

Adoption of the 2018-2019 Annual Budget

File Reference:	FIN/5/65
Appendices:	Yes
Attachments:	No

Date:	28 June 2018
Reporting Officer:	N. Cain
Responsible Officer:	N. Cain
Voting Requirement:	Absolute majority

Executive Summary:

Recommendation – That Council, by an absolute majority, adopt the 2018-2019 Annual Budget.

The annual budget includes statements on:

- The municipal fund budget for 2018-2019;
- General differential rates, minimum payments and instalment arrangements;
- Fees and charges; and
- Elected Members' fees and allowances.

TABLED ITEMS:

Nil

BACKGROUND:

Each year Council is to adopt an annual budget for the purposes of allocating resources towards the provision of works and services.

The development of the *2018-2019 Annual Budget* has been an extensive, iterative and consultative process over several months. The process has included the following:

- Workshops for Elected Members aimed at delivering information, exploring concepts and clarifying options;
- The approval by Council of a *Statement of Objects and Reasons for Differential Rating* for public advertising/submission period; and
- The review and update, where required, of the *Long-Term Financial Plan, Workforce Plan* and *Asset Management Plan(s)*.

The development and consideration of all budget documentation has had regard for the direction as provided by the *Strategic Community Plan*.

DETAILS:

The *2018-2019 Annual Budget* has been prepared in accordance with the requirements of the *Local Government Act 1995* and various accounting standards. The purpose of this report is to facilitate final consideration of the annual budget, thus enabling the continued operation of the Town's works and services programs.

The main features of the budget are as follows:

- An average rate increase of 3%, with differential rates being applied. These being:

Residential - GRV

- Encompassing properties used primarily as a place of residence; and
- At 8.40 cents in the dollar with a minimum payment of \$1,233.

Non-residential - GRV

- Encompassing properties not used primarily as a place of residence; and
 - At 9.40 cents in the dollar with a minimum payment of \$1,282.
-
- An initial rate revenue strike in the order of \$45.6 million;
 - Total capital expense in the order of \$18.4 million, with approximately \$14.8 million representing additional capital works, and the remaining \$3.6 million being items carried forward from previous years;
 - Total operating expense in the order of \$65.8 million;
 - Fees and charges have been reviewed and amended as appropriate with a select number of fees increasing;
 - Some fees and charges have also been decreased;
 - The majority of properties in the district have, as part of the annual rates levied on the property, the rubbish and recycling services included;
 - Three loans are proposed for the financial year (to part fund the installation of underground power to three locations in the district); and
 - An estimated surplus of \$4.5 million is anticipated to be brought forward from 30 June 2018. This is an unaudited figure and may be subject to change. Any change will be addressed as part of a future review of the budget.

Results of public submission period

Council previously resolved to proceed with advertising a proposal to implement differential rating in the district and, in accordance with the *Local Government Act 1995*, called for submissions relating to this. Advertising, which was in excess of statutory requirements, was by way of:

- *The West Australian*;
- *The Southern Gazette*;
- Public noticeboards;
- Council's website;
- Council's online engagement platform; and
- Social media channels.

During the submission period, the following statistics were collated;

- *Facebook*
7,951 people reached, 57 reactions, 11 shares
- *Website public notice*
27 page views, 25 users, average time on page 2:07
- *Your Thoughts*
151 visits, 27 document downloads

The request for public submissions sought feedback on the proposal to implement

differential rating in the district, and any other related matter. Of the 20 submissions received, there were no submissions commenting on the proposal to implement differential rating in the district.

The majority of the responses focused on the rate increase and/or the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.

