

TOWN OF BASSENDEAN

NOTICE OF A SPECIAL COUNCIL MEETING

Dear Council Member

A Special Meeting of the Council will be held on Tuesday 7 July 2015, in the Council Chamber, 48 Old Perth Road, Bassendean, commencing at 7.00pm. The purpose of the meeting is for Council to Adopt the 2015-2019 Corporate Business Plan and the 2015/16 Budget.

Mr Bob Jarvis
CHIEF EXECUTIVE OFFICER

3 July 2015

A G E N D A

- 1.0** **DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

- 2.0** **PUBLIC QUESTION TIME AND ADDRESS BY MEMBERS OF THE PUBLIC**

- 3.0** **ATTENDANCES, APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE**

4.0 REPORTS

4.1 Integrated Planning and Reporting Framework - Review of the 2014-2018 Corporate Business Plan and Adoption of the 2015-2019 Corporate Business Plan (Ref: CORM/POLCY/1 - Bob Jarvis, CEO, and the Executive Management Team)

APPLICATION

The purpose of the report is for Council to adopt the revised Corporate Business Plan in accordance with the Local Government Act.

ATTACHMENTS

Attachment No. 1: Draft 2015-19 Corporate Business Plan
Attachment No. 2: Draft 2014-24 Long Term Financial Plan

BACKGROUND

Council is required to review the Corporate Business Plan prior to adoption of the 2015/16 Budget and ensure that it continues to align with the Community Strategic Plan, which was adopted in February 2013.

There has been considerable work undertaken in order to meet the new requirements of the Local Government Act and in the development of the Corporate Business Plan, staff have developed the following informing strategies:

- a.1. Asset Management Plan
- a.2. Workforce Plan
- a.3. Draft Long Term Financial Plan

STRATEGIC IMPLICATIONS

The adoption of the Community Strategic Plan and development of the Corporate Business Plan and informing strategies will provide long term plans that must be taken in to consideration in the future development of the Town of Bassendean.

The Town is required to develop the following:

- Community Strategic Plan - (reviewed every 4 years);
- Corporate Business Plan - (reviewed annually); and
- Informing Strategies - Asset Management Plan, Workforce Plan and Long Term Financial Plan.

COMMENT

The Corporate Business Plan provides links to the Community Strategic Plan which provides the visions and aspirations of the Community. In order to ensure there are those linkages, information (whether financial or not), has been provided on the following themes:

- Town Planning and Built Environment;
- Environmental Sustainability and Adaptation to Climate Change;
- Economic Well-being and Prosperity;
- Arts, Heritage and Culture; and
- Inclusiveness, Lifelong Learning, Health and Social Well-being.

The following changes have been made to the 2014-2018 Corporate Business Plan to incorporate the current and future developments and operational functions:

Town Planning and Built Environment

Some minor changes were made in the outcomes for the implementation of the recommendations of the Local Planning Strategy. The measures of success have also been amended to include the introduction of amendments to the Local Planning Strategies that control multiple dwellings in areas intended for family accommodation.

Other changes included: maintaining the level of service for the renewal of the footpath program in accordance with the Asset Management Plan; street trees in district and local distributor roads as well as new pedestrian paths; Renewal of the Municipal Heritage Inventory as well as additional work on the Council owned heritage buildings; planning for the Public Open Space (POS) development as well as the regional play spaces at Sandy Beach Reserve; and additional bike paths and bike facilities.

Environmental Sustainability and Adaptation to Climate Change

Amendments have been made to include work in biodegradable weed management; stormwater drainage network natural areas rehabilitated using the "Keighery Scale Bush Condition"; Development approvals to comply with the Water Sensitive Urban Design requirements; POS "hydro-zoned" to reduce ground water usage; Bi-annual waste audit data to guide waste education programs; furthermore acknowledge the increase that information technology has in water conservation within Council reserves.

