

**CCCS042: 2017-18 BUDGET ADOPTION**

**Proponent / Owner** : City of Albany  
**Attachments** : Draft 2017-18 Budget Documents.  
**Report Prepared By** : Business Analyst/Management Accountant (D Harrison)  
**Responsible Officers:** : Chief Executive Officer (A Sharpe)  
Executive Director Corporate Services (M Cole)

**Responsible Officer's Signature:**



**STRATEGIC IMPLICATIONS**

1. This item relates to the following elements of the City of Albany Strategic Community Plan 2023 and Corporate Business Plan 2014 - 2018:
  - a. **Key Theme:**
    - 2.2 Clean, Green and Sustainable
    5. Civic Leadership
  - b. **Strategic Objectives:**
    - 2.2. To maintain and renew city assets in a sustainable manner
    - 5.1. To establish and maintain sound business and governance structures.
  - c. **Strategy:**
    - 2.2.1 Asset Management. Sustainable asset management plans integrated with financial forecasts.
    - 5.1.2 Systems Development and Improvement. Improved financial management.
2. This proposed budget aligns with the City's Corporate Business Plan, which aligns with the City's:
  - 10 Year Financial Plan;
  - Asset Management Plans; and
  - Work Force Development Plan (People Strategy).

**In Brief:**

- Approve the 2017/18 budget, noting that the proposed budget is a result of a series of elected member and staff workshops.

**RECOMMENDATION**

**CCCS042: COMMITTEE RECOMMENDATION**

**VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**THAT Council ADOPT the following Responsible Officer Recommendations EN BLOC:**

- **Recommendation 1 (Municipal Rates);**
- **Recommendation 2 (Refuse Collection and Recycling charges);**
- **Recommendation 3 (Municipal and Trust Fund Budgets, Reserves);**
- **Recommendation 4 (Rates and Rubbish Collection Charges);**
- **Recommendation 5 (Rates and Charges to provide for Administration and Interest Charges on Rating, Rubbish, Waste Recycling and General Debtor Collection charges)**
- **Recommendation 6 (Schedule of Fees and Charges, with effect date 26 July 2017)**
- **Recommendation 7 (Elected Member Sitting Fees and Allowances)**
- **Recommendation 8 (Material variance for reporting figure \$100,000)**

CCCS042: COMMITTEE RECOMMENDATION  
VOTING REQUIREMENT: ABSOLUTE MAJORITY

MOVED: COUNCILLOR HAMMOND  
SECONDED: COUNCILLOR STOCKS

THAT the Responsible Officer Recommendation be ADOPTED.

CARRIED 10-0  
ABSOLUTE MAJORITY

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION (EN BLOC)  
VOTING REQUIREMENT: ABSOLUTE MAJORITY

Council ADOPT the following Responsible Officer Recommendations EN BLOC:

- Recommendation 1 (Municipal Rates);
- Recommendation 2 (Refuse Collection and Recycling charges);
- Recommendation 3 (Municipal and Trust Fund Budgets, Reserves);
- Recommendation 4 (Rates and Rubbish Collection Charges);
- Recommendation 5 (Rates and Charges to provide for Administration and Interest Charges on Rating, Rubbish, Waste Recycling and General Debtor Collection charges)
- Recommendation 6 (Schedule of Fees and Charges, with effect date 26 July 2017)
- Recommendation 7 (Elected Member Sitting Fees and Allowances)
- Recommendation 8 (Material variance for reporting figure \$100,000)

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 1  
VOTING REQUIREMENT: ABSOLUTE MAJORITY

Council ADOPT the following municipal rates in the dollar on unimproved values and gross rental valuations for the 2017/2018 financial year:

- (1) Rating Category 1 – GRV General
  - The General Rate on Gross Rental Values for the 2017/2018 financial year on Rating Category (1) including all GRV rateable land be 9.7325 cents in the dollar.
- (2) Rating Category 3 – UV
  - The General Rate on current unimproved values for the 2017/2018 financial year on Rating Category (3) including all UV rateable land be 0.4321 cents in the dollar.
- (3) Minimum Rate
  - The Minimum Rate for Rating Category 1 – GRV General rateable properties within the City of Albany will be \$992.00.
  - The Minimum Rate for Rating Category 3 – UV rateable properties within the City of Albany will be \$1071.00.

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 2  
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council APPROVES the following Refuse Collection and Recycling charges for the City of Albany (including general refuse collection, Bulk green waste collection, collection of recyclables and green waste) be adopted for the 2017/2018 financial year:

- (1) Residential Services

• Full Domestic Refuse Service	\$335.00
• Refuse Collection 140 Ltr MGB	Weekly
• Recycling Collection 240 Ltr MGB	Fortnightly
• Green Waste Collection 240Ltr MGB	Monthly
- (2) Additional Services

Additional Services (Maximum of One) with a full domestic rubbish service.