	Property owner-occupier/Property owner (different residential address)/Local resident (non-property owner)/Other	Submission comments	Response
1	Property owner/occupier – Victoria Park	I am astounded that a 3% rate increase is being considered. I have lived in Victoria Park for only 8 years. During this time I have not experienced any extra services provided by council. I have seen you destroy parkland and part of your reason for the rate increase is for "tree planting"? You are planning on developing the Millers Crossing green strip, why not leave it as it is, it already has established trees. I would have thought the charge for parking bays would make up any shortfall of revenue? You won't be satisfied until you have created another ghost town like Subiaco. Keep jacking the rates, paying for parking, this will undoubtedly hurt the average rate-payer and business owner. It would be far more prudent to trim outgoing costs, reduce salaries of Executive Council members?	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.
2	Property owner/occupier – East Victoria Park	Can you advise how the potential rental value of the premises is calculated and if we can provide feedback to what that value is prior to our rates being calculated? I feel that the rental value of my property has been grossly over estimated.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the calculation of Gross Rental Value (a matter that is outside the control of Council).
3	Property owner/occupier - Carlisle	I'd like a discount on my rates for my property on Marchamley Street, as the property value is set to plummet due to the fact that it is walking distance (won't be able to get the car out of the street) from one of Western Australia's worst black spot intersections, TWO petrol stations and a fast food outlet. Yes, I know TOVP is not 'responsible' - however, I'm dark because the home	The response does not comment on the proposal to implement differential rating in the district, and focuses more on dissatisfaction with planning outcomes.

		owner will ultimately pay the price for this planning DEBACLE. #stillirate	
4	Property owner/occupier – East Victoria Park	Rather than a 3% increase - why not do a one off levy for 2018/19 and keep everyone's rates the same? This avoids year on year increases, a good news story to rate payers and it's a flat one off cost - i.e. \$35 for everyone to fund 18/19 initiatives.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on a rating methodology that is not permitted under the <i>Local Government Act 1995</i> .
5	Property owner/occupier – East Victoria Park	I strongly oppose the differential rates for ToVP for 2018-2019. These rates are a significant increase on last financial year and cannot be justified. Property values in the ToVP have DECREASED. Growth this financial year according to Reiwa (www.reiwa.com.au) is -0.6% (houses) and -5.4% (units). This has correlated in significant DECREASES in rental rates this financial year. Therefore the differential rates set by ToVP should DECREASE by an equivalent amount (1-5%). I understand the ToVP provides rate payers with a range of services but given the rates are based on property value/rental then the rate amount should be in accordance and DECREASE.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the calculation of Gross Rental Value (a matter that is outside the control of Council).
6	Property owner/occupier - Burswood	As self-funded retirees on a fixed income, we find our rates bill increasingly difficult to pay. For three years, we suffered from an inflated valuation from Landgate. We hoped for some relief now that property prices are falling. As we don't have any concession cards apart from a WA Seniors Card, it has not been possible to defer our rates and put the debt into our estate. We now need to have this ruling re-evaluated.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the calculation of pensioner rebates (a matter that is outside the control of Council).
7	Property owner/occupier - Lathlain	You have asked for feedback regarding the increase to the annual rates. My feedback is that this increase is around twice that of the CPI increase. I would suggest that the Town of Victoria Park learn to live within their means like their ratepayers have to and therefore don't support the rate increase. I find it ironic that one of the reasons for the increase (as per article in the West Australia newspaper) was to enable the planting of trees. Really!!! It was not that long ago that over 90 established trees were removed to make way for an extra	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.

		<p>oval at Lathlain oval. There was no problem with this removal as it was stated at a public meeting that the trees weren't indigenous and were only around 50 years old. Also interesting is that most other councils are not increasing rates to the extent Victoria Park is. Are we going to get a superior service to most other councils?</p>	
8	Property owner/occupier – St James	<p>I don't agree with differential rates. Just because I look after my property, it seems I get penalized. Should be based on combination of land size, number of beds in house, or similar.</p>	<p>The response does not comment on the proposal to implement differential rating in the district, and either agrees with the basis by which Gross Rental Value is determined, or agrees with the capital valuation method for rates, which is the method for rating in some eastern states.</p>
9	Property owner/occupier – East Victoria Park	<p>I wish to make comment regarding the recent proposal to increase rates in the Town of Victoria Park by a further 3 per cent. I note that the item announcing the rate increase in the June 12 edition of 'Life in the Park' refers to the Consumer Price Index. A more relevant index for the Town to consider might be the Wage Price Index, which rose by just 1.5 per cent in the year to March 2018 in Western Australia. My own wages have risen by nowhere near this amount, and are in fact declining in value when measured against inflation.</p> <p>While the Town states that this increase is expected to amount to only \$61 on average, it should be highlighted that this year's percentage increase will compound the effect of increases applied in previous years.</p> <p>Councils across Western Australia have referred to above -CPI increases in costs such as electricity and water as a means of justifying proposed rate increases. Please note that these increases also affect households. In order to manage these increasing costs on a limited income, my own household has limited spending on non-essential items. I would strongly urge the Town of Victoria Park to do the same, rather than imposing yet another rate increase on</p>	<p>The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.</p>

