	Themes
8 February 2022	Asset Management, Economic and Financial Overview
1 March 2022	Current Project Status, Proposed Capital and Operational Projects, Councillor Requests
29 March 2022	Waste Modelling, Capital and Operational Projects
12 April 2022	Capital and Operational Projects, Workforce Plan, Fees and Charges, Draft Operating Position, Rates Modelling
10 May 2022	Fees and Charges, Differential Rates, Draft Operating and Reserves Position, Project Update
31 May 2022	Relocation of Administration, Capital and Operational Projects, Consolidated Position
7 June 2022	Fees and Charges, Capital and Operational Projects

The administration circulated updated project spreadsheets and other budget-related documentation to Councillors before and after workshops, via CEO Bulletins.

### Strategic Implications

Priority Area 1: Strengthening and Connecting our Community

1.2 Establishing partnerships with the community that build capacity, connection and sense of belonging



- 1.5 Supporting healthy lifestyles throughout our Town
- 1.7 Facilitating community connection

Priority Area 2: Leading Environmental Sustainability

- 2.1 Demonstrate strong leadership in waste reduction and carbon neutrality
- 2.4 Conserve, protect and enhance our natural environment and biodiversity

Priority Area 3: Creating a Vibrant Town and Precincts

- 3.1 Support the town centre to thrive

Priority Area 4: Driving Financial Suitability

- 4.1 Ensure there is sufficient, effective and sustainable use of assets
- 4.2 Ensure community facilities are accessible to and well utilised by a diverse range of community members

Priority Area 5: Facilitating People-Centred Services

- 5.2 Deliver efficient and well-connected internet and computer technology systems

Priority Area 6: Providing Visionary Leadership and Making Great Decisions

- 6.1 Make brave decisions in line with a risk appetite
- 6.3 Ensure operational activities reflect the strategic focus of Council
- 6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community
- 6.5 Foster an environment of innovation and leadership

Priority Area 7: Building Community Identity by Celebrating Culture and Heritage

- 7.1 Appreciate, celebrate and engage with Noongar Boodjar (land), history, culture and people
- 7.3 Engage the community in arts and culture

COMMENT

The proposed 2022/23 Annual Budget includes:

- Statutory Financial Statements, incorporating:
  - o Statement of Comprehensive Income by Nature or Type and by Program;
  - o Statement of Cash Flows by Nature or Type;
  - o Rates Setting Statement by Nature or Type and by Program; and
  - o Notes to and forming part of the Budget.
- Fees and Charges for 2022/23;
- Capital Projects for 2022/23; and
- Operational Projects for 2022/23.

**Estimated Closing Surplus – 2021/22**

The 2021/22 Annual Budget estimated a closing surplus of \$99,430 however, the 2021/22 forecast closing surplus is now expected to be \$1,320,660. The reasons for the forecast closing surplus being considerably higher than the expected surplus at the start of the financial year are set out below.

### Revenue from Operating Activities

Revenue from operating activities is forecast to be \$948,183 higher than budgeted.

The main reasons for the increased revenue were:

- Receipt in advance of \$469,000 from the 2022/23 Federal Assistance Grants Scheme;
- RAC Power to the People partial recognition of grant monies worth \$56,000;
- Environmental grants for foreshore management worth \$40,000;
- Increased income from planning and development fees in line with State and Federal stimulus on residential properties and childcare fees worth \$150,000; and
- Receipt of dividend from the Eastern Metropolitan Regional Council worth \$110,000.

### Expenditure from Operating Activities

Expenditure from operating activities is forecast to be \$2,375,392 lower than budgeted.

The forecast underspend in operating activities is attributable to the following:

- Savings in employee expenses arising from a number of temporarily vacant positions and staff redundancies;
- The cumulative effect of savings across most program areas due to tighter expenditure control; and
- Transport portfolio – underspends in road, verge and footpath maintenance programs.

### Investing Activities

The amount attributable to investing activities is forecast to be \$989,870 less than budgeted primarily due to the carryover of projects originally included in the 2021/22 budget. The projects worth \$1.35m include:

- Spillway Design and Construction, Success Hill
- Living Stream Stage One covering Second to Third Avenue
- Sandy Beach Playground
- Sandy Beach ablutions and sewerage
- HINO 6 Tonne Truck
- ICT various Equipment and Implementation projects.

The above was offset by lower non-operating income, some of which is linked to the projects mentioned above.

### Financing Activities

The amount attributable to financing activities is forecast to be \$1,995,483 less than budgeted.

This is due to lower capital expenditure, which resulted in lower funding from reserves.

### Estimated Closing Surplus – 2022/23

The estimated closing surplus for 2022/23 is \$103,586.

### INCOME STATEMENT BY NATURE AND TYPE

The following are comments on the major changes to income and expenditure items presented in the Comprehensive Statement of Income – By Nature and Type.