- Refuse Collection 140 Ltr MGB (Inc GST) Weekly \$90.00
- Recycling Collection 240 Ltr MGB (Inc GST) Fortnightly \$43.00
- Green Waste Collection 240Ltr MGB (Inc GST) Monthly \$43.00

(3) Waste Facilities Maintenance Rate (Section 66(1) Waste Avoidance and Resource Recovery Act 2007)

In addition to the full domestic refuse service the City will be raising an annual rate under section 66(1) of the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act) and, in accordance section 66(3) of the WARR Act, apply the minimum payment provisions of section 6.35 of the *Local Government Act 1995*. The rate is proposed to be called the 'Waste Facilities Maintenance Rate'. The minimum payment will be \$55.

The proposed rates are:

- GRV General Properties – Rate in the dollar: 0.01 Cents, minimum \$55.00
- UV General Properties – Rate in the dollar: 0.0022 Cents, minimum \$55.00

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 3  
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council ADOPTS:

- (1) Pursuant to the provisions of section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, the Municipal and Trust Fund Budgets as contained in the Attachment to this agenda and the minutes, for the City of Albany for the 2017/2018 financial year which includes the following:
  - Statement of Comprehensive Income by Nature and Type on page (v) showing a net result for that year of (\$27,088)
  - Statement of Comprehensive Income by Program on page (iv) showing a net result for that year of \$(27,088)
  - Statement of Cash Flows on page (vii)
  - Rate Setting Statement on page (viii) showing an amount required to be raised from rates of \$35,461,300
  - Notes to and Forming Part of the Budget on pages (1 to 56)
  - Fees and Charges and Capital Works Schedule as detailed on pages (57 to 95)
  - Transfers to / from Reserve Accounts as detailed in pages (45 to 50)
- (2) Pursuant to section 6.11 of the *Local Government Act 1995*, maintain the following reserves (noting the purpose of each reserve detailed in page 45 to 50 of the budget):
  - Airport Reserve
  - Albany Classic Barriers
  - Albany Entertainment Centre
  - Albany Heritage Park Infrastructure Reserve
  - Albany Leisure And Aquatic Centre – Synthetic Surface “Carpet”
  - Bayonet Head Infrastructure Reserve
  - Building Restoration Reserve
  - Capital Seed Funding for Sporting Clubs
  - Centennial Park Stadium and Pavilion Renewal Reserve
  - Cheyne Beach Reserve
  - City of Albany General Parking Reserve
  - Coastal Management Reserve
  - Debt Management Reserve
  - Destination Marketing & Economic Development Reserve
  - Emu Point Boat Pens Development Reserve
  - Great Southern Contiguous Local Authorities Group

- Information Technology Reserve
- Land Acquisition Reserve
- Master Plan Funding Reserve
- National Anzac Centre Reserve
- Parks and Recreation Grounds
- Plant & Equipment Reserve
- Prepaid Rates Reserve
- Refuse Collection & Waste Minimisation Reserve
- Roadworks Reserve
- Unspent Grants Reserve
- Waste Management Reserve

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 4  
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council APPROVES the due dates for payment of Rates and Rubbish Collection Charges for 2017/2018 be as follows:

- (1) Pay rates in full 13th September 2017.
- (2) Pay by two instalments:
  - (a) First Instalment Payment 13th September 2017; and
  - (b) Second Instalment: 15th January 2018.
- (3) Pay by four instalments:
  - (a) First Instalment Payment (and 'Payment in Full'): 13th September 2017;
  - (b) Second Instalment: 14th November 2017;
  - (c) Third Instalment: 15th January 2018; and
  - (d) Fourth Instalment: 16th March 2018.

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 5  
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT pursuant to the *Local Government Act 1995*, Council APPROVES the following Rates and Charges to provide for Administration and Interest Charges on Rating, Rubbish, Waste Recycling and General Debtor Collection charges during the 2017/2018 financial year:

- (1) Instalment Plan Administration Fee

An Instalment Plan Administration fee of \$6.50 for the second and each subsequent instalment notice issued will apply for rates and rubbish collection charges.
- (2) Late Payment Interest Charge

A charge on outstanding rates and rubbish collection accounts (including amounts owed on ad hoc Payment Plans) of 11% will be calculated daily at 0.0301% on a simple interest basis for the number of days from the account due date until the day prior to the day on which the payment is received.
- (3) Instalment Plan Interest Charge

An interest rate of 5.5% will be calculated on a daily basis at 0.0151% by simple interest basis from the due date of the first instalment as shown on the rate notice to the due date of each respective instalment.
- (4) Late Payment Interest Charge (Excluding Rates & Charges)

A charge of 11% interest, calculated on a simple interest basis for the number of days outstanding, may apply on unpaid debts (other than rates and rubbish collection charges) outstanding 35 days from the date of invoices raised after 1 July 2017.