		residents.	
10	Property owner/occupier – Victoria Park	<p>I opposed the 3% rate increase in part due to a lack of concrete explanations of exactly what the increase would be funding. Given that according to last years (2017) annual report the council generated a \$6,720,875 net profit together with maintaining substantial reserves as shown below I believe that that council is in a position to at least use some of these reserves to cover any increased expenditure at least for the next few years.</p> <p>Waste Management reserve \$917, 175. Park Renewal Reserve \$261,025. Other Infrastructure reserve \$574,443. Future project reserve funds \$1,798,878 and the future fund reserves \$12,332,193 these reserve accounts total \$15,883, 714 which equates to approx \$1,270 per household surely some of these fund could be utilized to avoid such a high increase when compared to CPI and other council increase for 2018.</p>	<p>The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.</p>
11	Property owner/occupier – St James	<p>I hereby make a submission that I disagree with this apparent 'smoke screen' money grabbing exercise by the council.</p> <p>Every year, like the health funds, you make your excuses and raise the rates well above and beyond the CPI.</p> <p>I have only had a solitary 2% wage rise in the last four years due to my own (mining) company citing nonsensical business strategies to cut employee conditions and benefits plus adopting a climate of fiscal restraint; yet they continue to waste money on unnecessary grandiose schemes.</p> <p>It is well beyond time the local council and indeed, all levels of government started to appreciate the population as a whole are not in a position of continuing to support these never ending increases in charges and fees.</p> <p>We are expected to continually restrain our expectations from our employers; I expect the same from you.</p> <p>It is now expected you make do with the same funding levels that you received during last financial year. If you cannot make your budget balance then you cannot not be trying hard enough. I have to live within my means... so should those expecting me to pay more each and every year.</p>	<p>The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.</p>

12	Property owner/occupier – St James	Victoria Park's rates have increased yet again - by far our town increases their rates the most % each year. With the paid parking being installed a few years ago generating extra income, now the Stadium being part of TOVP and generating quite the income, I would have thought they'd at least stay the same or reduce, definitely not increase.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase. It should be noted that Optus Stadium is exempt from paying rates.
13	Property owner/occupier – Victoria Park	<p>Thank you for inviting me to make a submission.</p> <p>I disagree with the proposed rate increase of 3% and believe it should be limited to no more than either CPI or average wage growth.</p> <p>As an individual my income increase for this year is about 1.5%. I, like the council, have been subject to increases in electricity, water and other non-discretionary costs which have been far in excess of CPI. While my family won't starve I have to limit my discretionary expenditure simply for the reason that I can't force my boss to pay me extra money so that I can do the things I want to do.</p> <p>That is the difference between me and the council. The council can impose a fee increase of whatever it likes and I cannot do anything about it. In fact, if it does, it further constrains my discretionary spending.</p> <p>Assuch, I believe an increase above CPI or average wage growth shows a lack of consideration and integrity.</p>	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.
14	Property owner/occupier – Victoria Park	I am totally against the 3% rate increase. Compare with other councils, Town of Vic Park does not deliver as much. Playgrounds are all very poor condition compared to other suburbs. What does the council use the money for?	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.

