



TOWN OF
VICTORIA PARK

Special Council Meeting Agenda – 2 August 2021



WE'RE OPEN
VIC PARK

Please be advised that an **Special Council Meeting** will be held at **6:30 PM** on **Monday 2 August 2021** in the **Council Chambers**, Administration Centre at 99 Shepperton Road, Victoria Park.

Mr Anthony Vuleta – Chief Executive Officer

30 July 2021

Table of contents

Item	Page no
1 Declaration of opening	3
2 Announcements from the Presiding Member	3
3 Attendance.....	5
3.1 Apologies.....	5
3.2 Approved leave of absence	5
4 Declarations of interest.....	6
5 Public question time.....	7
5.1 Response to previous public questions taken on notice at the Special Meeting of Electors held on 22 July 2021.....	7
5.2 Public question time.....	9
6 Public statement time.....	9
7 Presentations.....	9
8 Method of dealing with agenda business	9
9 Chief Operations Officer reports.....	10
9.1 Resolutions from the Special Meeting of Electors - 22 July 2021	10
9.2 Edward Millen Adaptive Heritage Redevelopment Ground Lease.....	18
10 Chief Financial Officer reports.....	28
10.1 Draft Long Term Financial Plan.....	28
10.2 Draft Annual Budget 2021-22	32
11 Public question time.....	42
12 Public statement time	42
13 Meeting closed to the public	42
13.1 Matters for which the meeting may be closed.....	42
13.2 Public reading of resolutions which may be made public	42
14 Closure	42

1 Declaration of opening

Acknowledgement of Country

Wadjak – Noongar boodja-k yaakiny, nidja bilya bardook.

I am honoured to be standing on Whadjuk - Nyungar country on the banks of the Swan River.

Ngany kaaditj Noongar moort keny kaadak nidja Wadjak Noongar boodja. Ngany kaaditj nidja Noongar birdiya – koora, ye-ye, boorda, baalapiny moorditj Noongar kaaditjin, moort, wer boodja ye-ye.

I acknowledge the traditional custodians of this land and respect past, present and emerging leaders, their continuing cultural heritage, beliefs and relationship with the land, which continues to be important today.

Ngany youngka baalapiny Noongar birdiya wer moort nidja boodja.

I thank them for the contribution made to life in the Town of Victoria Park and to this region.

2 Announcements from the Presiding Member

2.1 Recording and live streaming of proceedings

In accordance with clause 39 of the *Town of Victoria Park Meeting Procedures Local Law 2019*, as the Presiding Member, I hereby give my permission for the administration to record proceedings of this meeting.

This meeting is also being live streamed on the Town's website. By being present at this meeting, members of the public consent to the possibility that their image and voice may be live streamed to public. Recordings are also made available on the Town's website following the meeting.

2.2 Public question time and public statement time

As this is a Special Council Meeting, any public questions or statements must relate to the business of the agenda.

There are guidelines that need to be adhered to in our Council meetings and during question and statement time people speaking are not to personalise any questions, or statements about Elected Members, or staff or use any possible defamatory remarks.

In accordance with clause 40 of the *Town of Victoria Park Meeting Procedures Local Law 2019*, a person addressing the Council shall extend due courtesy and respect to the Council and the processes under which it operates and shall comply with any direction by the presiding member.

A person present at or observing a meeting shall not create a disturbance at a meeting, by interrupting or interfering with the proceedings, whether by expressing approval or dissent, by conversing or by any other means.

When the presiding member speaks during public question time or public statement time any person then speaking, is to immediately stop and every person present is to preserve strict silence so that the presiding member may be heard without interruption.

2.3 No adverse reflection

In accordance with clause 56 of the *Town of Victoria Park Meeting Procedures Local Law 2019*, both Elected Members and the public when speaking are not to reflect adversely on the character or actions of Elected Members or employees.

2.4 *Town of Victoria Park Meeting Procedures Local Law 2019*

All meetings of the Council, committees and the electors are to be conducted in accordance with the Act, the Regulations and the *Town of Victoria Park Meeting Procedures Local Law 2019*.

3 Attendance

Mayor

Ms Karen Vernon

Banksia Ward

Cr Claire Anderson
Cr Ronhhda Potter
Cr Wilfred Hendriks
Cr Luana Lisandro

Jarraah Ward

Deputy Mayor Bronwyn Ife
Cr Vicki Potter
Cr Brian Oliver
Cr Jesvin Karimi

Chief Executive Officer

Mr Anthony Vuleta

Chief Operations Officer

Ms Natalie Adams

Chief Financial Officer

Mr Michael Cole

Chief Community Planner

Ms Natalie Martin Goode

Manager Property Development and Leasing

Mr Jon Morellini

Finance Manager

Mr Stuart Billingham

Coordinator Governance and Strategy

Ms Jasmine Bray

Secretary

Ms Amy Noon

Public liaison

Ms Alison Podmore

3.1 Apologies

3.2 Approved leave of absence

4 Declarations of interest

Declarations of interest are to be made in writing prior to the commencement of the meeting.

Declaration of financial interests

A declaration under this section requires that the nature of the interest must be disclosed. Consequently, a member who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter the subject of the declaration. An employee is required to disclose their financial interest and if required to do so by the Council must disclose the extent of the interest. Employees are required to disclose their financial interests where they are required to present verbal or written reports to the Council. Employees can continue to provide advice to the Council in the decision-making process if they have disclosed their interest.

Declaration of proximity interest

Elected members (in accordance with Regulation 11 of the Local Government [Rules of Conduct] Regulations 2007) and employees (in accordance with the Code of Conduct) are to declare an interest in a matter if the matter concerns: a) a proposed change to a planning scheme affecting land that adjoins the person's land; b) a proposed change to the zoning or use of land that adjoins the person's land; or c) a proposed development (as defined in section 5.63(5)) of land that adjoins the persons' land.

Land, the proposed land adjoins a person's land if: a) the proposal land, not being a thoroughfare, has a common boundary with the person's land; b) the proposal land, or any part of it, is directly across a thoroughfare from, the person's land; or c) the proposal land is that part of a thoroughfare that has a common boundary with the person's land. A person's land is a reference to any land owned by the person or in which the person has any estate or interest.

Declaration of interest affecting impartiality

Elected members (in accordance with Regulation 11 of the Local Government [Rules of Conduct] Regulations 2007) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member/employee is also encouraged to disclose the nature of the interest.

5 Public question time

5.1 Response to previous public questions taken on notice at the Special Meeting of Electors held on 22 July 2021

Graham Ferstat

3. Have you got any idea of the cost [of the restorations of Edward Millen to date]?

Our current accounting system shows that since 2011, a total of \$1,978,159.10 has been spent on a variety of works including heritage-aligned capital works, maintenance and restoration. Including the works undertaken since 2006, the Town understands that the overall costs are substantially higher.

