

# **TOWN OF BASSENDEAN**

## **NOTICE OF A SPECIAL COUNCIL MEETING**

Dear Council Member

A Special Meeting of the Council will be held on Tuesday 20 August 2019 in the Council Chamber, 48 Old Perth Road, Bassendean, commencing at 6.00pm. The purpose of the meeting to consider the following:

- Adoption of Workforce Development Plan and Corporate Business Plan;  
and
- Adoption of the 2019/20 Budget.

Ms Peta Mabbs  
**CHIEF EXECUTIVE OFFICER**

20 August 2018

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## **A G E N D A**

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

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.

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

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

## **4.0** REPORTS

### **4.1** Corporate Business Plan – 2019 Minor Review and Workforce Plan Review 2019 – (Renae Maher, Manager Human Resources & Organisational Development)

#### APPLICATION

Integrated Planning and Reporting gives Local Governments a framework to establish priorities and link to operational functions. As part of this process each local government is required to adopt a 10 year Strategic Community Plan and a 4 year Corporate Business Plan.

An essential component of the Integrated Planning and Reporting Framework includes informing strategies (Long-Term Financials, Asset Management, Information Communications and Technology and Workforce Plan) to allow a local government to set its priorities within its resourcing capability and deliver short term, medium term and long term community priorities and aspirations.

#### ATTACHMENTS

##### **Attachment No. 1:**

- Corporate Business Plan – 2019 Minor Review; AND
- Workforce Plan Review 2019

#### BACKGROUND

##### **Corporate Business Plan**

An annual review of the Corporate Business Plan is required to identify, plan and deliver short-term priorities and objectives. With a Strategic Community Plan review scheduled for later this year, the Town has carried out a *minor review* of the Corporate Business Plan in 2019.

##### **Workforce Plan**

The Workforce Plan ensures that as an organisation, we have the right people, with the rights skills, to effectively deliver on the Town's Community and Corporate Business Plans. The Workforce Plan 2017 to 2021, is an evolving document and the annual review enables the Town to consider a variety of information and comparative analysis.

As part of a broader transformational change program designed to build the leadership, culture, strategy and enabling capabilities necessary to achieve these objectives, on 23 April 2019 Council endorsed the CEO to commence a process to identify opportunities for organisational structural change at the Town of Bassendean.

In the past, the Town's Workforce Plans and reviews were predominately about workforce adjustments to cater for projects and/or operational pressures.

The Town's Plans did not as a primary focus, address transformational change to drive organisational performance and ultimately improve public value. The focus of this year's Workforce Plan Review is to acknowledge and respond to our organisations challenges and opportunities to improve performance and deliver greater value for the community.

The new structure is cost neutral whilst creating a flatter design to encourage multi-functional collaboration, open up the lines of communication whilst shaping and managing strategy for the organisation. It is important to note that whilst the majority of structural change is within the second tier leadership, it is essential to build from the top to implement the new way of working and reinforce the desired behaviours required to drive success.

### COMMUNICATION AND ENGAGEMENT

The Corporate Business Plan Minor Review 2019 and Workforce Plan Review 2019 has been developed as part of the Integrated Planning Framework. Further community consultation or engagement is considered unnecessary for the purpose of these reviews.

### STRATEGIC IMPLICATIONS

<b>Objectives</b> <i>What we need to achieve</i>	<b>Strategies</b> <i>How we're going to do it</i>	<b>Measures of Success</b> <i>How we will be judged</i>
5.1 Enhance organisational accountability	5.1.1 Enhance the capability of our people	Community / Stakeholder Satisfaction Survey (Governance) Compliance Audit Risk Management Profile Financial Ratio Benchmarked. Asset Ratio Benchmarked
	5.1.2 Ensure financial sustainability	
	5.1.3 Strengthen governance, risk management and compliance	
	5.1.4 Improve efficiency and effectiveness of planning and services	
	5.1.5 Ensure optimal management of assets	

## STATUTORY REQUIREMENTS

All local governments are currently required to produce a plan for the future under S5.56 (1) of the *Local Government Act 1995*. Regulations have been made under S5.56(2) of the Act to briefly outline the minimum requirements to achieve this.