15	Property owner/occupier – Victoria Park	Please do not raise our rates again. People trying to live on pensions will be driven out of the suburb because we will not be able to afford to live here. I do not understand why you are doubling the inflation rate in this latest planned increase, particularly as the Town of Victoria Park has ample of funds (more than \$12m, from memory, according to a response to a public question at a council meeting I attended). Why then are you placing increasing financial pressure on your ratepayers? The latest planned increase is quite outrageous and not justifiable by anything I've read or heard.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.
16	Property owner/occupier – East Victoria Park	I do not support an increase on rates as 1 - We don't even enjoy the benefits or aesthetics of underground power 2 - I would have thought the implementation of the parking fees would be more than adequate in providing the Town of Victoria Park with the projected revenue that they put forward 3 - Leisurelife is one of most expensive gym memberships in our community and it doesn't even offer the rate payers a discount, which it previously did 4 - It doesn't embrace supporting small business and allow them to implement new initiatives without incurring red tape and additional costs	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.
17	Property owner/occupier – East Victoria Park	I find it outrageous that rates increase alongside amenities and yet we are not receiving pay rises to meet this increases. This is a highly populated single income/family orientated suburb and this must be kept in consideration.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.
18	Property owner/occupier – Victoria Park	Not all of the projects that you have approved meet the total acceptance of all ratepayers. Therefore I respectfully suggest you prune some of them until you have funds available and can still live within your means and increase rates at no more than one and a half percent.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning

			with the proposed rate increase.
19	Property owner/occupier - Carlisle	With regard to the proposed rate increase for the 2018-2019 year I am opposed to any increase above the inflation rate. I have been paying Local Government rates in Western Australia at many different country and metropolitan local government locations, including City of Perth, for over 60 years and not one of them have had annual increases as great as those experienced in the Town of Victoria Park since I became a ratepayer about 1995.	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.
20	Property owner/occupier - Burswood	<p>It comes as no surprise the Town of Victoria Park as usual is crying poor. The rates levied by this Town Council are one of the highest in the Metropolitan area as shown by various publications, and this new rate rise of 1.5%, twice the inflation rate, is not justified by the services I have receive as a rate payer and by the additional rates flow from new infill developments. For the Council to trot out the old arguments that increased cost of providing street lighting, electricity, water, gardening, road works and a myriad of other costs, does not pass the pub test. All other councils have the same costs and are able to work within their means without finding the need to raise their rates by such amounts as our Council does every year.</p> <p>Before this new Town Council came into existence we were told that "our own Town Council" would look after us rate payers.</p> <p>It started with a staff of 79 and now has a staff of over 400 plus numerous consultants for an area smaller than other councils.</p> <p>I see no difference in services provided or performance between this Council and the previous City of Perth Council - but for the steep rate hikes by this Council. This Council with its small area should be able to provide existing services and any additional services (which do not come to mind); because:</p> <p>1). the amount of additional multiple rates generated from new ongoing infill every year -where there was one house or business premises you now have apartments, unit, flats etc., all this was</p>	The response does not comment on the proposal to implement differential rating in the district, and focuses more on the individual's belief of an inequity between levels of service delivery not aligning with the proposed rate increase.

proposed by the Perth City Council.

2). all parklands are well established and receive little maintenance.

3). roads -some have pot holes, foot paths - non -existent in places, and verges (torn up by service providers) all get little maintenance.

The concrete footpath outside my house, 9 Leigh Street Burswood, has been pushed up 70mm in one corner by tree roots, this I pointed out to the council almost two years ago. I also pointed out the NO STOPPING signs at my driveway crossover needed to be renewed. Your ranger took pictures on his mobile phone but no remedial action has been taken.

4). The street light in Egham Road in front of units at #11 was removed- I would like to see it reinstated. Since its removal my property across the road had its copper piping removed, including the gas copper pipe (dangerous). In the past few weeks this copper piping and gas hot water unit have again become a target. The next door neighbours had their cars broken into as have others in the street.

It was reported in the Southern Gazette, June 12, 2018, "the town required to increase rates above the Consumer Price Index (CPI) in order to deliver new place planning initiatives, increase tree planting programmes and provide the level of service expected by the community in a growth market.