### Rates

At the Ordinary Council Meeting on 24 May 2022, Council resolved to approve the differential rates and minimum payment for 2022/23 for advertising by public notice, as follows:

<b>Rating Category</b>	<b>Rate in Dollar in Cents</b>	<b>Minimum Payment (\$)</b>
Improved – Residential	8.7771	1,106
Improved – Commercial and Industrial (GRV)	9.0404	1,106
Vacant Land – Residential, Commercial and Industrial (GRV)	13.1656	1,106

The advertised differential rates were calculated using the following parameters:

- An increase in the rate in the dollar from 2021/22 of 4%;
- A premium of 3% for Improved Commercial and Industrial land; and
- A premium of 50% for all vacant land.

The advertised minimum payment was \$1,106, being the same minimum payment levied since 2019/20.

The expected rates revenue for 2022/23 is \$14,511,165 from 7,388 rateable properties (an increase of \$680,628 from 2021/22 budgeted rates revenue of \$13,830,537 from 7,322 rateable properties).

In 2022/23 it is expected that 1,515 (20.5%) properties will be liable for the minimum payment. In 2021/22, the Town budgeted for 2,072 (28.3%) properties being subject to the minimum payment. This continues the downward trend in the proportion of land liable for the minimum payment, resulting from a freeze in the amount of the minimum payment for the last four years.

The proposed differential rates are the subject of a separate report to Council. The remainder of this budget paper was necessarily prepared on the assumption that Council resolved to adopt the advertised differential rates for the purpose of the 2022/23 Proposed Annual Budget. Should Council resolve not to adopt the proposed differential rates, it will be necessary to review proposed reserve transfers and/or proposed capital and operational projects to identify projects that can be de-scoped, removed and/or deferred to a later budget period for rates revenue to be sufficient to fund the expected budget deficiency.

### Instalment Payments

In accordance with Section 6.45 of the *Local Government Act 1995*, a local government is to offer instalment options for the payment of rates or service charges. Additional charges for the recovery of rates or service charges may be imposed (including an amount by way of interest) for payments made under an instalment option.

The Town plans to issue Rates Notices on 22 July 2022 and, on that basis, the following payment options are proposed:

Full Payment: 26 August 2022

#### Two Instalments:

First Instalment: 26 August 2022

Second Instalment: 11 November 2022

#### Four Instalments:

First Instalment: 26 August 2022

Second Instalment: 28 October 2022

Third Instalment: 11 January 2023

Fourth Instalment: 15 March 2023

The Council's Financial Hardship Policy enables a rates debtor or sundry debtor experiencing genuine financial hardship to make an application for assistance relating to outstanding rates or service charges or sundry debts.

## eRates

The Town has introduced eRates for 2022/23, allowing property owners to register to receive rates notices, final notices and instalment reminder notices by email, by completing a simple form on the Town's website. Implementation of eRates is environmentally friendly and cost-effective.

### Instalment Administration Fee and Interest      \$211,750

To offset the administrative costs of offering instalment options, Council may impose an administration charge and interest charge. The administration fee is intended to cover costs incurred and regulation 67 of the Regulations does not allow a profit to be made.

Consistent with previous years, an Instalment Administration Fee of \$12 per instalment is proposed when an instalment payment option is used, for instalments after the first instalment. The Instalment Administration Fee for the four-instalment payment option is \$36.

Where payment of rates is not received in full or by one of the instalment options, the Town may enter into a special payment arrangement with a ratepayer and an administration fee of \$20 will apply, reducing from \$30 in 2021/22.

Pursuant to section 6.45 of the Act, Council may adopt an interest rate for payment of rates by instalments up to a maximum rate of 5.5%. The maximum rate is set by regulation 68 of the Regulations. In line with other local governments, it is proposed to apply this rate in 2022/23. This is the same as the rate applied in 2021/22.

Pursuant to section 6.51(1) and subject to section 6.51(4) of the Act and Regulation 70 of the Regulations, local governments may charge late payment interest up to a maximum of 11% for rates and service charges that remain unpaid after becoming due and payable. The *Local Government (COVID-19 Response) Order 2020*, clause 8(3), capped the interest rate local governments may charge at 7% for 2022/23; a rate of 7% is proposed for 2022/23.

Clause 8(2) of the *Local Government (COVID-19 Response) Order 2020* states that a local government cannot require a person who is considered by the local government to be suffering financial hardship as a consequence of the COVID-19 pandemic to pay interest.

The Town's Financial Hardship Policy goes further and provides that where a debtor is assessed as experiencing genuine financial hardship, the Town may suspend administration fees and interest charges while the debtor adheres to the terms and conditions of a payment agreement under that Policy. The Town recognises that financial hardship may arise from a range of circumstances, not limited to the COVID-19 pandemic.

Interest is not chargeable to eligible pensioners who have had their entitlement registered with the Council in accordance with the *Rates and Charges (Rebates and Deferments) Act 1992*.