The minimum requirement to meet the intent of the plan for the future is the development of a Strategic Community Plan and a Corporate Business Plan.

## FINANCIAL CONSIDERATIONS

To standardised and produce the Corporate Business Plan, it is proposed the Town engages a Graphic Designer to design the text and images for corporate identity and public presentation. An approximate cost to engage a Graphic Designer is approximately \$800.

An approximate cost comparison of the transformation between the current and proposed structure positions indicates a cost neutral budget. However, there will be some additional employee and related costs during the first year of implementation (financial year 19/20) due to finite positions potentially overlapping with the appointment of proposed positions, vehicle costs in relation to the conclusion of current leases, payment of outstanding FBT and other costs.

## OFFICER RECOMMENDATION – ITEM 4.1

That Council endorses the draft:

1. Corporate Business Plan Minor Review 2019; and
2. Workforce Plan Review 2019.

**Voting requirement: Absolute majority**

## 4.2 **Adoption of the 2019/20 Budget (Ref: FINM/BUGTG/1 – Paul White, Director Corporate Services)**

### APPLICATION

The purpose of this report is to facilitate final consideration and approval of the 2019/20 Annual Budget.

### ATTACHMENTS

#### **Attachment No 2:**

- Rates Statement for 2019/20;
- Town of Bassendean proposed Annual Budget for the year ended 30 June 2020; and
- Proposed 2019/20 Fees and Charges.

#### **Confidential Attachment No. 1:**

Supplementary Information – Capital and Operational Projects

### STRATEGIC CONTEXT

The 2019/20 Annual Budget is designed around the premise of being “future-focussed and fiscally responsible”.

The proposed Budget positions the Town well for the future, in addition to recognising the Town’s capacity to deliver day-to-day services, new projects and activities whilst evolving its traditional delivery model and staffing structure. This multi-pronged approach will enable the Town to better serve the community into the future.

The proposed 2019/20 Budget has been developed around a 1% increase in rates for most residents, reflecting an understanding of the current economic climate and the cost of living.

There has been provision for two new reserve funds: a “Future Projects Reserve Fund”, sets aside funding of \$1M to seed and invest in future projects; whilst an “Information Technology Reserve Fund” is designed to facilitate the automation and streamlining of the Town’s services to improve customer response times and quality of services.

The proposed 2019/20 Budget also recognises the Town is on the “cusp of change”. Recently the Town has driven the most comprehensive community engagement strategy it has ever undertaken, in order to genuinely understand community aspirations to shape the future planning, development and amenity of our community.

These efforts lay a strong foundation to inform a new Strategic Community Plan to be developed in 2019/20 and a new Local Planning Strategy and Scheme. These key documents will provide a forward-looking roadmap and masterplan for the Town for future decades. This approach will provide focus and clarity for future investment purposes thereby avoiding the risk of a “scatter-gun” approach in future spend.

Investing in technology aligns well to a recently approved organisational restructure which forms part of a broader reform agenda and new way of working for the Town’s Administration.

The Town also seeks to work closer with community and has harnessed the opportunity to create a new policy framework for sponsorships and grants. The new approach (to be considered by Council in August 2019), recognises the desire for our community to be more engaged and empowered. As a result, the budgeting practice around funding community groups and community events has evolved to reflect this shift - from primarily Town-driven events and activities, to an increased focus on shared leadership. The Town’s role has evolved as it seeks to partner and sponsor community groups and members.