My questions are:

1). in order to deliver WHAT new place planning initiatives and at what cost?

2). To increase tree planting programmes? It would be nice to see those plantings that I have been notified during the past 20 years. How about for a start the promise that trees removed at the front of the Montessori School, Egham Road, were to be replaced that winter!?

As far as I am aware any verge trees removed due to adjoining property owner planning requirements the cost of this removal and new planting is borne by the owner- so where is the cost to the council?

3). WHAT level of service expected by the community? maintaining existing, upgrade or additional?,

Each and every tenancy pays for bin and verge waste pick-up, whether used partly, fully or not at all;

4) WHAT growth market? the signs speak for themselves. Business is getting out as quickly as is possible due to rent hikes because of tax on inflated land values and rates on assumed forward rental income. Business in its various forms draws people to its area otherwise and area becomes stagnant and money flows out to these areas that can provide this service. The Perth City Council found this out when it pushed residential life out so as to cater just for business. You need a diversity of both. Victoria Park is becoming just a cafe strip. A fad: here one day and gone the next.

For my rates over the years, I would like to see the council more proactive when it comes to issues affecting me and the ratepayers in this area:

1). Parking: Kitchener Avenue

Parking in this area is abysmal, my call to council testify this.

The cars parked along the side of the railway reserve in Kitchener Avenue are a safety hazard. This parking lane or new parking areas where possible between Leigh Street and Victoria Park train station should be pushed into the railway reserve which is a waste of land and an eyesore on the door step of this town and its state capital. This ugly train yard area should have a screen wall to match those on main roads or freeways to stop noise, dust and vibrations. I have seen and felt road rage myself a number of times along this stretch of Kitchener Avenue, the worst was when a male lunatic on a rainy day passed me at speed on top of the speed hump at the Howick Street intersection making me brake otherwise I would have been pushed into the row of parked cars. Other times I have seen irrational drivers force cars to back all the way to Egham Road.

2). Buses/Burswood Road

To turn right or left into Burswood Road takes some patience at certain times of the day because of traffic flow in both directions at the same time and cars parked in Burswood Road at the bottom of Leigh Street. The number of buses that come at once from Teddington

		<p>Road and stop at the first bus stop on the bend in Burswood Road and the bus stop alongside GO Edwards Park new playground impedes the flow of traffic. I have experienced both, stuck in traffic on Teddington Road and not been able to come out of Leigh Street into Burswood Road.</p> <p>3). Rates</p> <p>a) For the past 24 years I have been paying 6% in my rates for underground power, when am I going to see this?</p> <p>b) Why is the cost not shown on my rate notice - has the council something to conceal?</p> <p>c) Why am I paying for this item when I have had underground power for some years</p> <p>d) What is this percentage based on?</p> <ul style="list-style-type: none"> • a flat sum for all; • GRV; • some other input? <p>Subiaco has finished all of its underground power. In closing: The Council has not shown why its new rates should be so high. In closing: The Council has not shown why its new rates should be so high. Some mundane objectives of no benefit to me. With newer projects generating a larger income flow every year to Council the rate should be no more than CPI.</p>	
--	--	--	--

The focus topic of the majority of the submissions was not unexpected, and was considered as part of the deliberation when proposing a 3% rate increase.

Proposed year end position as at 30 June 2019

After allowing for the proposed carry forward items from the previous year (2017-2018), as detailed and explained in the next section of this item, there is no proposed year end surplus position forecast for 30 June 2019.

Carry-forward items from the previous annual budget

Each year the Town potentially carries forward works and projects (and in some instances associated project revenues) that are 'in progress' or have been deferred for a specific reason.

There are essentially three categories of carry-forward items, these being:

- Programs/projects either in progress or yet to commence that are fully or partly funded from sources external to Council, e.g. grant and/or contribution-funded programs/projects;
- Council funded programs/projects that, as at 30 June, are either in progress or yet to

commence, and for which there exists a desire to continue forward with the programs/projects; and

- Those other Council works and services where there exists a known outstanding commitment/obligation to complete a specific task, e.g. programs/projects temporarily deferred for a variety of reasons.