Noel McCombe

4. Who was specifically emailed, was there specific notice to specific people?

As per the requirements of the *Local Government Act 1995*, the Town undertook the required public notice process to notify of the Special Electors' Meeting on the 22 July 2021. The meeting was called via a petition from the Ratepayers Association, therefore, it is not the responsibility of the Town to advise any members of the public.

Rose Bianchini

1. How many people were involved in the masterplanning process?

Given that there were both active and passive engagement processes undertaken, it is difficult to gauge the exact number of people who were involved.

The following engagement process was undertaken as part of the masterplanning design. External stakeholders included the local community (broad and intense), Aboriginal Engagement Advisory Group, Public Art Advisory Group, Carson Street School and Autism Association of Western Australia. The period of engagement was April to July 2019.

The Town undertook:

- A Public Life Study on-site for two hours every day for a week;
- A Pop Up Event – Saturday morning session;
- A Your Thoughts online survey undertaken with 94 submissions received; and
- Advertising included Your Thoughts, social media, on-site A1 corflute signs, A3 posters – displayed town wide, post cards delivered to nearby residents and business owners.

Karen Bond

1. How long was the tender open for?

The tender process went from 11 November 2020 to 27 January 2021.

Brenda Granaghan

1. Exactly how many trees will be removed/how big and old are they?

The masterplan was designed with regards to the Town’s existing Urban Forrest Strategy. A tree audit was conducted on the entire park.

There are 36 trees proposed to be removed. Those trees identified for removal are all younger trees and are required to be removed to be able to provide a *Disability Discrimination Act 1992* compliant path network. These trees have immature canopies.

It is proposed that 48 new trees will be planted. Overall, there will be a net increase of 12 trees.

Peter Bond

3. 2% Levy, what happened historically?

The Town does not believe that an ongoing 2% levy has been applied to rates for the purpose of this Project.

By way of information on the Edward Millen Reserve, a review of the transactions shows the following transfers to and from the Reserve over the last ten years.

	Transfer to	Transfer from
2011	-\$60,765	\$118,746
2012	-\$49,273	\$217,684
2013	-\$131,325	\$88,482
2014	-\$0	\$0
2015	-\$99,902	\$0
2016	-\$99,999	\$0
2017	-\$34,216	\$0
2018	-\$502,254	\$0
2019	-\$50,000	\$0
2020	-\$49,083	\$0
2021	-\$0	\$0

Closing balance is \$2,031,839.58 as at 30 June 2021.

5.2 Public question time

6 Public statement time

7 Presentations

7.1 Petitions

7.2 Presentations

7.3 Deputations

8 Method of dealing with agenda business

9 Chief Operations Officer reports

9.1 Resolutions from the Special Meeting of Electors - 22 July 2021

Location	East Victoria Park
Reporting officer	Manager Property Development and Leasing
Responsible officer	Chief Operations Officer
Voting requirement	Simple majority
Attachments	Nil

Recommendation

That Council:

1. Receives the five resolutions carried at the Special Meeting of Electors held on 22 July 2021.
0. Endorses the following actions in response to the resolutions.

Resolution	Action
<p>Resolution 1 That Council should not go ahead with the project and should upgrade the park and house over the course of the next 10 years.</p>	That Council continues with the project.
<p>Resolution 2 That in accordance with the Town values, that we have integrity, we are honest, accountable and transparent, the 22 page proposal submitted by Blackoak Capital Ventures and Arget Ventures be immediately made public.</p>	That Council does not release the commercial in confidence Blackoak submission.
<p>Resolution 3 That in accordance with the Town values, that we have integrity, we are honest, accountable and transparent, the report labelled in the May 2021 Council Meeting Agenda as item '13.2.9 Final Report 15 Hillview Terrace East Victoria Park 10 May 2021' be immediately made public.</p>	That Council does not release the commercial in confidence independent valuer's report.
<p>Resolution 4 That Council review the rental agreement with the developer after the 20 year lease to ensure that issues including CPI, inflation, interest rates, and ongoing commercial rent for similar sized businesses are undertaken to ensure value for dollar for the ToVP ratepayers.</p>	That Council endorses the existing commercial offer from Blackoak.

Resolution 5

That the draft 'agreement to lease' document be immediately made public and that Council consider all of the resolutions of tonight's special electors meeting prior to any further consideration of the Edward Millen ground lease.

That Council does not release the commercial in confidence agreement to lease.

Purpose

For Council to receive the resolutions from the Special Meeting of Electors held on 22 July 2021 and endorse the resulting actions.

In brief

- The Special Meeting of Electors was held on 22 July 2021.
- Six motions were raised at the meeting. Five of those were carried by electors.
- These resolutions and their resulting actions are being presented to Council, as per Policy 053 – Meeting of electors.

Background

1. The Special Meeting of Electors was held on 22 July 2021.
2. There were 88 electors present at the meeting.
3. Six motions were raised at the meeting. Five of those were carried by electors. These resolutions were:
 - a) That Council should not go ahead with the project and should upgrade the park and house over the course of the next 10 years.
 - b) That in accordance with the Town values, that we have integrity, we are honest, accountable and transparent, the 22 page proposal submitted by Blackoak Capital Ventures and Arget Ventures be immediately made public.
 - c) That in accordance with the Town values, that we have integrity, we are honest, accountable and transparent, the report labelled in the May 2021 Council Meeting Agenda as item '13.2.9 Final Report 15 Hillview Terrace East Victoria Park 10 May 2021' be immediately made public.
 - d) That Council review the rental agreement with the developer after the 20 year lease to ensure that issues including CPI, inflation, interest rates, and ongoing commercial rent for similar sized businesses are undertaken to ensure value for dollar for the ToVP ratepayers.
 - e) That the draft 'agreement to lease' document be immediately made public and that Council consider all of the resolutions of tonight's special electors meeting prior to any further consideration of the Edward Millen ground lease.
4. These resolutions and their resulting actions are being presented to Council, as per Policy 053 – Meeting of electors.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL02 - A community that is authentically engaged and informed in a timely manner.	The Special Meeting of Electors provided electors with the opportunity to raise motions that were related to the purpose of the meeting requested in the Special Electors Meeting petition.
CL09 - Appropriate devolution of decision-making and service provision to an empowered community.	The resolutions included in this report were raised by electors of the Town. For these items to be resolved, the majority of electors present had to vote in favour of the item.

Social	
Strategic outcome	Intended public value outcome or impact
S03 - An empowered community with a sense of pride, safety and belonging.	Through having their ideas or concerns considered by Council, electors may feel empowered and part of the community, as they were involved in the process.

Engagement

Internal engagement	
Stakeholder	Comments
Property Development and Leasing	Assisted with proposed actions and comments for the five resolutions.