Budgeted revenue from the Instalment Administration Fee for 2022/23 is \$154,500 and is included in the budget for Fees and Charges. Budgeted revenue from Interest Charges for 2022/23 is \$57,250 (including interest on deferred rates) and is included in the budget for Interest Earnings.

### Discounts, Incentives, Concessions and Write-offs

Section 6.47 of the Act provides Council with the power to grant a rate concession.

The Town's Rates Exemption Policy states that Council will accept written applications from not-for-profit community groups within the Town of Bassendean and may grant a concession or waiver for up to two years.

The Town received an application by Westcare for a rates concession of 50% for 2022/23 and 2023/24, on 9 June 2022. The application was made on the basis that:

*Westcare is a registered charity and we employ over 70 people with disabilities at our Hanwell Way premises. A concession would greatly assist in maintaining our ability to fulfill our mission of "empowering, enriching and enhancing" the lives of people with disabilities.*

According to its website, Westcare Incorporated (**Westcare**) is an Australian Disability Enterprise (not-for-profit), providing quality employment and training for West Australians with disabilities since 1947. Westcare is registered as a charity with the Australian Charities and not-for-profits Commission.

Westcare opened its factory premises at 28 Hanwell Way, Bassendean in 1996, and uses those premises for what it calls Westcare Industries:

- Westcare Box – Provides a range of covered, stapled, and die cut boxes
- Westcare Foodpak – Offers solutions to businesses looking to outsource and streamline their packing requirements
- Westcare Safety – Manufactures and supplies high visibility garments.

Council has traditionally granted a 50% rate concession to Westcare as part of the annual budget process. With the introduction of the Rates Exemption Policy in May 2020, Westcare was required to make application in writing under that policy. Council approved a 50% rates concession for Westcare for 2020/21 and 2021/22.

In the absence of a concession, the estimated rates for Westcare's property at 28 Hanwell Way, Bassendean for 2022/23 are \$14,684.54.

Discounts and incentives for early payment of rates are not proposed for the 2022/23 Annual Budget.

### **Operating Grants and Subsidies**

Revenue is expected to decrease from \$1,238,950 (amount adjusted for discontinued seniors services) as budgeted for 2021/22, to \$554,442 in 2022/23. The main reason being the advance receipt of \$469,000 from the Federal Assistance Grants Scheme.

### **Fees and Charges**

The 2022/23 Annual Budget includes proposed fees and charges for the provision of services to the community. Revenue is expected to increase from \$6,656,618 as budgeted for 2021/22, to \$6,767,613 in 2022/23.

The proposed 2022/23 Fees and Charges are set out in **Attachment 4**.

The following changes to fees and charges are proposed:

#### **Early Childhood Education**

At the Ordinary Council Meeting on 24 May 2022, Council adopted a daily fee for the Town's Wind in the Willows Early Childhood Education Centre's of \$127 for 2022/23, representing an increase of \$4 from 2021/22. This modest increase of 3.5% was necessary to provide for increased employee costs and allow the Town to continue to provide quality activities and programs.

#### **Community Development**

Removal of the requirement to pay a bond for the hire of community facilities for activities considered low risk and an increase in the bond payable for high-risk activities from \$1,000 to \$1,500.

Removal of the requirement for payment of the bond in favour of a credit card impression to place a temporary hold over the funds, except where the Town considers payment of the bond is required.

Inclusion of public trading fees for small, medium and large events, of \$150, \$500, and \$1,000 respectively.

#### **Hyde Retirement Village**

The maintenance fee is proposed to increase from \$230 to \$237 per fortnight for a single resident, and from \$262 to \$272 per fortnight for a resident couple.

The proposed increases to the maintenance fees were discussed at a meeting of the Hyde Retirement Village Residents' Committee on 22 June 2022.

### Waste Services

The Town imposes waste service charges to recoup the cost of waste services and the purchase of bins. Budgeted revenue from the waste service charge for 2022/23 is \$3,166,576 (2021/22 revenue was \$3,057,250).

The Town continues to expand the waste services available to residents, offering an optional additional green waste verge collection at a cost of \$442.

Rollout of FOGO to commercial properties will also commence in 2022/23 for those businesses that request the service.

The proposed waste charges for 2022/23 are set out in the following table:

	<b>Current Fee 2022/23 GST Inclusive (If Applicable)</b>	<b>2021/22 GST Inclusive (If Applicable)</b>
FOGO Standard Waste Service Charge	\$411.00	\$395.00
FOGO General Waste bin - 240L option	\$536.00	\$520.00
Waste Service Charge (Non-Rateable)	\$530.00	\$470.00
Waste Service Charge (Non-Rateable) - General Waste bin - 240L	\$707.00	\$627.00
Shared Bin Services for Multi Units	\$287.00	\$285.00
Additional bin - 240L Recycling	\$44.00	\$40.00
Upgrade bin - 240L Recycling to 360L Recycling	\$161.00	\$150.00
Additional bin - 240L FOGO	\$175.00	\$160.00
Additional bin – 140L (General Waste) *Separate Residential Dwellings only	\$165.00	\$165.00
Additional bin – 240L General Waste	\$285.00	\$285.00
Replacement or additional Kitchen Caddy	\$22.00	\$20.00
Additional Fortnightly Collection General Waste per bin *Commercial Properties only	\$357.00	\$300.00
Additional Green Waste Verge Material (per 5 cubic meters over allowance)	\$442.00	N/A



