

Bunbury City Council

Notice of Special Meeting and Agenda 25 July 2017

To adopt the City of Bunbury 2017/18 Budget



CITY OF BUNBURY
4 Stephen Street
Bunbury WA 6230
Western Australia
Correspondence to:
Post Office Box 21
Bunbury WA 6231

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Bunbury City Council Notice of Special Meeting

TO: Elected Members

A Special Meeting of the Bunbury City Council will be held in the Council Chambers, City of Bunbury Administration Building, 4 Stephen Street, Bunbury on Tuesday **25 July 2017** at 6.00pm, to adopt the City of Bunbury 2017/18 Budget.



MJ (Mal) Osborne
Acting Chief Executive Officer
(Date of Issue: 18 July 2017)

Agenda 25 July 2017

Note: The recommendations contained in this document are not final and are subject to adoption, amendment (or otherwise) at the meeting.

Council Members:

Mayor Gary Brennan
Deputy Mayor Brendan Kelly
Councillor Wendy Giles
Councillor James Hayward
Councillor Judy Jones
Councillor Jaysen Miguel
Councillor Michelle Steck
Councillor Karen Steele
Councillor Sam Morris
Councillor Betty McCleary
Councillor Monique Warnock
Councillor Joel McGuinness
Councillor Murray Cook

1. Declaration of Opening / Announcements of Visitors

2. Disclaimer

All persons present are advised that the proceedings of this meeting will be recorded for record keeping purposes and to ensure accuracy in the minute taking process, and will also be streamed live via the internet to the public.

3. Record of Attendance, Apologies and Leave of Absence

3.1 Apologies

3.2 Approved Leave of Absence

Cr Warnock is on approved leave of absence from all Council related business from 18 July 2017 to 8 August 2017 inclusive.

4. Declaration of Interest

Members should fill in <i>Disclosure of Interest</i> forms for items in which they have a financial, proximity or impartiality interest and forward these to the Mayor <u>before</u> the meeting commences.

5. Public Question Time

In accordance with Reg. 7(4)(a) of the Local Government (Administration) Regulations 1996, members of the public in attendance at the meeting may stand, state aloud their name and address, and ask a question in relation to any matter relating to the purpose of the Special Council Meeting.

6. Questions on Notice from Council Members

7. Purpose of the Meeting

The purpose of the Meeting is:

- To adopt the 'Rate in the Dollar' and Minimum Rate for the General and Specified Area Rate that Council will levy on property Gross Rental Valuations.
- To adopt proposed charges for refuse collection and waste minimisation.
- To adopt the fees and charges.
- To adopt Council's 2017/18 Budget.

7.1 Adoption of the 2017/18 Budget

Applicant/Proponent:	Internal Report
Author:	David Ransom, Manager Finance
Executive:	Mal Osborne, Acting Chief Executive Officer
Attachments:	Attached under separate cover

1. Memorandum of Imposing General Rates, Minimum Rates and Specified Area Rate for 2017/18

Following Council's adoption of the Integrated Financial Plan 2017/18 to 2031/32 on 16 May 2017, the forecasts contained in this plan have been used as the basis for producing a draft annual budget for 2017/18.

Councillors have held two budget workshops on the 9 May 2017 and 6 June 2016 to consider the draft budget. A proposed property rate yield increase of 4.5% is necessary to meet the operating and capital expenditure in the 2017/18 draft budget.

The proposed property rate yield increase of 4.5% was advertised for community and ratepayer information in July 2017 in the Bunbury Herald City Focus column, City of Bunbury E-news Letter and media release.

Recommendation

1. Council adopt the following Municipal Rates in the dollar on gross rental valuations for the 2017/18 financial year:

1.1 General Rate

The General Rate on current Gross Rental Values for the 2017/18 financial year on all rateable land be **9.087** cents in the dollar.

1.2 Minimum Rate

The Minimum Rate for rateable properties within the City of Bunbury be **\$1,131.00**.

1.3 Specified Area Rate - Grand Canals, Pelican Point

A Specified Area Rate of **1.120** cents in the dollar on the Gross Rental Valuation for all properties within the Grand Canals Pelican Point for the provision of maintaining the waterways of the development as identified on the map and additional information **attached** at Appendix "1".

Note: Absolute Majority Vote Required

2. Refuse Collection and Waste Minimisation Charges 2017/18 Budget

The Refuse Collection and Waste Minimisation charges include:

- Kerbside collection of domestic refuse.
- Kerbside collection of recyclables.
- Kerbside collection of organic waste.
- Provision of two (2) annual kerbside collections each of green waste and hard waste to residential properties.