External engagement	
Stakeholders	Electors
Period of engagement	Thursday 22 July 2021 from 6.30pm to 12.00am.
Level of engagement	3. Involve
Methods of engagement	Special Meeting of Electors
Advertising	<p>The Special Meeting of Electors was advertised using the following methods:</p> <ul style="list-style-type: none"> • Published in the Southern Gazette on 8 July 2021 • Displayed on the Town's noticeboards at the administration building and library from 8 July – 22 July 2021 • Published on the Town's website • Posted on the Town's social media accounts

	<ul style="list-style-type: none"> • Announcements from the Presiding Member at the July 2021 Ordinary Council Meeting • Announcements from the Presiding Member via Facebook video published on the Town’s Facebook page.
Submission summary	A total of six motions were raised at the meeting. Five of the motions were carried and one didn’t have a decision.
Key findings	The summary of information is provided in the analysis below.

Legal compliance

[Part 5, Subdivision 4 of the *Local Government Act 1995*](#)

[Part 3 of the *Local Government \(Administration\) Regulations 1996*](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council’s risk appetite	Risk treatment option and rationale for actions
Financial	Endorsing the electors’ resolutions may result in ongoing financial costs to the Town.	Moderate	Likely	High	Low	TREAT risk by endorsing the actions presented in this report in relation to the resolutions.
Environmental	Not Applicable					
Health and safety	Not Applicable					
Infrastructure/ ICT systems/ utilities	Not Applicable					
Legislative compliance	Not Applicable					
Reputation	Negative public perception and reduction in willingness to engage if the Town does not consider electors motions.	Moderate	Likely	High	Low	TREAT risk by providing reasons to either support or not support electors’ motions.

Service delivery	Not Applicable
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Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	Not applicable.

Analysis

1. Each resolution from the Special Meeting of Electors has been considered by the Town. Officer comments and recommendations are listed below.

Resolution 1	
<p>That Council should not go ahead with the project and should upgrade the park and house over the course of the next 10 years. FOR: 16 AGAINST: 9</p>	
Officer comment	Proposed action
<p>The Town has encountered complexities with the ownership of the Edward Millen heritage properties since 2006. Over this time, the Town has managed to undertake a variety of heritage conservation works, maintenance and property ownership expenses. However, the significant funds required to bring about a comprehensive heritage activation and re-use redevelopment appears beyond the financial means of the Town. A 10-year timeline proposed to slowly bring about a considered and comprehensive change is not the preferred approach as such works should be coordinated and complementary during a reasonable time frame. In this instance 10 years does not appear to be a reasonable time frame given the increasing heritage obligations, maintenance requirements and costs. There is also a unique skill set and experience required to deliver the food and beverage heritage destination envisioned. The current proposal brings this skill set, experience and funding in a timely manner.</p>	<p>That Council continues with the project.</p>

Resolution 2

That in accordance with the Town values, that we have integrity, we are honest, accountable and transparent, the 22 page proposal submitted by Blackoak Capital Ventures and Arget Ventures be immediately made public.

FOR: 24 AGAINST: 4

Officer comment

Where commercially sensitive information was involved in the tender process, the Town is required to consider its commercial in confidence requirements. Releasing such information is likely to jeopardise the current process and any further required processes and agreements. Additionally, future tenderers may not view the procurement process as being accountable and trustworthy to protect their own private offerings and are likely to result in proposals of less commercially-sensitive offerings being included in submissions.

Proposed action

That Council does not release the commercial in confidence the Blackoak submission.

Resolution 3

That in accordance with the Town values, that we have integrity, we are honest, accountable and transparent, the report labelled in the May 2021 Council Meeting Agenda as item '13.2.9 Final Report 15 Hillview Terrace East Victoria Park 10 May 2021' be immediately made public.

FOR: 17 AGAINST: 7

Officer comment

The report labelled in the May 2021 Council Meeting Agenda as item '13.2.9 Final Report 15 Hillview Terrace East Victoria Park 10 May 2021' is the independent valuation. The Town procured this valuation to inform its commercial negotiations. This document is commercial in confidence to allow the Town to have financial regard for this project and future projects. Releasing such a document is highly likely to place the Town in a disadvantaged position and jeopardise potential future needs for financially confidential independent advice.

Proposed action

That Council does not release the commercial in confidence independent valuers report.

Resolution 4

That Council review the rental agreement with the developer after the 20 year lease to ensure that issues including CPI, inflation, interest rates, and ongoing commercial rent for similar sized businesses are undertaken to ensure value for dollar for the ToVP ratepayers.

FOR: 20 AGAINST: 3

Officer comment

The Town had included the above request in initial negotiations. The amended commercial offer has been renegotiated to include the CPI range and rental agreement. Blackoak have provided the current offer as a result of those conversations with the rent being increased to meet the market rent. This market rent considers the state of the buildings as they are today and the high level of risk and capital required as part of the ground lease requirements. Blackoak require some level of commercial confidence given the risky nature of developing heritage sites. The commercial offer presented has not accepted a rental review being undertaken after their capital investment. This is in line with their original proposal to take on the ongoing and upfront costs of the redevelopment.

Proposed action

That Council endorses the existing commercial offer from Blackoak.

Resolution 5

That the draft 'agreement to lease' document be immediately made public and that Council consider all of the resolutions of tonight's special electors meeting prior to any further consideration of the Edward Millen ground lease.

FOR: 18 AGAINST: 5

Officer comment

Where commercially sensitive information was involved in the tender process, the Town is required to consider its commercial in confidence requirements. Releasing such information may jeopardise the current process and any further required processes and agreements. Future lessees of Town owned properties may equally not view the release of such documents as being accountable and trustworthy.

Proposed action

That Council does not release commercial in confidence agreement to lease.

2. There was one further motion raised at the meeting, however it was lost. This is due to decisions needing to be carried by a simple majority. Simple majority occurs when the number of electors voting the same way on a matter is more than 50% of the electors present at the time of voting. The resolution is detailed below. As the motion was lost, no further action will be taken.

Resolution 6

That Council:

1. Places a condition on the public and commercial facilities and businesses to close by 6.30pm Sunday – Thursday, and 7.30pm on Friday and Saturday.
2. Prevents vehicular access to and from the site from Baille Avenue or Carson Street from 7.15pm Sunday – Thursday, and after 8.15pm for Friday and Saturday.

