

AGENDA.

Special Council Meeting

7 July 2020

Notice of Meeting

Mayor and Councillors

The next Special Council Meeting of the City of South Perth Council will be held on Tuesday 7 July 2020 as an eMeeting commencing at 6.00pm.

The purpose of the Meeting is to:

- Revoke the Council decision made at its meeting held 23 June 2020 in relation to Item 10.4.4 Adoption of the Annual Budget 2020/21 as the amended Council resolution created inconsistencies in its implementation
- Reconsider the Adoption of the Annual Budget 2020/21
- Consider the State Underground Power Program.



GEOFF GLASS
CHIEF EXECUTIVE OFFICER

3 July 2020

Acknowledgement of Country

Kaartdjinin Nidja Nyungar Whadjuk Boodjar Koora Nidja Djining Noonakoort kaartdijin wangkiny, maam, gnarnk and boordier Nidja Whadjul kura kura.

We acknowledge and pay our respects to the traditional custodians of this land, the Whadjuk people of the Noongar nation and their Elders past and present.

Our Guiding Values



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.

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Special Council Meeting - Agenda

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2. ANNOUNCEMENTS FROM THE PRESIDING MEMBER
3. ATTENDANCE
 - 3.1 APOLOGIES
 - 3.2 APPROVED LEAVE OF ABSENCE
4. DECLARATION OF INTERESTS
5. PUBLIC QUESTION TIME
6. DEPUTATIONS

7. REPORTS

7.4 STRATEGIC DIRECTION 4: LEADERSHIP

In accordance with Section 5.25(1)(e) of the *Local Government Act 1995* and Regulation 10 of the Local Government (Administration) Regulations 1996, the revocation motion listed below has been submitted for consideration by Council.

This revocation was submitted by Mayor Greg Milner and supported by Councillors André Brender-A-Brandis, Samantha Bradder, Carl Celedin, Ken Manolas and Stephen Russell.

7.4.1 Revocation - Mayor Greg Milner - Adoption of the Annual Budget 2020/21

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-46952
Meeting Date:	07 July 2020
Author(s):	Colin Cameron, Director Corporate Services
Reporting Officer(s):	Geoff Glass, Chief Executive Officer
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

Summary

This report is to consider a motion to revoke Council Resolution Number 0620/092 Adoption of the Annual Budget 2020/21 submitted by Mayor Greg Milner and supported by five additional Councillors.

Mayor Greg Milner Motion

That the motion passed at the Ordinary Council Meeting held 23 June 2020 concerning Adoption of the Annual Budget 2020/21 be revoked, which reads as follows:

"0620/092

Amended Substantive Motion AND COUNCIL DECISION

Moved: Councillor Glenn Cridland

Seconded: Councillor Carl Celedin

That Council adopts the Annual Budget 2020/21 for the City of South Perth which includes the following:

- a. a General Rate in the Dollar of 7.7634 cents is applied to the Gross Rental Value (GRV) of all rateable property within the City for the year ending 30 June 2021;*
- b. a Minimum Rate of \$994.00 be set for the year ending 30 June 2021 notwithstanding the General Rate set out in part (a) above;*

- c. *the following rubbish service charges be applied for the year ending 30 June 2021:*
 - i. *a standard Rubbish Service Charge of \$325.00;*
 - ii. *a non-rateable property Rubbish Service Charge of \$448.00;*
 - iii. *a standard 1,100 litre bin Rubbish Service Charge of \$1,625.00;*
 - iv. *a non-rateable property 1,100 litre bin Rubbish Service Charge of \$2,240.00;*
- d. *the Swimming Pool Inspection Fee for the year ending 30 June 2021 of \$30.00;*
- e. *the following dates be set for payment of rates by instalments:*

<i>First instalment</i>	<i>26 August 2020</i>
<i>Second instalment</i>	<i>4 November 2020</i>
<i>Third instalment</i>	<i>6 January 2021</i>
<i>Fourth instalment</i>	<i>10 March 2021</i>
- 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 1996;*
- 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 1996;*
- h. *an Interest Rate of 8% 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 1996;*
- i. *an Interest Rate of 8% be 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 1996;*
- j. *an Interest Rate of 8% be imposed on outstanding debtors in accordance with Section 6.13(1) of the Local Government Act 1995.*
- k. *a Monthly Maintenance Fee of \$440.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period from July 2020 to June 2021 inclusive;*
- l. *the Statutory Annual Budget for the year ending 30 June 2021 comprising Section 2 of the 2020/21 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted;*
- m. *the Management Account Summary Budget Schedules for the financial year ending 30 June 2021 as set out in Section 3 of the Annual Budget be endorsed;*
- n. *the Capital Expenditure Budget for the financial year ending 30 June 2021 as set out in Section 2, Note 4 of the Annual Budget is adopted;*
- o. *the Reserve Fund transfers for the financial year ending 30 June 2021 as set out in Section 2, Note 7 of the Annual Budget be approved;*

