

# SPECIAL COUNCIL MEETING MINUTES

## Special Council Meeting

16 July 2013

### Notice of Meeting

To: The Mayor and Councillors

A Special Council Meeting will be held on Tuesday 16 July 2013 in the Council Chamber, Sandgate Street, South Perth commencing at 5.30 pm.

The purpose of the meeting is to adopt the 2013-2014 Annual Budget.

The meeting will be followed by the Ordinary Council Agenda Briefing, held at the later time of 6.00 pm.



CLIFF FREWING  
CHIEF EXECUTIVE OFFICER  
12 July 2013

# Our Guiding Values

## **Trust**

Honesty and integrity

## **Respect**

Acceptance and tolerance

## **Understanding**

Caring and empathy

## **Teamwork**

Leadership and commitment

## Disclaimer

The City of South Perth disclaims any liability for any loss arising from any person or body relying on any statement, discussion, recommendation or decision made during this meeting.

Where an application for an approval, a licence or the like is discussed or determined during this meeting, the City warns that neither the applicant, nor any other person or body, should rely upon that discussion or determination until written notice of either an approval and the conditions which relate to it, or the refusal of the application has been issued by the City.

## Further Information

The following information is available on the City's website.

- **Council Meeting Schedule**

Ordinary monthly Council Meetings are held at 7pm in the Council Chamber at the South Perth Civic Centre on the fourth Tuesday of every month between February and November. Members of the public are encouraged to attend open meetings. Special Council meetings are held on an as needed basis and are advertised accordingly.

- **Minutes and Agendas**

As part of our commitment to transparent decision making, the City makes documents relating to council and its committees' meetings available to the public.

- **Meet Your Council**

The City of South Perth covers an area of around 19.9km<sup>2</sup> divided into six wards. Each ward is represented by two councillors, presided over by a popularly elected mayor. Councillor profiles provide contact details for each elected member.

[www.southperth.wa.gov.au/Our-Council/](http://www.southperth.wa.gov.au/Our-Council/)

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# Ordinary Council Meeting Agenda

Minutes of the Special Council Meeting held in the Council Chamber, Sandgate Street, South Perth  
Tuesday 16 July 2013 at 5.30 pm.

## 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Deputy Mayor opened the meeting at 5.30 pm and welcomed everyone in attendance. He then acknowledged we are meeting on the lands of the Noongar / Bibbulmun people and that we honour them as the traditional custodians of this land.

## 2. DISCLAIMER

Not required

## 3. ANNOUNCEMENTS FROM THE PRESIDING MEMBER

### 3.1 AUDIO RECORDING OF COUNCIL MEETING

The Deputy Mayor requested that all mobile phones be turned off. He then reported that the meeting is being audio recorded in accordance with Council Policy P673 "Audio Recording of Council Meetings" and Clause 6.16 of the Standing Orders Local Law 2007 which states:

*"A person is not to use any electronic, visual or vocal recording device or instrument to record the proceedings of the Council without the permission of the Presiding Member"*

and stated that as Presiding Member he gave permission for the Administration to record proceedings of the Special Council meeting.

## 4. ATTENDANCE

Deputy Mayor, Councillor Trent, OAM, RFD (Chair)

### Councillors

I Hasleby	Civic Ward
G W Gleeson	Como Beach Ward
C McMullen	Manning Ward
C Cala	McDougall Ward
P Howat	McDougall Ward
R Grayden	Mill Point Ward
B Skinner	Mill Point Ward
F Reid	Moresby Ward (from 5.35 pm)

### Officers

C Frewing	Chief Executive
M Taylor	Acting Director Infrastructure Services
M Kent	Director Financial and Information Services
D Gray	Manager Financial Services

R Bercov	Strategic Urban Planning Adviser
R Kapur	Manager of Development Services
G Hickson	Marketing Officer
A Albrecht	Governance Officer

#### Gallery

There were 14 members of the public and 1 member of the press present.