Carry-forward items from the previous budget included in the *2018-2019 Annual Budget* have a net total of \$4.2 million (\$4.8 million in expense and \$0.6 million in associated revenue).

There is a separate section within the *2018-2019 Annual Budget* that provides a complete listing of all items for carry forward.

Proposed rates to apply for the 2018-2019 financial year

In preparing the annual budget, Elected Members considered the rate revenue parameter in order to establish the framework of the annual budget within which detailed works programs and estimates could be developed.

During Elected Member workshops, it was generally accepted that an average rate increase of approximately 3%, utilising differential rates, was considered appropriate. These being:

Residential - GRV

- Encompassing properties used primarily as a place of residence; and
- At 8.40 cents in the dollar with a minimum payment of \$1,233.

Non-residential - GRV

- Encompassing properties not used primarily as a place of residence; and
- At 9.40 cents in the dollar with a minimum payment of \$1,282.

By applying the above rates in the dollar and minimum payments, an initial rate revenue strike in the order of \$45.6 million will be realised.

The following is a summary of the matters considered in achieving the proposed 3% rate increase, which is in keeping with the most recent *Long-Term Financial Plan*:

- Indexation assumptions have been revised taking into account the current (and immediate future) economic position in Western Australia;
- Variations have been made to reserve fund transfers;
- Revenue estimates from fees and charges have been frozen from any indexation;
- Rate revenue from larger-scale developments in the district have been considered with regards to anticipated completion dates;
- Increased expenses likely to be incurred as a result of state government price increases and legislation changes and changes to the processing of waste; and
- Other adjustments have been made to expense areas (without materially impacting the levels of service being supplied).

Additional commentary

It is important to note that the proposed budget includes an increase in rates of 3%.

Previous Long Term Financial Plans identified an 8% annual rate increase for many future years - this being a deliberate effort to overcome previous 'underrating' years. Council will recall having an additional rating effort above the 8% being for Local Government Reform. This additional rating effort has not been removed for the purpose of determining rates for

this coming financial year and is included within the increase.

Determination of material variance for reporting purposes

Each year Council is required to adopt a percentage or value for the purposes of reporting material variances in the Monthly Financial Activity Statement. This value or percentage is then used throughout the financial year to identify potential areas in Council's actual revenues and expenditures that may not be in keeping with Council's budget. The early identification of these potential issues can assist in better utilisation and allocation of scarce Council funds and resources. The values chosen should provide a good indication of variances that would not normally be able to be covered through Council's normal operations and should, therefore, be assessed to identify if a potential issue exists or not.

Council has previously used a value of (+) or (-) \$25,000, per business unit/service area, for each of the revenue and expenditure areas included in the Statement of Financial Activity.

It is recommended that this value continue to be used.

Statement of calculation of the annual budget

In compiling the annual budget, officers have, in accordance with the Local Government Accounting Manual, as produced by the Department of Local Government:

- identified recurring operating revenue and expenditure;
- prepared salary and wages schedules including proposed new staff positions, staff increment changes and enterprise agreement increases;
- prepared water, power and sewer utilities cost estimates and increase assumptions;
- prepared capital expenditure based, where possible, on long-term asset management plans;
- confirmed grants for both operating and capital requirements;
- determined and applied the assumptions for the opening current position from the previous financial year;
- identified any carry forward projects into the new financial year;
- flagged committed funds and excluded these from the brought forward balance in the determination of the current position;
- established if there is a budget deficit or surplus to be carried forward restricted to the prescribed amount;
- obtained estimates for non-current assets to be sold or traded-in on new assets;
- obtained estimates for insurance, including workers' compensation;
- updated the scale of fees and charges for the next 12 months;
- compiled projected cash flows over the next 12 months to ensure there is sufficient liquidity to meet current commitments throughout the year;
- prepared the budget document consistently with comparative financial results for the previous year;
- ensured that any surplus funds invested conforms with the short-term requirements for drawdowns as and when the funds are required; and
- completed all the required statutory schedules for adoption by Council.