- p. the Schedule of Fees and Charges as set out in the Fees and Charges Schedule for the year ending 30 June 2021 be adopted, including State Government Statutory Fees which are still to be determined at a later date than this Report;*
- q. the effective date for all items detailed in the 2020/21 Schedule of Fees and Charges is 1 July 2020.*
- r. 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.*
- s. in addition to the measures contained within this budget, the following are the specific measures to continue the City's response to COVID-19:*
 - i. Waiver of all interest accrued on Rates, Emergency Services Levy (ESL) and Waste from 1 July 2020 to 30 September 2020, for residential and commercial properties in accordance with Policy P697 Financial Hardship Assistance;*
 - ii. Suspension of debt collection activities for the 2020/21 financial year;*
 - iii. Granting a 3 month repayment holiday, with no penalty interest, for all community group Self Supporting Loans from 1 July 2020 to 30 September 2020;*
 - iv. Waiver of club and community organisations lease and licence charges, excluding outgoings for 3 months from 1 July 2020 to 30 September 2020;*
 - v. Waiver of licence fees on a pro-rata basis for businesses affected by the WA State Government Closure and Restriction (Limit the Spread) Directions;*
 - vi. Freezing commercial property lease and licence payments for those that apply and are deemed eligible under Policy P697 Financial Hardship Assistance for a period of three months from 1 July 2020 to 30 September 2020;*
 - vii. Freezing all rent reviews for a period of three months from 1 July 2020 to 30 September 2020;*
 - viii. Provide relief in accordance with the Commercial Tenancies Code of Conduct and Policy P697 Financial Hardship Assistance;*
 - ix. Endorse the refund of all cancelled bookings at City controlled properties and facilities;*
 - x. Adopt the grant programs contained in this budget to support community sporting and cultural groups;*
 - xi. Adopt the funding for preparation of an Economic Development Plan to provide a framework for practical support to assist the recovery of the local business sector.*
- t. that the Officer's Recommendation be amended to include the following adjustments;*
 - 1. Reduce Capital Expenditure by \$1,356,000 (Summary Table, Item A)*

(\$1,561,000 increase to Municipal Funds, reduced by; \$205,000 drawn from the Community Facilities Reserve),

2. *Reduce Gross Rates Revenue by \$406,971, from \$38,361,956 to \$37,954,985 (Summary Table, Item B),*
3. *Reduce Operating Expenditure by \$126,703 (Summary Table, Item B),*
4. *Transfer \$408,729 from the Employee Entitlement Reserve to Municipal Funds (Summary Table, Item C),*
5. *Transfer \$120,000 to the Riverwall Reserve, from Municipal Funds (Summary Table, Item C) and*
6. *Remove the new loan (new borrowings) of \$1,560,000 (Summary Table, Item D).*

CARRIED BY ABSOLUTE MAJORITY (6/3)

For: *Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, Ken Manolas, Stephen Russell.*

Against: *Councillors Samantha Bradder, Glenn Cridland and Blake D'Souza."*

Absolute Majority Vote required

Background

At its meeting held 23 June 2020, Council considered Item 10.4.4 Adoption of the Annual Budget 2020/21.

Councillor André Brender-A-Brandis moved an amendment to the Officer's Recommendation and Council subsequently resolved as set out above.

On Tuesday 30 June 2020 a revocation motion was submitted by Mayor Greg Milner proposing revocation of Council Resolution 0620/092 relating to Adoption of the Annual Budget 2020/21.

The revocation motion was supported by Councillors André Brender-A-Brandis, Samantha Bradder, Carl Celedin, Ken Manolas and Stephen Russell.

Reason for Revocation (provided by Mayor Milner)

'On Friday 26 March 2020, I received advice from the CEO and the Director Corporate Services to the effect that the Amended Substantive Motion and Council Decision on this Item did not amend the General Rate in the Dollar of 7.7634 cents (specified at Item (a) of the above resolution), but contemplated a reduction of Gross Rates Revenue by \$406,971 (see Item (t)(2) of the above resolution).

If uncorrected, this would result in the City issuing rates notices seeking to collect an additional \$406,971 in rates revenue over and above what is intended.'

Comment

The resolution at the Ordinary Council Meeting on 23 June 2020 for the Annual Budget 2020/21 included two elements which may co-exist, however if implemented would be contrary to the intention of the amended Council resolution. The two issues being the adoption of the General rate in the dollar of 7.7634 cents that would derive a zero rate (average) increase, in contrast to the

amendment to reduce the Rate Revenue Budget by \$406,971, with the intention of implementing a decrease or minus 1% rate change, rather than a zero rate (average) for the year. These two resolutions are not compatible as the adopted rate in the dollar would derive an additional \$406,971 of rate revenue.

Each year, once the year end procedures have been completed, the adopted rates are implemented. The new minimum rate in the dollar is entered into the system and a routine is run to multiply every GRV by the rate in the dollar. This produces the rates notice, inclusive of the service charge for waste and the State Government's Emergency Services Levy (ESL), which is a tax that local government is required to collect on behalf of the State. This process, referred to as the 'striking of the rates' usually occurs in the first week of July.

