

AGENDA.

Special Council Meeting

10 July 2017

Notice of Meeting

Mayor and Councillors

The next Special Council Meeting of the City of South Perth Council will be held on Monday 10 July 2017 in the City of South Perth Council Chamber, Cnr Sandgate Street and South Terrace, South Perth commencing at 6.00pm.

The purpose of the meeting is to consider:

- Item 7.3.1 Proposed Change of Use & Other Amendments to Approved 35 Storey Mixed Use Development – Lots 2 – 20 (No. 74) Mill Point Road, South Perth
- Item 7.6.1 Adoption of the 2017/2018 Annual Budget



GEOFF GLASS
CHIEF EXECUTIVE OFFICER

7 July 2017

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 Council Meetings are held at 7.00pm 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 meetings of Council and its Committees 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. **ANNOUNCEMENTS FROM THE PRESIDING MEMBER** 4
 - 2.1 **STANDING ORDERS LOCAL LAW 2007** 4
 - 2.2 **AUDIO RECORDING OF THE COUNCIL MEETING** 4
- 3. **ATTENDANCE** 4
 - 3.1 **APOLOGIES** 4
 - 3.2 **APPROVED LEAVE OF ABSENCE** 4
- 4. **DECLARATION OF INTERESTS** 4
- 5. **PUBLIC QUESTION TIME** 4
- 6. **DEPUTATIONS** 4
- 7. **REPORTS** 5
 - 7.3 **STRATEGIC DIRECTION 3: HOUSING AND LAND USES** 5
 - 7.3.1 **Proposed Change of Use & Other Amendments to Approved 35-Storey Mixed Use Development - Lots 2-20 (No. 74) Mill Point Road, South Perth** 5
 - 7.6 **STRATEGIC DIRECTION 6: GOVERNANCE, ADVOCACY AND CORPORATE MANAGEMENT** 7
 - 7.6.1 **Adoption of the 2017/2018 Annual Budget** 7
- 8. **CLOSURE** 13



Special Council Meeting - Agenda

1. DECLARATION OF OPENING

2. ANNOUNCEMENTS FROM THE PRESIDING MEMBER

2.1 STANDING ORDERS LOCAL LAW 2007

This meeting is held in accordance with the City's Standing Orders Local Law 2007 which provides rules and guidelines that apply to the conduct of Council meetings.

2.2 AUDIO RECORDING OF THE COUNCIL MEETING

This meeting will be audio recorded in accordance with Council Policy P673 'Audio Recording of Council Meetings' and Clause 6.15 of the Standing Orders Local Law 2007 'Recording of Proceedings'.

3. ATTENDANCE

3.1 APOLOGIES

3.2 APPROVED LEAVE OF ABSENCE

4. DECLARATION OF INTERESTS

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 Presiding Member any potential conflict of interest they have in a matter on the Council Agenda.

5. PUBLIC QUESTION TIME

6. DEPUTATIONS

7. REPORTS

7.3 STRATEGIC DIRECTION 3: HOUSING AND LAND USES

7.3.1 Proposed Change of Use & Other Amendments to Approved 35-Storey Mixed Use Development - Lots 2-20 (No. 74) Mill Point Road, South Perth

Location:	South Perth
Ward:	Mill Point Ward
Applicant:	Hillam Architects
File Reference:	D-17-53652
DA Lodgement Date:	3 July 2017
Meeting Date:	10 July 2017
Author(s):	Erik Dybdahl, Statutory Planning Officer
Reporting Officer (s):	Vicki Lummer, Director Development and Community Services
Strategic Direction:	Housing and Land Uses -- Accommodate the needs of a diverse and growing population
Council Strategy:	3.3 Review and establish contemporary sustainable buildings, land use and environmental design standards.

Summary

This Report seeks Council's consideration of the Responsible Authority Report (RAR) for the proposed Change of Use and other Amendments to the previously approved 35-storey mixed use development at Lots 2-20 (No. 74) Mill Point Road, South Perth.

Officer Recommendation

That Council notes the Responsible Authority Report (RAR) and supports the recommendation prepared for the Metro Central Joint Development Assessment Panel (JDAP) regarding the proposed Change of Use and other Amendments to the previously approved 35-storey mixed use development at Lots 2-20 (No. 74) Mill Point Road, South Perth.

Comment

In accordance with the Council resolution in August 2015, the final revision of Officer's RAR is attached (**Attachment (a)**) for Council to consider. The JDAP meeting for the determination of this application is scheduled to occur on 12 July 2017. The meeting is scheduled to commence at 2:00pm at the City of South Perth Council Chambers.

All Attachments referred to in the RAR also form Attachments to this report (**Attachments (b)-(o)**).