### **4.1 APOLOGIES**

G Cridland	Como Beach Ward
S Hawkins-Zeeb	Manning Ward
V Lummer	Director Development and Community Services

### **4.2 APPROVED LEAVE OF ABSENCE**

Mayor Doherty	
V Lawrance	Civic Ward

## **5. DECLARATION OF INTEREST**

Conflicts of Interest are dealt with in the *Local Government Act, Rules of Conduct Regulations* and the *Administration Regulations* as well as the City's Code of Conduct 2008. Members must declare to the Chairperson any potential conflict of interest they have in a matter on the Council Agenda.

The Deputy Mayor noted that no Declarations of Interest had been received.

## **6. PUBLIC QUESTION TIME (IN RELATION TO ITEM 8)**

The Deputy Mayor stated that public question time is operated in accordance with the *Local Government Act* regulations. He said that questions are to be in writing and questions received prior to this meeting will be answered tonight, if possible or alternatively may be taken on notice. Questions received in advance of the meeting will be dealt with first, on a rotational basis, long questions will be paraphrased and same or similar questions asked at previous meetings will not be responded to.

The Deputy Mayor then opened Public Question Time at 5.35 pm.

With no questions put forward, the Deputy Mayor closed Public Question Time at 5.35 pm.

## **7. DEPUTATIONS (IN RELATION TO ITEM 8)**

Nil

## 8. REPORTS

### 8.1 ADOPTION OF THE 2013/2014 ANNUAL BUDGET

Location: City of South Perth  
Applicant: Council  
File Ref: FS/Fl/1  
Date: 9 July 2013  
Author / Reporting Officer: Michael J Kent, Director Financial and Information Services

#### Summary

This report presents the 2013/2014 Annual Budget and Fees and Charges Schedule (**Attachments 8.1(a) and 8.1(b)** respectively), as circulated, for adoption by Council.

#### Officer Recommendation AND COUNCIL DECISION

**Moved:** Councillor McMullen

**Seconded:** Councillor Reid

That

- (a) General Rate in the Dollar of **6.5473** cents is applied to the GRV of all rateable property within the City for the year ending 30 June 2014;
- (b) a Minimum Rate of **\$825.00** be set for the year ending 30 June 2014 notwithstanding the General Rate set out in part (a) above;
- (c) That the following rubbish service charges be applied for the year ending 30 June 2014
  - (i) A standard Rubbish Service Charge of **\$240.00** be levied;
  - (ii) A non-rateable property Rubbish Service Charge of **\$330.00** be levied;
  - (iii) A commercial (1,100 L Bin) Rubbish Service Charge of **\$1,200.00** be levied;
- (d) a Swimming Pool Inspection Fee of **\$26.50** be levied for the year ending 30 June 2014
- (e) the following dates be set for payment of rates by instalments:

First instalment	<b>28 August 2013</b>
Second instalment	<b>13 November 2013</b>
Third instalment	<b>15 January 2014</b>
Fourth instalment	<b>12 March 2014</b>
- (f) an administration charge of **\$10.00** per instalment for payment of rates by instalments be applied to the second, third and fourth instalment in accordance with Section 6.45(3) and (4) of the Local Government Act 1995 & Regulation 67 of the Local Government (Financial Management) Regulations;
- (g) an interest rate of **5.5%** be imposed on payment by instalments, to apply to the second, third and fourth instalment in accordance with Section 6.45(3) of the Local Government Act 1995 and Regulation 68 of the Local Government (Financial Management) Regulations;
- (h) an interest rate of **11%** be imposed on overdue rates in accordance with Section 6.51(1) of the Local Government Act 1995 and Regulation 70 of the Local Government (Financial Management) Regulations;