As the City has not yet implemented the Council decision, it is open for Council to revoke the decision and resolve an alternate that properly aligns all components to the intent of Council. Council can choose not to revoke its decision, which would result in a zero rate (average) increase being implemented, noting the actual rates will exceed the Budgeted rates, which could then be amended at the half year Budget review.

Officers have worked with the Mayor to ensure alignment of all components of the Annual Budget 2020/21.

Consultation

Nil.

Policy and Legislative Implications

Revoking or changing decisions made at Council meetings is dealt with under Section 5.25(1)(e) of the *Local Government Act 1995*, Regulation 10 of the Local Government (Administration) Regulations 1996 and Part 16 of the City of South Perth Standing Orders Local Law 2007.

Financial Implications

As the Council Resolution has not been implemented, there are no additional costs, other than officer time.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Foster effective governance through quality decision-making

Attachments

Nil

7.4.2 Adoption of the Annual Budget 2020/21

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-46860
Meeting Date:	07 July 2020
Author(s):	Abrie Lacock, Manager Finance
Reporting Officer(s):	Colin Cameron, Director Corporate Services
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

Summary

This report presents the Draft Annual Budget 2020/21, as attached, for adoption by Council.

Original Officer Recommendation (Suggested Council Recommendation page 13)

That Council adopts the Annual Budget 2020/21 for the City of South Perth which includes the following:

- a. a General Rate in the Dollar of 7.7634 cents is applied to the Gross Rental Value (GRV) of all rateable property within the City for the year ending 30 June 2021;
- b. a Minimum Rate of \$994.00 be set for the year ending 30 June 2021 notwithstanding the General Rate set out in part (a) above;
- c. the following rubbish service charges be applied for the year ending 30 June 2021:
 - i. a standard Rubbish Service Charge of \$325.00;
 - ii. a non-rateable property Rubbish Service Charge of \$448.00;
 - iii. a standard 1,100 litre bin Rubbish Service Charge of \$1,625.00;
 - iv. a non-rateable property 1,100 litre bin Rubbish Service Charge of \$2,240.00;
- d. the Swimming Pool Inspection Fee for the year ending 30 June 2021 of \$30.00;
- e. the following dates be set for payment of rates by instalments:

First instalment	26 August 2020
Second instalment	4 November 2020
Third instalment	6 January 2021
Fourth instalment	10 March 2021
- 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 1996;

- 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 1996;
- h. an Interest Rate of 8% 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 1996;
- i. an Interest Rate of 8% be 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 1996;
- j. an Interest Rate of 8% be imposed on outstanding debtors in accordance with Section 6.13(1) of the *Local Government Act 1995*.
- k. a Monthly Maintenance Fee of \$440.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period from July 2020 to June 2021 inclusive;
- l. the Statutory Annual Budget for the year ending 30 June 2021 comprising Section 2 of the 2020/21 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted;
- m. the Management Account Summary Budget Schedules for the financial year ending 30 June 2021 as set out in Section 3 of the Annual Budget be endorsed;
- n. the Capital Expenditure Budget for the financial year ending 30 June 2021 as set out in Section 2, Note 4 of the Annual Budget is adopted;
- o. the Reserve Fund transfers for the financial year ending 30 June 2021 as set out in Section 2, Note 7 of the Annual Budget be approved;
- p. the Schedule of Fees and Charges as set out in the Fees and Charges Schedule for the year ending 30 June 2021 be adopted, including State Government Statutory Fees which are still to be determined at a later date than this Report;
- q. the effective date for all items detailed in the 2020/21 Schedule of Fees and Charges is 1 July 2020.
- r. 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.
- s. In addition to the measures contained within this budget, the following are the specific measures to continue the City's response to COVID-19:
 - i. Waiver of all interest accrued on Rates, Emergency Services Levy (ESL) and Waste from 1 July 2020 to 30 September 2020, for residential and commercial properties in accordance with Policy P697 Financial Hardship Assistance;
 - ii. Suspension of debt collection activities for the 2020/21 financial year;

- iii. Granting a 3 month repayment holiday, with no penalty interest, for all community group Self Supporting Loans from 1 July 2020 to 30 September 2020;
- iv. Waiver of club and community organisations lease and licence charges, excluding outgoings for 3 months from 1 July 2020 to 30 September 2020;
- v. Waiver of licence fees on a pro-rata basis for businesses affected by the WA State Government Closure and Restriction (Limit the Spread) Directions;
- vi. Freezing commercial property lease and licence payments for those that apply and are deemed eligible under Policy P697 Financial Hardship Assistance for a period of three months from 1 July 2020 to 30 September 2020;
- vii. Freezing all rent reviews for a period of three months from 1 July 2020 to 30 September 2020;
- viii. Provide relief in accordance with the Commercial Tenancies Code of Conduct and Policy P697 Financial Hardship Assistance;
- ix. Endorse the refund of all cancelled bookings at City controlled properties and facilities;
- x. Adopt the grant programs contained in this budget to support community sporting and cultural groups;
- xi. Adopt the funding for preparation of an Economic Development Plan to provide a framework for practical support to assist the recovery of the local business sector.