FOR: 10 AGAINST: 10

Relevant documents

[Special Meeting of Electors minutes – 22 July 2021](#)

9.2 Edward Millen Adaptive Heritage Redevelopment Ground Lease

Location	East Victoria Park
Reporting officer	Property Development and Leasing Manager
Responsible officer	Chief Operations Officer
Voting requirement	Absolute majority
Attachments	<ol style="list-style-type: none"> 1. CONFIDENTIAL REDACTED - blackoak capital ventures_-_tvp 20.13 edward m_ [9.2.1 - 22 pages] 2. Edward Millen Tender- Email [9.2.2 - 13 pages] 3. CONFIDENTIAL REDACTED - v 147-21 FINAL Report - 15 (Part Lot 9000) Hill View Terrace, East Victoria Park - 10.05.21 [9.2.3 - 71 pages] 4. BCV Edward Millen Redevelopment Community Uses Letter 290721 [9.2.4 - 2 pages]

Recommendation

That Council:

1. Accepts the revised ground lease commercial offer from Blackoak Capital Ventures Pty Ltd and Arget Ventures Pty Ltd (ABN 38 896 928 872) for TVP/20/13 Edward Millen Adaptive Heritage Redevelopment.
2. Approves the Ground Lease of approximately 1.4ha of 15 (Lot 9000 Hill View Terrace, East Victoria Park) be leased to Blackoak Capital Ventures Pty Ltd and Arget Ventures Pty Ltd (ABN 38 896 928 872), or Blackoak and Arget's required special purpose entity in order to facilitate the appropriate corporate structure to deliver the redevelopment. For a term of 20 years with further optional terms of 5 x 10 years for \$122,500 net per annum exclusive of GST and outgoings commencing in year 21 with a \$2,000,000 upfront payment in consideration of the first 20-year term.
3. Accepts that a licensed valuer has provided a valuation report assessing the fair market rental of the property and the draft ground lease agreement has been sighted by the proponent.
4. Pursuant to Section 5.42 of the *Local Government Act 1995*, delegates to the Chief Executive Officer, the following duties/powers in relation to 15 (Lot 9000) Hill View Terrace, East Victoria Park.
 - a. Authority to make and give any determination required by the Lease on behalf of the Lessor, approval, direction or order in relation to the Property.
 - b. Undertake any further minor commercial negotiations, if required to progress the development and commercial offer presented to the Town of Victoria Park by Blackoak Capital Ventures for TVP/20/13.
 - c. Monitor compliance with, and enforce as necessary, the provisions of the Ground Lease and all matters relating to the Ground Lease.
 - d. In exercising this delegation of authority, the Chief Executive Officer shall not make a determination if the Chief Executive Officer believes the matter for decision is a material change to the terms and conditions of the Ground Lease.
 - e. If the Chief Executive Officer declines to give a determination (for reasons set out in part 4(d)), the Chief Executive Officer must report the matter to the Council for decision.
5. Authorises the Chief Executive Officer and Mayor, provided that if no submissions of magnitude and concern are received during the public submission period required under Section 3.58 of the *Local Government Act 1995*, to execute all necessary documents on behalf of Town of Victoria Park in relation to ground lease a portion of 15 (Lot 9000) Hill View Terrace, East Victoria Park.

Purpose

For Council to accept the revised commercial offer by Blackoak Capital Ventures and for the Town to finalise commercial conclusion of the Ground Lease.

In brief

- Edward Millen Reserve and associated heritage buildings are owned by the Town of Victoria Park as conditional freehold and captured within the Land Asset Optimisation Strategy.
- A business case was developed by the Town's Property Development and Leasing team to assess and resolve the complex risks and issues connected with the ongoing financial implications and complications the site presented.
- The business case recommendation was to undertake a Tender to invite submissions for capital investment, hospitality expertise and heritage redevelopment experience with a ground lease used to formalise the level of ownership required to make such an investment and preserve the state heritage listed buildings given the level of financial risk and commitment represented by the site.
- TVP/20/13 Edward Millen Adaptive Heritage Redevelopment was published through the newspaper, Tenderlink, Town's Public Notice Board and Town's website.
- Tenderers were requested to provide a ground lease offer based on a proposed Agreement for Lease contract provided. Tenderers were requested to consider the \$4m Federal Government Community Development Grant within their submission.
- It is recommended that Council accepts the revised commercial offer made by Blackoak Capital Ventures and undertake a public notice for the Ground Lease of an approximate 1.4 ha portion of Lot 9000 on Deposited Plan 41207 Hill View Terrace St James.
- The key terms of the Ground Lease are provided in this report and outlines the agreed terms to progress formalisation of the Ground Lease.

Background

0. The Edward Millen Adaptive Heritage and Landscape Redevelopment project is being delivered under the Land Asset Optimisation Strategy. The project aims to realise the full potential of the State heritage-listed buildings and the expansive 4.7 hectare Edward Millen Reserve to minimise the ongoing cost to the Town whilst preserving the heritage assets and delivering community benefits.
1. Approximately \$3.1M has already been spent by the Town on Edward Millen precinct since the Town received the property towards maintenance and repair. The Town also maintains an Edward Millen Reserve Fund this is "to be used to assist in improving and / or maintaining the Edward Millen Site, including the associated grounds." Currently, the Town has circa \$2M in this reserve.
2. The ground lease, if endorsed, will result in no requirement to continue to fund the Edward Millen Reserve. A State required Trust will replace the reserve with the trust's income being derived through the ground lease income and rates generated directly via the redevelopment.
3. The Town has undertaken community engagement to inform the vision and new allowable uses, amended the conditional tenure to allow those new allowable new uses, market sounding, feasibility analysis, business case development, environmental Preliminary Site Investigations, a HAZMAT assessment, Heritage re-use study, community designed Landscape Master Plan, Heritage Interpretation Strategy and Tender for the investment in the activation, management, and redevelopment of the heritage buildings.

4. The ownership is conditional freehold tenure, under section 75 of the *Land Administration Act 1997*. The tenure provides ownership so long as the conditions on the title are met. In this instance, the title now limits the use of the land to Community, Recreational, Civic, Entertainment, Education, Cultural and Creative Industry, Heritage and Small Scale Production. Residential is not an allowable use of the site.
5. To attract the significant capital investment and expertise required, a unique Tender and marketing package was created to entice the private sector aimed at achieving the best possible outcome for the Town of Victoria Park community.
6. This Tender document outlined the vision, experience and commercial criteria required to divest an agreed portion of Lot 9000 Deposited Plan 41207 Hill View Terrace, St James as a ground lease.
7. The Ground Lease incorporates the historical buildings and a portion of the surrounding grounds to allow for the control and ownership necessary to invest the significant capital required to bring the State Heritage listed assets back to life and continue to deliver a world class destination.
8. A Development Application will be required to be lodged with both the Town of Victoria Park and Department of Planning Lands and Heritage to make sure all works are acceptable for the State Heritage listing buildings and are appropriate within the heritage fabric of the asset. A JDAP determination may also be required depending on the total value of the development.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL03 - Well thought out and managed projects that are delivered successfully.	The Edward Millen Adaptive Heritage Redevelopment Ground Lease is a major step towards the delivery of the project. This forms part of the Prince 2 Project Management principles.
CL06 - Finances are managed appropriately, sustainably and transparently for the benefit of the community.	The existing Edward Millen asset is a financial liability for the Town. A ground lease to deliver a financially sustainable ongoing outcome for the Town's rate payers will appropriately manage the current financial situation.
CL08 - Visionary civic leadership with sound and accountable governance that reflects objective decision-making.	The redevelopment and overall revitalisation of the Edward Millen Heritage Precinct has undergone several accountable and objective decision-making processes inclusive of the latest Tender process.

