

Special Council Meeting

Minutes for Wednesday 28 June 2017

CONFIRMED



**shire of
kalamunda**

INDEX

1.0	OFFICIAL OPENING	3
2.0	ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED	3
3.0	PUBLIC QUESTION TIME	4
4.0	PETITIONS/DEPUTATION	5
5.0	ANNOUNCEMENTS BY THE MEMBER PRESIDING WITHOUT DISCUSSION.....	5
6.0	MATTERS FOR WHICH MEETING MAY BE CLOSED.....	6
7.0	DISCLOSURE OF INTERESTS	6
8.0	REPORTS TO COUNCIL.....	6
	SCM10. KALAMUNDA ACCOUNTABLE: LONG TERM FINANCIAL PLAN TO 2027	7
	SCM 11. ADOPTION OF 2017/2018 BUDGET	13
9.0	MEETING CLOSED TO THE PUBLIC.....	35
10.0	CLOSURE.....	35

MINUTES

1.0 OFFICIAL OPENING

The Presiding Member opened the meeting at 6.33pm, welcoming Councillors, Staff and Members of the Public Gallery.

2.0 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

2.1 Attendance

Councillors

Andrew Waddell JP	(Shire President) (Presiding Member)	North West Ward
Sara Lohmeyer		North West Ward
Dylan O'Connor		North West Ward
Sue Bilich		North Ward
Michael Fernie		South East Ward
John Giardina		South East Ward
Geoff Stallard		South East Ward
Allan Morton		South West Ward
Brooke O'Donnell		South West Ward
Noreen Townsend		South West Ward

Members of Staff

Rhonda Hardy		Chief Executive Officer
Natalie Martin Goode		Director Development Services
Dennis Blair		Director Asset Services
Gary Ticehurst		Director Corporate & Community Services
Darrell Forrest		Manager Governance, Strategy & Legal Services
Simon Di Rosso		General Counsel & Executive Advisor, Governance & Legal
Rajesh Malde		Manager Financial Services
Darren Jones		Manager Community Development
Donna McPherson		Executive Research Officer to Chief Executive Officer
Carrie Parsons		Manager Customer & Public Relations
Nicole O'Neill		Public Relations Coordinator
Sara Slavin		Council Support Officer

Members of the Public 50

Members of the Press Nil.

2.2 Apologies

Councillors

Members of Staff

2.3 Leave of Absence Previously Approved

Cr Tracy Destree – Leave of Absence.

3.0 PUBLIC QUESTION TIME

A period of not less than 15 minutes is provided to allow questions from the gallery on matters relating to the functions of this meeting. For the purposes of Minuting, these questions and answers are summarised.

3.1 Mr Paul Jago, - 259 Kalamunda Road, - (Kostera Oval Lighting)

Q1. What happens to the grant money approved for the project if it does not go ahead?

Q2. What happens to any funds currently allocated from the Council if it doesn't go ahead?

A. The Presiding Member responded, in respect to the monies allocated by Council that is a line item in tonight's budget, if somebody removes the item tonight then those funds then return to the greater pool and are not allocated for that particular project.

In respect to the (CSRFF) funding, the Shire would normally communicate with the Department and either seek an extension to possibly roll it over into a later year or discuss other alternatives. I cannot pre-empt the decision Council may make tonight.

3.2 Mr Frank Scardifield, 6 Sunrise Heights, Maida Vale (Kostera Oval Lighting)

Statement:

Mr Scardifield made a statement in support of the upgrade of all sporting facilities across the Shire, however, raised concerns over the location of the turf wicket and spending such a large sum of money on the project.

3.3 Mr Shane Bradley, 107 Canning Road, Kalamunda - (Kostera Oval Lighting)

Q I understand there has been recent Policy changes in regard to capital expenditure on items such as the Kostera Oval light upgrade, can someone explain these changes to everyone? And do they affect projects such as the Kostera lighting upgrades?

Q. Is the funding for the light upgrades for Kostera in the currently in the budget?

A. The Presiding Member responded, the Policy which you are referring to relates to requests by clubs and community groups giving notice of what their expenditure "wish list" is. This will provide the Shire with the opportunity to prioritise capital expenditure and maximise opportunities to obtain external funding. The goal is to bring about a structured process where all requests can be assessed in a strategic manner rather than on an adhoc basis. The other element to be introduced is the idea of contributions being proportioned on a one third (club/community group), one third (Shire of Kalamunda), one third (external funding source) basis. These are the main changes to the policy and system of requesting capital contribution from the Shire.

The second part of your question was in relation to the current proposal at Kostera. This request is considered as it was given consideration prior to the adoption of the policy just outlined. This is why it has been listed in the 2017/2018 Budget. This particular item for Kostera has not been affected by the policy because it came in before that policy, however, if it was to happen in the future, or a similar project, then it would get caught up in the new policy.

4.0 PETITIONS/DEPUTATION

DEPUTATIONS

4.1 Mike Davis, 64 Lakeside Drive, Helena Valley

A Deputation was received from Mr Mike Davis (President Kalamunda Junior Football Club) regarding item SCM 11. Adoption of 2017/2018 Budget – Part 4 – Municipal Fund Budget 2017/2018, regarding the Kostera Oval Lighting Project. Mr Davis spoke in favour of the proposal.

Cr John Giardina left the room at 6:42pm and returned at 6:43pm.

4.2 Mr Paul Curtis, 12 Heidleburg Road, Bickley

A Deputation was received from Mr Paul Curtis (Kalamunda Junior Football Club) regarding item SCM 11. Adoption of 2017/2018 Budget - Part 4 – Municipal Fund Budget 2017/2018, regarding the Kostera Oval Lighting Project. Mr Curtis spoke in favour of the proposal.

Queries were clarified for Cr Sara Lohmeyer, Cr Sue Bilich, Cr Brooke O'Donnell and Cr Dylan O'Connor by Mr Davis and Mr Curtis regarding their deputations on the Kostera Oval Lighting Project.