Legal Compliance:

Section 6.2 of the *Local Government Act 1995* states:

*During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time that as the Minister allows, each local government is to prepare and adopt *, in the form and manner prescribed, a budget for its municipal fund for the*

financial year ending on the 30 June next following that 31 August.

* Absolute majority required

Section 6.2 of the *Local Government Act 1995* requires Council, in formulating the budget, to have regard to the contents of the *Strategic Community Plan* and prepare detailed estimates for the current year.

Section 6.2(4) of the *Local Government Act 1995* sets out certain details that the annual budget is to incorporate and such other matters as prescribed.

Part 3 of the *Local Government (Financial Management) Regulations 1996* establishes the form and content of the budget document and requires a copy of the Annual Budget to be submitted to the Department of Local Government within 30 days of adoption by Council.

Various clauses of Section 6 of the *Local Government Act 1995*, and other subsidiary legislation, also affect the budget document.

Regulation 34 of the *Local Government (Financial Management) Regulations 1996* requires Council to adopt a percentage or value, calculated in accordance with Australian Accounting Standards, to be used in the monthly Statement of Financial Activity.

Numerous other pieces of state legislation have an impact on the budget including, although not limited to:

- the *Local Government (Miscellaneous Provisions) Act 1960*;
- the *Waste Avoidance and Resources Recovery Act 2007*; and
- the *Building Regulations 2012*.

Policy Implications:

Nil

Risk Management Considerations:

Risk & Consequence	Consequence + Rating	Likelihood = Rating	Overall Risk Analysis	Mitigation/Actions
Reputational Negative public perception if Council does not adopt the annual budget.	Moderate	Possible	Moderate	Community consultation/submission periods. Elected Member workshops.
Service interruption Potential reduction in the quality of assets provided and services delivered if the	Major	Possible	High	Elected Member workshops. Rate modelling.

Risk & Consequence	Consequence + Rating	Likelihood = Rating	Overall Risk Analysis	Mitigation/Actions
rate increase and annual budget are not adopted.				
Financial Potential cash flow issues may result if the annual budget is not adopted.	Major	Unlikely	Moderate	Overdraft facility.
Compliance Failing to adopt the annual budget by 31 August in any year is considered a breach of the <i>Local Government Act 1995</i> .	Moderate	Unlikely	Moderate	Elected Member workshops. Annual Budget delivery timetable.

Strategic Plan Implications:

The development and consideration of all budget documentation has had regard for the direction as provided by the Town's *Strategic Community Plan*.

Financial Implications:

Internal Budget:

In accordance with the *2018-2019 Annual Budget* timetable, this report makes recommendation to Council on the adoption of the *2018-2019 Annual Budget*.

Total Asset Management:

The preparation of the *2018-2019 Annual Budget* is aligned with the Integrated Planning and Reporting framework, of which asset management is a significant part.

Sustainability Assessment:

External Economic Implications:

The preparation of the *2018-2019 Annual Budget* has had regard for the sustainability items of economic, social, cultural and environmental matters. The document supports the outcomes identified as being part of sound sustainability principles.

Social Issues:

The preparation of the *2018-2019 Annual Budget* has had regard for the sustainability items of economic, social, cultural and environmental matters. The document supports the outcomes identified as being part of sound sustainability principles.

Cultural Issues:

The preparation of the *2018-2019 Annual Budget* has had regard for the sustainability items of economic, social, cultural and environmental matters. The document supports the outcomes identified as being part of sound sustainability principles.

Environmental Issues:

The preparation of the *2018-2019 Annual Budget* has had regard for the sustainability items of economic, social, cultural and environmental matters. The document supports the outcomes identified as being part of sound sustainability principles.

COMMENT:

The annual budget has been compiled using the *Strategic Community Plan*, various other statutorily required documents, and input from Elected Members and staff.