7.3.1 Proposed Change of Use & Other Amendments to Approved 35-Storey Mixed Use Development - Lots 2-20 (No. 74) Mill Point Road, South Perth

Please note the approved development was previously described as a '34 storey building plus a mezzanine level' yet the City has revised the description to avoid any confusion, the building height is unchanged as per this application and remains at 116.65 metres.

Policy and Legislative Implications

Comments have been provided elsewhere in this report, in relation to the various provisions of the Scheme, the R-Codes and Council policies, where relevant.

Strategic Implications

This matter relates to Strategic Direction 3 "Housing and Land Uses" identified within Council's Strategic Plan 2015-2025 which is expressed in the following terms:

'Accommodate the needs of a diverse and growing population'

Attachments

- 7.3.1 (a):** Responsible Authority Report - Form 2 - Lots 2-20 (No. 74) Mill Point Road, South Perth - 11.2017.143
- 7.3.1 (b):** Previous Determination Letter - 19 October 2016
- 7.3.1 (c):** Latest Development Plans (June 2017)
- 7.3.1 (d):** Applicant Covering Letter
- 7.3.1 (e):** Applicant Responses to City's Further Information Requests
- 7.3.1 (f):** Applicant's Legal Advice Regarding Application
- 7.3.1 (g):** Waste Management Plan
- 7.3.1 (h):** Traffic Impact Assessment
- 7.3.1 (i):** Traffic Report Review
- 7.3.1 (j):** Environmental Health Comment
- 7.3.1 (k):** Infrastructure Services Comment
- 7.3.1 (l):** Consultation Submission Summary
- 7.3.1 (m):** Office of the Government Architects Comments
- 7.3.1 (n):** Revised Car Parking Schedule and Summary
- 7.3.1 (o):** Revised Plot Ratio Schedule and Summary

7.6 STRATEGIC DIRECTION 6: GOVERNANCE, ADVOCACY AND CORPORATE MANAGEMENT

7.6.1 Adoption of the 2017/2018 Annual Budget

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	Council
File Ref:	D-17-52128
Date:	10 July 2017
Author:	Andre Brandis, Manager Finance
Reporting Officer:	Colin Cameron, Director Corporate Services
Strategic Direction:	Governance, Advocacy and Corporate Management -- Ensure that the City has the organisational capacity, advocacy and governance framework and systems to deliver the priorities identified in the Strategic Community Plan
Council Strategy:	6.2 Develop and maintain a robust Integrated Planning and Reporting Framework (in accordance with legislative requirements).

Summary

This report presents the 2017/2018 Annual Budget, as circulated, for adoption by Council.

Officer Recommendation

That:

- (a) a General Rate in the Dollar of 6.5563 cents is applied to the GRV of all rateable property within the City for the year ending 30 June 2018;
- (b) a Minimum Rate of \$968.20 be set for the year ending 30 June 2018 notwithstanding the General Rate set out in part (a) above;
- (c) the following rubbish service charges be applied for the year ending 30 June 2018:
 - (i) a standard Rubbish Service Charge of \$280.00;
 - (ii) a non-rateable property Rubbish Service Charge of \$386.00;
 - (ii) a standard 1,100 litre bin Rubbish Service Charge of \$1,401.00;
 - (iv) a non-rateable property 1,100 litre bin Rubbish Service Charge of \$1,931.00;
- (d) a Swimming Pool Inspection Fee of \$26.50 be levied for the year ending 30 June 2018;
- (e) the following dates be set for payment of rates by instalments:

First instalment	23 August 2017
Second instalment	08 November 2017
Third instalment	10 January 2018

Fourth instalment 14 March 2018

- (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 and 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 Underground Power (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 \$395.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period July 2017 to September 2017 inclusive;
- (l) a Monthly Maintenance Fee of \$410.00 (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 2017 to June 2018 inclusive;
- (m) the Statutory Annual Budget for the year ending 30 June 2018 comprising Sections 1 & 2 of the 2017/2018 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 2018 as set out in Section 3 of the Annual Budget be endorsed;
- (o) The Capital Expenditure Budget for the financial year ending 30 June 2018 as set out in Section 4 of the Annual Budget is adopted;
- (p) the budgeted Carried Forward Capital Expenditure for 2017/2018 - as set out in Section 5 of the Annual Budget be approved (subject to final confirmation of unexpended balances after the City's final 2016/2017 financial accounts are completed);
- (q) the Reserve Fund transfers for the financial Year ending 30 June 2018 as set out in Note 14 of the Annual Budget be approved;
- (r) the Schedule of Fees and Charges as set out in the Fees & Charges Schedule for the year ending 30 June 2018 be adopted;
- (s) the effective date for all items detailed in the 2017/2018 Schedule of Fees & Charges is 11 July 2017 (immediately after Budget adoption date).
- (t) Council adopt a definition of 'significant (material) variances' of \$10,000 or 10% (whichever is the greater) for each capital project and business unit

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 influenced by the City's Strategic Plan, Corporate Plan and the financial parameters of its Long Term Financial Plan (LTFP) - as well as the prevailing economic climate. The Annual Budget has been prepared in accordance with the requirements of Part 3 of the Local Government (Financial Management) Regulations.