Economic Well-being and Prosperity

The expected outcomes have been amended to reflect the investment in the implementation of sustainable energy programs. There is also in place digital training and engagement programs for local businesses that will continue to be implemented. Additional work to be conducted is to reduce the number of vacant commercial premises, as well as the increase in the patronage of the tourism assets, such as the Old Perth Road Markets and War Memorial.

Arts Heritage and Culture

Some minor changes were undertaken to acknowledge that the program of public events has a measurable impact on the sense of place with residents, and with the updating of the measures of success for the now adopted Reconciliation Action Plan.

Continue to support the effective functioning of community groups such as the Men's Shed, Ashfield CAN and the Cyril Jackson Art House.

Continue to restore 1 Surrey Street in accordance with the Conservation Management Plan and guiding principles of the Interpretation Plan.

The Town will also publish the book on the last 40 years of the Town of Bassendean.

Inclusiveness, Lifelong Learning, Health and Social Well-being

The outcomes and measures of success were amended to reflect the current services provided by the Town for all sectors of the community. These include: Wind in the Willows, Youth projects (RYDE), Hyde Retirement Village, Seniors and Disability Services and Library Services; Ranger partnership with Kiara Police for the use of the CCTV trailer; Flood Mitigation project completed.

INFORMING STRATEGIES

Long Term Financial Plan 2014-2024

The Plan provides the long term financial data for the ensuing 10 years and the first year being the allocations contained within the draft 2015/16 budget.

Note: It has been recognised by the Department of Local Government and Communities that the amounts in the Long Term Financial Plan may vary from the Adopted Budget and these will be identified through the use of a monthly financial statement presented to Council.

There have been a number of assumptions included in the Plan for the 2014-2024 financial years. These include:

INCOME

- Rates Income increases 4%
- Fees & Charges 2%
- Grants 2%
- Other Income 2%

EXPENDITURE

- Employees' Costs 4%
- Materials and Contractor Costs 5%
- Interest Charges 5%
- Other Expenditure 2%

Asset Management Plan

The Asset Management Plan provides the details of the development and maintenance of the Town's assets for the ensuing 4 year period.

In developing the Corporate Business Plan, the Town was required to obtain "fair value" (or realisable value) of our Assets which then provided an up-to-date amount of depreciation required for maintaining our assets to an agreed service level.

The Asset Management Plan provides the management practices, processes and strategies that the Town applies to ensure that the assets are fit for purpose, and maintained to agreed service levels that are balanced against long term resource availability.

The Asset Management Plan and the available asset conditions have been used as an informing strategy for the review of the 2014-2018 Corporate Plan and the draft 2015/16 Budget. A copy of the revised draft Asset Management Plan is available for viewing on request.

Review of Workforce Plan 2014-18

The Workforce Plan provides the human resources required to achieve the outcomes of the Community Strategic Plan.

The Plan provides an analysis of the current human resources of the Town and identifies the additional resources required for the ensuing 4 years. This report has been used to prepare the additional staff requirement in the 2015/16 draft Budget.

The revised Workforce Plan forms part of the informing strategies.

STATUTORY REQUIREMENTS

Section 5.56 of the Local Government Act.
Regulation 19D, 19DA & 19DB of the Local Government (Administration) Regulations.

FINANCIAL CONSIDERATIONS

The 2014-2018 Corporate Plan has been reviewed to provide the basis of the financial criteria for the development of the 2015/16 Draft Budget.

OFFICER RECOMMENDATION – ITEM 4.1

That Council adopts the 2015-2019 Corporate Business Plan attached to the Special Council Agenda of 7 July 2015.

Voting requirement: Simple majority

4.2 Adoption of the 2015/16 Budget (Ref: FINM/BUGTG/1 - Mike Costarella, Director Corporate Services)

APPLICATION

Council is requested to adopt the 2015/16 Budget.