Recommendation

1. The following Refuse Collection and Waste Minimisation charges for the City of Bunbury (including two (2) hard waste and two (2) green waste collections for residential properties) be adopted for the 2017/18 financial year:

1.1 Residential General Refuse Services

- 1.1.1 Residential properties where fortnightly collections of general refuse includes provision of a **240 litre mobile garbage bin: \$108.50** per annum.
- 1.1.2 Residential properties where fortnightly collection of general refuse includes provision of a **140 litre mobile garbage bin: \$94.50** per annum.
- 1.1.3 Residential properties where weekly collection of general refuse includes provision of a **240 litre mobile garbage bin: \$245.00** per annum.

1.2 Residential Recycling Services

- 1.2.1 Residential properties where fortnightly collection of recycling refuse includes provision of a **240 litre mobile garbage bin: \$95.00** per annum.
- 1.2.2 Residential properties where fortnightly collection of recycling refuse includes provision of a **360 litre mobile garbage bin: \$101.50** per annum.
- 1.2.3 Residential properties where fortnightly collection of recycling refuse includes provision of a **140 litre mobile garbage bin: \$82.50** per annum.

1.3 Residential Organic Waste Services

- 1.3.1 Residential properties where weekly collection of organic waste includes provision of a **240 litre mobile garbage bin:**
First Service **\$102.00** per annum
Second and subsequent services **\$95.50** per annum.
- 1.3.2 Residential properties where weekly collection of organic waste includes provision of a **140 litre mobile garbage bin: \$86.00** per annum.

1.4 Non-Residential General Refuse Services

1.4.1 All non-residential properties (excluding commercial and industrial properties) where refuse collection includes provision of a **240 litre mobile garbage bin**:
\$230.00 per annum for each service per week.

1.4.2 All non-residential properties (excluding commercial and industrial properties) where refuse collection includes provision of a **140 litre mobile garbage bin**:
\$195.00 per annum for each service per week.

1.5 Non-Residential Recycling Services

All non-residential properties (excluding commercial and industrial properties) where recycling collection includes provision of a **240 litre mobile garbage bin**:
\$101.50 per annum for each service per fortnight.

1.6 Non-Residential Organic Waste Service

All non-residential properties (excluding commercial and industrial properties) where weekly organic waste collection includes provision of a **240 litre mobile garbage bin**:
\$102.00 per annum for each service per week.

1.7 Commercial and Industrial Properties Refuse Collection

All commercial and industrial properties where collection of refuse includes provision of a **240 litre mobile garbage bin**:
\$230.00 per annum for each service per week.

1.8 Commercial and Industrial Properties Recycling Services

All commercial and industrial properties where collection of recycling includes provision of a **240 litre mobile garbage bin service** will have the following recycling collection charges:

Fortnightly service	\$101.50 per annum
Weekly service	\$203.00 per annum
Twice weekly service	\$406.00 per annum

1.9 Commercial and Industrial Properties Organic Services

1.9.1 All commercial and industrial properties where collection of organic includes provision of a **240 litre mobile garbage bin service** will have the following organic collection charges:

Weekly service	\$102.00 per annum
Twice weekly service	\$204.00 per annum
Three times per week	\$306.00 per annum

1.9.2 All commercial and industrial properties where collection of organic includes provision of a **140 litre mobile garbage bin service** will have the following organic collection charges:

Weekly service **\$86.00** per annum

1.10 Commercial and Industrial Properties Bulk Service

1.10.1 All commercial and industrial properties where refuse collection includes provision of a **1,100 litre mobile garbage bin** will have the following refuse collection charges:

One (1) service per week **\$942.00** per annum

1.10.2 All commercial and industrial properties where collection of recycling includes provision of a **1,100 litre mobile garbage bin** will have the following recycling collection charges:

Fortnightly service **\$461.50** per annum

Weekly service **\$923.00** per annum

Note: Absolute Majority Vote Required

3. Proposed Loan Borrowings and Financing Arrangements 2017/18

Details of the purpose and financial arrangements are included in the Draft Budget circulated **under separate cover**:

a) Loan Borrowings

Loan No.	Purpose	Amount(\$)
374	Water Playground	\$1,000,000
381	Depot Construction	\$3,000,000
382	Stirling Street Arts Centre	\$900,000
Total Loan Borrowings:		\$4,900,000

b) Municipal Fund Overdraft Limit - \$2,500,000

An overdraft provision of \$2,500,000 financed by the Commonwealth Bank to provide working capital if required.