### IN BRIEF

The main features of the 2019/20 Annual Budget are:

- A general rate increase of 1%, with differential rates being applied. These being:
  - GRV – Vacant residential land – 0.08 cents in the dollar of gross rental value with a minimum payment of \$1,200;
  - GRV – Vacant non-residential land – 0.145 cents in the dollar of gross rental value with a minimum payment of \$1,800; and
  - GRV – All other rateable property – 0.7302 cents in the dollar of gross rental value with a minimum payment of \$1,106.
- Rates revenue of \$13.4 million;
- Capital works program of \$6.1 million;
- Total operating expenses of \$26 million;
- Fees and charges have been reviewed and amended, including allowance for the three-bin system;
- Creation of new reserves for IT infrastructure and future projects totalling \$1.2 million;
- An estimated surplus of \$1.6 million is anticipated to be brought forward from 30 June 2019. (This is an unaudited figure and may be subject to change. Any change will be addressed as part of a future review of the budget).

## BACKGROUND

### **Budget-setting process**

Each year Council is to adopt an annual Budget for the purpose of allocating resources towards the provision of works and services. The development of the 2019/20 Annual Budget commenced with preparatory work by the administration before undertaking a more participatory process with Councillors through briefings and workshops.

Development of the 2019/20 budget commenced in May 2019, with:

- Review of Project Plans for priority projects;
- A review of fees and charges by managers;
- Preparation of an initial list of operational projects;
- Review of the Asset Management Program;
- Preparation of possible new capital expenditure projects;
- Review of the Workforce Plan; and
- Review of the Corporate Business Plan.

An initial workshop was held with Councillors on 4 June 2019 where staff presented a draft schedule of operational projects and a draft capital works program. The draft capital works program was developed using the Asset Management Plans for the 2019/20 financial year, with proposed works prioritised as:

- Priority Projects;
- Asset Management (Statutory);
- Asset Management (Essential 1 Discretionary); and
- Asset Management (Highly Desirable Priority 2).

Each capital project was supported by a Project Summary showing the project details, strategic alignment, reasons and financials.

A second workshop was held with Councillors on 17 June 2019, during which the proposed operational projects and capital expenditure projects were considered in detail. That workshop resulted in changes to the priority of some projects, some projects being removed or postponed and matters for staff review, with further information to be provided to Council.

A third workshop was held with Councillors on 9 July 2019, where staff provided a summary of actions since the previous workshop, an overview of the budget-setting process and a current snap-shot. The emphasis of the workshop was to critically examine the operational projects and capital expenditure projects in the context of the tight fiscal environment and considering what was realistically achievable with available resources. This workshop identified almost \$1.8 million in reduced expenditure for operational projects and capital expenditure projects. A summary of this workshop was provided to Councillors on 19 July 2019 as part of the CEO's weekly Councillor Bulletin.

Development of the 2019/20 budget continued following the workshop with Councillors on 9 July 2019, including:

- Salary forecasting;
- Review of recurring operational revenue and expenditure;
- Review of grants for operational and capital requirements;
- Review of proposed fees and charges;
- Assessment of Infrastructure Directorate capacity;
- Detailed examination and review of operational works budgets within the Infrastructure Directorate;
- Review of cash-backed reserves to identify further funding opportunities;
- Determination of the opening position from the previous financial year;
- Identification of committed funds for exclusion from the brought-forward balance in the determination of the current position; and
- Identification of any carry -forward projects into the new financial year.

One of the significant outcomes from this process was a move towards the amalgamation of similar work programs into a "pool of works", including footpaths and drainage, to provide the Infrastructure Directorate with greater flexibility and to make more efficient use of resources through opportunities such as the scheduling of works and strategic sourcing.

The Town is also remodelling the way in which it provides sponsorship, grants and events funding to establish a more open, fair and defensible application and assessment process for awarding sponsorships and grants, resulting in some consolidation of budget line items. The new model will be supported by a policy and procedure framework to ensure integrity, accountability and transparency in decision-making in the allocation of sponsorships and grants.

## STRATEGIC IMPLICATIONS

<b>Objectives</b> <i>What we need to achieve</i>	<b>Strategies</b> <i>How we're going to do it</i>	<b>Measures of Success</b> <i>How we will be judged</i>
5.1 Enhance organisational accountability	5.1.1 Enhance the capability of our people	Community / Stakeholder Satisfaction Survey (Governance)
	5.1.2 Ensure financial sustainability	Compliance Audit
	5.1.3 Strengthen governance, risk management and compliance	Risk Management Profile
	5.1.4 Improve efficiency and effectiveness of planning and services	Financial Ratio Benchmarked.
	5.1.5 Ensure optimal management of assets	Asset Ratio Benchmarked

## STATUTORY REQUIREMENTS

The *Local Government Act 1995*, section 6.2.