BACKGROUND

Staff prepared and presented the two components of the draft Budget, namely the Capital Works and Operational Income and Expenditure, to a Council workshop held on 29 June 2015.

The 2015/16 Budget has been developed using:

- The Corporate Business Plan;
- Asset Management Plan; and
- Workforce Plan.

The development of the Long Term Financial Plan will also reflect the draft budget amounts and included financial data from the Asset Management Plan and the Workforce Plan.

Council held a budget workshop on Monday 29 June 2015, where a number of changes were made to the draft budget document. These included:

- Reduce AP1501- BIC Furniture and Entry Sign from \$90,000 to \$80,000; and
- Include an amount of \$10,000 for the construction of the path on Collier Road.

Following the workshop, Staff identified discrepancies and have made corrections to ensure that the estimated closing surplus remains the same. These related to a duplication in grant income of \$220k as well as a duplication in the capital expenditure for 14 Iveson Street of \$85k (also included in the project/operational costs). Additional information was also received from the Department of Local Government and Communities on 30 June 2015, which increased the amount of Financial Assistance Grant by \$15,000.

In order to ensure that the surplus remains the same, the changes are as follows:

- Reduce the Capital works by the duplication of \$85,000;
- Reduce the Capital Account AB 1508 by \$20,000;
- Increase the grant income by \$15,000; and

- Reduce the amount of Transfers to Reserves for the Sale of Land for 14 Iveson Street by \$100k to recover the cost of the remediation and subdivisional costs from the sale proceeds.

COMMENT

The budget document has been formulated in accordance with requirements of the Financial Management Regulations and the Local Government Act. This incorporates:

- Statutory Financial Statements – incorporating the Rates Setting Statement, Cash Flow and Notes associated with the Statements, as well as Income and Expenditure Statements by Nature and Type and by Function.
- Operating Income and Expenditure for:
 - 2015/16 Draft Budget;
 - 2014/15 Forecast; and
 - 2014/15 Adopted Budget.
- 2015/16 Capital Works Program;
- Profit and Loss on the Sale of Assets; and
- Fees & Charges for 2015/16 (including 2014/15).

The following are comments on the major changes to the operating income and expenditure by the nature and type classifications:

2015/16 REVENUE

Rates \$11,932,867

The 2015/16 draft Budget has been prepared utilising a 4% increase in the rateable income.

In order to achieve a 4% increase in rateable income, the rate in the dollar has been adjusted from 6.113 cents to 6.36 cents. The minimum rate for each property will require an increase from \$987 to \$1,026.

Operating Grants, Subsidies and Contributions- \$2,777,372

There has been an overall increase in operating grant revenue of 6.7% over the previous year. Operating grant main sources include: General Purpose Grants, Seniors & Disability Services, Emergency Services, Youth Services, Children's Services and Road Grants.

Sale of 14 Iveson Street Bassendean

The draft budget includes the sale of the above land and associated costs for its remediation.

The size of the lot allows the Town to subdivide the land and create two 450m² lots. This could realise an amount of \$700,000 for the two lots. The cost of the remediation and subdivision equates to \$100,000 and has been listed in the 2015/16 draft Budget. The funds received from the sale of the property (less costs) will be transferred to the Town Planning and Building Reserve Fund to undertake further remediation work on other Council properties.

Fees and Charges \$5,616,974

There has been a 6.7% increase in the overall fees and charges income from the 2014/15 to 2015/16 financial years. These relate to waste service charges, town planning fees, building plans fees, rental charges for property leases, rates fees and charges, community facilities hire, private works, public events and parking.

Rubbish Charges

The Waste Management expenditure of the draft budget equates to \$2,382,000 and in order to recoup the cost of the service, it is proposed to increase the rubbish charge from \$320 to \$335 per service.

Tip Passes - Attached to Rates Notice for 2015/16

Council has previously provided 4 tip passes for each assessment/property. Ratepayers had to collect the passes from the Customer Service Centre in Old Perth Road.