## Tip Passes

The Town has changed the tip pass program for 2022/23 based on community uptake and usage, and to make it easier for residents to dispose of their waste. Tip passes will no longer be provided with Rates Notices but will be available for collection from the Town's Customer Service Centre and the Bassendean Memorial Public Library, or can be mailed out if required. Two tip passes will be provided, with both collected at the same time.

Use of the Town's tip passes will be permitted at Baywaste, in addition to the Red Hill Waste Management Facility. Baywaste is much closer to the Town, at 271 Collier Rd in Bayswater. Bassendean residents can now use their tip passes at Baywaste, with payment of a small fee of \$14.20 per tip pass at the time of use. Residents can continue to use tip passes at the Red Hill Waste Management Facility free of charge.

Lost or misplaced tip passes will not be replaced.

The 2022/23 Tip passes will expire on 31 August 2023.

## Other

Minor changes to fees and charges are proposed for the following areas, as set out in **Attachment 4**:

- Corporate Services property enquiries, direct debits and refunds
- Building Services amendment of approvals
- Planning Services deemed to comply check
- Environmental Health inspections
- Ranger Services dog maintenance
- Asset Services private works, crossovers, verge permits, celebration trees, memorial seats, and streetscape and drainage infrastructure contributions.

## Interest Earnings

Revenue is expected to increase from \$186,903 as budgeted for 2021/22, to \$317,345 in 2022/23.

This is due to continued upward pressure on interest rates due to international and domestic economic factors with the Reserve Bank of Australia Cash Rate predicted to be significantly higher by December 2022 and earlier levying of rates, offset slightly by reduced capital investment resulting from drawdowns to meet capital expenditure commitments.

### **Other Revenue**

Revenue is expected to increase from \$169,451 as budgeted for 2021/22, to \$267,981 in 2022/23. This is due to the inclusion of a dividend distribution from EMRC.

### **Employee Costs**

Employee costs are expected to increase from \$11,416,303 (adjusted after reducing salaries cost for discontinued seniors services) as budgeted for 2021/22, to \$12,049,864 in 2022/23.

The main reasons for the increase are due to expected increases to the Enterprise Bargaining Agreements, superannuation and additional costs to fund the requirements of the workforce plan.

### **Materials and Contracts**

Expenditure is expected to increase from \$8,071,432 as budgeted for 2021/22, to \$8,147,824 in 2022/23.

The increases are to allow for CPI adjustments to recurring costs and project expenditures to deliver core services and key projects. Operational projects are listed in **Attachment 5**.

### **Utility Charges**

Expenditure on utility charges is expected to increase slightly from \$688,434 as budgeted for 2021/22, to \$698,715 in 2022/23. The Town will be reviewing its current facilities and where possible implementing energy efficiency changes to alleviate rising energy tariffs. In addition, the Town is delivering with Western Power, underground power in Eden Hill and parts of Bassendean which will result in street lights being converted to LED lighting, thereby reducing lighting costs.

### **Depreciation**

Depreciation is a non-cash item and does not affect rates and charges. Depreciation is included in the statement of comprehensive income to reflect the reduction in value of assets for the ensuing 12 months.

Depreciation is expected to fall slightly from \$3,891,328 as budgeted for 2021/22, to \$3,881,983 in 2022/23, due to lower depreciated asset values.

The Town is undertaking a re-valuation of its Land and Building and Infrastructure Assets in 2022/23, the impact of which has not been reflected in the statutory financials.

### **Interest Expenses**

Expenditure is expected to fall slightly from \$33,068 as budgeted for 2021/22, to \$28,787 in 2022/23. This is due to the continued reduction in loan balances and new loan borrowing for underground power only taken up just before the financial year end to reduce the interest expense impact on the Town.

### **Insurance Expenses**

Expenditure is expected to increase from \$454,944 as budgeted for 2021/22, to \$489,297 for 2022/23.

The Town's primary insurer LGIS has advised of extremely challenging market conditions, with all classes of insurance under significant pressure driven by increased risk and hardening re-insurance conditions.

### **Other Expenditure**

Expenditure is expected to increase from \$787,837 (adjusted for removal of discontinued seniors' services costs) as budgeted for 2021/22, to \$2,043,622 in 2022/23.

The main reason for the increase is the first cash call payment due to Western Power for the Underground Power project, at a cost of \$1,227,284.