Absolute Majority required

Following the Ordinary Council Meeting (OCM) held 23 June 2020, officers have worked with Elected Members to develop a Suggested Council Recommendation (below, in blue). The Original Officer Recommendation (above, in grey) as well as the body of this report is the same as that contained within the 23 June 2020 OCM Agenda and is consistent with the resolution in part of the 21 April 2020 Special Council i.e. a **0%** Rate Increase (average).

The Suggested Council Recommendation contains the adjustments required by the Elected Members to achieve a **-1%** (average) rate change. If Council resolve the Suggested Council Recommendation, the draft Budget will be updated accordingly.

Suggested Council Recommendation

That Council adopts the Annual Budget 2020/21 for the City of South Perth which includes the following:

- a. a General Rate in the Dollar of ~~7.7634~~ 7.7065 cents is applied to the Gross Rental Value (GRV) of all rateable property within the City for the year ending 30 June 2021;
- b. a Minimum Rate of \$994.00 be set for the year ending 30 June 2021 notwithstanding the General Rate set out in part (a) above;
- c. the following rubbish service charges be applied for the year ending 30 June 2021:
 - i. a standard Rubbish Service Charge of \$325.00;
 - ii. a non-rateable property Rubbish Service Charge of \$448.00;
 - iii. a standard 1,100 litre bin Rubbish Service Charge of \$1,625.00;
 - iv. a non-rateable property 1,100 litre bin Rubbish Service Charge of \$2,240.00;
- d. the Swimming Pool Inspection Fee for the year ending 30 June 2021 of \$30.00;
- e. the following dates be set for payment of rates by instalments:

First instalment	26 August 2020
Second instalment	4 November 2020
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Fourth instalment	10 March 2021
- 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 1996;
- 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 1996;
- h. an Interest Rate of 8% 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 1996;
- i. an Interest Rate of 8% be 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 1996;
- j. an Interest Rate of 8% be imposed on outstanding debtors in accordance with Section 6.13(1) of the *Local Government Act 1995*.

- k. a Monthly Maintenance Fee of \$440.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period from July 2020 to June 2021 inclusive;
- l. the Statutory Annual Budget for the year ending 30 June 2021 comprising Section 2 of the 2020/21 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted **with the following amendments**;
 - i. Reduce Operating Revenue Budget for Rates by \$406,971
 - ii. Reduce Operating Expense Budget for Interest by \$1,703
 - iii. Reduce Operating Expense Budget for Insurance by \$135,842
 - iv. Adjust all statements, balances and notes accordingly;
- m. the Management Account Summary Budget Schedules for the financial year ending 30 June 2021 as set out in Section 3 of the Annual Budget be endorsed **with the following amendments**;
 - i. Reduce Operating Revenue Budget for Rates by \$406,971
 - ii. Reduce Operating Expense Budget for Interest by \$1,703
 - iii. Reduce Operating Expense Budget for Insurance by \$135,842
 - iv. Adjust all statements, balances and notes accordingly;
- n. the Capital Expenditure Budget for the financial year ending 30 June 2021 as set out in Section 2, Note 4 of the Annual Budget is adopted **with the following amendments**;
 - i. Foreshore – Black Swan Habitat: change funding of \$848,000 from Municipal funds to Riverwall Reserve
 - ii. Foreshore – Interpretive Signage Swan Habitat: reduce budget by \$100,000 relating to the Municipal funds
 - iii. Traffic Management - Roebuck Drive – Mt Henry to Redmond: reduce budget by \$48,000 relating to Municipal funds
 - iv. Environmental – Solar Panels: Change funding of \$205,000 from Municipal funds to Community Facilities Reserve
 - v. Building – Furniture – South Perth Library RFID smart return shelves: reduce budget by \$40,000 relating to Municipal funds
 - vi. Roadworks – Darley Street – Ray Street to Millpoint to end: reduce budget by \$136,611 relating to Municipal funds
 - vii. Roadworks – Fourth Ave – Bankisa to Landsdowne: reduce budget by \$163,389 relating to Municipal funds
 - viii. Roadworks – Waterford Triangle – Laneway: Rename and reclassify to “Parks and Reserves – Improvements - Waterford Triangle Park and Laneway Design”
 - ix. Loan – Various Municipal Works - remove \$1,560,000 loan
 - x. Adjust all statements, balances and notes accordingly;
- o. the Reserve Fund transfers for the financial year ending 30 June 2021 as set out in Section 2, Note 7 of the Annual Budget be approved **with the following amendments**;