There are a number of local governments that have attached the tip passes to the rate notice for the convenience of the property owner. It is proposed that this system be implemented for the 2015/16 financial period. This will mean that where a rubbish service has been levied, then 4 tip passes will be attached to the rates notice.

In order to provide the facility and ensure that the system is not abused, there are conditions will need to be made:

- The tip passes are not transferable;
- The tip passes will not be replaced if lost; and

- The property owner will need to provide proof of identity at the Red Hill gate to ensure that the passes are used only by the ratepayer/occupier.

Staff believe this system will provide a more convenient service for the ratepayer and in the long term, will provide savings in the bulk rubbish and green waste collections.

Service Charges \$585,155

The amount relates to the second year of the service charge for the underground power of the Ashfield project. The service charge equates to the loan principal and interest payable by the Town in the 2015/16 financial year.

EXPENSES - 2015/16

Employee Costs \$10,000,578

The amount includes an EBA increase of 4% on the previous year.

The draft Budget also provides for additional staff within the adopted Workforce Plan in a number of service areas. These include:

- Engineering Compliance Technical Officer;
- Planning Officer; and
- Local Studies Librarian - part-time to full time.

Depreciation \$3,414,748

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

2015/16 CAPITAL WORKS PROGRAM \$3,732,760

The Capital Works Program was developed using the Asset Management Plan for the 2015/16 financial year. The total of all projects anticipated to be undertaken in the 2015/16 financial year equates to a total of \$5,742,234. These were prioritised on the following basis:

Priority 1

Works/Project are listed in the Asset Management Plan as a priority 1, funded by an outside source and funding will be lost if not used. Council resolved to actually do the work/project.

Priority 2

Works/Project are listed in the Asset Management Plan as a priority 2. Council resolved to list work/project for budget consideration.

Priority 3

Works/Project are Officers' recommendation without a Council resolution or AMP priority listing.

The amounts for each priority equates to the following:

- Priority 1 \$3,732,760 (included in draft Budget)
- Priority 2 \$2,006,534 (not included in draft Budget)
- Priority 3 \$3,000 (not included in draft Budget)

A complete list of all the capital works projects, with their respective priority, is included as part of the budget documents.

The amount of \$3,732,760 included in the 2015/16 draft Budget for the capital works program, consists of the following improvements to Assets:

• Land	\$ 250,000
• Buildings	\$ 630,450
• Plant	\$ 162,000
• Furniture and Fittings	\$ 49,000
• Reserves	\$ 806,500
• Roads	\$1,561,089
• Footpath	\$ 273,721
<u>TOTAL</u>	<u>\$3,732,760</u>

The amounts will be funded from the following sources:

- | | |
|--------------------------|-------------|
| • Grants | \$1,120,339 |
| • Transfer from Reserves | \$ 813,000 |
| • Trade In (Vehicle) | \$ 6,000 |
| • Rates Income | \$1,793,421 |

Statements

Included as an attachment are the following reports:

- Statement of Comprehensive Income by Nature and Type;
- Rate Setting Statement;
- Loans Fund Statement;

- Reserve Fund Statement;
- Rates Information Statement; and
- Capital Works Program.

At the workshop, a Rates Setting Statement was tabled that provided for a forecast surplus of \$706,281 as at 30 June 2015 and a surplus of \$46,808 as at 30 June 2016.

Mayoral and Councillors' Fees

The fees payable to the Mayor and Councillors have been reviewed by the Salaries and Allowances Tribunal on 17 June 2015. The Tribunal decided not to increase the amounts within the ranges.

The meeting fees are based on an individual meeting fee or an annual fee and have a minimum and a maximum range. All WA Councils have been allocated a Band ranging between 1 to 5. The Town of Bassendean has been assessed as a Band 3 Council.