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

## FINANCIAL CONSIDERATIONS

Adoption of the 2019/20 Annual Budget will enable the continuity of service delivery, maintenance of existing assets and generation of new assets in line with the Integrated Planning and Reporting Framework.

## COMMENT

The 2019/20 Annual Budget was prepared in accordance with the requirements of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and various accounting standards and includes:

- Statutory Financial Statements, incorporating:
  - Statement of Comprehensive Income by Nature or Type and by Program;
  - Statement of Cash Flows by Nature or Type;
  - Rates Setting Statement by Nature or Type and by Program; and
  - Notes to and forming part of the Budget.
- Capital Projects for 2019/20;
- Operational Projects for 2019/20; and
- Fees and Charges for 2019/20.

### **Estimated Closing Surplus – 2018/19**

The 2018/19 Budget estimated a closing surplus of \$21,614, however, the 2018/19 forecast closing surplus is \$1,661,899. The additional surplus of \$1,630,400 resulted from the following:

<b>Description</b>	<b>Amount</b>
2018/19 estimated closing surplus	\$21,614
Revenue:	
Carry over surplus from previous year	\$274,436
Additional revenue	<u>\$547,875</u>
	\$843,925
Operating expenditure:	
Employee costs	(\$697,650)
Materials and contracts	\$1,146,673
Other operating expenditure	\$96,156
Investing activities (Capital works)	\$1,819,854
Financing activities (Reserves)	(\$1,349,477)
Other	<u>(\$250,696)</u>
2018/19 forecast closing surplus	<u>\$1,630,400</u>

### **Estimated Closing Surplus – 2019/20**

The estimated closing surplus for 2019/20 is \$24,680.

### **OPERATING BUDGETS**

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

#### **REVENUE – 2019/20**

**Rates **\$13,410,680****

Council resolved to implement differential rating for the 2019/20 financial year at its Ordinary Council Meeting on 23 July 2019, as follows:

- a) GRV - Vacant Industrial, Vacant Commercial, Vacant Non Residential Land - Rate in the dollar of 0.145, with a minimum payment of \$1,800; and
- b) GRV - Vacant Residential Land - Rate in the dollar of 0.08, with a minimum payment of \$1,200.

The 2019/20 Annual Budget has been prepared on the basis of a 1.0% increase in the rateable income and differential rating, as resolved by Council on 23 July 2019, resulting in the proposed differential rates and minimum payments shown in Table 1.

**Table 1: Proposed Differential Rates and Minimum Payments for 2019/20**

<b>2019/20 Rate Category</b>	<b>2019/20 Rate in the \$</b>	<b>2019/20 Minimum Payment</b>
GRV – Vacant Residential Land	0.08	\$1,200
GRV – Vacant Non-Residential Land	0.145	\$1,800
GRV – All Other Rateable Property	0.07302	\$1,106

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 following payment options are proposed:

Full Payment 11 October 2019

Two Instalments:

- First Instalment 11 October 2019
- Second Instalment 14 February 2020

Four Instalments:

- First Instalment 11 October 2019
- Second Instalment 13 December 2019
- Third Instalment 14 February 2020
- Fourth Instalment 17 April 2020

#### Objects and Reasons for Differential Rating

Council resolved to approve proposed 2019/20 rates in the dollar and the minimum rates for the purposes of advertising at a Special Council meeting on 18 June 2019. The rates and minimum payments as advertised were:

- GRV Property – Vacant:  
Rate in the dollar of 0.145 and minimum rates of \$2,100
- GRV – All other property:  
Rate in the dollar of 0.07302 and minimum rates of \$1,106.