5.0 ANNOUNCEMENTS BY THE MEMBER PRESIDING WITHOUT DISCUSSION

5.1 The Presiding Member announced this is the last meeting as the Shire of Kalamunda, as of Saturday July 2017 it will become the City of Kalamunda, because it brings to a conclusion a very long and arduous process by this Council to bring together a budget that tries to meet the competing needs of our community.

The Presiding Member noted a great deal of time had been invested by all Councillors and Staff in preparation of the budget being presented and extended his gratitude for their efforts. It is a responsible budget and takes into account the tough economic position West Australians are currently facing. In summary there will be an overall surplus of \$3.3 million and an investment of over \$22.68 million in capital works for parks, buildings and infrastructure of which only \$4 million is coming from government grants the rest is funded by the Shire's municipal funds. There is an intention by the Councillors to minimise the rate increase for 2017/2018.

6.0 MATTERS FOR WHICH MEETING MAY BE CLOSED

6.1 Nil.

7.0 DISCLOSURE OF INTERESTS

7.1 Disclosure of Financial and Proximity Interests

- a. Members must disclose the nature of their interest in matters to be discussed at the meeting. (Section 5.65 of the *Local Government Act 1995*.)
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Section 5.70 of the *Local Government Act 1995*.)

7.1.1 Nil.

7.2 Disclosure of Interest Affecting Impartiality

- a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

7.2.1 Nil.

8.0 REPORTS TO COUNCIL

Please Note: declaration of financial/conflict of interests to be recorded prior to dealing with each item.

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

SCM10. Kalamunda Accountable: Long Term Financial Plan to 2027

Previous Items	N/A
Responsible Officer	Director Corporate & Community Services
Service Area	Finance
File Reference	FI-BUD-014
Applicant	N/A
Owner	N/A
Attachment 1	Kalamunda Accountable: Long Term Financial Plan to 2027

EXECUTIVE SUMMARY

1. Council is requested to adopt the Shire of Kalamunda's amended ten-year Long Term Financial Plan (LTFP) (Attachment 1).
2. All local governments are required to produce a LTFP for the Future under *s5.56 (1)* of the *Local Government Act 1995*. The *Local Government (Administration) Regulations 1996* stipulates the minimum requirements for a LTFP.
3. The Integrated Planning Framework requires that the LTFP be reviewed in conjunction with reviews to the Strategic Community Plan.

BACKGROUND

4. The Shire developed a number of plans in June 2013 which set out the long-term strategic priorities and goals, based on the community's aspirations for the future. A long term financial plan is required to ensure these priorities can be funded in a sustainable manner.
5. *Kalamunda Accountable: Long Term Financial Plan to 2027* (Kalamunda Accountable) is a rolling ten year financial plan. As the Annual Budget is adopted each year, a new year is required to be added to the LTFP. The intention of the LTFP is to indicate the Shire's long term financial sustainability and to allow early identification of financial issues. This will be the fourth year that the Shire reinstates its LTFP, taking into account issues such as changes in priorities, assumptions, funding, borrowings, financial sustainability and legislative changes.
6. The LTFP is a required element of the Department of Local Government and Communities Integrated Planning Framework. Its place within the Framework is as an informing document of the Corporate Business Plan. The priority actions and projects that are set out in the Corporate Business Plan are dependent on the resources allocated within the Financial Plan.

-
7. The LTFP has itself been informed by the:
- Shire’s Local Planning Strategy - includes projections for development and population growth;
 - Asset Management Strategy and Plans - sets out the resource requirements for maintenance of existing assets at expected service levels;
 - Workforce Plan - identifies the human resources required to deliver the Shire’s normal operations and proposed future actions and projects; and
 - Communities Facilities Plan - sets out the resources for the maintenance and development of community facilities.

DETAILS

8. The LTFP includes seven Key Financial Indicators. These indicators provide a measure of the Shire’s sustainability and performance over the ten year span of the LTFP. Targets have been included to allow the projected ratios to be compared against a benchmark figure.
9. The LTFP also contains a Rate Setting Statement for the ten years. This sets out the projected revenues and expenditure, the estimated surplus or deficit at the end of each year and the amount that will be required to be raised from rates.
10. The LTFP has been developed on the basis of a number of key assumptions, which are set out in the LTFP. For example, assumptions have been made about the interest rate for investments, inflation rate, and future population growth. The annual review of the LTFP will ensure that the projections are as accurate as possible, and that the assumptions are reasonable.
11. The Integrated Planning Framework requires that the LTFP be reviewed in conjunction with reviews to the Strategic Community Plan.

STATUTORY AND LEGAL CONSIDERATIONS

12. All local governments are required to produce a LTFP for the Future under *s5.56 (1) of the Local Government Act 1995*. The *Local Government (Administration) Regulations 1996* stipulates the minimum requirements for a LTFP.

POLICY CONSIDERATIONS

13. Council Policy FIN1 – Accounting Policies sets out accounting definitions and parameters.

COMMUNITY ENGAGEMENT REQUIREMENTS

Internal

14. The Shire has held several meetings with Councillors to discuss various aspects of the LTFP with a focus on the capital works programme.

External

15. Public consultation was undertaken to formulate the various strategies which form this LTFP (i.e. the Strategic Community Plan). No specific public consultation was carried out in relation to the LTFP given the nature of the document.
16. There is no requirement under the Department of Local Government and Communities requirements for the Shire to advertise or consult on the LTFP.

FINANCIAL CONSIDERATIONS

17. *Kalamunda Accountable* sets a financial framework for the Shire's operations and projects. It includes indicators to measure and monitor the Shire's financial sustainability.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

18. *Kalamunda Advancing: Strategic Community Plan to 2023*

OBJECTIVE 6.8 - To ensure financial sustainability through the implementation of effective financial management, systems and plans.

Strategy 6.8.1 Develop and regularly review the Long Term Financial Plan for the Shire.

OBJECTIVE 6.3 - To lead, motivate and advance the Shire of Kalamunda.

Strategy 6.3.1 Develop and implement a wide variety of informing strategies and plans which benefit the community socially, economically and environmentally.