The following are the Town of Bassendean's allowance applicable to Band 3:

	Minimum	Maximum
Councillor Annual Meeting Fee	\$7,500	\$15,965
Mayor Annual Meeting Fee	\$7,500	\$24,720
Mayoral Annual Allowance	\$1,000	\$36,050
ICT Expenses (Communication)	\$500	\$3,500

There is provision for an amount up to 25% of the allowance paid to the Mayor, to be paid to the Deputy Mayor. The following have been included in the 2015/16 Draft Budget:

Councillor Annual Meeting Fee	\$15,000
Mayor Annual Meeting Fee	\$ 24,000
Mayoral Annual Allowance	\$ 35,000
ICT Expenses (Communication)	\$3,500
Deputy Mayoral Allowance	\$7,500

Councillor Training Budget

\$8,000 has been allocated for training purposes in the 2015/16 financial year. This equates to \$1,334 per Councillor.

Adoption of Fees and Charges

The Local Government Act 1995 requires that all fees and charges be included in the budget document.

The Schedule of Fees and Charges is included as an attachment and requires that Council adopts the Fees and Charges for the 2015/16 financial year.

Rate Administration Fee and Interest Charge for Instalment Option

Council has included a Rate Administration Fee of \$36 and an Interest Charge for Instalments of 5.5% in 2015/16. Interest charged may be up to a maximum of 5.5%. The interest charge is regulated by the Local Government (Financial Management) Regulations 1996.

The principal reason for the introduction of an administration fee and interest charge on the outstanding balance of rates, is to ensure Council either has use of the money for investment or an interest charge is paid by the ratepayer.

Ratepayers who do not elect to pay their rates by instalments can use the "special payment arrangement" and a fee of \$50 will apply.

The fee covers officer time and external costs for preparing and sending out instalment notices and the additional receipting and checking involved.

Transfer to/from Reserves and Restricted Cash

The 2015/16 Reserves transfers are shown on Page 29 and 31 of the Budget document.

Rate Instalment Dates

The Local Government Act 1995 requires Local Government to offer ratepayers the option of paying rates by 4 instalments, and each instalment subsequent to the first, is due no sooner than two months from the due date for payment of rates.

The dates contained in the recommendation below are recommended as the due dates for the payment of rates by instalments:

- First Instalment 25 August 2015;
- Second Instalment, 26 October 2015;
- Third Instalment, 4 January 2016; and
- Fourth Instalment, 4 March 2016.

Setting of Interest Rate for Late Payment of Rates

The Local Government Act (1995) allows Councils to set a late payment interest penalty for rates. The Local Government (Financial Management) Regulations 1996 allows a maximum late payment interest rate of 11%.

The amount of interest charged on overdue rates is an incentive to ratepayers to pay their accounts promptly. Council is required to formally adopt the rate at the time of adopting the budget.

Interest on Overdue Accounts (Fees & Charges)

Interest can be levied on the total outstanding debt in the categories of 60 days and over. The rate applicable is that as determined by Council as contained in the Annual Budget. This is done in accordance with Section 6.13 of the Local Government Act. The applicable rate as determined by Council for 2015/16 financial year will be 11% applied on a daily basis on the outstanding balance.

Discounts, Incentives, Concessions & Write-offs

Council has offered a rate incentive scheme which offers prizes for payment of rates within the 35 days from the date of issue of the Rates Notice. Council will be offering ten cash prizes of \$500 in addition to prizes offered by sponsors, at no cost to Council.

All ratepayers who pay rates on or before the due date are automatically entered into the draw, unless Council is notified that any person does not wish to participate. The draw is conducted by random computer selection of eligible ratepayers as soon as possible after the due date. All winners are notified in writing by Council.

Council will also be providing a rates concession of 75% of the rates levied to Foundation Housing - 1 North Road, Bassendean, and 50% of the rates levied to Westcare Inc - 28 Hanwell Way, Bassendean.