The Statement of Objects and Reasons as advertised was:

*“A prime reason to apply a higher differential rate in the dollar to vacant land (than the base rate) is to distribute the rates burden equitably, where a higher differential rate for unimproved vacant land recognises the additional costs of servicing these types of properties. Vacant properties are more likely to be the sites of illegal dumping and in some cases, can become overgrown and unkempt, or become places of antisocial behaviour. Additional street cleaning and gully educting is also required due to sand and debris originating from vacant land spreading onto the roads and gutters.*

*The above requires the allocation of Town resources over and above that required for improved properties. The higher differential category for vacant land also reflects the Town’s obligations to maximise the per capita use of infrastructure and avoid dead spaces around the district by encouraging development of these vacant properties that will in turn stimulate growth, vibrancy and development in the community.”*

Following community consultation, Council resolved to implement differential rating as shown in Table 1 above. The differences between the differential rates resolved by Council and the differential rates previously advertised are:

- For GRV Vacant Residential, a reduction in the rate in the dollar from 0.145 to 0.8 and a reduction in the minimum payment from \$2,100 to \$1,200; and
- For GRV Vacant Non-Residential Land, a reduction in the minimum payment from \$2,100 to \$1,800.

The Statement of Objects and Reasons is proposed to be amended, in light of Council deliberations and the resulting changes made to the proposed differential rates initially advertised, to accurately depict the differential rating regime as resolved by Council on 23 July 2019 to:

*“The higher differential category for vacant land reflects the Town’s obligations to maximise the per capita use of infrastructure by encouraging development of vacant properties that will in turn stimulate growth, vibrancy and development in the community.”*

Instalment Administration Fee and Interest      \$236,908

Council imposes an Instalment Administration Fee of \$12 per instalment when an instalment payment option is used, for instalments after the first instalment.

The Instalment Administration Fee for the two instalment option is \$12 and for the four instalment option is \$36.

In the event that the 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 \$30 will apply.

Council imposes an Instalment Plan Interest Charge of 5.5% per annum when an instalment option is used.

Where payment remains outstanding after the applicable due date, Council imposes a Late Payment Interest Charge of 10% per annum.

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 2019/20 is \$67,212, and is included in the budget for Fees and Charges. Budgeted revenue from Interest Charges for 2019/20 is \$161,194, and is included in the budget for Interest Earnings.

**Fees and Charges** **\$5,989,971**

Fees and charges for Children's Services, Wind in the Willows Child care Fees, were adopted by Council at a Special Council Meeting on 18 June 2019.

The 2019/20 draft Annual Budget includes proposed fees and charges for the provision of other services to the community. A modest increase to some fees and charges is proposed and some have been increased due to statutory requirements.

(A comprehensive review of fees and charges will be initiated in 2019/20.)

**Rubbish Charges**

The Town imposes a waste disposal charge to recoup the cost of waste services and the purchase of bins. Budgeted revenue from the waste service charge for 2019/20 is \$2,946,858 and is included in fees and charges above.

The charge for a bin is proposed to increase from \$365 to \$390 and the charge for a second bin is proposed to remain at \$195.

For non-rateable properties, the waste service charge is proposed to increase from \$450 to \$455.

Council, at its Ordinary Council meeting held on 22 May 2018, resolved to endorse the implementation of the three-bin system with rollout commencing in the 2019/20 financial year (July 2019) and to further investigate future waste options including but not limited to weekly FOGO for possible implementation in 2020/21 financial year.

Council, at its Ordinary Council Meeting held on 23 July 2019, resolved to award the contract for the supply, store, assembly and distribution various bins and kitchen caddies, with implementation expected late in 2020.

The charge for the green and yellow bins (240 litre) as part of the three-bin system is \$195 and for the red bin (140 litre) is \$185.

### **Tip Passes – Attached to Rates Notice for 2019/20**

The Town will again provide four tip passes that will be printed onto the rates assessment/notice.

Additional tip passes (trailer capacity) can be purchased at the Customer Service Centre at a cost of \$60 each.

Lost or misplaced tip passes will not be replaced.