SUSTAINABILITY

Social Implications

19. The Community Facilities Plan was considered in the development of the LTFP, meaning that resources for the maintenance and development of community facilities, as prioritised in the Facilities Plan, have been taken into account.

Economic Implications

20. The LTFP enables the Shire to model different levels of service and program delivery to set priorities and determine what can be afforded in the short and long term.
21. The Financial Sensitivity analyses models the potential effect that changes within the economy will have on the LTFP.

Environmental Implications

22. The LTFP maintains an environmental Reserve Fund and a direct annual operational Budget over \$1 million per year throughout the length of the Plan.

RISK MANAGEMENT CONSIDERATIONS

23. A LTFP should allow the early identification of financial issues, so that they may be dealt with promptly. The Key Financial Indicators that have been included will identify any potential sustainability issues (i.e. over-reliance on grants or loans).

Risk: Funding budgeted for from State and Federal Government does not eventuate.		
Likelihood	Consequence	Rating
Possible	Significant	High
Action / Strategy		
Grant funded projects will only commence once written commitments are received.		
Risk: Costings for capital works projects have been under-stated.		
Likelihood	Consequence	Rating
Possible	Significant	High
Action / Strategy		
Improved Asset Management procedures to ensure that project designs are well costed prior to implementation.		
If revised costings are higher than budgeted, the project budget could either be varied at budget review from internal savings to allow for project to progress if determined critical to the community, deferred to the following year or cancelled.		
Risk: Non-compliance with Financial Regulations		
Likelihood	Consequence	Rating
Unlikely	Significant	Medium
Action / Strategy		
The budget report is scrutinized by the Shire to ensure that all statutory requirements are met.		

OFFICER COMMENT

24. The LTFP is formulated on the basis that the Shire of Kalamunda is operating in a tight economic environment. In response, the Shire has maintained tight control over expenditure and has kept rate increases to a minimum.

Voting Requirements: Simple Majority

RESOLVED SCM 112/2017

That Council:

1. Adopts the amended *Kalamunda Accountable: Long Term Financial Plan to 2027* (Attachment 1).

Moved: **Cr John Giardina**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (10/0)**

Attachment 1

Kalamunda Accountable: Long Term Financial Plan to 2027

[Click HERE to go directly to the document](#)

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

SCM 11. Adoption of 2017/2018 Budget

Previous Items	N/A
Responsible Officer	Director Corporate & Community Services
Service Area	Finance
File Reference	
Applicant	N/A
Owner	N/A
Attachment 1	Schedule of Fees and Charges – Community Facilities – 2017/2018
Attachment 2	Schedule of Fees and Charges – Statutory and Regulatory Charges – 2017/2018
Attachment 3	2017/2018 Statutory Budget

EXECUTIVE SUMMARY

1. To adopt the Municipal Fund Budget for the year ended 30 June 2018, representing the Financial Year 2017/2018, together with supporting schedules including striking of the Municipal Fund Rates, adoption of fees and charges and other consequential items arising from the budget papers (Attachments 1 and 2).
2. Section 6.2 of the *Local Government Act 1995* requires a local government to adopt its budget prior to 31 August each year.
3. Early adoption of the budget will enable the Shire to commence its extensive Capital works programme. It also ensures that the Shire maintains positive cash flows which is crucial for sustainable operations of the Shire.

BACKGROUND

4. The draft Budget has been compiled based on the principles and assumptions contained in Kalamunda Accountable: Long Term Financial Plan (LTFP) to 2027.

These principles and assumptions included:

- Balanced Operating Budget with Reserve Funds being set aside annually.
- Operating and Capital expenditure funded by rates, grants, reserve funds and loan borrowings.
- The net profit or proceeds from land sales are transferred to reserve funds.
- Freehold land for future sale and development accounted for and disclosed separately and shall include all costs of land development.
- Reserves used primarily to fund future capital expenditure or specifically for the purpose for which it was created.
- Operating costs are set either by zero based budgeting principles or in line with CPI.
- Domestic Rubbish Charges set at cost recovery plus overheads and contributions to reserves.
- Interest on Investment calculated at 2.5%.

-
- Operating Grants based on prior period experiences and available information from funding agencies.
 - Fees and Charges based upon statutory requirements or cost recovery indexed by CPI.
 - Insurance calculated based on quotation received from the Shire's insurers.
 - Salaries and Wages increases set in accordance with Enterprise Bargaining Agreements or contract market rates.
 - Workforce growth has been restricted to minimise creation of new positions apart from changes internally for minor re-alignments dependant on resource requirements.
 - Future population growth projections for calculating interim rates and planning approval revenues is based on 1-2% projected annual growth rate as detailed in the Kalamunda Accountable: Long Term Financial Plan to 2027.
5. The proposed differential rate basis within the Budget was presented to Council at its Budget workshops held on 8, 15 and 23 May 2017.
6. Council at its meeting on 29 May 2017 resolved to advertise the proposed differential rates in line with the level of rate increase to be at 2.5% for the General Residential categories, 5% for the Vacant category and 4% for the Commercial/Industrial category. The respective rates in the dollar for the individual categories were advertised by public notice for 2017/2018. Growth in the rates base is predicted to be 0.9%.
7. In accordance with section 6.36 of the *Local Government Act 1995* the Shire advertised its intention to raise differential rates stating the purpose for each rate. This notice was advertised in local newspapers for 21 days from 3 June 2017. Four objections to the rate rise have been received and responded to accordingly. *S6.36(4)* of the *Local Government Act (1995)* provides that a rate different to that advertised, may be adopted.
8. The 2017/2018 draft Budget has been prepared in accordance with the presentations made to Councillors at a series of Budget Workshops.
9. Interest earnings will be slightly lower than the previous year's estimate due to:
- Lower interest income from deposits with Approved Deposit taking Institutions (ADI's) where the returns are lower than forecasted. The cash rate has been reduced further by the Reserve Bank of Australia (RBA) by 25 basis points to a new low of 1.50% from the previous year; and
 - A tight Western Australian economy which may result in additional ratepayers entering into installment payment arrangements opposed to making full payment, reducing investments.
10. The Budget includes slight reduction in utility charges which are a direct result of the energy efficient measures undertaken in 2016/2017 such as the implementation of the Solar PV panels and replacement of in-efficient air-conditioners.