- i. Transfer \$408,729 from the Employee Entitlements Reserve to Municipal funds
 - ii. Transfer \$120,000 from Municipal funds to Riverwall Reserve
 - iii. Transfer \$546,929 from Community Facilities Reserve to the Riverwall Reserve
 - iv. Add the following “text” to description for the Riverwall Reserve ... maintaining River Walls “and foreshore river management systems”
 - v. Adjust all Reserve Fund transfers to affect the amendments described above in part n, the Capital Budget;
- p. the Schedule of Fees and Charges as set out in the Fees and Charges Schedule for the year ending 30 June 2021 be adopted, including State Government Statutory Fees which are still to be determined at a later date than this Report;
- q. the effective date for all items detailed in the 2020/21 Schedule of Fees and Charges is 1 July 2020.
- r. 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.
- s. In addition to the measures contained within this budget, the following are the specific measures to continue the City’s response to COVID-19:
- xii. Waiver of all interest accrued on Rates, Emergency Services Levy (ESL) and Waste from 1 July 2020 to 30 September 2020, for residential and commercial properties in accordance with Policy P697 Financial Hardship Assistance;
 - xiii. Suspension of debt collection activities for the 2020/21 financial year;
 - xiv. Granting a 3 month repayment holiday, with no penalty interest, for all community group Self Supporting Loans from 1 July 2020 to 30 September 2020;
 - xv. Waiver of club and community organisations lease and licence charges, excluding outgoings for 3 months from 1 July 2020 to 30 September 2020;
 - xvi. Waiver of licence fees on a pro-rata basis for businesses affected by the WA State Government Closure and Restriction (Limit the Spread) Directions;
 - xvii. Freezing commercial property lease and licence payments for those that apply and are deemed eligible under Policy P697 Financial Hardship Assistance for a period of three months from 1 July 2020 to 30 September 2020;
 - xviii. Freezing all rent reviews for a period of three months from 1 July 2020 to 30 September 2020;
 - xix. Provide relief in accordance with the Commercial Tenancies Code of Conduct and Policy P697 Financial Hardship Assistance;

- xx. Endorse the refund of all cancelled bookings at City controlled properties and facilities;
- xxi. Adopt the grant programs contained in this budget to support community sporting and cultural groups;
- xxii. Adopt the funding for preparation of an Economic Development Plan to provide a framework for practical support to assist the recovery of the local business sector.

Absolute Majority required

Background

The preparation of the Annual Budget is both a statutory requirement of the *Local Government Act 1995* and a responsible financial management practice. The development of the budget has been influenced by the City's Strategic Community Plan (SCP), Corporate Business Plan (CBP) and Long Term Financial Plan (LTFP) - as well as the prevailing economic climate, which has been substantially impacted by COVID-19. The Annual Budget has been prepared in accordance with the requirements of Part 3 of the Local Government (Financial Management) Regulations 1996.

Comment

In framing the Annual Budget 2020/21, the City considered the current economic environment and the impact of COVID-19, the updated Strategic Community Plan 2020-2030 (SCP) adopted in May 2020 and the Draft Corporate Business Plan 2020-2024 to be considered for adoption at this meeting.

The need to continue to deliver quality services to the community remains a priority with the City conscious of community expectations in relation to household budgets. Acknowledging some of our ratepayers are experiencing financial hardship, Council adopted Policy P697 Financial Hardship Assistance and other measures contained in the City of South Perth Local Community Response and Relief Package. These measures are contained within the Annual Budget 2020/21.

The COVID-19 pandemic, a world health crisis first and foremost, translating into a world economic crisis, has required unprecedented response from all levels of government. The Australian, Western Australian and WA Local Government sectors have played a significant role in supporting communities, likely to be considered world best practice.

However, there is still uncertainty in terms of both the health and economic issues. Whilst optimism has grown in the past few months, a second or third wave (COVID-19) may result in further setbacks that require support. Therefore, the City will continue to monitor and respond appropriately, as it has up to this point.

Developing an annual budget during a once in 100 year event has been challenging and was considered in the context of the preceding years. The 2016/17 Annual Report described the impact of the downturn in the WA economy on the City finances, particularly relating to the flattening of revenue streams and increased expenditure pressure. A program commenced during the 2017/18 financial year to improve the results at each half year review and Annual Budget. The emphasis was to increase non rate revenue and reduce operating expenditure, thereby increasing

our ability to improve and maintain the \$791m worth of community assets in order to deliver on the City vision: A City of active places and beautiful spaces.

Despite significant challenges, the City has made good progress on the continuous improvement journey. Had the City not undertaken these measures, the response to COVID-19 would have been more challenging from a fiscal perspective.

In terms of Revenue, as with most local governments across Australia, rates form the largest component of the Budget. At its Special Council Meeting held 21 April 2020 Council resolved to consider implementing a 0% rate increase (average). A resident asked the question about the word 'consider' why can't the Council just adopt a 0% rate increase (average)? Essentially Council was not able to adopt a 0% rate increase as in accordance with the *Local Government Act 1995*, the Annual Budget can be only be adopted between the months of June to August.