***Recommendation and Council Decision continued***

## 8.1 Adoption of the 2013/2014 Annual Budget

- (i) an interest rate of **10%** is imposed on unpaid UGP Service Charges in accordance with Section 6.51(1) of the Local Government Act 1995 and Regulation 70 of the Local Government (Financial Management) Regulations;
- (j) an interest rate of **11%** be imposed on outstanding debtors in accordance with Section 6.13(1) of the Local Government Act 1995.
- (k) a Monthly Maintenance Fee of **\$325.00** (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period July 2013 to September 2013 inclusive;
- (l) a Monthly Maintenance Fee of **\$350.00** (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period from October 2013 to June 2014 inclusive;
- (m) the Statutory Annual Budget for the year ending 30 June 2014 comprising Sections 1 & 2 of the 2013/2014 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted;
- (n) the Management Account Summary Budget Schedules for the financial year ending 30 June 2014 as set out in Section 3 of the Annual Budget be endorsed;
- (o) The Capital Expenditure Budget for the financial year ending 30 June 2014 as set out in Section 4 of the Annual Budget is adopted;
- (p) the budgeted Carried Forward Capital Expenditure to 2013/2014 - as set out in Section 5 of the Annual Budget be approved (subject to final confirmation of unexpended balances after the City's final 2012/2013 financial accounts are completed);
- (q) the Reserve Fund transfers for the financial Year ending 30 June 2014 as set out in Section 6 of the Annual Budget be approved;
- (r) the Schedule of Fees and Charges as set out in the Fees & Charges Schedule accompanying the Annual Budget for the year ending 30 June 2014 be adopted;
- (s) the effective date for all items detailed in the 2013/2014 Schedule of Fees & Charges is 16 July 2013 (immediately after budget adoption day).
- (t) an Incentive Scheme to encourage early payments of rates shall be operated under the following conditions:
  - (i) This competition is open to all ratepayers of the City of South Perth
    - (A) who pay in full all outstanding rate amounts by **28 August 2013**,
    - (B) if the ratepayer is a registered entitled pensioner claiming the government subsidy, pay any arrears and 50% of the current year's rates by **28 August 2013** (previously deferred amounts excluded);
  - (ii) ratepayers who comply with part (t)(i) will be automatically entered in the prize draw.

**CARRIED BY REQUIRED ABSOLUTE MAJORITY (9/0)**

### **Amended Motion – Councillor Trent**

An amended motion was moved by Councillor Trent.

That the Officer's recommendation be amended as follows:

- (c) That the following rubbish service charges be applied for the year ending 30 June 2014
  - (i) A standard Rubbish Service Charge of \$250.00 be levied;
  - (ii) A non-rateable property Rubbish Service Charge of \$300.00 be levied;
  - (iii) A commercial (1,100 L Bin) Rubbish Service Charge of \$1,250.00 be levied.

This motion lapsed for want of a seconder.

**LAPSED**

## 8.1 Adoption of the 2013/2014 Annual Budget

### Background

The preparation of the Annual Budget is both a statutory requirement of the Local Government Act and a responsible financial management practice. The development of the budget has been persuasively influenced by the City's Strategic Plan, Corporate Plan and the financial parameters of its Long Term Financial Plan - as well as the prevailing economic climate.

The Budget document includes the Statutory Budget format with all relevant disclosures to discharge financial accountability to the community. In addition, it contains the 2013/2014 Schedule of Fees & Charges and the Summary Revenue and Expenditure Schedules relating to the Management Budget (which is the strategic overview of the City's finances).

A separate, more detailed Management Budget incorporating all line items (grouped to reflect the reporting mechanisms inherent within the organisational structure) has been prepared and will be used by the administration to responsibly and sustainably manage departmental finances on an operational level throughout the next year.

### Comment

From the generation of the initial strategic financial projections in October 2012 to the date of this meeting, the budget process has evolved through a number of structured stages that have provided opportunities for Council Members, the community and City staff to have involvement in the process.

The major phases of the budget development process have been:

- Development of strategic long term financial projections.
- Verifying alignment with the 'themes' that underpin the development of the Strategic Plan Corporate Plan, Budget and the (draft) Long Term Financial Plan.
- Determining the overall financial parameters for the 2013/2014 budget.
- Conducting a critical review of both operating elements and major capital projects.
- Submitting and considering capital project proposals for 2013/2014 budget.
- Incorporating the outputs of community forums / engagement processes and Council Member workshops during the year into our forward financial planning.
- Reviewing the draft strategic financial projections to validate the sustainability of the proposed financial model.
- Reviewing the Fees & Charges Schedule for the upcoming year.
- Preparing a Suggested Budget for consideration by officers and validating its alignment with the Long Term Financial Plan and Corporate Plan.
- Determining the final capital projects list for inclusion in the 2013/2014 budget using the inputs from asset management models and previous Council determinations.
- Identifying the incomplete current year capital works to be carried forward into 2013/2014.
- Establishing the estimated Budget Opening Position.
- Modelling the Gross Rental Values (GRV) for all properties in the City.
- Preparing and reviewing the Draft Budget & Proposed Budget.
- Preparing the 2013/2014 Statutory Budget and supporting schedules (as presented) ready for adoption.