Recommendation

1. Council borrow Loan Funds of \$4,900,000 during the 2017/18 financial year as detailed in the Draft Budget 2017/18 for loan numbers 374, 381, and 382.
2. Council endorse the Municipal Fund having an Overdraft Limit of \$2,500,000.

Note: Absolute Majority Vote Required

4. Proposed Change of Purpose of Reserve Funds

The City has a number of cash-backed reserves. Each reserve has a defined purpose for the use of these funds.

At the Council Meeting 27 June 2017 it was noted that for Council to fund the implementation of the City Promotional Strategy (\$60,000) from the City of Bunbury Parking Reserve in the 2017/18 Budget, this would require changing the purpose of the reserve.

There is also the need to give more clarity to the purpose of the Infrastructure Development Reserve so that funds are used solely on existing assets not new assets.

The following changes are proposed:

a) City of Bunbury Parking Reserve:

Current purpose:

To fund Council's general motor vehicle parking requirements within the City of Bunbury.

Proposed change of purpose:

To fund Council's general motor vehicle parking requirements within the City of Bunbury and promotion of the Central Business District (CBD).

Reason for change:

All car parking net revenue is transferred to the City of Bunbury Car Parking Reserve with the majority of car parking revenue coming from the CBD. As promotion of the CBD is likely to increase car parking revenue as visitors use the CBD car parks, it is purposed to expand the use of the reserve to include promotion expenditure for the CBD.

b) Infrastructure Development Reserve:

Current purpose:

To receipt funds specifically raised from the annual rates levied for the development of infrastructure.

Proposed change of purpose:

To receipt funds specifically raised from the annual rates levied for the renewal and upgrade of existing infrastructure assets.

Reason for change:

More clarity to the purpose of the Infrastructure Development Reserve is required to ensure that funds are used solely on existing assets not new assets.

Recommendation

1. Council changes the purpose of the City of Bunbury Parking Reserve to:
To fund Council's general motor vehicle parking requirements within the City of Bunbury and promotion of the Central Business District (CBD).

2. Council changes the purpose of the Infrastructure Development Reserve to:
To receipt funds specifically raised from the annual rates levied for the renewal and upgrade of existing infrastructure assets.

Note: Absolute Majority Vote Required

5. Adoption of the 2017/18 Budget

A copy of the Draft Budget 2017/18 has been circulated **under separate cover**.

Following Council's adoption of the Integrated Financial Plan 2017/18 to 2031/32 on 16 May 2017, the forecasts contained in this plan have been used as the basis for producing a draft annual budget for 2017/18.

Councillors have subsequently held two budget workshops on the 9 May 2017 and 6 June 2017 to consider the draft budget.

A Budget and Rates Information brochure will be included with every rate notice.

Recommendation

Budgets for the following funds for the year ending 30 June 2018, be adopted:

1. Municipal Fund and the following Reserve Funds:
 - 1.1 ACDI Equipment Replacement Program
 - 1.2 Airport
 - 1.3 Asset Management and Renewal
 - 1.4 Building Restoration and Maintenance
 - 1.5 Canal Management
 - 1.6 City Arts Collection
 - 1.7 City of Bunbury General Parking
 - 1.8 College Grove Subdivision Amended Joint Venture
 - 1.9 Depot Construction
 - 1.10 Disaster Relief Fund
 - 1.11 Dual-Use Path Upgrade Contributions
 - 1.12 Employee Entitlements and Insurance
 - 1.13 Environmental
 - 1.14 Hay Park Regional Athletics Track
 - 1.15 Heritage Building Maintenance
 - 1.16 Infrastructure Development
 - 1.17 Land Subdivision and Development
 - 1.18 Local Planning Policy Framework
 - 1.19 Meat Inspection
 - 1.20 Planning and Development Act Section 152
 - 1.21 Plant and Equipment
 - 1.22 Public Art

- 1.23 Refuse Collection and Waste Minimisation
- 1.24 Road Upgrade Contributions
- 1.25 Town Planning Scheme Land Acquisition and Compensation
- 1.26 Withers

2. Trust Funds

Note: Absolute Majority Vote Required

6. Due Dates for Payment of Rates and Rubbish Collection Charges 2017/18

The adoption of the Budget must record the due dates for payment of Rates and Rubbish Collection charges for the four-payment instalment plan. These dates are now referred to Council for endorsement.