The 2019/20 Tip passes will expire on 31 August 2020.

### **EXPENDITURE – 2019/20**

#### **Employee Costs and Draft Workforce Plan \$12,291,093**

Council authorised the Chief Executive Officer to deliver and implement the proposed organisational structure as per the noted rationale provided in the 'A New Way of Working – through Organisational Re-Design' report at a Special Council Meeting on 10 June 2019.

The purpose of the changes was to position the Town for the future, deliver improvements in organisational performance and provide greater value to the community. While being cost-neutral, the organisational redesign resulted in the reduction in the number of directors from four to two and creation of the following new positions:

- Director Community Planning;
- Executive Manager Infrastructure;
- Executive Manager Place Planning;
- Manager Governance and Strategy;
- Procurement, Contracts and Leases Coordinator;

- Recycling and Waste Coordinator;
- Development Compliance Officer;
- Urban Forest/Bushcare Officer;
- Engineering Project Officer;
- Building Facilities Trainee; and
- Engineering Works Trainee.

The 2019/20 Annual Budget reflects these changes as far as practicable.

Employees received an EBA increase of 1.5% in July 2019.

**Extract of Projects & Consultancies \$3,058,302**

Operational projects proposed for 2019/20 are listed in the budget, separated into the Top 21 Projects and other priority projects.

**Depreciation \$3,505,012**

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.

**Capital Works Program \$6,104,951**

Capital projects proposed for 2019/20 are listed in the budget, separated into priority projects and other capital projects.

Funding for capital projects is from the following sources:

<b>Description</b>	<b>Amount</b>
Grants	\$1,828,217
Transfers from reserves	\$2,296,078
Cash in lieu	\$238,700
Sale of land	\$650,000
Funded from rates income	<u>\$1,091,956</u>
	<u>\$6,104,951</u>

**Councillor Fees and Allowances \$307,240**

Councillor meeting fees and allowances proposed for the 2019/20 Annual Budget are:

<b>Description</b>	<b>Amount</b>
Council meeting fees	\$98,202
Mayoral allowance	\$36,957
Mayoral meeting fee	\$25,342
Deputy Mayoral allowance	\$9,239
Conferences and training	\$43,000

Donations	\$10,000
Communication allowance	\$24,500
Council elections	<u>\$60,000</u>
	<u>\$307,240</u>

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

Transfers to and from reserves proposed for the 2019/20 Annual Budget are listed in the budget at Note 7.

Two new reserves are proposed:

- Information Technology Infrastructure Reserve; and
- Future Projects Reserve.

### **Information Technology Infrastructure Reserve**

The purpose of the Information Technology Infrastructure Reserve is to fund the acquisition and enhancement of technology and digital service delivery initiatives.

The Town of Bassendean's information technology infrastructure is antiquated and results in inefficient work practices throughout the Town. The 2019/20 Annual Budget proposes funds for an Information Systems Review for the Town during 2019/20. That review is likely to identify critical information technology requirements for the Town requiring expenditure on information technology in future years.

The 2019/20 Annual Budget proposed an initial transfer of \$200,000 to the Information Technology Infrastructure Reserve.

### **Future Projects Reserve**

The purpose of the Future Projects Reserve is to assist in funding new and upgrade capital initiatives that are generally significant in nature and provide a means to spread the cost of intergenerational assets over multiple years.

The Town of Bassendean is in the midst of a fundamental and significant change process, bringing community engagement to the fore to genuinely understand community aspirations to shape the future planning, development and amenity of our community. This will inform Town projects into the future and it is prudent to set aside funds now for future projects.

The 2019/20 Annual Budget proposed an initial transfer of \$1,000,000 to the Future Projects Reserve.

### **Discounts, Incentives, Concessions & Write-offs**

Discounts and incentives for early payment of rates are not proposed for the 2019/20 Annual Budget.

The 2019/20 Annual Budget proposes a rates concession of 50% of the rates levied to Westcare Inc - 28 Hanwell Way, Bassendean.

### **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 revenues and expenditures 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 funds and 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.