Utility cost increases of 5% on standard tariffs and street lighting have also been partially absorbed by improved negotiation of contracts on contestable

sites and retrofitting of some key buildings with more efficient lighting and air conditioning systems.

11. Interest costs are slightly higher than the previous year which is as a result of an increases in the loan portfolio to fund heavy plant equipment replacement and planning expenditure for Forrestfield North.
12. The 2017/2018 estimated operating result stands at a surplus of \$3,186,181 compared to the 2016/2017 Budget cash surplus of \$3,296,016. The return to a budget operating surplus has been achieved through the leadership taken by the Council in maintaining strong control over growth in operating expenditure and growing revenue streams.
13. Notwithstanding the forecasted surplus, it is still necessary, in the interim, that operating costs be funded from rate income. After further deliberations, Council have proposed a differentiated rate increase with 2.5% for the General Residential category, 5% for the Vacant category and 4% for the Commercial/Industrial category which will yield an average of 2.78% rate increase. In stating that, it should be noted that the Shire's General Residential rate increase is still very competitive as noted by the table below.
14. Rates comparison table:

Name of Council	Proposed Rates increase in Residential Category
Shire of Kalamunda	2.5%
City of Swan	3%
Shire of Mundaring	3.5%
City of Rockingham	3%
City of Bassendean	2%
City of Belmont*	1.75%

*City of Belmont receives a significant amount in Ex-gratia rates from the Perth Airport.

DETAILS

15. This Budget has been set in accordance with the Shire's Ten Year Financial Plan 2017-2027 which forms a component of the Integrated Planning Framework as prescribed by the State Government under legislation introduced in 2013/2014. It is the fifth Budget drawn from the rolling ten year programme designed to lift the level of service at the Shire of Kalamunda.
16. The Rate Setting Statement for the period ending 30 June 2018 shows the Shire's expenses have reduced by 1.7% or \$982,546 compared to last year's budget.

Budget 2017/2018	\$56,203,640
Estimate 2016/2017	\$59,439,701
Budget 2016/2017	\$57,229,029
17. Increases for all rates will generate rate revenue of \$35.86 million. This represents the Shire's largest single source of funds and is essential for the

Shire to deliver services, undertake capital works and to maintain the current level of maintenance of community facilities and reserves.

18. It should be noted that based on the tri-annual valuation which is based on values effective from 1 August 2015, Landgate have determined an overall increase in values averaging 1.78% with the biggest increase seen in the commercial/industrial category of 4.16%.

Being a tri-annual valuation year, individual properties will see swings in valuations which was again more evident in the commercial/industrial category.

19. A new rates category which had been introduced in the 2013/2014 year for Vacant land continues with a rate in the dollar of 7.993 cents. This was introduced to encourage development on vacant land within the Shire and the effects are being noted with a 2.5% reduction in the number of properties in this category over the last year.

20. The threshold for capitalisation of assets has been maintained at \$3,000 to better reflect the redundancy that occurs in technology and also the cost of assets in the current market.

21. Specific comments on some elements of the draft 2017/2018 Budget are as follows:

i. Adoption of Percentage for Reporting Material Variances – each financial year, a local government is to adopt a percentage or value, calculated in accordance with Australian Accounting Standards, to be used in statements of financial activity for reporting material variances. The level proposed for 2017/2018 is 5% or \$50,000 whichever is the greater.

ii. The Budget makes provision for two short term loans:

- The first one being for a further \$450,000 to pay for technical studies required for the Forrestfield North area. In 2016/2017, an initial amount of \$500,000 has been drawn down. The area will be undergoing a significant transformation with higher density housing and light industrial commercial zones. These will align with the Gateway project and the new Forrestfield public train line.
- The second being \$1,500,000 for heavy plant and equipment to replace various ageing operations vehicles.

iii. The Capital Works Program has some key projects which are listed below:

- Parks projects including: \$3,282,177
 - Hartfield Park – Hockey fields
 - Jacaranda Springs Reserve
 - Stirk Park Masterplan
 - Bibbulmun Track Terminus Link
 - Trails Loop Implementation
 - Scott Reserve Reticulation (Oval 2)
 - Alan Anderson park restoration
- Buildings projects including: \$4,185,317
 - Jorgensen Park Community Centre - Design
 - Hartfield Park – refurbish hockey clubrooms

-
- Forrestfield Skate Park Toilet Block
 - Kalamunda History Village – Locomotive restoration
 - Pickering Brook Sports Club – roof replacement
 - Ray Owen Recreation Reserve – power upgrade

 - Major road construction projects including: \$8,230,899
 - Wittenoom Road Traffic Calming
 - Wandoo Road Traffic Treatments
 - Abernethy Road/Grogan Intersection
 - Kalamunda Road/Newburn Road
 - Adelaide Street Traffic Treatments
 - Mundaring Weir Road Reconstruction
 - Canning Rd Traffic and Pedestrian Treatment
 - Canning Rd – Pomeroy Rd to Welshpool Rd East
 - Canning Rd – Kalamunda Rd to Recreation Rd
 - Abernethy Road – Design and Approvals for railway extension
Dual Carriageway Design
 - Patterson Rd – Reconstruct and widen

 - Major drainage – Kalamunda Town Centre \$1,092,500
- iv. Sanitation and Household Refuse - Rubbish Rate. Details of the costs of this service are shown separately in the attached Budget. Both the standard and the pensioner charges have increased by 4% and 7% to \$530 and \$300 respectively. These increases are primarily necessitated by the significant increase by the State Government landfill levy on putrescible waste to \$65/Tonne from \$60/Tonne, inert waste to \$60/Tonne from \$50/Tonne effective from 1 July 2017.
- The 50% pensioner discount which was capped in 2015/16 results in the rebate of \$230 being retained and is funded through an increase in the waste charge to all non-pensioner properties. This ensures the waste budget is cost neutral and not funded from the rates levied.
- It is proposed to continue with the unlimited free tip passes for residential properties. The vouchers allow for waste to be taken to the Walliston Transfer Station or Red Hill Landfill Site in trailers (6x4), utilities or vans.
- The Shire is also investing in new equipment to bring about:
- More efficiencies in the separation, movement and compaction of materials collected at the transfer station;
 - Improved recycling at community groups, clubs and reserves.
- v. Significant reserve fund movements back to Municipal Funds are for:
- Building and maintenance projects \$880,588
 - Forrestfield Industrial Area Scheme Stage 1 \$2,873,290
 - Un-expended Capital Works and Specific Grants \$5,816,793
 - Long Service Leave \$612,543

Estimated Year End Position - 30 June 2017. The estimated unaudited year end (2016/2017) position is a cash surplus of \$3,323,060 against a 30 June 2018 forecasted closing position surplus of \$3,186,181 which shows the Shire is operating on a sustainable basis.