### **Councillor Meeting Fees and Allowances**

Councillor allowances are consistent with the Determination of the Salaries and Allowances Tribunal Local Government Chief Executive Officers and Elected Members, on 7 April 2022. The Tribunal determined that remuneration, fees, and annual allowance ranges provided to CEOs and Councillors be increased by 2.5%. The proposed budget applied the full 2.5% increase for Councillors.

Total expenditure is expected to increase from \$244,240 as budgeted for 2021/22, to \$251,783 in 2022/23.

Councillor meeting fees and allowances proposed for the 2022/23 Annual Budget are:

<b>Description</b>	<b>Amount</b>
Council meeting fees	\$126,632
Mayoral & Deputy Mayoral allowance	\$ 47,351
Conferences and training	\$ 27,200
Donations	\$ 600
IT and Communication allowance	\$ 24,500
Stationery and subscriptions	\$ 16,500
Functions	\$ 9,000
	<b>\$251,783</b>

Councillor fees and allowances are included in the "Other Expenditure" category.

### **Discontinued Operations**

By a confidential Council resolution in November 2020, Council decided to cease provision of home support services to seniors, from the date of expiration of the CHSP funding agreement, on 30 June 2022. Council endorsed a Transition Out Plan, Workforce Plan, Communications Plan and Service Continuity Plan on 28 September 2021.

The Town formally notified the Department of Health of the Town's decision to divest on 31 August 2021. The Department of Health then appointed Amana Living to take over the CHSP programme.

Operations ceased on 30 June 2022 and as per the accounting standards, the income and expenditure is excluded from normal operations for 2021/22 which is estimated as being a net deficit of \$152,160 of which \$36,966 relates to depreciation (a non-cash charge).

### **Non-Operating Grants**

Revenue is expected to increase from \$1,408,141 as budgeted for 2021/22, to \$1,955,828 in 2022/23.

This is due to a carry over of projects to be finalised in 2022/23 which have significant grant income expected including new funding for the Town's capital projects in 2022/23, the bulk of which is coming from the recreation (\$980,100) and infrastructure related projects (\$797,630).

The Town is actively targeting grant income with the use of the Grant Guru software that notifies the Town when a grant is announced. This will reduce potential future burden on municipal funds to improve the Town's amenities.

### **OTHER BUDGET ITEMS**

#### **Operational Projects**                      **\$768,220**

Operational projects proposed for 2022/23 are listed in **Attachment 5** and detailed in **Attachment 2 (Confidential)**.

Operational projects include:

- SCP Theme 1: Strengthening and Connecting our Community:
  - o "Power to the People" - Old Perth Road trial closure and activation
  - o Public Health Plan
  - o Youth Engagement Projects in Ashfield

- SCP Theme 2: Leading Environmental Sustainability:
  - o Bassendean Foreshore Precinct Plan
  - o Sandy Beach Reserve Foreshore Restoration Plan
  - o Success Hill Foreshore Stabilisation (Design)
  - o Point Reserve River Park Design
  - o Carbon account verification (Emission Reduction Strategy)
  - o Energy efficiency - sports lighting audit
- SCP Theme 3: Creating a Vibrant Town and Precincts:
  - o Local Planning Scheme and Strategy
  - o Bassendean Precinct Structure Plan
  - o Old Perth Road Street Scape Plan
- SCP Theme 4: Driving Financial Sustainability
  - o Playing surface usage assessment and turf maintenance
  - o Bassendean Oval Lighting Due Diligence
  - o Project Tanaka service review
- SCP Theme 7: Building Community Identity by Celebrating Culture and Heritage:
  - o Local Heritage Survey
  - o Community Cultural Development Project.

**Capital Works Program      \$4,708,651**

Capital projects proposed for 2022/23 are listed in **Attachment 6** and detailed in **Attachment 3 (Confidential)**.

Capital projects include:

- SCP Theme 1: Strengthening and Connecting our Community:
  - o Sandy Beach - Playground Construction and Ablutions (carry-forward)
  - o Underground Power in Eden Hill and Parts of Bassendean (carry-forward)
  - o Bassendean Oval - Upgrading of floodlights with new higher poles
  - o Ashfield Reserve Lighting Improvements
  - o Nature Play space at Wind in the Willows Bassendean
  - o Palmerston Reserve - Phase Three
  - o Ashfield Reserve Soccer Pitch upgrade fencing east/west fence
  - o Skate Park Concrete Pad Extension
- SCP Theme 2: Leading Environmental Sustainability:
  - o Spillway Construction - Success Hill (carry-forward)
  - o Living Stream - Stage One (carry-forward)
  - o Bindaring Wetlands - Pathway and living stream
  - o Ashfield Flats - Board Walk
  - o Lord St - Footpath and Avenue Planting Plan

- SCP Theme 3: Creating a Vibrant Town and Precincts:
  - o Bassendean Principal Green Trail (carry-forward)
  - o Old Perth Road Tree Planting
  
- SCP Theme 4: Driving Financial Sustainability:
  - o Fleet and Plant Replacement Program
  - o Footpath Program
  - o Drainage Program
  - o Road and Carpark Resurfacing and Pavement Program
  - o Wind in the Willows Bassendean Staff Room
  
- SCP Theme 5: Facilitating People-Centred Services:
  - o ICT Equipment Upgrade
  - o ICT Strategy Implementation
  
- SCP Theme 7: Building Community Identity by Celebrating Culture and Heritage:
  - o Provision of Public Art.