Throughout the budget process, a series of structured briefings have been held with Council Members and relevant City officers to ensure that information on the budget process, current economic climate and the budget itself was available to participants. This has resulted in an informed and shared understanding of the context for and



## 8.1 Adoption of the 2013/2014 Annual Budget

construction of the Budget - as well as its relationship to the Strategic Plan, Corporate Plan and the Long Term Financial Plan.

By ensuring alignment with the City's strategic direction and its agreed strategic financial themes, competing organisational priorities can be assessed and prioritised in a manner which maximises community benefit whilst ensuring the City's financial, social and environmental sustainability.

Discussion on some of the key elements of the 2013/2014 Annual Budget is provided below:

### **Budget Overview**

The 2013/2014 Budget provides for Total Revenue of \$73.88M - including \$25.28M of Capital Revenue (primarily \$22.85M from the strategic disposal of surplus land). Total Expenditure is \$72.59M - comprising \$38.23M of cash Operating Expenditure (Management Account format) plus \$16.39M of Capital Expenditure. It also includes non-cash items (depreciation etc) of \$17.97M.

The budget allocates \$2.08M for loan capital repayments plus planned net transfers from cash backed Reserves of \$17.82M - including transfers of \$1.99M of interest revenue back to Reserves. The remainder reflects quarantining of all land disposal proceeds as well as funding for future building works, infrastructure projects, plant items and information technology.

Along with the estimated Opening Position and the anticipated change in Accrual Items (including collection of deferred UGP debtors), this model results in a balanced budget.

### **Rates**

The proposed rates yield for 2013/2014 is \$28.30M at the initial rates strike - based on the GRVs for all rateable properties in the City. The GRVs supplied by the Valuer General's Office are used in determining our annual rates - which are calculated by multiplying those GRVs by the nominated 'Rate in the Dollar' determined by Council. A further allowance of \$0.20M is made for interim rates growth during the year.

The 2013/2014 proposed rates yield is achieved by applying a 'Rate in the Dollar' of 6.5473 cents to the property GRV (6.2350 cents in 2012/2013). This results in a 5.01% rates yield increase which sits very favourably when compared to the WALGA metropolitan indicative average of a 5.648% yield increase (as verified by peer surveys).

The rate in the dollar used by the City in 2013/2014 remains among the lowest in the last 15 years. That suggests that rates increases over the years have been due to increases in property valuations - not the Council determined rate in the dollar.

The Minimum Rate (determined to be the minimum equitable cost of servicing lots within the district) increases to \$825.00 in 2013/2014. Approximately 2,269 properties (11.6%) are expected to be minimum rated this year. This is consistent with the proportion last year and is well below the threshold of 50% allowable under the Local Government Act.

All current Pensioner and Senior concessions will continue to apply. Eligible Pensioners will benefit from a rebate of up to 50% on their rates. Seniors entitlements are capped at \$269.94 which is a bigger concession than last year's

## 8.1 Adoption of the 2013/2014 Annual Budget

\$264.65. Instalment payment options will attract a \$10.00 administration fee (per instalment) and pre-interest charges of 5.5%.

Penalty interest of 11% (as provided for by the Local Government Financial Management Regulations) will be applied to amounts outstanding beyond the due date. Benchmarking against our metropolitan local government peers provides convincing evidence that the City's rating strategy is achieving its objective of being rate competitive relative to its local government peers.