STATUTORY AND LEGAL CONSIDERATIONS

22. Section 6.2 of the *Local Government Act 1995* requires a local government to adopt its budget prior to 31 August each year.
23. Divisions 5 and 6 of Part 6 of the *Local Government Act 1995* refers to the setting of budgets and the raising of rates and fees and charges. The 2017/2018 Budget as presented is considered to meet these statutory obligations.

POLICY CONSIDERATIONS

24. The Budget has been developed based on the principles contained in the Kalamunda Accountable: Long Term Financial Plan to 2026.

COMMUNITY ENGAGEMENT REQUIREMENTS

Internal Referrals

25. The Shire has had extensive meetings with senior management and the executive team commencing in March and throughout May 2017 to closely review budget line items..
26. The Shire held a Strategic Service Review meeting with Councillors in February 2017 which was subsequently followed by various budget briefings on 8, 15, and 23 May and 8 June 2017 discussing all aspects of the budget formulation.

External Referrals

27. The Shire has met its statutory obligations with respect to community consultation whereby a Notice of Intention to Levy Differential Rates was advertised in the local newspapers from 3 June 2017.

The Objects and Reasons for raising differential rates have been made available for inspection at the Administration Centre, Shire Libraries and the Shire's Website.
28. A period of 21 days was provided for public comment concluding on 23 June 2017. At the date of publishing the agenda for the Adoption of the Budget four objections to the rate rise have been received and responded to accordingly.
29. Specific financial implications are as outlined in the Details section of this report and in the attached 2017/2018 Budget document.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

30. *Kalamunda Advancing: Strategic Community Plan to 2026*

OBJECTIVE 6.8 - To ensure financial sustainability through the implementation of effective financial management, systems and plans

Strategy 6.8.1 Develop and regularly review the Long Term Financial Plan for the Shire.

SUSTAINABILITY

Social Implications

31. The Budget has been developed to align with the prioritised needs of community infrastructure and services. Long term plans such as the Strategic Asset Management Plan and the Community Facilities Plan will be the strategic documents that identify and prioritise community infrastructure. Ongoing service reviews will continue to ensure community services are relevant and efficient.

Economic Implications

32. The Budget has been developed to align with the economic implications occurring in the Shire. The Budget addresses the ongoing development of future industrial land in Forrestfield, as well as land development opportunities throughout the Shire. The Budget is focused on meeting current service needs as well as providing for the future.
33. The Local Planning Strategy will guide development within the Shire over the next 20 years.

Environmental Implications

34. The Budget has been developed to align with the environmental priorities outlined in the Shire’s Strategic Plan. Funding has been allocated for a range of environmental initiatives within the operating program. An Environmental Reserve was established and additional funds from proceeds of land sales have been set aside to fund a greater level of environmental initiatives.

RISK MANAGEMENT CONSIDERATIONS

35.	Risk: Declining economy adversely impacts capacity of Ratepayers to pay rates.		
	Likelihood	Consequence	Rating
	Possible	Significant	High
	Action / Strategy		
	Monthly management reports are reviewed by the Shire. Debt collection strategies are in place to assist ratepayers manage their debts to the Shire.		

Risk: Understatement of capital works program		
Likelihood	Consequence	Rating
Possible	Significant	High
Action / Strategy		
Improved Asset Management procedures to ensure that project designs are well costed prior to implementation.		
If revised costings are higher than budgeted, the project budget could either be varied at budget review from internal savings to allow for project to progress if determined critical to the community, deferred to the following year or cancelled.		
Risk: Non-compliance with Financial Regulations		
Likelihood	Consequence	Rating
Unlikely	Significant	Medium
Action / Strategy		
The budget report is scrutinized by the Shire's Governance and Internal Audit departments to ensure that all statutory requirements are met.		
Risk: Budget Adoption is delayed		
Likelihood	Consequence	Rating
Unlikely	Critical	Extreme
Action / Strategy		
Emergency spending is approved by Council until budget is adopted. All project and non-discretionary work is dis-continued. Staff affected by the delays in projects are sent on forced annual leave. Bank Overdraft facility is activated to supplement cash flows. Payments to suppliers may need to be re-negotiated.		

OFFICER COMMENT

- 36. The 2017/2018 Budget continues to reflect the decision taken by the Council in 2009 to address the issue of the historic under funding of asset maintenance and renewal. It continues the objective of delivering a responsible budget that enables further improvements to the Shire's financial ratios. A dedicated reserve called the Asset Enhancement Reserve was created in 2015/2016 to allow the Shire to reduce the infrastructure gap.
- 37. The 2017/2018 Budget has been guided by the LTFP that provides a blueprint for effective long term financial planning which is in alignment with the Department of Local Government and Communities Integrated Planning Framework.
- 38. Following three years of significant growth in capital works projects which resulted in a depletion of the Shire's Reserves in 2011/2012, the Shire implemented its alternative funding strategy to develop and sell land assets. The Shire has been able to transfer significant proceeds to the Land and Property Reserve through the course of the past three years. The Shire is ensuring this work continues and has reflected this in the LTFP. However, for 2017/2018 there are no sales budgeted in light of the saturated housing market allowing for further development of the sites targeted.