### **Transfers to/from Reserves and Restricted Cash**

Transfers to and from reserves proposed for the 2022/23 Annual Budget are listed in the budget at Note 8, and include:

- Employee entitlements Reserve – Transfer of \$250,000 from the reserve for expected employee leave entitlements;
- Fleet and Plant Reserve – Transfer of \$403,500 from the reserve to fund part of the Fleet and Plant Replacement Program;
- Wind in the Willows Child Care Reserve – Transfer of \$100,000 to the reserve from operating surplus, and transfer of \$125,000 from the reserve to fund the new staff room and nature play space at the Bassendean service;
- Aged Persons Reserve – Transfer of \$100,000 from the reserve to fund operating shortfall from vacant units and the cost of unit refurbishment;
- Youth Development Reserve – Transfer of \$10,000 from the reserve for youth development projects;
- Community Facilities Reserve – Transfer of \$5,000 from the reserve for the skate part concrete pad extension;
- Drainage Infrastructure Reserve – Transfer to \$100,000 to the reserve to build funds in the reserve, and transfer of \$50,000 from the reserve to fund the 2022/23 drainage program;
- HACC Asset Replacement Reserve – Transfer of \$117,107 from the reserve to fund costs associated with the divestment of Seniors Services;
- Unspent Grants Reserve – Transfer of \$473,002 from the reserve for the living stream project, Sandy Beach ablutions and other minor projects with grant funding;
- Street Tree Reserve – Transfer of \$50,000 from the reserve to continue the Town’s tree planting program, planting 1,000 trees for the fourth consecutive year;

- Land and Buildings Infrastructure Reserve – Transfer of \$100,000 from the reserve for the Sandy Beach Playground, and \$100,000 from the reserve for Town Planning Scheme 4A;
- Information Technology Reserve – Transfer of \$200,000 to the reserve to provide funds for the future enterprise system upgrade, and transfer of \$150,000 from the reserve to fund ICT Strategy implementation for 2022/23;
- Waste Processing/Disposal Reserve – Transfer of \$10,794 to the reserve, being an allowance for bin depreciation;
- Waste Processing/Disposal Reserve, Waste Asset Reserve and Waste Programs Reserve – Transfer of \$94,000, \$50,000 and \$144,000 respectively for the Success Hill spillway project;
- Natural Area Reserves – Transfer of \$62,000 for detailed design for Point Reserve and for Bindaring Wetlands – Pathway and Living Stream costs; and
- Jubilee Reserve Reserves – Transfer of \$200,000 to the reserve to provide funds for future development.

### Change in Purpose of a Reserve/Using Reserve Funds for Another Purpose

The Local Government Act 1995, section 6.11, relevantly states:

- “(2) Subject to subsection (3), before a local government —
- (a) changes\* the purpose of a reserve account; or
  - (b) uses\* the money in a reserve account for another purpose,

*it must give one month’s local public notice of the proposed change of purpose or proposed use.*

*\* Absolute majority required.*

- (3) A local government is not required to give local public notice under subsection (2) —
- (a) where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or
  - (b) in such other circumstances as are prescribed.”

### Plant and Equipment Reserve

The purpose of the Plant and Equipment Reserve is “accrue funds for the purpose of replacement of major plant items”.

On 28 June 2022, Council resolved to change the name of the Plant and Equipment Reserve to the Fleet and Plant Reserve and to change the purpose of the Fleet and Plant Reserve to “accrue funds for the purpose of replacement of fleet, plant and equipment”, for inclusion in the proposed 2022/23 Annual Budget.

The purpose of the change was to better facilitate the Town’s fleet and plant replacement program by permitting reserve funds to be used for replacement of fleet and equipment, in addition to heavy plant.

Underground Power Reserve – Eden Hill

A new reserve called Underground Power Reserve – Eden Hill, is an equalisation reserve to cover any income and expenditure timing related transactions for the Eden Hill Underground Project.

A transfer of \$35,750 to the reserve is proposed as being the interest amount payable on the borrowings undertaken for the first tranche payment due to Western Power.

Summary

Transfers to reserves in the proposed 2022/23 Annual Budget total \$646,544 (excluding interest income) and transfers from reserves total \$2,283,609, for a proposed reduction in reserve funds of \$1,637,065 (excluding interest income).

**Proposed Loans**

The *Local Government Act 1995*, section 6.20, provides a local government with the power to borrow money. The local government must give one month’s local public notice of the proposal, unless the proposal has been included in the Annual Budget.