Economic	
Strategic outcome	Intended public value outcome or impact
EC01 - A desirable place for commerce and tourism that supports equity, diverse local employment, and entrepreneurship.	The overall vision and objective for the Edward Millen redevelopment will directly deliver a place for commerce, tourism, employment, and entrepreneurship.
EC02 - A clean, safe, and accessible place to visit.	The redevelopment of Edward Millen will aim to transform an unsafe and inaccessible asset to a safe and accessible destination place.

Environment	
Strategic outcome	Intended public value outcome or impact
EN05 - Appropriate and sustainable facilities for everyone that are well built, well maintained and well managed.	The redevelopment of Edward Millen will aim to deliver a well built, well maintained and well managed facility.

Social	
Strategic outcome	Intended public value outcome or impact
S03 - An empowered community with a sense of pride, safety and belonging.	Being an historical asset of the Town, revitalising the asset will empower the community giving a sense of pride, with a sense of safety with activation being provided.
S04 - A place where all people have an awareness and appreciate of arts, culture, education and heritage.	The redevelopment will aim to deliver a portion of arts and culture with education and heritage being incorporated into the overall redevelopment.

Engagement

Internal engagement	
Stakeholder	Comments
Procurement	Provided advice, procurement support and procured external probity.

Legal compliance

[Section 3.58 of the Local Government Act 1995](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Not accepting the Tender, associated financial contributions and Ground Lease divestment may result in ongoing heritage maintenance obligations.	Moderate	Likely	High	Low	<i>TREAT risk by accepting the Tender, financial contribution and Ground Lease divestment.</i>
Environmental	Not accepting the Tender, associated financial	Moderate	Likely	High	Low	TREAT risk by accepting the Tender allowing

	contributions and Ground Lease divestment may result in further deterioration of the Hazardous Materials currently constraining the site.					the redevelopment to occur which will de contaminate the structure of HAZMAT materials.
Health and safety	Not Applicable					
Infrastructure/ ICT systems/ utilities	Not Applicable					
Legislative compliance	Not Applicable					
Reputation	Not accepting the Tender, associated financial contributions and Ground Lease divestment may result in the continued reputational loss having not achieved activation and redevelopment of the Edward Millen State Heritage Listed buildings.	Moderate	Possible	Medium	Low	TREAT risk by accepting the Tender and associated investment resulting in the redevelopment and revitalisation of the Edward Millen State Heritage Listed buildings.
Service delivery	Not Applicable					

Financial implications

Current budget impact	Funds exits in the current budget to facilitate the approval of the Ground Lease.
Future budget impact	<p>Future budget impact involves the following:</p> <ul style="list-style-type: none"> Edward Millen Heritage Buildings - Will be informed by an Asset Management Plan which will be attached the ground lease – overall given the divestment as a ground lease the Edward Millen Heritage Buildings will require limited ongoing financial commitments by the Town.

- Income – The annual rental have been negotiated at \$122,000 net per annum exclusive of GST and outgoings with CPI increase set at a maximum of 2.5% and a minimum of 1%.
- Income – Rates Revenue will be generated from the Ground Lease and will have a positive financial benefit to the Town.

Analysis

9. The revised lease negotiations and main terms of the Ground Lease are as follows:

Ground Lease	Original	Revised
Heritage Works	Tenant will manage the appointment of the project manager, consultants and contractors to undertake the works at no cost to the landlord.	No required change.
Term	Initial term 20 years.	No required change.
Tenant Works	Other than the Heritage Works the Tenant shall be responsible for undertaking and paying for all other works required on Land (and to the buildings) so as to complete any remaining heritage works and to enable it to operate in accordance with the Permitted Uses for the site.	No required change.
Lease Commencement	Upon completion of the Heritage Works and Tenant Works.	No required change.
Options to Extend Ground Lease	4 x 10 year option periods with an annual rental payment of \$100,000 p.a. (excl GST) commencing year 21 of the lease. Indexed to CPI from the lease commencement date, subject to a maximum 2.5% increase in a year.	An increase to 5 x 10 year periods with an annual rental increase to \$122,500 in receipt of the Market Valuation. Indexed to CPI from the lease commencement date subject to a maximum 2.5% increase in a year but now with an agreed minimum of 1% to protect against potential for inflation to go below 1%.
Rent	The Tenant will pay a one-off, "lump sum" rent payment of \$2,000,000 (excl GST) to the Landlord to be used to assist in the	Blackoak reviewed in feasibility however since the original offer costs have only increased.

	funding of the redevelopment of the Edward Millen Park.	Unable to alter the upfront payment.
Outgoings	The tenants shall be responsible for the payment of all applicable outgoings, including council rates, land tax, insurance, repair and maintenance costs, security costs and utilities.	No required change.
Access Date	The Tenant will get access from the execution of the final agreements, so as to manage and coordinate the conduct of the Heritage Works and the Tenant Works. The Landlord will grant the Tenant a temporary licence to occupy the site during this period if requested.	No required change.
Security	The Tenant will provide the Landlord with \$2 million bank guarantee to secure the performance of its obligations to complete the Heritage Works and Tenants Work, that shall be returned to the Tenants upon Practical Completion of the all the Works.	No required change.

10. The commercial negotiations concluded with a 22% increase in rental payments and an agreed CPI range in rental increases being achieved. Blackoak have requested in consideration of the increased rent and additional 10-year lease option. The Town is content which such a request. This allows Blackoak the security required to invest such significant capital and improving their ability to confidential invest over time. This additional tenure period is still in line with the original objectives of the Edward Millen Heritage Redevelopment Tender.

11. Below are the significant revitalisation outcomes and Community outcomes being achieved by the Blackoak ground lease proposal.

Redevelopment offerings	
Mixed hospitality offerings	An artisan café, garden bristo dining and gastro pub.
Internal and external events and function spaces	Wedding, corporate and special events.
Vegetable and Herb Gardens, and Local Produce Store	Deliver foods grown on site.