Each year Council considers an appropriate Rate to cover the changes in costs, usually increases. For the Annual Budget 2019/20 rate increase, Council adopted the March Consumer Price Index (CPI) of 1.0%. CPI is based on a basket of household goods and services calculated by the Australian Bureau of Statistics (ABS) and released quarterly. For the Annual Budget 2018/19, Council adopted the Local Government Cost Index (LGCI) of 1.6%. LGCI is calculated by the Western Australian Local Government Association (WALGA), using a weighted number ABS Index to represent a local government basket of goods and services. The March 2020 CPI for Perth was 2.1%, this would equate to an additional \$800k (approx.) of Rate revenue to cover increased costs. As yet the March 2020 LGCI has not been released by WALGA.

However, in accordance with the Council Resolution of 21 April 2020, the City has prepared the Annual Budget 2020/21 with a 0% rate increase (average). In a non-revaluation year, this would result in the rates issued to be the same as the previous year. However, every three years a Gross Rental Value (GRV) revaluation occurs which alters almost every rate notice. The impact of the revaluation is explained in more detail below, under the heading "Rates" and "Emergency Services Levy". It is noted that the vast majority of the Rate Notices issued will result in the same or lower amount than 2019/20.

The second largest revenue component is the waste service charge operating with a reserve account to ensure the service charge is aligned to the costs incurred. The Annual Budget 2020/21 is presented to Council for adoption with the same waste service charge as 2019/20, being \$325.00 for the typical household. The City's waste service charge continues to be one of the lowest in the Metropolitan area. All other waste service charges remain the same as 2019/20.

The City's (non-rate) revenue streams have been negatively impacted in terms of the volume/activity, as well as the impact of prices remaining the same as 2019/20. Ordinarily there would be a slight increase to some fees and charges, however for the Annual Budget 2020/21 the fees and charges remain the same, consistent with the COVID-19 measures included in the Local Community Response and Relief Package adopted by Council on 21 April 2020.

In terms of the volume/activity, parking revenue is down significantly compared to the Annual Budget 2019/20, by approximately \$1m and interest revenue has also been impacted by the lower deposit rates.

The City completed four Budget Workshops with elected members, resulting in the minor review of the Strategic Community Plan 2020-2030, adopted by Council on 26 May 2020. The workshops considered the Corporate Business Plan 2020-2024 and the Annual Budget 2020/21 that are presented for consideration at this meeting.

Overall, in terms of the Statement of Comprehensive Income, the Annual Budget 2020/21 includes Revenue (Operating) of \$56.68m, Expenses (Operating) of \$61.83m and Non-Operating Grant income of \$3.18m. Notwithstanding challenges, the City made significant progress to reduce operating expenditure by \$0.47m from the Annual Budget 2019/20. The challenge was difficult as a number of major costs have increased, in addition to issues that have previously been described such as servicing of additional infrastructure, as well as changes to Regulations requiring the City to write off all assets worth less than \$5,000.

The 2020/21 Capital Works program has a total of \$16.14m, funded from Grants/Trade-ins (\$3.49m), Reserves (\$3.69m), Loans (\$1.56m) and Municipal funds (\$8.94m).

The Rate Notice will be issued to each assessable property within the City and includes three items; Rates, Waste and the Emergency Services Levy (ESL). These are explained in more detail below.

Rates

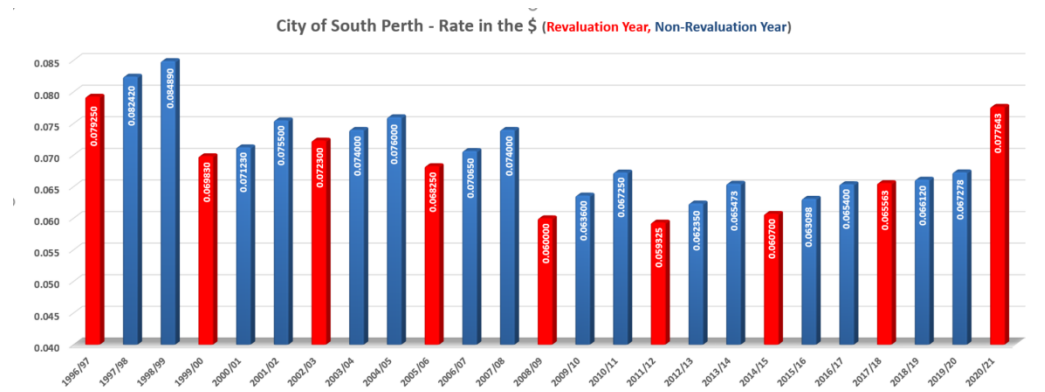
Rates are calculated by using the Gross Rental Value (GRV), provided by Landgate (a State Government agency), multiplied by the rate in the dollar adopted by Council. GRV is an estimation of the likely annual return on a property; for example a property with a \$26,000 GRV is equivalent to earning \$500 per week (\$500 x 52 weeks). Therefore the Rates calculation (GRV x Rate in \$ = Rates), in this scenario; \$26,000 (GRV) x \$0.077634 (rate in the dollar) = \$2,018.48 (Rates).