### **OFFICER RECOMMENDATION – ITEM 4.2**

That Council adopts:

#### 1) The Municipal Fund Budget for 2019-2020

Pursuant to the provisions of Section 6.2 of the *Local Government Act 1995* (as amended), and Part 3 of the *Local Government (Financial Management) Regulations 1996*, adopts the 2019/20 Annual Budget for the Town of Bassendean, which includes the following:

- a) Statement of Comprehensive Income by Nature and Type, and by Program, showing a net result for the year of (\$1,100,263);
- b) Rate Setting Statement showing an amount required to be raised from rates of \$13,386,000;
- c) Notes to, and forming part of, the budget;
- d) Operational and capital projects;

- e) Transfers to/from Reserve Accounts;
- f) Schedule of Fees & Charges; and
- g) Councillor fees and allowances.

2) Differential rates, minimum payments and instalment payment arrangements:

- a) Amends the Statement of Objects and Reasons for differential rating to:

*“The higher differential category for vacant land reflects the Town’s obligations to maximise the per capita use of infrastructure by encouraging development of vacant properties that will in turn stimulate growth, vibrancy and development in the community.”*

- b) Imposes the following differential rates, representing an increase of 1% for the 2019/20 financial year for the purpose of yielding the deficiency disclosed by the 2019/20 Annual Budget pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*:

- i) GRV – Vacant Residential Land

0.08 cents in the dollar of gross rental value applicable to properties that are vacant residential land and subject to a minimum rate of \$1,200 per assessment.

- ii) GRV – Vacant Non-Residential Land

0.145 cents in the dollar of gross rental value applicable to properties that are vacant non-residential land and subject to a minimum rate of \$1,800 per assessment.

- (iii) GRV – All Other Rateable Property

0.7302 cents in the dollar of gross rental value and subject to a minimum rate of \$1,106 per assessment.

- c) 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 instalment payments options and due dates:

Two instalments:

- h) Full payment and 1st instalment due date 11 October 2019; and
- ii) Second instalment due date 14 February 2020.

Four instalments:

- i) Full payment and 1st instalment due date 11 October 2019;
  - ii) Second quarterly instalment due date 13 December 2019;
  - iii) Third quarterly instalment due date 14 February 2020; and
  - iv) Fourth quarterly instalment due date 17 April 2020.
- d) Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 67 of the *Local Government (Financial Management) Regulations 1996*, adopts an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$12 for each instalment after the initial instalment is paid (a total of \$36).
- e) Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest charge of 5.5% per annum where the owner has elected to pay rates and service charges through an instalment option.
- f) Pursuant to Section 6.51(1) and subject to Section 6.51(4) of the *Local Government Act 1995* and Regulation 70 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest charge of 10% for rates (and service charges) and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.

### 3) Fees and Charges

Pursuant to Section 6.16 of the *Local Government Act 1995*, Section 245A (8) of the *Local Government (Miscellaneous Provisions) Act 1960*, 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 2019/20 Annual Budget as attached to, and forming part of, this report.

4) 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 \$25,352; and
  - ii) Councillors \$16,367.
- 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 \$36,957 to be paid to the Mayor in addition to the annual meeting allowance.
- 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 \$9,239 to be paid to the Deputy Mayor in addition to the annual meeting allowance.

5) Changes to reserves for 2019/20:

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

- a) Establish the Information Technology Infrastructure Reserve – To fund the acquisition and enhancement of technology and digital service delivery initiatives.
- b) Establish the Future Projects Reserve – To assist in funding new and upgrade capital initiatives that are generally significant in nature and provide a means to spread the cost of intergenerational assets over multiple years.

6) Material variance reporting for 2019/20:

Pursuant to Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* and Australian Accountings Standard AASB 1031 Materiality, adopts the level to be used in Statements of Financial Activity in 2019/20 for reporting material variances of any individual business unit / service area shall be an amount of (+) or (-) \$5,000 or 10%, whichever is greater.

**Voting requirements: Absolute Majority**

**5.0                      CLOSURE**