Comment

The overall 2017/18 Budget context is represented by the flattening of revenue streams, against increasing costs (capital and operating expenses), being consistent with the trend occurring over the past few years, resulting in a deterioration of several key financial indicators.

The economic downturn has facilitated lower interest, planning and building revenues, as well as a number of fees and charges are fixed by state government legislation, with no indexation. In terms of expenditure, the most significant increase from the 2016/17 Budget is the depreciation expense, increasing by approximately \$1.5m to \$11.1m for 2017/18. In addition, there are a number of increases to state government charges that flow directly to local government, particularly for street lighting.

These issues are manageable, but the trend will need to be addressed in the longer term, ideally following the adoption of a new Strategic Community Plan, Corporate Business Plan, Asset Management Plan, Workforce Plan and LTFP.

In terms of Statement of Comprehensive Income - Ordinary Activities, the 2017/2018 Budget includes Revenue of \$56.45M, compared to \$55.15m in the 2016/17 Budget and Expenses of \$59.61M compared to \$55.44M in 2016/17 Budget. As mentioned above, the most significant change from the Budget adopted last year is the depreciation expense.

The Schedule Capital Projects includes \$16.96M for asset acquisitions, with the completion of EJ Oval Precinct Project (\$8.88M) representing the most significant project. In addition to the new budgeted items, the Schedule of Carried Forward Works has \$4.67M to finalise these projects. The Schedule of Capital Projects also includes Non Recurrent expenditure (projects) of \$2.62M, these also form part of the Statement of Comprehensive Income – Expenses from Ordinary Activities.

Rates

The largest revenue item is Rates, being the total of individual properties calculated by multiplying the Gross Rental Value (GRV: provided by Landgate) by the rate in the dollar (adopted by Council). GRV is an estimation of the likely

annual return on a property, for example a property with a \$26,000 GRV is equivalent to earning \$500 per week (\$500 x 52 weeks).

Landgate provide a GRV for every property, undertaking a revaluation every three years, that has occurred for the 2017/18 Budget. GRV revaluations often cause fluctuations between properties resulting in some individual properties with a higher or lower than the adopted increase, including properties where the rates are less than 2016/17. It should be noted that Landgate use data as at 1 August 2015 to determine the 1 July 2017 valuations, which may be different to what could be achieved in the current market.

Council adopt only one side of the equation (rate in the dollar) and therefore these variations are unavoidable and likely to cause concern where rate increase is significantly greater than the stated increase. Ratepayer has the option to appeal the valuation provided by Landgate within 60 days of the rates being sent out.

A 3% rate increase would require the Rate in the Dollar of 6.5563 (6.5400 cents for in 2016/2017). A rate in the dollar of 6.5563 cents would be the eighth lowest to be levied by the City at any time since 1997.

The Minimum Rate would increase to \$968.20, approximately 1,842 properties (9.13%) are expected to be minimum rated this year. Benchmarking against our metropolitan Local Government indicates the City's rating strategy is achieving its objective of being rate competitive with peers.

Rubbish Charges

The standard domestic rubbish service charge increase from \$272.00 to \$280.00, still one of the lowest of all metropolitan Local Governments. This service includes weekly rubbish pick-up, fortnightly recycling collection and two verge-side rubbish collections per year. 1,100 litre rubbish services for rateable commercial properties are \$1,401.00. Non rateable properties will pay \$386.00 per standard rubbish service and \$1,931.00 for 1,100 litre bin services.

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 green waste and one general waste bulk verge-side 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 2017/2018. 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 1.3259 cents in the dollar (1.2672 cents in 2016/2017). FESA has indicated that the levy will be capped at \$395.00 for all properties in 2017/2018. This charge is outside the control of Local Governments, is set by the State Government and is not retained as revenue by the City.

Employee Information

Aggregate salary and wage information is provided for all approved staff positions in the 2017/2018 Budget. The Annual Budget includes 230 FTE approved positions (229 FTE in 2016/2017).