39. Continued cash flow management will be crucial in 2017/2018 to ensure the Shire's Reserves are maintained. The Shire will ensure its operating income growth continues to exceed cash operating expenditure by closely monitoring and managing activities and programs.

40. The Councillor fees and allowances for 2017/2018 have been set in accordance with the Salaries and Allowances Tribunal (SAT) determination of 17 April 2017. SAT determined there will be no increase in remuneration, fees expenses or allowances ranges provided to CEO's and elected members in light of the serious economic conditions facing Western Australia.

2017/2018 BUDGET RECOMMENDATIONS

PART 1 – Councillor Fees and Allowances for 2017/2018

Voting Requirements: Absolute Majority

RESOLVED SCM 113/2017

That Council:

1. Pursuant to Section 5.99 of the *Local Government Act 1995* and Regulation 34 of the *Local Government [Administration] Regulations 1996* adopts the following annual fees for the payment of Councillors in lieu of individual meeting attendance fees:-

Shire President	\$30,841
Councillors	\$23,000

2. Pursuant to Section 5.99A (b) of the *Local Government Act 1995* and Regulations 34A and 34AA of the *Local Government [Administration] Regulations 1996*, adopts the following annual allowances:-

Telecommunications, Communication and Technology Allowance	\$3,500
Travel Allowance	\$50

3. Pursuant to Section 5.98 (5) (b) of the *Local Government Act 1995* and Regulation 33 of the *Local Government [Administration] Regulations 1996*, adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:-

Shire President	\$62,727
-----------------	----------

4. Pursuant to Section 5.98 (A) of the *Local Government Act 1995* and Regulation 33A of the *Local Government [Administration] Regulations 1996*, adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:-

Deputy Shire President	\$15,682
------------------------	----------

Moved: **Cr Geoff Stallard**

Seconded: **Cr John Giardina**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (10/0)**

PART 2 – Schedule of Fees and Charges for 2017/2018

Voting Requirements: Absolute Majority

RESOLVED SCM 114/2017

That Council:

1. Pursuant to Section 6.16 of the *Local Government Act 1995*, adopts the Hall Hire, Community Recreation Facilities Charges and Reserve Hire – Outdoor Activities Charges as per (Attachment 1).
2. Adopt the fees and charges for Regulatory and Other Services as per (Attachment 1).
3. Pursuant to Regulation 53 of the Building Regulations 2012, adopts a swimming pool inspection fee of \$44.
4. Pursuant to Section 6.51 of the *Local Government Act 1995* and Regulation 70 of the *Local Government [Financial Management] Regulations 1996*, impose an interest charge of 11% on all rates and service charges including the refuse charge, Waste Avoidance and Resource Recovery Levy and swimming pool inspection fee that are not paid by the due date.
5. Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 67 of the *Local Government [Financial Management] Regulations 1996*, adopt an instalment administration charge where the owner has elected to the payment of rates and service charges through an instalment option by charging a:
 - (a) \$7 administration charge where a property owner elects to payment of rates and service charges on a two instalment option; or
 - (b) \$21 administration charge where a property owner elects to payment of rates and service charges on a four quarterly instalment option.
6. Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 68 of the *Local Government [Financial Management] Regulations 1996*, adopt an instalment interest charge where the owner has elected to the payment of rates and service charges through an instalment option by charging 5.5% as prescribed:

A query was clarified by for Cr Geoff Stallard before the vote took place.

Moved: **Cr Noreen Townsend**

Seconded: **Cr Sara Lohmeyer**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (10/0)**

PART 3 – Waste and Rubbish Charges for 2017/2018

Voting Requirements: Absolute Majority

RESOLVED SCM 115/2017

That Council:

1. Pursuant to Section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, adopt the following charges for the removal and deposit of domestic and commercial waste:-
 - i. Domestic / Commercial Service
 - a. Ordinary domestic collection/disposal service including kerbside recycling service to be set at \$530 and any additional general waste bin at \$637 or recycling bin at \$165;
 - b. Eligible pensioners – a concession rate for the domestic collection/disposal service including kerbside recycling service of \$300. Additional services will be as specified above in (a).
 - c. Residential multi-unit service to be set at \$426 and Residential other domestic service to be set at \$495.
 - d. Residential multi-unit eligible pensioners – a concession rate for the service of \$300.
 - e. Credit for residential properties who cannot access the skip bin service \$(46).
 - f. Commercial and Industrial – collection and disposal of both general and recyclable waste service of \$1,008 and additional service for both general and recycling bin at \$1,261.
 - g. Community and sporting clubs – collection and disposal of general waste will be \$1.43 per litre for a 120 litre bin or \$0.29 for a 240 litre recyclable waste bin.
 - h. Community Event – collection and disposal of general waste will be \$188 for a 240 litre general Waste bin, \$104.50 for a 240 litre recycling waste bin and a \$108.50 additional fee for disposal of contaminated recycling waste bin.
 - ii. Walliston Transfer Station
The deposit of rubbish at Walliston Transfer Station and Collection of specific items will be charged as follows:-

Description – Resident charges only	\$
Collection of Whitegoods or Mattresses (up to 2 items) (non-pensioner)	23.00
Collection of Whitegoods or Mattresses (up to 2 items) (pensioner)	7.35
Standard Car & Motor Cycle Tyre, each (maximum of 5/entry)	11.30
Four Wheel Drive Tyre, each (maximum of 5/entry)	20.30
Truck Tyres, each (maximum of 2/entry)	30.70
Compost Bin (including delivery)	53.00
Worm Farm (including Delivery)	146.50

Description – Non-Resident charges only	\$
Clean Greenwaste per tonne (minimum charge 0.5t = \$21.50)	44.00
Mixed Waste - Car/Station Wagon/Utes or Trailer only	63.50
Mixed Waste - Vehicle & Trailer combination - up to 7 x 5, no trucks	112.00
Mixed Waste – small trucks up to 2 tonnes	123.50
Mattress disposal fee (residents) (max 5/entry)	20.60
Standard Car & Motor Cycle Tyre, each (maximum of 5/entry)	12.60
Four Wheel Drive Tyre, each (maximum of 5/entry)	24.50
Truck Tyres, each (maximum of 2/entry)	36.40

- iii. Waste Avoidance and Resources Recovery Levy
Adopt a levy of \$0.0004180 against the Property's GRV valuation as provided by Landgate with a minimum charge of \$20 on all properties.