Underground power

Council has entered into a Network Renewal Underground Program Pilot (NRUPP) Co-Funding Agreement with Western Power to provide underground electricity distribution to parts of the Town. Pursuant to the agreement (as amended), the Town is liable to make the following cash call payments to Western Power:

29 July 2022	\$1,227,284
29 July 2023	<u>\$1,227,284</u>
	\$2,454,568

The Town will recoup this cost from property owners through a service charge over five years, commencing in 2022/23. Council resolved in December 2021, subject to adoption of the 2022/23 Annual Budget, to set the service charge at \$2,910 for a consumer mains connection, and \$1,455 for a ‘cut and cap’ connection. For multi-unit developments, Council resolved that the service charge applicable to a ‘parent’ connection be shared equally among the property owners in the development.

It will be necessary for the Town to borrow sufficient funds from WATC to allow it to meet its cash call obligations under the co-funding agreement with Western Power, in advance of recouping the cost from property owners.



The Town proposes to seek a loan from WATC to fund the cash calls and to draw down on that loan as and when required.

### **Determination of material variance for reporting purposes**

Each year, Council is required to adopt a percentage or value for the purposes of reporting material variances in the Monthly Financial Activity Statement. This value or percentage is then used throughout the financial year to identify potential areas in Council's actual revenue and expenditure that may not be in keeping with Council's budget.

The early identification of these potential issues can assist in better utilisation and allocation of scarce Council resources.

The values chosen should provide a good indication of variances that would not normally be able to be covered through Council's normal operations and should, therefore, be assessed to identify if a potential issue exists or not.

Council has previously used a value of (+) or (-) \$5,000 or 10% per business unit for each of the revenue and expenditure areas included in the Financial Statements.

It is recommended that this value continue to be used.

### **Statutory Requirements**

The *Local Government Act 1995*, section 6.2.

The *Local Government (Financial Management) Regulations 1996*, Part 3 and Regulation 34.

Section 6.2 of the Act requires that not later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt (by Absolute Majority) in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

Divisions 5 and 6 of the Act refer to the setting of budgets and raising of rates and charges.

The Regulations detail the form and the content of the budget.

The 2022/23 Annual Budget reflects the *Local Government (COVID-19 Response) Order 2020*.

Other statutory requirements are detailed in this report.

Council has several financial policies which have been taken into consideration in the budget process, including the Financial Sustainability Policy and Investment Policy.

### **Financial Considerations**

Specific financial implications are as outlined in the Analysis section of this report and as itemised in the 2022/23 Proposed Annual Budget, attached under separate cover for adoption.

### **Risk Management Implications**

Financial Risk  
Reputational Risk  
High

Potential reduction in the quality of assets provided and services delivered if the proposed annual budget is not adopted. This may require review of the Town's Corporate Business Plan.

Delay to the imposition of rates and service charges and to operational and capital projects should adoption of the budget be delayed.

### **Declaration of Conflicts of Interest**

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

### **Officer Recommendation – Item 8.2**

That Council:

1. 2022/23 Annual Budget

Adopts, pursuant to the provisions of section 6.2 of the *Local Government Act 1995* and part 3 of the *Local Government (Financial Management) Regulations 1996* and the *Local Government (COVID-19 Response) Order 2020*, the Budget for the Town of Bassendean for the 2022/23 financial year, as contained in Attachments 1 to 3, which includes the following:

- a) Statement of Comprehensive Income by Nature or Type showing a net deficit for the year of \$2,471,937;
- b) Statement of Comprehensive Income by Program showing a net deficit for the year of \$2,471,937;
- c) Statement of Cash Flows showing cash at the end of the year of \$9,299,193;
- d) Rate Setting Statement showing the amount required to be raised from rates of \$14,511,165;
- e) Notes to and Forming Part of the Budget;

- f) Transfers to Reserve Accounts totaling \$780,763 and from Reserve Accounts totaling \$2,283,609; and
- g) Operational Projects - \$768,220, as detailed in **Attachment 2 (Confidential)**; and
- h) Capital Expenditure and New Initiatives - \$4,708,651, inclusive of Carried Forward Projects of \$1,356,227, as detailed in the **Attachment 3 (Confidential)**.

**Voting requirement: Absolute majority**

- 2. Approves to waive the 2022/23 Council rates of \$7,342 (excluding the Emergency Services Levy) for Westcare Inc in accordance with section 6.47 of the *Local Government Act 1995*;
- 3. Rates, Instalment Payment Arrangements, Administration Fees and Interest
  - a. For the purpose of yielding the deficiency disclosed by the 2022/23 Annual Budget, pursuant to sections 6.32, 6.34 and 6.35 of the *Local Government Act 1995* and the *Local Government (COVID-19 Response) Order 2020*, imposes the differential rates and minimum payment for 2022/23 that were advertised by public notice on 2 June 2022, as follows:

Rating Category	Rate in Dollar in Cents	Minimum Payment (\$)
Improved – Residential	8.7771	1,106
Improved – Commercial and Industrial (GRV)	9.0404	1,106
Vacant Land – Residential, Commercial and Industrial (GRV)	13.1656	1,106