Rate Notices will be issued on 16 August 2017. Under the Local Government Act 1995, the City is required to provide at least 35 days' notice to ratepayers of the 1st instalment date for payment of rates and not less than two (2) months between subsequent instalment dates.

Recommendation

The due dates for payment of Rates and Rubbish Collection Charges for 2017/18 be as follows:

1. First Instalment or Payment in Full: 22 September 2017
2. Second Instalment: 22 November 2017
3. Third Instalment: 22 January 2018
4. Fourth Instalment: 22 March 2018

7. Administration and Interest Fees on Rates, Rubbish, Waste Minimisation and General Debtor Collection Charges 2017/18

The Rates and Charges proposed are as outlined in the recommendation below:

Recommendation

The following Rates and Charges are proposed as allowed under the Local Government Act 1995, to provide for Administration and Interest Charges on Rating, Rubbish, Waste Minimisation and General Debtor Collection charges during the 2017/18 financial year:

1. Instalment Plan Administration Fee

An Instalment Plan Administration fee of **\$7.00** for the second and each subsequent instalment notice issued will apply for rates and rubbish collection charges.

2. “Ad hoc” Payment Plan Fee

The recommended **\$31.50** Administration Charge per assessment applies on approved payment plans for rates and rubbish accounts which fall outside the standard four instalments program.

3. Late Payment Interest Charge

A charge on outstanding rates and rubbish collection accounts (including amounts owed on ad hoc Payment Plans) of **11%** will be calculated daily at **0.0301%** on a simple interest basis for the number of days from the account due date until the day prior to the day on which the payment is received.

4. Instalment Plan Interest Charge

An interest rate of **5.5%** will be calculated on a daily basis at **0.0151%** by simple interest basis from the due date of the first instalment as shown on the rate notice to the due date of each respective instalment.

5. Late Payment Interest Charge (Excluding Rates and Charges)

An interest charge of **11%** per annum, calculated on a simple interest basis for the number of days outstanding, may apply on unpaid debts (other than rates and rubbish collection charges) outstanding 35 days from the date of invoices raised after 1 July 2017.

Note: Absolute Majority Vote Required

8. **Waivers and Concessions**

The waivers and concessions proposed are as outlined in the recommendation.

Recommendation

The following waivers and concessions are proposed as allowed under the Local Government Act 1995 during the 2017/18 financial year:

1. **Waivers**

In respect to the Late Payment Interest Charge on rates and charges, the method of calculating the interest charge is on the daily balance outstanding.

There are instances where a small balance remains on the property assessment. This may have occurred due to a delay in the receipt of mail payments or monies from property settlements etc., and additional daily interest has accumulated.

Amounts outstanding of **\$5.00** and under will be waived, as it is not considered cost effective or equitable to recover from the new property owner. Estimated loss of revenue from this waiver is **\$2,850**.

2. **Concessions**

a) *Storage Units*

A concession of **\$497.00** per strata titled storage unit, totalling **\$64,610**, will be granted to strata titled storage units. This concession is to be applied to 130 storage units.

The Town Planning Scheme No 7 defines "Storage Unit" in the following terms, "premises used for the storage of goods, equipment, plant or materials". Further to this definition, the following criteria must be met:

- Strata titled;
- Zoned "Industrial" under Town Planning Scheme No. 7;
- Have no ablutions (waste water system) connected;
- Maximum area of 75m²

b) *TPS Heritage Rates*

Following application a concession of 30% (up to a maximum of \$1,000) on the general rates payable will be provided to eligible properties for a period of five years. This is where works relating to the conservation of the cultural heritage significance of the property has been undertaken in accordance with the City's Local Planning Policy – Rate Concession for Heritage Places. Estimated concession in 2017/18 is **\$6,708**.

Note: Absolute Majority Vote Required

9. Schedule of Fees and Charges 2017/18 Budget

The Schedule of proposed Fees and Charges for the 2017/18 financial year forms part of the 2017/18 Budget which has been circulated to Council **under separate cover**.

Council previously adopted the 2017/18 Fees and Charges on 30 May 2017. Since this time a number of amendments are required on both Council and Regulatory fees and charges. These changes have been identified in the Fees and Charges document.

Recommendation

The Schedule of Fees and Charges (which forms part of the 2017/18 Budget) be adopted effective from 26 July 2017.