Moved: **Cr Michael Fernie**

Seconded: **Cr Geoff Stallard**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (10/0)**

PART 4 – Municipal Fund Budget For 2017/2018

Voting Requirements: Absolute Majority

RESOLVED SCM 116/2017

That Council:

1. Pursuant to the provisions of Section 6.2 of the *Local Government Act 1995* and the Part 3 *Local Government [Financial Management] Regulations 1996*, adopt the Municipal Fund Budget (with the inclusion of the Kalamunda Sporting Precinct – Kostera Oval Lighting Project) as contained in (*Attachment 3*), Statutory Statements and Notes (including supplementary information) for the year ending 30 June 2018.

Moved: **Cr John Giardina**

Seconded: **Cr Geoff Stallard**

Vote:

For	Against
Cr Michael Fernie Cr John Giardina Cr Geoff Stallard Cr Allan Morton Cr Brooke O'Donnell Cr Noreen Townsend Cr Sara Lohmeyer Cr Sue Bilich Cr Andrew Waddell	Cr Dylan O'Connor
CARRIED / ABSOLUTE MAJORITY (9/1)	

Debate took place.

Cr Dylan O'Connor foreshadowed an alternative motion, however as the Substantive Motion received a Mover and Seconder it was put to the vote and Carried, therefore the alternative motion did not proceed.

PART 5 – General and Minimum Rates, Instalment Payment Arrangements and Incentives for Early Payments for 2017/2018

Voting Requirements: Absolute Majority

That Council:

1. Pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995* impose the following differential general and minimum rates on Gross Rental and Unimproved Values adopted for the purpose of yielding the deficiency disclosed by the Municipal Fund Budget at ~~Item 13~~ **Part 4 item 1.**

1.1 General Rates

- | | |
|---------------------------------------|----------------------------|
| • General - Gross Rental Values (GRV) | 5.8310 cents in the dollar |
| • Industrial/Commercial – GRV | 6.4820 cents in the dollar |
| • Vacant Land – GRV | 7.9930 cents in the dollar |
| • General - Unimproved Values (UV) | 0.3236 cents in the dollar |
| • Commercial – UV | 0.3878 cents in the dollar |

1.2 Minimum Rates

- | | |
|---------------------------------------|--------|
| • General - Gross Rental Values (GRV) | \$865 |
| • Industrial/Commercial – GRV | \$1080 |
| • Vacant Land – GRV | \$730 |
| • General - Unimproved Values (UV) | \$865 |
| • Commercial – UV | \$1080 |

1.3 Instalment Arrangements

Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, nominate the following due dates for the payment of rates in full and by instalments:-

Full payment	16 August 2017
Two Payment Option	
First Payment	16 August 2017
Second Payment	15 December 2017
Four Payment Option	
First Payment	16 August 2017
Second Payment	16 October 2017
Third Payment	15 December 2017
Fourth (Final) Payment	16 February 2018

1.4 Incentives for Early Payment of Rates

Pursuant to Section 6.46 of the *Local Government Act 1995*, offers the following incentive prizes to ratepayers who have paid their rates in full:

- 1 cash prize of \$5,000 donated by the Shire of Kalamunda.

Pursuant to Section 6.46 of the *Local Government Act 1995*, offers the following incentive prizes to ratepayers who pay via instalments:

- 3 prizes of \$1,000 donated by the Shire of Kalamunda towards the winners outstanding rates and charges amounts due.

- 2 double passes to a concert performed and donated by the Western Australian Symphony Orchestra.

Pursuant to Section 6.46 of the *Local Government Act 1995*, offers the following incentive prizes to ratepayers who register to receive their future rates notices electronically:

- 1 cash prize of \$1,000 donated by the Commonwealth Bank of Australia.
- 1 \$500 passbook account donated by the Bendigo Bank - Forrestfield & High Wycombe Community Bank.
- 2 Samsung Galaxy TabA 8" 16GB WiFi Tablets
- 3 Lenovo Yoga Tab3 16GB 8" WiFi Tablets
- 5 Garmin Vivosmart HR Activity Trackers

1.5 Eligibility for inclusion in the rates incentive prize draw.

That ratepayers who make rates payment in full by a week before the due date, being 9 August 2017, will be eligible for inclusion in the rates incentive prize draw.

1.6 Eligibility for inclusion in the rates incentive prize draw.

That ratepayers who make rates instalment payment by a week before the due date, being 9 August 2017, will be eligible for inclusion in the rates incentive prize draw for that category.

1.7 Eligibility for inclusion in the eRates incentive prize draw.

That ratepayers who registers to receive their future rates notices a week before the due date, being 9 August 2017, will be eligible for inclusion in the eRates incentive prize draw.

1.8 Eligibility of Elected Members and Staff to participate in rates incentive and eRates prize.

Councillors and employees of the Shire of Kalamunda, government bodies and their related agencies, commercial property ratepayers and sponsoring organisations are ineligible to win. These parties are ineligible as a sole or part owner of any property within the Shire of Kalamunda boundaries. Rates exempt properties such as schools and churches are also ineligible.

Decisions made by Shire Officers in regard to the awarding of prizes is final and no debate will be entered into.

The Chief Executive Officer advised Council of a correction to the Substantive Motion, to delete the words "item 13" and replace with the words "Part 4 Item 1", this amendment was accepted before the vote was put.

Moved:

Seconded:

Vote: **LAPSED**

*The Presiding Person sought a Mover and Seconder for the Officer Recommendation.
The Recommendation Lapsed for want of a mover.*

Cr Dylan O'Connor foreshadowed an alternative motion which would result in a reduced rate in the dollar.

