

AGENDA

Special Council Meeting

14 July 2014

Notice of Meeting

To: The Mayor and Councillors

A Special Meeting of Council has been called for the purpose of:

- Adopting the 2014/2015 Budget

The meeting will be held in the Council Chamber at the Administration Offices, Sandgate Street, South Perth on Monday 14 July 2014 commencing at 5.30pm.



CLIFF FREWING
CHIEF EXECUTIVE OFFICER
10 July 2014

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**

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.

- **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 19.9km² divided into four 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/

Contents

1. DECLARATION OF OPENING	4
2. DISCLAIMER	4
3. ANNOUNCEMENTS FROM THE PRESIDING MEMBER	4
3.1 AUDIO RECORDING OF COUNCIL MEETING	4
4. ATTENDANCE	4
4.1 APOLOGIES	4
4.2 APPROVED LEAVE OF ABSENCE	4
5. DECLARATIONS OF INTEREST	4
6. PUBLIC QUESTION TIME (<i>in relation to Item 9</i>)	4
7. DEPUTATIONS (<i>in relation to Item 9</i>)	4
8. APPLICATIONS OF LEAVE OF ABSENCE	4
9. REPORTS	5
9.1 ADOPTION OF 2014/2015 ANNUAL BUDGET AND FEES & CHARGES	5
10. CLOSURE	14
11. RECORD OF VOTING	14

Special Council Meeting Agenda

1. DECLARATION OF OPENING

The Mayor to open the meeting

2. DISCLAIMER

The Chairperson to read the City's Disclaimer

3. ANNOUNCEMENTS FROM THE PRESIDING MEMBER

3.1 AUDIO RECORDING OF COUNCIL MEETING

4. ATTENDANCE

4.1 APOLOGIES

4.2 APPROVED LEAVE OF ABSENCE

5. DECLARATIONS 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.

6. PUBLIC QUESTION TIME (IN RELATION TO ITEM 9)

7. DEPUTATIONS (IN RELATION TO ITEM 9)

8. APPLICATIONS OF LEAVE OF ABSENCE

- Cr G Cridland requests a Leave of Absence from 12 July 2014 to 16 July 2014 inclusive (*note: this application was inadvertently omitted from the Special Council Meeting of 8 July 2014 so must be considered retrospectively*).

9. REPORTS

9.1 ADOPTION OF 2014/2015 ANNUAL BUDGET AND FEES & CHARGES

Location:	City of South Perth
Applicant:	Council
File Ref:	FM/301
Date:	06 July 2014
Authors:	Michael J Kent, Director Financial and Information Services
Reporting Officer:	Michael J Kent, Director Financial and Information Services

Summary

This report presents the 2014/2015 Annual Budget, as circulated, for adoption by Council.

Officer Recommendation

That...

- (a) a General Rate in the Dollar of 6.0700 cents is applied to the GRV of all rateable property within the City for the year ending 30 June 2015;
- (b) a Minimum Rate of \$875.00 be set for the year ending 30 June 2015 notwithstanding the General Rate set out in part (a) above;
- (c) the following rubbish service charges be applied for the year ending 30 June 2015:
 - (i) a standard Rubbish Service Charge of \$252.00;
 - (ii) a non-rateable property Rubbish Service Charge of \$346.00;
 - (iii) a standard 1,100 litre bin Rubbish Service Charge of \$1,260.00;
 - (iv) a non rateable 1,100 litre bin Rubbish Service Charge of \$1,730.00;
- (d) a Swimming Pool Inspection Fee of \$26.50 be levied for the year ending 30 June 2015;
- (e) the following dates be set for payment of rates by instalments:

First instalment	20 August 2014
Second instalment	05 November 2014
Third instalment	14 January 2015
Fourth instalment	11 March 2015
- (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;
- (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 \$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 July 2014 to September 2014 inclusive;
- (l) a Monthly Maintenance Fee of \$365.00 (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 2014 to June 2015 inclusive;
- (m) the Statutory Annual Budget for the year ending 30 June 2015 comprising Sections 1 & 2 of the 2014/2015 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted;