### **Rubbish Charges**

The cost of a standard domestic rubbish service will be increased from \$230.00 to \$240.00 for 2013/2014. The City's rubbish service charge continues to be set at a modest level given the escalations in the costs of landfill site entry fees and fuel as a consequence of the introduction of the carbon tax from 1 July 2012. Both elements are key components of waste management costs. The majority of metropolitan local governments charge a rubbish service levy of between \$230.00 and \$320.00. All non-rateable properties will incur a standard rubbish charge of \$330.00 per service and commercial services (1,100 litres) will incur a \$1,200.00 charge.

The rubbish service charge reflects the principles of full cost recovery. In the past, the City has also faced the challenge of building funds to support a future investment in an alternative waste treatment technology facility. However recent innovations in waste treatment technologies - and the likelihood that the City will become a paying customer at such a waste facility rather than an investor, mean that we no longer have to raise this component of the rubbish service levy. This results in a smaller increase in the rubbish service charge than would otherwise have been required.

Resident ratepayers will continue to receive two green-waste and one general waste pass to the Transfer Station. These will form part of the Rates Notice rather than being separate passes. Two bulk kerbside rubbish collections funded by the City will again be provided to ratepayers this year.

### **Combined Rates & Charges Increase**

Overall, the combined increase in Council determined property costs (rates and rubbish charge) for a typical (average) property in the City will be 4.91% or \$1.71 per week. Minimum rated properties will experience a combined increase of 4.93% or \$1.08 per week.

### **Emergency Services Levy (ESL)**

The State Government ESL charge will again appear on all local government rate notices in 2013/2014. This charge will be calculated based on the GRVs supplied to the City using a rate nominated by the Fire & Emergency Services Authority. The ESL rate has been determined to be 1.27 cents in the dollar (a 6.7% increase in this state charge). FESA has indicated that the levy will be capped at \$310.00 for vacant residential land and all other properties in 2013/2014. This charge is outside the control of local governments, is set by the State Government and is not retained as revenue by the City.

All monies collected from residents of the City which relate to the ESL must be remitted to the Fire & Emergency Services Authority (FESA). This has cash flow implications for the City in respect to people paying by instalments as the ESL must be treated as a 'priority creditor'. However, the effects of this have been mitigated as the City has signed an agreement to pay FESA in pre-determined quarterly amounts rather than paying monthly based on actual collections. This payment model has a less dramatic impact on the City's cash flow in the earlier part of the year.

### **Employee Costs**

Employee salary and wage costs are \$18.19M for the year - including the expected impact of the City's EBA, award increases, statutory superannuation contributions and new approved positions.

Whilst this represents an increase over the previous year's level, it remains well within the acceptable industry benchmark levels for the Employee Costs / Rates Ratio. As part of a prudent management strategy, accrued employee entitlements under relevant awards (annual leave and long service leave) for all employees are fully funded and supported by cash-backed investments.

The budget provides for a total of 229.5FTE (full time equivalent) positions made up of 187 full time employees and an additional 78 part time employees. This is compared to 228.9 FTE approved positions in the previous year.

The budget includes one new (approved) staff position totalling 0.5 FTE. The new position is a Consultation Officer. There have also been some minor amendments to roster levels in several other areas to ensure that desired service levels and customer responsiveness standards can be achieved.

### **Council Member Entitlements**

Entitlements for Council Members for 2013/2014 are to be adjusted in accordance with the recent Salaries & Allowances Tribunal determination which makes allowance for Meeting Fees of a maximum of \$22,000 per Council Member and \$29,500 for the Mayor for Councils classified within the SAT Band 2 classification. Council Member Entitlements will also include (for all members), the permitted Communications & Technology allowance of \$3,500 to assist members in effectively communicating with their electorate.

The Salaries & Allowances determination also allows for a Mayoral Local Government Allowance of a maximum of \$60,000 and a Deputy Mayoral Allowance of 25% of the mayoral amount. The budget makes a prudent allocation for the changed fees - but the determination of their exact quantum will be the subject of a separate report to Council at the July meeting round.

### **Other Expenditure attributed to Council Members**

In addition to funding allocations for Council Members for the relevant professional insurances, professional subscriptions, election expenses and training and conferences, there is an allocation that is made by applying activity based costing principles for corporate overheads to the Council Members area.