Genuine "Farmers Market"	Fresh Fruit and Vegetables, meat, seafood and small goods, flowers and other freshly made produce.
Artisian food and craft operators	A Gelato / Ice Creamery, Kombucha Distillery, and fresh juice producer, and artists in residence
Woodfire Bakery	Gourmet woodfired bakery with opportunity for baking classes and local school tours
Museum and Other Community uses and Services	Incorporate a museum space reflecting local history of the buildings and local area. Potential for child care and early education.
Total Blackoak Investment (incl. Federal Grant)	\$15,900,000 (Excl GST)

12. It is recommended that Blackoak Capital Ventures be awarded the Ground Lease contract subject to a public notice and submission period required under Section 3.58 of the *Local Government Act 1995* as their offer is considered the most advantageous for the Town.
13. Blackoak Capital Ventures are a Western Australian owned and operated business with combined property and investment experience of over 150 years across their executive team. They have extensive experience in developing and operating projects of the same nature, that deal with many of the same considerations and risks as the Edward Millen heritage redevelopment. These projects involve developing businesses, activating precincts and ongoing management of adaptive reuse heritage buildings, hospitality venues and markets.
14. Blackoak Capital Ventures propose to deliver the following key outcomes with consideration to the permitted uses by complimenting the parkland, providing services to the community and preserving the heritage fabric of the site. These community outcomes include:
15. Deliver a world class destination that attracts visitors from the greater community, through an innovative and creative mix of uses operating in an environmentally sustainable way.
16. Create a hub with real community purpose by providing for both for-profit and not-for-profit services, delivering community access to the arts, craft, theatre and music, and creating public green spaces accessible to all.
17. Preserve the history of the Edward Millen buildings, by the full refurbishment of the heritage buildings, sympathetic design, and incorporating a museum space into the project.
18. Contribute to realising the Edward Millen Park plan by making a \$2M up front lease payment to assist with the upgrade.
19. The proposed redevelopment includes businesses and activities directly owned and operated by Blackoak Capital Ventures as well as external specialist operators.
20. Directly operated businesses and activities include:
 - a. mixed hospitality offerings which include an artisan café, garden bistro dining and gastro pub;
 - b. internal and external events and function spaces; and
 - c. Vegetable and herb gardens, and local produce store.

21. External operators include:
 - a. Farmers market;
 - b. Artisan food and craft operators;
 - c. Woodfired bakery; and
 - d. Museum and other community uses and services.
22. The Ground Lease defines the obligations of all parties for the duration of the redevelopment and establishes the parameters upon the conclusion of the redevelopment works.
23. The Ground Lease requires the Tenant to prepare and submit a Development Application for approval in accordance with the Tenants plans as well as any applications for Heritage approval. Additionally, it permits the Landlord to grant a licence of the Premises for the Tenant to undertake the Tenants Works to carry out the redevelopment and obligates the Tenant to obtain all the necessary consents and approvals required to undertake the Tenants Works.
24. The Ground Lease will be subject to in principle consent from the Minister for Lands if Council agrees to lease in accordance with section 75 approval of the *Land Administration Act 1997*.
25. The Valuation for the Ground Lease for a portion of 15 (Lot 9000) Hill View Terrace, East Victoria Park as outlined in the Tender is attached to the report. The rental offer has met the independent rental market Valuation.
26. Delegation to the Chief Executive Officer to manage and negotiate the Ground Lease as required will allow the disposal of land to be processed effectively and efficiently. This report recommends the delegation to the Chief Executive Officer be limited, with matters considered a material change to the terms and conditions of the Ground Lease, to be referred to Council for decision.
27. Authorisation to the Mayor and Chief Executive Officer to execute the necessary documents will allow efficiency to deliver the Edward Millen Adaptive Heritage Redevelopment as prescribed in the Tender TVP /20/13 proposal.
28. The redevelopment requires a variety of documents to be signed as the landowner, such as the Ground Lease, registration of Leases on the Certificate of Title, Development Application lodgment by Blackoak Capital Ventures, potential legal, conveyancing, and bond agreement, and management of the Federal Grant.

Relevant documents

Not applicable.

Further considerations

29. The Deed of Trust obligates the Town to maintain a separate ledger account for all revenue received from Edward Millen. The purpose of the Deed of Trust is making sure the funds are used for sole purpose of repairs and maintenance for the improvements on Lot 9000. Repairs and maintenance extend to the grounds and any future upgrades or renewals of the improvements including those that are structural in nature. The nature of the works proposed for the master planned upgrades to the park is in line with Deed of Trust requirements.
30. The agreed increase to an annual rental amount of \$122,500 is to commence as at year 21. The \$2,000,000 upfront payment is the amount being paid as the first 20 years of the lease. These are two separate considerations as part of the commercial negotiation. As part of the commercial negotiations Blackoak maintained the upfront payment value as at \$2,000,000.

31. At the commencement of the lease, the first 20 year term will include CPI on the agreed market rent, this will compound over the 20 year term. The CPI has an agreed range of 1-2.5%. At 2.5% the rent in year 21 would be \$200,731. At 1% the rent in year 21 would be \$149,473.
32. The anticipated rates from the existing footprint of heritage buildings once revitalised should be in the order of \$43,000 per annum, this does not account for any further additional structures. Over the 20 year term this equates to \$1,020,490 inclusive of the long term 2% pa forecasted rates increase.

10 Chief Financial Officer reports

10.1 Draft Long Term Financial Plan

Location	Town-wide
Reporting officer	Finance Manager
Responsible officer	Chief Financial Officer
Voting requirement	Simple majority
Attachments	1. Draft LTFP 2021 to 2036 [10.1.1 - 27 pages]

Recommendation

That Council

1. Endorses the draft Long-Term Financial Plan
2. Notes that Year 1 of the Long-Term Financial Plan is subject to the adoption of the Annual Budget for 2021/22
3. Notes the Long-Term Financial Plan may need to be revised after the adoption of the Strategic Community Plan

Purpose

For Council to consider and endorse the draft Long-Term Financial Plan 2021 to 2036.

In brief

- The Town of Victoria Park has prepared a draft Long-Term Financial Plan (LTFP) detailing activities and initiatives the Town proposes to do over the next 15 years, ultimately demonstrating that the Town is moving towards financial sustainability.
- The LTFP is aligned to other core planning documents - the Strategic Community Plan and Corporate Business Plan - by which the Town is accountable to the community.

Background

0. The State Government's Integrated Planning and Reporting Framework provides local governments with a framework for establishing local priorities and linking this information to operational functions.
1. Three major parties are involved in the development of an integrated plan: the local government administration, the Council, and the community. Each party has a unique role and responsibilities for effective and sustainable integrated planning and reporting.
2. Integrated planning and reporting is a framework for local governments to:
 - (i) Articulate the community's vision, outcomes and priorities
 - (a) Allocate resources to achieve the vision, striking a considered balance between aspirations and affordability
 - (b) Monitor and report progress.