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

- (n) the Management Account Summary Budget Schedules for the financial year ending 30 June 2015 as set out in Section 3 of the Annual Budget be endorsed;
- (o) The Capital Expenditure Budget for the financial year ending 30 June 2015 as set out in Section 4 of the Annual Budget is adopted;
- (p) the budgeted Carried Forward Capital Expenditure to 2014/2015 - as set out in Section 5 of the Annual Budget be approved (subject to final confirmation of unexpended balances after the City's final 2013/2014 financial accounts are completed);
- (q) the Reserve Fund transfers for the financial Year ending 30 June 2015 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 2015 be adopted;
- (s) the effective date for all items detailed in the 2014/2015 Schedule of Fees & Charges is 14 July 2014 (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 27 August 2014,
 - (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 27 August 2014 (previously deferred amounts excluded);
 - (ii) ratepayers who comply with part (t)(i) will be automatically entered in the prize draw.

*An Absolute Majority is Required

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 2014/2015 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 December 2013 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 Long Term Financial Plan.
- Determining the overall financial parameters for the 2014/2015 budget.
- Conducting a critical review of both operating elements and major capital projects.
- Submitting and considering capital project proposals for 2014/2015 budget.
- Incorporating the outputs of community forums / engagement processes and Council Member workshops during the year into our forward financial planning.

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

- 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 2014/2015 budget using the inputs from asset management models and previous Council determinations.
- Identifying the incomplete current year capital works to be carried forward into 2014/2015.
- 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 2014/2015 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 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 2014/2015 Annual Budget is provided below:

Budget Overview

The 2014/2015 Budget provides for Total Revenue of \$74.92M - including \$24.41M of Capital Revenue (primarily \$22.85M from the strategic disposal of surplus land). Total Expenditure is \$83.78M - comprising \$39.74M of cash Operating Expenditure (Management Account format) plus \$28.35M of Capital Expenditure. It also includes non-cash items (depreciation & asset carrying amount) of \$15.69M.

The budget allocates \$1.63M for loan capital repayments plus planned net transfers to cash backed Reserves of \$3.33M - including transfers of \$1.49M of interest revenue back to Reserves. The remainder reflects the net impact of quarantining all land disposal proceeds as well as providing funding from Reserves for major 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 budget that delivers a surplus that meets benchmarks for relevant financial ratios and sets the City up for future financial sustainability.

Rates

The proposed rates yield for 2014/2015 is \$31.00M 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 (VGO) 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 \$0.10M is made for interim rates growth during the year.

2014/2015 is the year of the triennial revaluation in the gross rental values (GRV) of all properties in the city. GRV is an independent determination of the likely annual return on a property after deduction of rates and land taxes. For example a property assessed as having a GRV of \$26,000 would reflect the assessed rental return after rates and taxes being \$500 per week.

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

The Valuer General's Office has provided a new GRV for every property in the City as at 1 July 2014. The City is obliged to use these values to determine the 2014/2015 rates.

As a consequence of the triennial revaluation of GRVs, the aggregate GRV in the City increased by some 16.7% from \$435M to \$537M - although this increase was not evenly distributed either by property type or by suburb (or even by street). The GRV of a small number of properties decreased, some increased modestly and others more substantially.

The City undertook a comprehensive rates modelling exercise to examine the various rating options to determine which rating strategy would put the largest number of City of South Perth ratepayers in the most advantaged (or least disadvantaged) position.

As a consequence, the City is proposing to reduce the 'Rate in the Dollar' that it applies to the Gross Rental Value of each property from 6.5473 cents in 2013/2014 to 6.0700 cents in the dollar in 2014/2015. The City will apply this rate in the dollar to the Gross Rental Valuations (GRV) as supplied by the VGO to each property in the City.