The State Government (Landgate) provide a GRV for every property and the City is required to use these valuations. Property owners may challenge a valuation, via a Landgate process. Every three years Landgate undertake a revaluation exercise, previously for the Annual Budget 2017/18 and now for the Annual Budget 2020/21. These GRV revaluations caused fluctuations, illustrated by three real examples of properties GRV that were previously \$26,000.

Property	GRV	Rates	GRV	Rates	Variance	
	@2017	2019/20	@2020	2020/21	\$	%
A	\$ 26,000	\$ 1,749	\$ 15,600	\$ 1,211	-\$ 538	-31%
B	\$ 26,000	\$ 1,749	\$ 22,100	\$ 1,716	-\$ 33	-2%
C	\$ 26,000	\$ 1,749	\$ 27,560	\$ 2,140	\$ 391	22%

As depicted in the table above, two of the three properties the rates are less than last year (-31% for property A, -2% for property B) and one higher (22% for property C). Every revaluation year provides communication challenge, as the manner in which Rates and ESL are charged is difficult to explain. This year, perhaps more than other revaluation years, it will be difficult for the public to comprehend that a 0% rate increase does not equate to the same rates as last year. To avoid this confusion, the City made representations to the State Government to delay the implementation of the GRV revaluation until next year. This is explained further below, under the heading "Emergency Services Levy", however the State Government chose not to intervene in the process.

In the past, each revaluation resulted in the total (and average) GRVs increasing, therefore the City reduced the rate in the dollar, as illustrated in the graph below. Each revaluation year is depicted in red and includes the rate in the dollar. This graph illustrates the rate in the dollar has dropped for each revaluation. For the Annual Budget 2020/21, the revaluation resulted in the total (and average) GRVs decreasing, and therefore the City will increase the rate in the dollar to arrive at a 0% rate increase (average).



In the budget it would appear the City is generating approximately \$560k more revenue. The City has been careful to ensure that rate in the dollar yields the same revenue for the properties that are the same between 2020/21 and 2019/20. The increase in rate revenue is due to growth as a result of new (and improved) properties that did not form part of the 2019/20 Budget.

The recommended 0% rate increase (average) requires a \$0.077634 rate in the dollar (\$0.067278 in 2019/20) to be adopted, due to the reduction in the revaluations. The Minimum Rate remains the same at \$994.00. Approximately 3,128 (15.23%) of properties will be rated with the Minimum Rates, an increase from the 8.9% in 2019/20.

As with all budgets, there are a range of expenses that increase each year. In-order to deliver a 0% rate increase (average), the City had to reduce or eliminate City operating and capital budgets.

In benchmarking against other metropolitan Local Government Authorities (LGA), the City continues to be competitive with its peers in relation to the rate in the dollar. Those LGAs with a lower rate in the dollar tend to have a large industrial and/or commercial rate base. In comparison, the City of South Perth commercial properties represent only 13% of the total Rates.

Fortunately, for the vast majority of ratepayers (over 70%), the Rate Notice will either remain the same or be lower than last year.

Waste service charges

The standard waste service charge for domestic rubbish for the Annual Budget 2020/21 remains at \$325.00, being one of the lowest in the metropolitan area.

This service includes weekly rubbish pick-up, fortnightly recycling collection and three verge-side rubbish collections per year. The 1,100 litre rubbish service for rateable commercial properties remain the same being \$1,625.00. Non-rateable properties also remain the same, paying \$448.00 per standard rubbish service and \$2,240.00 for 1,100 litre bin services.

Residential ratepayers will continue to receive two green waste and one general waste pass to the Recycling Centre. As in previous years, two green waste and one general waste bulk verge-side rubbish collection will be provided.

Emergency Services Levy (ESL)

The State Government ESL charge will again appear on all local government rate notices in 2020/21. This charge will be calculated based on the GRVs supplied to the City using a rates determined by the Fire & Emergency Services Authority.

Local government is forced to collect this on behalf of the State. On 16 March 2020 the McGowan Government announced that ESL, among other State Government charges, would be frozen. On the same day the City contacted the Minister for Local Government to explain that this would not be possible if the GRV revaluation proceeds. As described above, ESL is calculated in the same way as Rates, except the State Government determine the ESL rate in the dollar. Therefore both Rates and ESL will be different for every property, with the exception of those on the ESL maximum.

On 1 May 2020, the Minister for Emergency Services; Corrective Services wrote and thanked the City for alerting them to the issue of the inability of the system to freeze the ESL in a GRV revaluation year. The City was informed via email on 10 June 2020 of the ESL rate in the dollar, essentially remaining the same as 2019/20. It is understood the ESL rate in the dollar will be published in the Government Gazette during the week ending 19 June 2020. Given the reduction of GRV multiplied by the same ESL rate in the dollar, it is likely the majority of properties will have a lower ESL than 2019/20, however there still may be some higher.