This allocation covers the costs associated with:

- Officer time in researching, preparing and presenting reports and briefings to Council.
- Attending and recording minutes at Council meetings and briefings.
- A portion of the operating costs for the Council building.
- Technology support services.
- Administrative support services.

### **Loan Borrowings**

No new City loan borrowings will occur in 2013/2014. However, the budget reflects the City's intent to support a self-supporting loan application for the South Perth Bowling Club this budget year.

## 8.1 Adoption of the 2013/2014 Annual Budget

The City's only role in relation to self-supporting loans for community / sporting groups is to act as a guarantor for the loan. There is no impost on ratepayers to service the loans - as all repayments of loan principal and interest are met by the beneficiary community / sporting groups.

All borrowings will be undertaken in accordance with Section 6.20 of the Local Govt Act and Council Policy P604 - Use of Debt as a Funding Option. Loans are undertaken at competitive rates from WA Treasury Corporation who have worked directly with senior Financial Services staff to determine the most advantageous funding arrangements.

Proposed loan borrowings for 2013/2014 are:

Loan 228        \$80,000 for South Perth Bowling Club  
                  15 Year term - all monthly repayments met from club funds

All borrowings are secured against the general revenue of the City - but this new loan will not involve any direct draw on City funds. Gross loan capital repayments on all loans (including self-supporting loans to community groups) are disclosed in the Budget - but as noted above all self-supporting loans are reimbursed to the City by the beneficiary community organisations.

### **Fees & Charges Schedule**

The attached Fees & Charges Schedule reflects a responsible assessment of the costs of providing services to our community whilst recognising community service obligations. As appropriate, the fee schedule recognises fees determined on a variety of fee bases:

- Full cost recovery
- Benchmarked / reference pricing
- Statutory fees
- Partial recovery - based on community service obligations

Where fees are determined in accordance with statutory limits, the City's practice is that it will always adopt the maximum allowable fee at the time of adopting the Annual Budget and related Fees & Charges Schedule. In the event that the statutory fee is adjusted upwards after the budget is adopted, the City's practice will be to immediately advertise the increased fee structure and to implement the revised statutory fee basis as soon as the statutory fee advertising requirements have been completed.

The effective date for all fees contained within the 2013/2014 Schedule of Fees & Charges (provided as **Attachment 8.1(b)**) will be 16 July 2013.

### **CPV Maintenance Fees**

The impact of the concerted efforts of the City's executive and the positive and responsible support of the Collier Park Residents Committee have been reflected in effective containment of the operating loss for Collier Park Village over the last few years. The Budget currently anticipates that the operating result for 2013/2014 will be an estimated operating loss of \$122,623. However, this result will be dependent on the effective management of maintenance costs, grounds maintenance and costs for utilities.

Following discussion with a representative of the Collier Park Residents Committee in June about reducing the expanding operational deficit, agreement was reached that the Monthly Maintenance Fee for the Collier Park Village remain at \$325.00 per

## 8.1 Adoption of the 2013/2014 Annual Budget

month for the July to September 2013 period (inclusive) - before increasing to the figure of \$350.00 per month thereafter for the remainder of the financial year.

The three month moratorium on the fee increase is consistent with the process adopted last year to allow time to implement the alternative payment method that allows the residents to pay a lesser amount in cash each month - and have the remaining amount deducted each month from the refundable monies held on their behalf by the City in the Collier Park Village Residents Loan Offset Reserve.

This year, there will be 3 different pricing arrangements available to CPV residents:

- Payment in cash in full of \$350 per month.
- Payment in cash of \$250 per month and have the remaining \$100 deducted from Refundable Monies held in the CPV Residents Offset Reserve.
- Payment in cash of \$225 per month and have the remaining \$125 deducted from Refundable Monies held in the CPV Residents Offset Reserve.

Financial modelling indicates that this approach continues to be financially sustainable and will not compromise the Collier Park Village Reserve in the long term. However, more importantly it offers CPV residents the flexibility to manage their day to day finances in the way that best suits them. Option 3 above effectively means that on a cash flow basis, the resident is in exactly the same net cash position as they enjoyed for the 2012/2013 year.