Loan Borrowings

Borrowings may be considered to address the effects of inter-generational equity in relation to large community facilities where the capital expenditure occurs within a single year but the community benefit from those facilities extends for several decades. The City does not plan to undertake borrowings in the 2017/2018 year. Information is provided at Note 10 of the Statutory Budget.

Reserve Funds

Planned transfers from Reserves to the Municipal Fund in 2017/2018 are \$8.96M in net terms after re-investing some \$1.34M worth of interest revenue back to the cash backed reserves in proportion to the average balances held during the year. Cash backed reserves are expected to have a balance of \$42.49M at 30 June 2018.

The intended purposes of the various Reserves are disclosed in the Statutory Budget at Note 6 with detail of the major transfers to and from those Reserves at Note 7. The projected year end balances of each Reserve (and the aggregate movements to and from the Reserves) are disclosed in the Notes to the Statutory Budget at Note 14.

Schedules of Capital Projects and Carried Forward Works

The total Schedule of Capital Projects is \$19.58M, of which \$16.96M is for the renewal of assets or creation of new assets. The remaining \$2.62M is allocated to non-recurrent expenditures. Incomplete capital works with an estimated value of approximately \$4.67M will be carried forward for inclusion in the 2017/2018 Budget. The final balances of carried forward items will be validated after closing the 2016/2017 accounts.

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, and
- 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. The effective date for all fees contained within the 2017/2018 Schedule of Fees & Charges (provided as a

separate attachment for the 2017/2018 Budget) will be 11 July 2017 (immediately following the Budget Adoption Meeting).

CPV Maintenance Fees

The Budget currently anticipates that the operating result for 2017/2018 will be an estimated operating loss of \$202,969 (2016/2017 was \$297,912). However, this forecast result will be dependent on the effective management of maintenance costs, grounds maintenance and costs for utilities.

The three month moratorium on the fee increase is consistent with the process adopted in previous years to allow time to implement the alternative payment method that allows the residents to pay a lesser amount in cash each month, 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.

2017/18, the four different pricing arrangements available to CPV residents are:

- \$410 per month.
- \$310 per month and have the remaining \$100 deducted from Refundable Monies held in the CPV Residents Offset Reserve.
- \$300 per month and have the remaining \$110 deducted from Refundable Monies held in the CPV Residents Offset Reserve.
- \$255 per month and have the remaining **\$155** deducted from Refundable Monies held in the CPV Residents Offset Reserve.

Statutory Budget

The Statutory Budget is prepared in accordance with all relevant professional accounting pronouncements. 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
- Schedule of Rates Levied
- Projected Statement of Financial Position (Extract)
- Statement of Cash flows
- Budget Overview & Analysis
- Notes to and forming part of the Budget
- Schedule of Capital Projects
- Schedule of Carry Forward Projects
- Schedule of Fees & Charges

Monthly/Annual reporting of significant (material) variances

At the March 2017 Audit, Risk and Governance Committee the definition for the City of South Perth relating to 'significant variances' for financial management reporting was discussed. For many years Council have adopted monthly, with the financial management reports the definition of 'significant variances' as being \$5,000 or 5% of the project or line item value (whichever is the greater). Given inflationary factors over those years, as well as in comparison to similar Local Government Authorities, it was considered prudent to raise the amount and

percentage of significant (material) variances to \$10,000 or 10% (whichever is the greater) per business unit for each revenue and expenditure area, or capital project.

The Local Government (Financial Management) Regulations 1996, Regulation 34 requires a financial activity statement to be prepared each month, with Regulation 34 (5) stating: “Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances”.

Therefore it recommended that Council adopt a definition of ‘significant (material) variances’ of \$10,000 or 10% (whichever is the greater) for each capital project and business unit operating revenue and expenditure line item.

Consultation

In developing the Budget, the City has given due consideration to the Community Strategic Plan, the Long Term Financial Plan, Corporate Business Plan, Council Member and community feedback received by the City through various forums.

Policy and Legislative Implications

The development of the Annual Budget has been conducted in accordance with Local Government Act 1995 and Regulations, the City’s *Policy P601- Long Term Financial Plan & Annual Budget Preparation* and *Policy P604 - Use of Debt as a Funding Option*.

Financial Implications

The financial implications of adopting the 2017/2018 Budget are as disclosed in **Attachment (a)** of this report. The Budget document is consistent with the financial parameters established for the 2017/2018 year in the Long Term Financial Plan 2016/2017 - 2025/2026.

Strategic Implications

This report is aligned to the City’s [Strategic Community Plan 2015-2025](#).

Sustainability Implications

This report is aligned to the City’s [Sustainability Strategy 2012-2015](#).

Attachments

7.6.1 (a): 2017/18 Draft Budget

8. CLOSURE