The decision to freeze the ESL rate in the dollar will result in the State Government collecting less funds, estimated to be close to \$50m, to fund Fire and Emergency Services. This may have implications for the 2021/22 ESL if the State Government choose to close this funding gap for the first budget after the 2020 state election. Whilst just speculation, closing the funding gap in 2021/22 could see the ESL increase by more than 15%. As described, the ESL charge is outside the control of local government, is set by the State Government and all revenue passed to the State Government.

Employee Information

Salary and wages are included for all approved staff positions in the Annual Budget 2020/21. This includes the permanent establishment of 232 Full Time Equivalents (FTEs), the same as in 2019/20. Staffing in the budget reflects an appropriate mix of resources across the organisation to match our capacity with service expectations, as described in the Corporate Business Plan 2020-24. The total payroll budget has increased to make allowances for the 2.1% pay increase as per the Enterprise Agreement (EA). In addition to staff employed under the terms of the EA, some staff are employed on fixed term contracts, in accordance with the *Local Government Act 1995*, as well as staff employed on fixed term contracts for the duration of a project (e.g. 1System project).

Loan Borrowings

To fund the Capital Budget the City plans to allow for \$1.56m of borrowings in the Annual Budget 2020/21. Due to the significant uncertainty relating to COVID-19, the City will monitor the need to draw down the loan from the WA Treasury Corporation. The requirement to take out the loan will be reviewed as part of the half year Budget Review in December 2020. Information is provided at Note 6 of the Statutory Budget.

Reserve Funds

Included in the Annual Budget 2020/21 is an estimated net reduction of the Reserves by \$3.86m, including interest earned, transfers in and funds applied.

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

Schedules of Capital Projects

The total Schedule of Capital Projects is \$16.14m, funded from municipal funds, reserves, loans and grants.

Fees and Charges Schedule

The attached Fees and Charges Schedule reflects an 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.

Collier Park Village (CPV) maintenance fees

The CPV residents maintenance fee will remain the same as 2019/20 and consistent with previous years, including the alternative payment method.

In 2020/21, the four different pricing arrangements available to CPV residents are:

- \$440 per month.
- \$340 per month and have the remaining \$100 per month deducted from Refundable Monies held in the CPV Residents Offset Reserve.
- \$330 per month and have the remaining \$110 per month deducted from Refundable Monies held in the CPV Residents Offset Reserve.
- \$285 per month and have the remaining \$155 per month deducted from Refundable Monies held in the CPV Residents Offset Reserve.

The Annual Amenities Charge is \$497.00 for the 2020/21 year, the same as for 2019/20) being half the Minimum Rates.

Underground Power

The City has liaised with Western Power in relation to the proposed Underground Power installations within the City. COVID-19 impacted on this and has delayed the planned resurvey for Collier and Manning programs. As a result, the information will not be available in time for the adoption of the Annual Budget 2020/21.

Depending on the timing and outcomes of the surveys, the alterations to Budget; in terms of Capital costs, Loans and Invoicing properties, will be accommodated through a separate report to Council during the 2020/21 financial year, or may form part of the Annual Budget 2021/22.

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 by Nature or Type
- Comprehensive Income Statement by Reporting Program
- Statement of Cash flows
- Rate Setting Statement
- Notes to and forming part of the Budget

In summary, the draft Annual Budget 2020/21 is presented for adoption by Council, representing a balanced approach during these challenging times.

Monthly/Annual reporting of significant (material) variances

Regulation 34 of the Local Government (Financial Management) Regulations 1996, 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 Australian Accounting Standards (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

No external consultation occurred in the development of the Budget, as extensive consultation is undertaken as part of each major review of the Strategic Community Plan (SCP). The SCP establishes the long term vision and community priorities, with Council responsible for adopting the Corporate Business Plan, and Annual Budget to that facilitate progress of the SCP. Each year progress is then reported through the Annual Report. Four Council Concept Briefings (Budget Workshops) were undertaken from March through to June 2020.

Policy and Legislative Implications

The development of the Annual Budget has been conducted in accordance with the *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 2019/20 Budget are as disclosed in **Attachment (a)** of this report.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

Attachments

7.4.2 (a): Draft Annual Budget 2020/21

8. MEETING CLOSED TO THE PUBLIC

The Chief Executive Officer advises that there is a matter for discussion on the Agenda for which the meeting may be closed to the public, in accordance with section 5.23(2) of the *Local Government Act 1995*.

8.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

Officer Recommendation

That the following Agenda Item be considered in closed session, in accordance with s5.23(2) of the *Local Government Act 1995*:

- Item 8.1.1 State Underground Power Program

8.1.1 State Underground Power Program

*This item is considered **confidential** in accordance with section 5.23(2)(c) of the Local Government Act 1995 as it contains information relating to "a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting"*

Location:	Not Applicable
Ward:	Manning and Moresby
Applicant:	Not Applicable
File Ref:	D-20-48131
Meeting Date:	07 July 2020
Author(s):	Chris Jansen, Manager Assets and Design
Reporting Officer(s):	Mark Taylor, Director Infrastructure Services
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.2 Advocacy

9. CLOSURE