It is important to note, the rate in the dollar of 6.0700 cents is the third lowest to be levied by the City at any time since 1997 - providing conclusive evidence that increases in rates over the last 17 years have been driven largely by increases in property valuations (and GRVs) rather than as a result of Council decisions on rates. Changes in the rate in the dollar charged by the City over the years- recent downwards movements in that rate in the dollar is clearly demonstrated in the Rates edition of the Peninsula newsletter which accompanies the annual rates notice.

The combined impact of the increase in charges (rates, rubbish & ESL) for an 'average property' in the city (having a GRV of 25,749) compared to 2013/2014 is 6.96% or \$2.63 per week. The combined increase for minimum rated properties is 5.08% or \$1.20 per week. To place this in context, GRVs increased overall by 16.7% - but not consistently across the City.

As a consequence of the triennial revaluation of GRVs (and inconsistencies in the Valuer General's assessment of the change in GRVs across the City, some 9% of our ratepayers will actually experience a decrease in rates, a further 21% will get an increase of less than 5% and another 30% experience an increase of between 5% and 10%.

The Minimum Rate (determined to be the minimum equitable cost of servicing lots within the district) increases to \$875.00 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 \$276.42 which is a bigger concession than last year's \$269.94. 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 \$240.00 to \$252.00 for 2013/2014. The City's rubbish service charge continues to be set at a modest level given the increased state government levy which has added more than \$270,000 to the City's waste management costs as well as escalations in the costs of landfill site entry fees and fuel as a consequence of the introduction of the carbon tax. All of these elements are key components of waste management costs.

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

The majority of metropolitan local governments charge a standard rubbish service levy of between \$250.00 and \$320.00. All non-rateable properties will incur a standard rubbish charge of \$346.00 per service and commercial services (1,100 litres) for rateable properties will incur a \$1,260.00 charge whilst non rateable ones will incur a \$1,730.00 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.

Emergency Services Levy (ESL)

The State Government ESL charge will again appear on all local government rate notices in 2014/2015. 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 1.112 cents in the dollar. FESA has indicated that the levy will be capped at \$330.00 for vacant residential land and all other properties in 2014/2015. 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 \$17.51M for the year - including the expected impact of the City's EBA, award increases, statutory superannuation contributions and new approved positions.

This represents a decrease against the previous year's level, but the 2014/2015 budget included \$1.20M relating to staff costs at the aged care hostel which is now closed. The current year cost ratio 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 212.9FTE (full time equivalent) positions made up of 188 full time employees and an additional 75 part time employees. This is compared to 229.5FTE approved positions in the previous year (the decrease relates to the removal of 16.5FTE from the hostel).

Council Member Entitlements

Entitlements for Council Members for 2014/2015 are adjusted in accordance with the 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.

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

The Salaries & Allowances determination also allows for a Local Government Mayoral 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 was the subject of a separate report to Council at the May meeting round.

Other Expenditure attributed to Council Members

In addition to funding allocations for Council Members for the relevant professional insurances, professional subscriptions and training / conferences, an allocation 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 2014/2015. However, the budget reflects the City's intent to support a self-supporting loan application for the South Perth Bowling Club this budget year.

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 Government 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 2014/2015 are:

Loan 230 - \$100,000 for South Perth Bowling Club

15 Year term - all 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.

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

The effective date for all fees contained within the 2014/2015 Schedule of Fees & Charges (provided as a separate **Attachment 9.1(b)** for the 2014/2015 budget) will be 15 July 2014 (immediately following the Budget Adoption Meeting).

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 2014/2015 will be an estimated operating loss of \$328,873 (2013/2014 was \$267,976). 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 about managing the expanding operational deficit, agreement was reached that the Monthly Maintenance Fee for the Collier Park Village remain at \$350.00 per month for the July to September 2014 period (inclusive) - before increasing to the figure of \$365.00 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 \$365 per month.
- Payment in cash of \$265 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 \$140 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 2013/2014 year.