CONCLUSION:

The *2018-2019 Annual Budget* will deliver on the strategies adopted by the Council in the *Strategic Community Plan*, and maintains a high level of service across all programs, while ensuring an increased focus on renewing all assets to sustainable levels.

RECOMMENDATION/S:

That Council, by an absolute majority:

1. Municipal fund budget for 2018-2019

Pursuant to the provisions of Section 6.2 of the *Local Government Act 1995* (as amended), and Part 3 of the *Local Government (Financial Management) Regulations 1996*, adopts the Municipal Fund Budget, as included in the Appendices, for the Town of Victoria Park for the 2018-2019 financial year, which includes the following:

- 1.1 Statement of Comprehensive Income by Nature and Type showing a net result for that year of \$2,942,500;
- 1.2 Statement of Comprehensive Income by Program showing a net result for that year of \$2,942,500;
- 1.3 Rate Setting Statement showing an amount required to be raised from rates of \$45,789,500;
- 1.4 Notes to, and forming part of, the budget;
- 1.5 Budget program schedules; and
- 1.6 Transfers to/from Reserve Accounts as detailed.

2. Differential rates, minimum payments and instalment payment arrangements

2.1 For the purpose of yielding the deficiency disclosed by the Municipal Fund Budget adopted at Part 1 above, and pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*, imposes the following differential rates and minimum payments on Gross Rental Values.

Residential – GRV

- Encompassing properties used primarily as a place of residence; and At 8.40 cents in the dollar with a minimum payment of \$1,233.

Non-Residential - GRV

- Encompassing properties not used primarily as a place of residence;

and

At 9.40 cents in the dollar with a minimum payment of \$1,282.

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

2.2.1 Full payment and 1st instalment due date 29 August 2018;

2.2.2 Second quarterly instalment due date 31 October 2018;

2.2.3 Third quarterly instalment due date 9 January 2019; and

2.2.4 Fourth quarterly instalment due date 13 March 2019.

2.3 Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 67 of the *Local Government (Financial Management) Regulations 1996*, adopts an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$14 for each instalment after the initial instalment is paid (a total of \$42).

2.4 Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option.

2.5 Pursuant to Section 6.51(1) and subject to Section 6.51(4) of the *Local Government Act 1995* and Regulation 70 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 11% for rates (and service charges) and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.

3. Fees and charges

Pursuant to Section 6.16 of the *Local Government Act 1995*, Section 245A (8) of the *Local Government (Miscellaneous Provisions) Act 1960*, Section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, and Regulation 53(2) of the *Building Regulations 2012* adopts the Fees and Charges included in the Annual Budget 2018-2019 as attached to, and forming part of, this report.

4. Elected Members' fees and allowances

4.1 Pursuant to Section 5.98 of the *Local Government Act 1995* and Regulation 34 of the *Local Government (Administration) Regulations 1996*, adopt the following annual fees for payment of Elected Members in lieu of individual meeting attendance fees:

4.1.1 Mayor \$30,841

4.1.2 Councillors \$23,000

4.2 Pursuant to Section 5.99A of the *Local Government Act 1995* and Regulations 34A and 34AA of the *Local Government (Administration) Regulations 1996*, adopts the Information and Communication Technology allowance of \$3,500 for Elected Members.

4.3 Pursuant to Section 5.98(5) of the *Local Government Act 1995* and Regulation 33 of the *Local Government (Administration) Regulations 1996*, adopts the annual local government allowance of \$62,727 to be paid to the

Mayor in addition to the annual meeting allowance.

4.4 Pursuant to Section 5.98A of the Local Government Act 1995 and Regulation 33A of the Local Government (Administration) Regulations 1996, adopts the annual local government allowance of \$15,682 to be paid to the Deputy Mayor in addition to the annual meeting allowance.

5. Material variance reporting for 2018-2019
Pursuant to Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, and Australian Accountings Standard *AASB 1031 Materiality*, adopts the level to be used in Statements of Financial Activity in 2018-2019 for reporting material variances of any individual business unit / service area shall be an amount of (+) or (-) \$25,000.

(Absolute majority required)