3. The framework consists of the following "suite" of plans -
 - (a) A Strategic Community Plan that clearly shows the community vision, strategic direction, long and medium term priorities and resourcing implications with a horizon of 10+ years.
 - (b) A Corporate Business Plan (CBP) that contains a 4+ year delivery program, aligned to the Strategic Community Plan, and accompanied by 4+ year financial projections.
 - (c) Informing Strategies, consisting of the core Informing Strategies (LTFP, Asset Management Plans and Workforce Plan) and any other issue or area specific Town plans that inform the Strategic Community Plan and CBP.
4. The *Local Government (Administration) Regulations 1996* requires each local government to adopt a Strategic Community Plan and a CBP.
5. The LTFP is a 15-year rolling plan that informs the CBP in the activation of Strategic Community Plan priorities. The LTFP includes forecasts for the years accompanying the CBP. From these planning processes, annual budgets, that are aligned with strategic objectives, can be developed.
5. The Town is undertaking its 4 yearly major review of the Strategic Community Plan during 2021 which is proposed to be presented to Council for adoption by December 2021. Any changes to this LTFP arising as a result of the new Strategic Community will be reflected in the next revision of this Plan.
6. Other documents have also informed the LTFP, including the Workforce Plan as well as several Asset Management Plans, which cover each of the asset classes included in the Town's financial reporting.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL06 - Finances are managed appropriately, sustainably and transparently for the benefit of the community.	. The LTFP details activities and initiatives the Town proposes to do over the next 15 years, ultimately demonstrating that the Town is moving towards financial sustainability.

Engagement

Internal engagement	
Stakeholder	Comments
Managers and Service Area Leaders	Managers and Service Area Leaders have had input into their operating budgets and the forward capital works program and operational programs that have informed the draft LTFP
Elected Members	During workshops for the draft 2021/22 Annual Budget, Elected Members have given a demonstration of the LTFP model and reviewed a draft of the LTFP

Legal compliance

[*Local Government \(Administration\) Regulations 1996*](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Not endorsing the LTFP will mean the Council has not accepted a key informing plan under the IPR Framework	Moderate	Likely	High	Low	TREAT risk by Endorsing the LTFP.
Environmental	N/A				Medium	
Health and safety	N/A				Low	
Infrastructure/ ICT systems/ utilities	N/A				Medium	
Legislative compliance	N/A				Low	
Reputation	There is a reputational risk if the LTFP is not endorsed.				Low	TREAT risk by Endorsing the LTFP.
Service delivery	N/A				Medium	

Financial implications

Current budget impact	Year 1 of the draft LTFP is in line with the draft Annual Budget for 2021/22. As such, sufficient funds exist within the draft annual budget to address this recommendation.
Future budget impact	This plan does not commit Council to any future Budget. The plan will be reviewed each year as part of the preparation of the next draft Annual Budget and will be used to inform future budget decisions.

Analysis

- The LTFP has relied on a range of assumptions and provides the community and Council with information designed to inform workplace and asset management practices to meet strategic objectives.

8. The LTFP covers the financial years 2021 through to 2036 inclusive. The term of 15 years was chosen to provide an initial period of significant accuracy (the first five years), less accuracy for the next five years, and then reasonable estimates for the remaining five years. The Town intends to review the Plan annually to inform the preparation of each Annual Budget.

Key characteristics in the LTFP

9. Rate increases are kept at relatively low levels given current economic conditions. The rates increase proposed for 2021/22 is 2% which follows a 0% increase in 2019/20 and a COVID related reduction of 7.88% in 2020/21.
1. Low inflation and interest rates are assumed for the LTFP. However, these will be reviewed annually and can be amended each year if economic conditions change.
10. Growth in Reserve Funds
2. Reserve funds are drawn down in the first few years of the LTFP to assist in funding capital works projects in addition to proposed funding of the Town's share of the withdrawal from the Resource Recovery Facility Agreement. Reserves will then continue to grow with repayment of the RRFA withdrawal plus proceeds of sale from Tamala Park.
6. Prudent management of debt
 - (a) New loans are proposed for Edward Millen parkland development, Lathlain Zone 1 and NRUPP. The Town will have capacity for further borrowings if required.
7. Moving towards financial sustainability
 - (a) Financial sustainability is measured by the Financial Health Index. The FHI fluctuates over the LTFP with an upward trend towards year 15.
8. The LTFP 2021 to 2036 is the first revision of the LTFP since 2018. It is proposed to review the LTFP annually to help inform the next draft annual budget. The LTFP will be updated to take into account changing economic conditions, Council decisions and updated by other informing plans such as Asset Management Plans and the Workforce Plan.
9. In addition, the Council will be presented with a new Strategic Community Plan at the end of 2021 which may require changes to the LTFP.
10. The LTFP 2021 to 2036 is recommended to Council as an informing plan to assist in the consideration of the draft Annual Budget for 2021/22.

Relevant documents

Not applicable.

10.2 Draft Annual Budget 2021-22

Location	Town-wide
Reporting officer	Finance Manager
Responsible officer	Chief Financial Officer
Voting requirement	Absolute majority
Attachments	1. 2021-22 Annual Budget combined updated for OCM [10.2.1 - 112 pages] 2. Differential rates 2021 22 submissions summary [10.2.2 - 6 pages]

Recommendation

That Council:

1. Adopts the municipal fund budget for 2021-2022 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*, as included in attachments, for the Town of Victoria Park for the 2021-2022 financial year, which includes the following:
 - (a) Statement of Comprehensive Income by Nature and Type showing a net result for that year of (\$7,692,881)
 - (b) Statement of Comprehensive Income by Program showing a net result for that year of (\$7,692,881)
 - (c) Rate Setting Statement showing an amount required to be raised from rates of \$44,841,356
 - (d) Notes to, and forming part of, the budget
 - (e) Budget program schedules
 - (f) Transfers to/from reserve accounts as detailed
 - (g) The Schedule of Fees & Charges for 2021-22
 - (h) Elected Members' fees and allowances
2. Differential rates, minimum payments, service charges and instalment payment arrangements
 - (a) Imposes the following differential rates, representing an average increase of 2.0%, for the 2021-2022 financial year for the purpose of yielding the deficiency disclosed by the 2021-2022 Municipal Fund Budget pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*.
 - i. Residential – GRV of 0.0934 cents in the dollar of gross rental value applicable to properties used primarily as a place of residence subject to a minimum rate of \$1,159 per assessment.
 - ii. Non-Residential – GRV of 0.0988 cents in the dollar of gross rental value applicable to properties not used primarily as a place of residence subject to a minimum rate of \$1,205 per assessment
 - iii. All Vacant Land - GRV of 0.1308 cents in the dollar of gross rental value applicable to properties used primarily as vacant land subject to a minimum rate of \$1,530 per assessment.
 - (b) Imposes the following service charges for properties in the State Underground Power Program No 6:
 - i. Carlisle North - \$3,959
 - ii. Victoria Park East - \$3,849
 - iii. Victoria Park West - \$2,089