The budget also includes an operating subsidy of approximately \$393,681 to the Collier Park Hostel in 2013/2014 (\$386,596 projected for previous year). This would be met from the accumulated balance of the Collier Park Hostel Capital Reserve.

This amount does not include capital costs and refurbishments that will also have to be funded from the accumulated balance of the Collier Park Hostel Capital Reserve.

The budget has been developed on the assumption of the status quo prevailing in relation to the operations of the Hostel for 2013/2014.

### **Reserve Funds**

The City anticipates that the balance of its cash backed Reserves will increase by \$17.82M in net terms over the year - after reinvesting some \$1.99M worth of interest revenue back to the cash backed reserves. The increase in the Reserves balance represents a planned accumulation of cash backed reserves from strategic land disposals and funding for future building projects, infrastructure, plant & equipment and technology to avoid the dramatic fluctuations in rates that would otherwise occur in the individual years that those projects occurred. Some previously accumulated cash reserves will also be drawn down during the year as part of a prudent and sustainable financial management approach - resulting in a strengthening of the City's overall financial position.

The major component of the proposed movement in cash backed reserves is the transfer of all net proceeds realised from strategic land disposals into the Asset Enhancement Reserve. These funds are integral parts of the funding model for a number of major discretionary projects planned in future years including the Manning Community Hub, EJ Oval Precinct Upgrade and George Burnett Leisure Centre Expansion.

Cash backed reserves are expected to have a balance of \$53.62M at 30 June 2014 - including those quarantined for the purposes of the Collier Park Retirement Complex, Golf Course and Waste Management. Quarantined Reserves make up 49%

## 8.1 Adoption of the 2013/2014 Annual Budget

(\$26.64M) worth of this amount and the remaining 51% (\$26.98M) relates to Discretionary City Reserve Funds.

### **Capital Program**

A Capital Expenditure program of some \$16.39M is proposed for 2013/2014 - including an allocation of up to \$2.85M for the first tranche of funding associated with the Manning Community Facility project - although the majority of this project is funded in the subsequent year.

Incomplete capital works (and related funding) with an estimated value of approximately \$1.76M will be carried forward for inclusion in the 2013/2014 Budget. Details of projects making up the 2013/2014 capital program (and the likely carry forward works) are contained in **Attachment 8.1(a)** to this report. The final balances of these carried forward items will be validated after the close off of the 2012/2013 accounts.

### **Statutory Budget**

The Statutory Budget is prepared in accordance with all relevant professional accounting pronouncements. It follows a similar format to the 2012/2013 budget and contains a number of specified schedules including:

- Comprehensive Income Statement:
- Rate Setting Statement
- Statement of Cash-Flows
- Notes to and forming part of the Budget
- Schedule of Fees & Charges
- Schedule of Capital Projects
- Schedule of Carry Forward Projects

The key features of each of these elements of the budget are:

1. A Statement of Comprehensive Income prepared in accordance with the relevant accounting standards. This statement summarises revenues and recurrent expenditures - classified according to specified local government programs and also discloses them by nature and type.
2. A Rate Setting Statement which consolidates all elements of the budget into the following categories:
  - Funding

All sources except Land Sales, Capital Grants & Rates	\$	20.43M
Strategic Land Asset Sales	\$	23.15M
Grants for the Acquisition of Assets	\$	1.81M
Loan Borrowings - City	\$	0.00M
Transfers from Cash Backed Reserves	\$	12.01M
Opening Funds (Net of Funds associated with Carry Forward Items)	\$	0.58M
Accrual Funding Movements	\$	0.01M
Closing Funds	\$	(0.75M)
<b>Total Funding excluding Rates</b>	<b>\$</b>	<b>57.25M</b>

## 8.1 Adoption of the 2013/2014 Annual Budget

- Expenditure

Operating Expenditure	\$ 58.23M
Less Non-Cash Items	\$ (17.97M)
Capital Expenditure (classified as per statutory principles)	\$ 14.35M
Transfers to Cash Backed Reserves	\$ 29.79M
Less Net Transfers to CPV / CPH Refundable Reserves	\$ (0.50M)
Loan Principal Repayments from City Funds	\$ 1.85M
<b>Total Expenditure</b>	<b>\$ 85.75M</b>

The difference between the total expenditures and funding from all sources other than rates is the amount that the City is required to raise from rates (\$28.50M) to produce a balanced budget in the 2013/2014 year. The Rate Setting Statement demonstrates the full impact of the Budget to the community.