- b. Adopts the Objects and Reasons for the above Differential Rates for 2022/23, being **Attachment 1** to the report for Item No. 8.1.
- c. Imposes the following service charge for properties in the NRUPP Underground Power Program:
  - i. NRUPP - Consumer Mains Connection, \$2,910; and
  - ii. NRUPP – Cut and Cap Connection, \$1,455;
- d. Determines that the amount of the service charge applicable for multi-unit developments within the NRUPP Underground Power Program for a ‘parent’ connection be shared equally among the property owners in the development according to the number of units owned;

- e. Pursuant to section 6.45 of the *Local Government Act 1995* and regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, nominates the following due dates for the payment of rates in full, and service charges by instalments:

Instalment	Due Date
Full payment and 1st instalment	26 August 2022
2nd quarterly instalment	28 October 2022
2nd half instalment and 3rd quarterly instalment	11 January 2023
4th and final quarterly instalment	15 March 2023

- f. Imposes, in accordance with section 6.45 of the *Local Government Act 1995* and Regulation 67 of the *Local Government (Financial Management) Regulations 1996*, an instalment administration charge where the owner has elected to pay rates (or service charges) through an instalment option, of \$12 for each instalment after the initial instalment is paid;
- g. Imposes, in accordance with section 6.45(3) of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, an additional interest rate of 5.5% applicable to rate and service charge instalment arrangements, subject to this additional interest rate cannot be applied to an excluded person, as defined in the *Local Government (COVID-19 Response) Order 2020*, that has been determined as experiencing genuine financial hardship as a consequence of the COVID-19 pandemic in accordance with Council's Financial Hardship Policy;
- h. Imposes, in accordance with section 6.51(1) of the *Local Government Act 1995* and clause 8 of the *Local Government (COVID-19 Response) Order 2020*, an interest rate of 7% applicable to overdue and unpaid rate and service charges subject to this interest rate cannot be applied to an excluded person as defined in the *Local Government (COVID-19 Response) Order 2020*, that has been determined as experiencing genuine financial hardship as a consequence of the COVID-19 pandemic in accordance with Council's Financial Hardship Policy.

**Voting requirement: Absolute majority**

4. Fees and Charges

Pursuant to section 6.16 of the *Local Government Act 1995*, section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, and regulation 53(2) of the *Building Regulations 2012*, adopts the Fees and Charges included in the 2022/23 Annual Budget (**Attachment 4**).

**Voting requirement: Absolute majority**

5. Elected Members' fees and allowances

- a) Pursuant to section 5.98 of the *Local Government Act 1995* and regulation 34 of the *Local Government (Administration) Regulations 1996*, adopts the following annual fees for payment of Elected Members in lieu of individual meeting attendance fees:
  - i) Mayor: \$25,976
  - ii) Councillors: \$16,776
- b) Pursuant to section 5.99A of the *Local Government Act 1995* and regulations 34A and 34AA of the *Local Government (Administration) Regulations 1996*, adopts the Information and Communication Technology allowance of \$3,500 for Elected Members;
- c) Pursuant to section 5.98(5) of the *Local Government Act 1995* and regulation 33 of the *Local Government (Administration) Regulations 1996*, adopts the annual local government allowance of \$37,881 to be paid to the Mayor in addition to the annual meeting allowance; and
- d) Pursuant to section 5.98A of the *Local Government Act 1995* and regulation 33A of the *Local Government (Administration) Regulations 1996*, adopts the annual local government allowance of \$9,470 to be paid to the Deputy Mayor in addition to the annual meeting allowance.

**Voting requirement: Absolute majority**

6. Reserves – Change in Purpose, Change in use of funds

Pursuant to section 6.11 of the *Local Government Act 1995*, Council approves:

- a. Creation of an Underground Power Reserve – Eden Hill: “To enable an equalisation reserve to cover any income and expenditure timing related transactions for the Eden Hill Underground Project”;
- b. A change in name of the Plant and Equipment Reserve to the Fleet and Plant Reserve; and
- c. A change in the purpose of the Fleet and Plant Reserve to: “To accrue funds for the purpose of *replacement of fleet, plant and equipment*”.

**Voting requirement: Absolute majority**

7. Loan – Underground Power

Pursuant to section 6.20 of the *Local Government Act 1995*, approves the CEO making application to the Western Australian Treasury Corporation for a loan of up to \$2,454,568 and to draw down on that loan as and when required to enable the Town to meet its cash call obligations under the co-funding agreement with Western Power, as amended.

**Voting requirement: Absolute majority**

8. Materiality

Adopts a material variance of \$5,000 or 10% of the appropriate base, whichever is the higher, for the 2022/23 Financial Activity Statement, for the purpose of reporting under regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* and AASB 1031 Materiality.

**Voting requirement: Simple majority**

**9 Closure**