Note: Absolute Majority Vote Required

10. Elected Members Meeting Attendance Fees and Allowances

The Mayor, Deputy Mayor and Councillors will receive the prescribed allowances, meeting attendance fees and communication allowance in accordance with the Local Government Act 1995 as follows:

NOTE: In relation to recommendation 3 “Councillor and Mayoral Communications and Information Technology Allowance”, this payment will be paid at the end of each financial year net of the ongoing monthly iPad costs including plan fees and any personal usage, purchases, or downloads.

Recommendation

Council adopts the Elected Member Sitting Fees and Allowances within the range prescribed by the Salaries and Allowance Tribunal being:

1. Councillor Meeting Attendance Fee: **\$25,000** per annum.
2. Mayoral Meeting Attendance Fee: **\$30,000** per annum.
3. Councillor and Mayoral Communications and Information Technology Allowance: **\$3,500** per annum.
4. Mayoral Allowance: **\$61,000** per annum.
5. Deputy Mayoral Allowance: **\$15,250** per annum being 25% of the Mayoral Allowance.
6. Provision of a Mayoral vehicle
 - 6.1 The position of Mayor shall for the purpose of carrying out the functions of the Mayor’s office be entitled to receive the provision of a fully maintained Local Government owned vehicle.
 - 6.2 In accordance with the provisions of the Local Government (Administration) Regulations 1996, Regulation 34AD all private use of the Council vehicle is to be recorded and reimbursed to Council.

Note: Absolute Majority Vote Required

11. Reporting of Material Variances in the Monthly Statement of Financial Activity for 2017/18

The Local Government (Financial Management) Regulations require the Council to adopt (each year) a percentage or value to be used for reporting material variances in the Statement of Financial Activity. Any variance meeting these criteria will be required to have a supporting explanation in the monthly financial report to Council.

Council last adopted the reporting variances criteria at the Special Council Meeting for the adoption of the 2016/17 Budget on 27 July 2016.

Information is considered "material" if its omission, misstatement or non-disclosure has the potential to adversely affect decisions by users of the financial report or affect the discharge of accountability by management or Council.

Recommendation

A variance between actual and budget-to-date of greater than or equal to **10%** and **\$25,000** is considered to be a material variance for reporting purposes in the Statement of Financial Activity for 2017/18.

12. For Councillor Information

Council will raise a total of \$37.12M in General Rates, Minimum Rates and Specified Area Rates in 2017/18. However under Section 6.26(2) of the Local Government Act not all properties are rateable; for example: land used for charitable purposes, a place of public worship or schools. Rates foregone on 239 properties within the City of Bunbury due to this rate exemption under the Local Government Act total \$975,158. These properties are audited every two years to ensure their ongoing exemption status.

7.2 Appendices

7.2.1 Appendix 1: Specified Area Rate – Pelican Point - Grand Canals

Section 6.37(1) of the Local Government Act states the following:

Specified area rates

- (1) A local government may impose a specified area rate on rateable land within a portion of its district for the purpose of meeting the cost of the provision by it of a specific work, service or facility if the local government considers that the ratepayers or residents within that area —
- (a) have benefited or will benefit from;
 - (b) have access to or will have access to; or
 - (c) have contributed or will contribute to the need for, that work, service or facility.

The need for the Specified Area Rate is considered by Council each year to determine that the specific works will benefit the ratepayers within the Pelican Point - Grand Canals; that they will have access to these works; and contribute to the need for these works.

Council outlines the following reasons for imposing a specified area rate on the Pelican Point precinct within the City of Bunbury:

A rate in the dollar of 1.120 cents on the current Gross Rental Values for the 2017/18 financial year for all properties within the Grand Canals Pelican Point Development for the purpose of maintaining the waterways development will apply and generate \$45,861 in income.

What is the purpose of the rate?

The purpose of the rate is to raise funds over a given period of time to allow for the periodic dredging, clearing and maintenance of the canal waterways.

How much is the rate yield?

These rates will raise approximately \$45,861 for the 2017/18 financial year.

How is the rate calculated?

A rate of 1.120 cents in the dollar will apply on the Gross Rental Values for all properties located in the Grand Canals Specified Area (refer to the map over the page.)

Will the rate change?

The need for the Specified Area Rate is considered by Council each year to determine that the specific works will benefit the ratepayers within the Pelican Point Grand Canals Area; that they will have access to these works; and will need to contribute to these works.