3. A Statement of Cash-Flows which recognises the cash inflows from operating, investment and government sources as well as the outflow of cash on operating and investment items. It also indicates the impact which the timing of these items might have on the organisation's financial liquidity during the year.
4. A Schedule of Fees & Charges which details the fees in force for City services and use of City facilities. Fees are based on either full cost recovery, partial cost recovery, statutory fees or reference (benchmark) pricing.

### Consultation

In developing the budget, the City has given due consideration to submissions made in relation to the Community Visioning Process, previous Strategic Financial Plans, Council Member and community feedback received by the City through various forums and consultation exercises throughout the year and, in particular, the prevailing economic climate.

### Policy and Legislative Implications

The development of the Annual Budget has been conducted in accordance with the City's Policy P601- Long Term Financial Plan & Annual Budget Preparation and Policy P604 - Use of Debt as a Funding Option.

All relevant legislative provisions of Part 6 of the Local Government Act have been met - and the budget document itself is consistent with the requirements of the Local Government Financial Management Regulations.

### Financial Implications

The financial implications of adopting the 2013/2014 Budget are as disclosed in **Attachments 8.1(a) and 8.1(b)** of this report. The budget document is consistent with the financial parameters established for 2013/2014 in the Long Term Financial Plan 2013 - 2023.

### Strategic Implications

This report deals with matters of sustainable financial management which directly relate to the key result area of Governance identified in the City's Strategic Plan - 'To ensure that the City's governance enables it to respond to the community's vision and deliver on its promises in a sustainable manner'.

## **8.1 Adoption of the 2013/2014 Annual Budget**

### **Sustainability Implications**

This report embraces all three dimensions of sustainability - although its primary emphasis is on prudent and responsible financial management that addresses the financial aspect of sustainability. It promotes accountability for resource use through a critical evaluation of proposed funding options and expenditures. Furthermore, through the City exercising disciplined financial management practices and responsible forward financial planning, we can ensure that the consequences of our financial decisions are sustainable into the future.



## **9. CLOSURE**

The Chief Executive Officer commended the Director, Financial and Information Services and his team for the significant work put into the preparation of the 2013-2014 Annual Budget. The Deputy Mayor endorsed this commendation.

The Deputy Mayor closed the meeting at 5.45 pm.

## DISCLAIMER

The City advises that comments recorded represent the views of the person making them and should not in any way be interpreted as representing the views of Council. The minutes are a confirmation as to the nature of comments made and provide no endorsement of such comments. Most importantly, the comments included as dot points are not purported to be a complete record of all comments made during the course of debate. Persons relying on the minutes are expressly advised that the summary of comments provided in those minutes do not reflect and should not be taken to reflect the view of the Council. The City makes no warranty as to the veracity or accuracy of the individual opinions expressed and recorded therein.

These Minutes were confirmed at a meeting on 27 August 2013.

Signed \_\_\_\_\_

Chairperson at the meeting at which the Minutes were confirmed.

## 10. RECORD OF VOTING

16/07/2013 5:43:00 PM

### **Item 8.1 – Adoption of the 2013-2014 Annual Budget**

Motion Passed 9/0

Yes: Cr Kevin Trent, Cr Ian Hasleby, Cr Bill Gleeson, Cr Chris McMullen, Cr Fiona Reid, Cr Betty Skinner, Cr Rob Grayden, Cr Peter Howat, Cr Colin Cala.

Absent: Mayor Sue Doherty, Cr Veronica Lawrance, Cr Glenn Cridland, Cr Hawkins Zeeb