In respect to the Late Payment Interest Charge on rates and charges, the method of calculating the interest charge is on the daily balance outstanding.

(5) Waivers

Where a small balance remains on a property assessment due to circumstances such as a delay in the receipt of mail payments or monies from property settlements and additional daily interest has accumulated, amounts outstanding of \$5.00 and under will be waived, as it is not considered cost effective or equitable to recover from the new property owner. Estimated loss of revenue from this waiver is \$1,100.

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 6

VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council APPROVES the Schedule of Fees and Charges (which forms part of the 2017/2018 Budget) be adopted effective from 26th July 2017.

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 7

VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council SETS the Elected Member Sitting Fees and Allowances as prescribed by the *Local Government (Administration) Regulations 1996* per annum, being:

- (1) Councillor Meeting Attendance Fee: \$31,364
- (2) Mayoral Meeting Attendance Fee: \$47,046
- (3) Councillor and Mayoral ICT Allowance: \$3,500
- (4) Annual Travel and Accommodation Allowance (allowable claims in excess of this allowance will be reimbursed): \$50
- (5) Total Mayoral Allowance is: \$88,864
- (6) Deputy Mayoral Allowance: \$22,216 - being 25% of the Mayoral Allowance.

CCCS042: RESPONSIBLE OFFICER RECOMMENDATION 8

VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council APPROVES a variance between actual and budget-to-date of greater than \$100,000 is considered to be a material variance for reporting purposes in the Statement of Financial Activity for 2017/2018.

**BACKGROUND**

3. Council has considered strategic and operational issues which will impact on the 2017/18 budget.
4. Under section 6.36 of the *Local Government Act 1995*, the City is not required to advertise the proposed rates amounts for the 2017/18 financial year.

**DISCUSSION**

5. Through Council workshops, Council members have considered various factors in developing a financially responsible budget while ensuring compliance with Local Government legislation, occupational safety and health requirements, continuation of the various services provided by the City, cost-saving initiatives and new capital projects that are “project ready” or will be required to be undertaken this financial year, given commitments previously made by Council.
6. An important consideration in preparing any budget is to ensure that Council works towards achieving financial sustainability for the future. The draft budget reflects a number of factors to maintain financial sustainability, which will impact not only on this year’s budget but will have a compounding effect in future budgets.

## GOVERNMENT & PUBLIC CONSULTATION

7. The Department of Local Government is not consulted prior to budget adoption. Once the Budget is adopted, a copy is sent to the Department for review.

## PUBLIC CONSULTATION / ENGAGEMENT

8. Budget information will be published in the local newspapers and on the City of Albany website.

## STATUTORY IMPLICATIONS

9. This item directly relates to, and contributes to achievement of, the Strategies within the *Community Strategic Plan – Albany 2023*, and *Corporate Business Plan- 2014-2018*.

## POLICY IMPLICATIONS

10. Nil.

## RISK IDENTIFICATION & MITIGATION

11. The risk identification and categorisation relies on the City's Enterprise Risk and Opportunity Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<b>Financial &amp; Reputation:</b> <i>Council does not endorse the 2017/18 Budget, with the consequence risk of deferred cash flow, and thus inability to meet financial commitments.</i>	<i>Unlikely</i>	<i>Extreme</i>	<i>Extreme</i>	<i>Delegated authority to the CEO to incur expenditure under the Local Government Act 1995 until Budget endorsement.</i>  <i>Reconsideration of the budget paper at a Council meeting prior to 31 August 2017.</i>

## FINANCIAL IMPLICATIONS

12. The 2017/18 Budget sets the parameters for expenditure of City resources.
13. The City must meet its legislative and debt obligations through endorsement of a budget. Failure to do so incurs considerable financial and other risks to the City.

## LEGAL IMPLICATIONS

14. Nil.

## ALTERNATE OPTIONS

15. Council adopt the 2017/18 Annual Financial Budget with changes.

## CONCLUSION

16. Endorsement of the budget provides delegated authority to the CEO to incur expenditure from 1 July 2017 until 30 June 2018.

<b>Consulted References</b>	:	<ul style="list-style-type: none"> <li><i>Local Government Act 1995</i></li> <li><i>Local Government (Financial Management) Regulations 1996.</i></li> </ul>
<b>File Number (Name of Ward)</b>	:	FM.BUG.12
<b>Previous Reference</b>	:	<ul style="list-style-type: none"> <li><i>Budget Workshop – 6 June 2017</i></li> <li><i>OCM July 2016 Resolution CSF255</i></li> </ul>