The rate at present is only indicative and is heavily dependent on the amount of sand build-up that is in a direct relationship to river flows. Direct costs are anticipated to be in the order of \$300,000 per dredging which could be required every 5-7 years. The estimated Canal Management Reserves at the 30 June 2018 will be \$511,775.

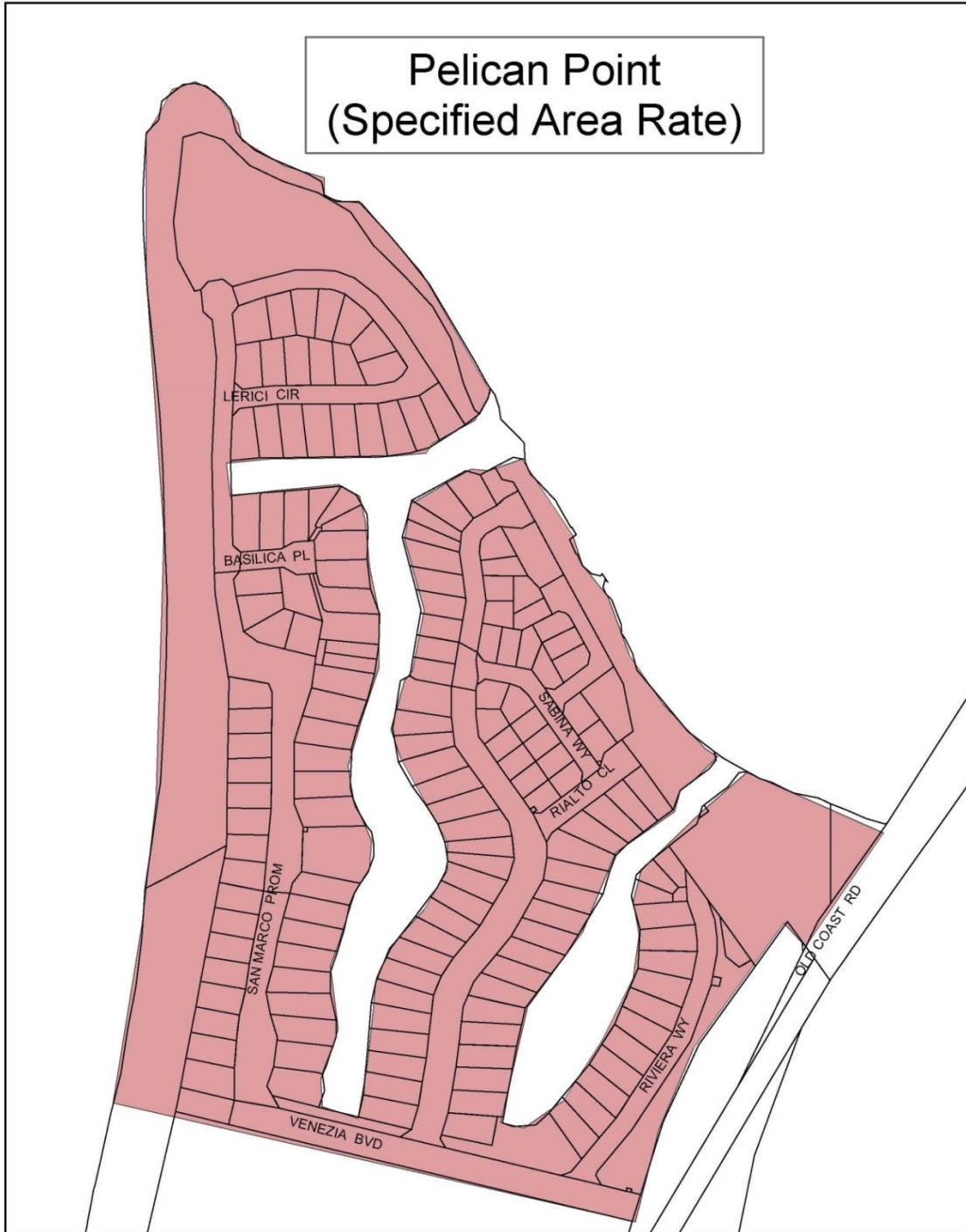
How was the cost calculated?

Costs for maintenance and repair work are based on estimates obtained from companies who will be contracted to perform the necessary work on the canals.

Has this approach been used elsewhere?

Canal developments have now occurred in a number of Council's around Australia. Many Councils use such standard options as specified area rates to ensure that the ongoing costs of repairs and maintenance are met.

Pelican Point – Grand Canals – Specified Area Map



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8. Closure