Service Charges - Ashfield Underground Power Project

Council has previously resolved to adopt the following service fees:

- a) In accordance with section 6.38 of the Local Government Act, levies a service charge for the provision of underground power over a 4 financial year period commencing in the 2012/13 financial year based on the following:
 - Network Charge \$3,316
 - Connection Charge \$ 521

- b) The connection charge is reduced by 25% where the following applies:
 - Existing Pillar New Connection - \$390.75
 - New Pillar Existing Connection - \$390.75

- c) The network charge is reduced by 50% to properties where there is existing infrastructure within the following locations:
 - Harman Court;
 - Woolcock Court;
 - Royer Court;
 - Maley Street;
 - Ollie Kickett Mews;
 - Millard Close;
 - Smallman Place; and
 - Pearson Street.

OFFICER RECOMMENDATION – ITEM 4.2

That:

1. Council sets a General Minimum Rate of \$1,026 for the year ending 30 June 2016;

2. Council sets a General Rate of 6.3600 cents in the dollar upon the Gross Rental Valuation of each rateable property in the district for the period 1 July 2015 to 30 June 2016;

3. An ICT (Communication) Allowance of \$3,500 per annum) for 2015/16 be paid quarterly in arrears to Councillors with their meeting fees;

4. Councillors' meeting fees of \$15,000 for 2015/16 be paid quarterly in arrears;
5. The Mayor's meeting fee of \$24,000 for 2015/16 be paid quarterly in arrears;
6. A Local Government Allowance of:
 - a) \$35,000 for 2015/16 be paid to the Mayor;
 - b) \$7,500 for 2015/16 be paid to the Deputy Mayor;
7. Council adopts the Fees and Charges included in the attachment to the 2015/16 draft Budget for the 2015/16 financial year;
8. In accordance with section 6.38 of the Local Government Act, Council levies a service charge for the provision of underground power based on the following:
 - Network Charge \$3,316
 - Connection Charge \$ 521
 - The connection charge be reduced by 25% where the following applies:
 - a) Existing Pillar New Connection - \$390.75;
 - b) New Pillar Existing Connection - \$390.75.
 - The network charge be reduced by 50% to properties where there is existing infrastructure within the following locations:
 - a) Harman Court;
 - b) Woolcock Court;
 - c) Royer Court;
 - d) Maley Street;
 - e) Ollie Kickett Mews;
 - f) Millard Close;
 - g) Smallman Place; and
 - h) Pearson Street.
9. Council approves:
 - a) An administration fee of \$36 for ratepayers who elect to use the instalment payment option for their rates in the 2015/16 rating year;
 - b) An administration fee of \$50 be applied for those ratepayers who elect to use the "special payment arrangement";

10. An interest charge of 5.5% on the balance of rate instalment monies for ratepayers who elect to use the instalment payment option for their rates in the 2015/16 financial year;
11. The transfers to and from Reserve Funds contained in the 2015/16 Budget, be adopted by Council;
12. Council sets the following dates as the due dates for payment of rates by instalments:
 - First Instalment: 26 August 2015;
 - Second Instalment: 26 October 2015;
 - Third Instalment: 4 January 2016; and
 - Fourth Instalment: 4 March 2016.
13. A late payment interest rate be set in 2015/16 in accordance with the provision of Section 6.51(1) of the Local Government Act (1995) and the Local Government (Financial Management) Regulations No. 70, at 11%;
14. A late payment interest rate be set in 2015/16 in accordance with the provision of Section 6.13(1) of the Local Government Act (1995) at 11%;
15. Council adopts the Rates Concession and Prizes for the 2015/16 financial year Budget;
16. Council adopts the 2015/16 Budget for the year ending 30 June 2016, as attached to the Special Council Agenda of 7 July 2015; and
17. Council adopts a materiality threshold of \$5,000 or 10%, whichever is the greater, for the 2015/16 financial period, in accordance with Local Government (Financial Management) Regulation 34(5).

Voting requirements: Absolute Majority

5.0 CLOSURE