Reserve Funds

The City anticipates that the balance of its cash backed Reserves will increase by \$3.33M in net terms over the year - after reinvesting some \$1.49M worth of interest revenue back to the cash backed reserves. The increase in the Reserves balance represents the result of a planned accumulation of cash backed reserves from strategic land disposals to provide funding for future building projects, infrastructure, plant & equipment and technology acquisitions 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 be drawn down during the year - particularly in relation to the construction of major community facilities 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 and the transfer back out of these funds to major discretionary community projects planned to occur in the 2014/2015 year (including the Manning Community Hub, EJ Oval Precinct Upgrade, River Walls & Promenade) and George Burnett Leisure Centre Expansion in future years.

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

Cash backed reserves are expected to have a balance of \$39.56M at 30 June 2015 - including those quarantined for the purposes of the Collier Park Retirement Complex, Golf Course and Waste Management.

Quarantined Reserves make up 66% (\$26.12M) worth of this amount and the remaining 34% (\$13.44M) relates to Discretionary City Reserve Funds.

Capital Program

The City will undertake its largest ever Capital Expenditure program of \$28.35M in 2014/2015. This includes an allocation of \$12.20M for the Manning Community Facility project - with the remainder of this project funded in the subsequent year. It also includes \$3.00M towards the commencement of the EJ Oval Precinct Upgrade and \$3.25M for river wall upgrades and the SJMP foreshore promenade. The program also includes \$7.53M of infrastructure renewals.

Incomplete capital works (and related funding) with an estimated value of approximately \$1.99M will be carried forward for inclusion in the 2014/2015 Budget. Details of projects making up the 2014/2015 capital program (and the likely carry forward works) are contained in **Attachment 9.1(a)** to this report. The final balances of these carried forward items will be validated after the close off of the 2013/2014 accounts.

Statutory Budget

The Statutory Budget is prepared in accordance with all relevant professional accounting pronouncements. Its format has been enhanced since the 2013/2014 budget. It contains all statutory statements and supporting schedules including:

- Comprehensive Income Statement
- Comprehensive Income Statement by Nature & Type Classification
- Rate Setting Statement
- Schedule of General Purpose Funding
- Projected Statement of Financial Position (Extract)
- 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	19.502M
Strategic Land Asset Sales	23.223M
Grants for the Acquisition of Assets	0.963M
Loan Borrowings - City	0.000M
Loan Borrowings - Self Supporting Loans (SSL)	0.100M
Transfers from Cash Backed Reserves	26.329M
Opening Position - (Includes \$1.991M for Carry Forward Items)	2.865M
Closing Funds - Will reduce by \$1.991M after Carry Forwards	(6.330M)
Total Funding excluding Rates	\$ 66.652M

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

• Expenditure

Operating Expenditure	53.598M
Less Non-Cash Items	(11,993M)
Capital Expenditure (classified as per statutory principles)	26.363M
Transfers to Cash Backed Reserves	29.662M
Less Net Reserve Transfers not via Income Statement	(1.350M)
Loan Principal Repayments from City Funds (Net of SSL)	1.380M
Self-Supporting Loans (SSL) Advanced	0.100M
Total Expenditure	\$ 97.760M

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 (\$31.108M) to produce a balanced budget in the 2014/2015 year. The Rate Setting Statement demonstrates the full impact of the Budget to the community.

3. Schedule of General Purpose Funding which shows the revenue and expenditure components relating to the General Purpose Funding Program.
4. A projected Statement of Financial Position (extract) showing the calculation of the Budget Opening Position & Budget Closing Position.
5. 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.
6. 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 2014/2015 Budget are as disclosed in **Attachment 9.1(a)** of this report. The budget document is consistent with the financial parameters established for the 2014/2015 year in the Long Term Financial Plan 2014/2015 - 2023/2024.

9.1 Adoption of 2014/2015 Annual Budget and Fees & Charges

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'***.

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.

10. CLOSURE

11. RECORD OF VOTING