ALTERNATIVE RECOMMENDATION

PART 5A – General and Minimum Rates, Instalment Payment Arrangements and Incentives for Early Payments for 2017/2018

Voting Requirements: Absolute Majority

RESOLVED SCM 117/2017

That Council:

1. Pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995* impose the following differential general and minimum rates on Gross Rental and Unimproved Values adopted for the purpose of yielding the deficiency disclosed by the Municipal Fund Budget at ~~Item 13~~ **Part 4 item 1.**

1.1 General Rates

- General - Gross Rental Values(GRV) 5.8030 cents in the dollar
- Industrial/Commercial – GRV 6.5440 cents in the dollar
- Vacant Land – GRV 7.9930 cents in the dollar
- General - Unimproved Values (UV) 0.3220 cents in the dollar
- Commercial – UV 0.3915 cents in the dollar

1.2 Minimum Rates

- General - Gross Rental Values(GRV) \$865
- Industrial/Commercial – GRV \$1080
- Vacant Land – GRV \$730
- General - Unimproved Values (UV) \$865
- Commercial – UV \$1080

(Notes this will result in a 2% rate increase being imposed upon General Residential properties).

1.3 Instalment Arrangements

Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, nominate the following due dates for the payment of rates in full and by instalments:-

Full payment	16 August 2017
Two Payment Option	
First Payment	16 August 2017
Second Payment	15 December 2017
Four Payment Option	
First Payment	16 August 2017
Second Payment	16 October 2017

Third Payment	15 December 2017
Fourth (Final) Payment	16 February 2018

1.4 Incentives for Early Payment of Rates

Pursuant to Section 6.46 of the *Local Government Act 1995*, offers the following incentive prizes to ratepayers who have paid their rates in full:

- 1 cash prize of \$5,000 donated by the Shire of Kalamunda.

Pursuant to Section 6.46 of the *Local Government Act 1995*, offers the following incentive prizes to ratepayers who pay via instalments:

- 3 prizes of \$1,000 donated by the Shire of Kalamunda towards the winners outstanding rates and charges amounts due.
- 2 double passes to a concert preformed and donated by the Western Australian Symphony Orchestra.

Pursuant to Section 6.46 of the *Local Government Act 1995*, offers the following incentive prizes to ratepayers who register to receive their future rates notices electronically:

- 1 cash prize of \$1,000 donated by the Commonwealth Bank of Australia.
- 1 \$500 passbook account donated by the Bendigo Bank - Forrestfield & High Wycombe Community Bank.
- 2 Samsung Galaxy TabA 8" 16GB WiFi Tablets
- 3 Lenovo Yoga Tab3 16GB 8" WiFi Tablets
- 5 Garmin Vivosmart HR Activity Trackers

1.5 Eligibility for inclusion in the rates incentive prize draw.

That ratepayers who make rates payment in full by a week before the due date, being 9 August 2017, will be eligible for inclusion in the rates incentive prize draw.

1.6 Eligibility for inclusion in the rates incentive prize draw.

That ratepayers who make rates instalment payment by a week before the due date, being 9 August 2017, will be eligible for inclusion in the rates incentive prize draw for that category.

1.7 Eligibility for inclusion in the eRates incentive prize draw.

That ratepayers who registers to receive their future rates notices a week before the due date, being 9 August 2017, will be eligible for inclusion in the eRates incentive prize draw.

1.8 Eligibility of Elected Members and Staff to participate in rates incentive and eRates prize.

Councillors and employees of the Shire of Kalamunda, government bodies and their related agencies, commercial property ratepayers and sponsoring organisations are ineligible to win. These parties are ineligible as a sole or part owner of any property within the Shire of Kalamunda boundaries. Rates exempt properties such as schools and churches are also ineligible.

Decisions made by Shire Officers in regard to the awarding of prizes is final and no debate will be entered into.

As noted above: The Chief Executive Officer advised Council of a correction to the Substantive Motion, to delete the words "item 13" and replace with the words "Part 4 Item 1"; this amendment was accepted before the vote was put.

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Andrew Waddell**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (10/0)**

PART 6 – Material Variance Reporting for 2017/2018

Voting Requirements: Absolute Majority

RESOLVED SCM 118/2017

That Council:

1. In accordance with Regulation 34 of the *Local Government (Financial Management) Regulations 1996*, and AAS 5 set the material variance level to be used in statements of financial activity in the year 2017/2018 for reporting variances at 5% or \$50,000, whichever is the greater.

Moved: **Cr Noreen Townsend**

Seconded: **Cr Michael Fernie**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (10/0)**

PART 7 – Capitalisation Threshold 2017/2018

Voting Requirements: Absolute Majority

RESOLVED SCM 119/2017

That Council:

1. Adopt a capitalisation threshold of \$30,000 for Information Technology Software and \$3,000 for all other assets.

Moved: **Cr Sue Bilich**

Seconded: **Cr Sara Lohmeyer**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (10/0)**

PART 8 – Proposal to Borrow Loan Funds

Voting Requirements: Absolute Majority

RESOLVED SCM 120/2017

That Council:

1. Pursuant to S6.20(1) of the *Local Government Act 1995*, proposes to borrow \$1,950,000 to allow for:
 - \$450,000 for further technical studies in the Forrestfield North area; and
 - \$1,500,000 for various plant and equipment

Moved: **Cr Brooke O'Donnell**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (10/0)**

Attachment 1

Schedule of Fees and Charges – Community Facilities – 2017/2018

[Click HERE to go directly to the Document](#)

Attachment 2

Schedule of Fees and Charges – Statutory and Regulatory Charges – 2017/2018

[Click HERE to go directly to the Document](#)

Attachment 3

2017/2018 Statutory Budget

[Click HERE to go directly to the Document](#)

Addendum to the Budget Report and Attachment 3

[Click HERE to go directly to the Document](#)

9.0 MEETING CLOSED TO THE PUBLIC

9.1 Nil.

10.0 CLOSURE

10.1 There being no further business, the Presiding Member declared the meeting closed at 8:00pm.

I confirm these Minutes to be a true and accurate record of the proceedings of this Council.

Signed: _____
Presiding Member

Dated this _____ day of _____ 2017