- (c) 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.
 - i. Full payment and first instalment due date 1 October 2021
 - ii. Second quarterly instalment due date 10 December 2021
 - iii. Third quarterly instalment due date 25 February 2022
 - iv. Fourth quarterly instalment due date 28 April 2022.
- (d) 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 \$7.00 for each instalment after the initial instalment is paid (a total of \$21.00)
- (e) Pursuant to Section 6.45 of the Local Government Act 1995 and Regulation 68 of the Local Government (Financial Management) Regulations 1996 and clause 6 of the Local Government (COVID-19 Response) Amendment Order 2021, adopts an interest rate of 2.0% where the owner has elected to pay rates and service charges through an instalment option
- (f) 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 and clause 7 of the Local Government (COVID-19 Response) Amendment Order 2021, adopts an interest rate of 4% for rates (and service charges) and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.
- (g) Notes that the additional charges and interest rate under (e) and (f) above cannot be applied to an excluded person, as defined in the Local Government (COVID-19 Response) Amendment Order 2021, that has been determined as suffering financial hardship as a consequence of the COVID-19 pandemic in accordance with Council's Financial Hardship Policy.

3. Fees and Charges

- (a) 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 2021-2022 as attached to, and forming part of, this report.

4. Elected Members' fees and allowances

- (a) Pursuant to Section 5.98 of the Local Government Act 1995 and Regulation 34 of the Local Government (Administration) Regulations 1996, adopts the following annual fees for payment of Elected Members in lieu of individual meeting attendance fees:
 - i. Mayor \$31,149
 - ii. Councillors \$23,230
- (b) 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
- (c) 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 \$63,354 to be paid to the Mayor in addition to the annual meeting allowance
- (d) 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 \$15,838.50 to be paid to the Deputy Mayor in addition to the annual meeting allowance.

5. New loans
 - (a) Pursuant to Section 6.20 of the Local Government Act 1995 authorises the following new loans:
 - i. Edward Millen Site - \$2,200,000; and
 - ii. NRUPP - \$1,489,228
6. Change of use of Future Fund reserve
 - (a) Pursuant to Section 6.11 of the Local Government Act 1995, authorises the change of use of the Future Fund Reserve to include the funding operational changes arising from the strategic review of Mindarie Regional Council (MRC) to be repaid from expected savings in waste disposal fees over a period of 10 years.
7. Establish new reserves
 - (a) In accordance with Sec 6.11 of the Local Government Act 1995 that Council approves the establishment of the following Reserve funds and their purpose as listed:
 - i. Employee Entitlements reserve – purpose To be used to fund the Towns Long Service Leave, Annual Leave and Personal Leave requirements and is maintained by an annual contribution to the reserve.
 - ii. Parking Benefits Reserve - purpose To be used to accumulate funds including those from Parking Operating surpluses; alleviating the impacts of intergenerational equity in funding major facilities.
 - iii. Aqualife Reserve – purpose To be used to accumulate funds for significant Asset Management Plan building capital works at the Aqualife facility; alleviating the impacts of intergenerational equity in funding major capital works at this facility.
 - iv. Leisurelife Reserve – purpose To be used to accumulate funds for significant Asset Management Plan building capital works at the Leisurelife facility; alleviating the impacts of intergenerational equity in funding major capital works at this facility.
8. Material variance reporting for 2021-2022
 - (a) Pursuant to Regulation 34(5) of the Local Government (Financial Management) Regulations 1996, and Australian Accountings Standard AASB 1031 Materiality, the level to be used in Statements of Financial Activity in 2021-2022 for reporting material variances of any individual business unit /service area shall be an amount of (+) or (-) \$25,000.

Purpose

The purpose of this report is to facilitate final consideration of the annual budget enabling the continued operation of the Town's works and services programs.

In brief

- The development of the draft Annual Budget for 2021/22 reflects the return to a normal budget post COVID-19.
- Council has advertised its intention to levy differential rates and minimums for 2021/22 which represents a 2% rate rise, plus a new category for vacant land.
- Rate revenue in the order of \$44.8 million.
- Total capital expenses in the order of \$27.7 million, with approximately \$20.5million representing new capital works, and the remaining \$7.3 million being items carried forward from previous years.
- Total operating expenses in the order of \$85.4 million.

- An estimated surplus of \$1.16 million is anticipated to be brought forward from 30 June 2021. 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.

Background

1. Each year Council is required to adopt an annual budget for the purposes of allocating resources towards the provision of works and services. The development of the 2021-2022 Annual Budget has been undertaken in a participatory manner with Elected Members.
2. While COVID-19 had a significant impact on the development of the 2020-21 Annual Budget, the preparation of the draft Annual Budget for 2021-22 reflects a return to a normal budget, albeit reflecting the new normal for the Town.
3. Recognising the ongoing impacts of COVID-19, Council has advertised its intention to levy differential rates and minimums which represent a 2% rate rise over last year. In addition, the Town proposes to levy a higher differential and minimum rate for vacant property to incentivise development and discourage leaving land vacant. The Town believes this will support the local economy and improve the visual amenity of our neighbourhoods.
4. In general, the majority of fees and charges have remained the same as last year, with the continuation of significant reductions in rates instalment fees and interest charges, below the levels required under the Local Government (COVID-19 Response) Amendment Order 2021.
5. Council has also resolved to issue service charges for State Underground Power program for residents in Carlisle North, Victoria Park East and Victoria Park West in 2021/2022.
6. The development of the budget documentation has involved a series of workshops with Elected Members to identify programs, service levels and projects aligned with the Strategic Community Plan and Corporate Business Plan.
7. Workshops and information supplied to Elected Members included materials sufficient to understand and influence the interdependencies, options and impacts related to:
 - (a) the impact of COVID-19 on the community
 - (b) rate increases and a new differential category for vacant land
 - (c) strategic projects
 - (d) discretionary programs or projects
 - (e) service levels
 - (f) asset management timing options including deferrals
 - (g) financial reserves.
8. In accordance with the *Local Government Act 1995*, advertising of proposed Differential Rates and Minimums was undertaken across a range of mediums.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL06 - Finances are managed appropriately, sustainably and transparently for the benefit of the community.	The 2021-2022 budget has been developed using a participatory approach with Elected Members, to ensure the budget is reflective of the community's current needs.

Engagement

Internal engagement	
Stakeholder	Comments
All internal service areas	Draft budgets were developed by the Town's service areas. The compiled Draft 2021-2022 Annual Budget represents the resource requirements to deliver the Town's programs, services and projects

External engagement	
Stakeholders	Ratepayers of the Town
Period of engagement	25 June to 19 July 2021
Level of engagement	Inform
Methods of engagement	Local public notice via local newspapers, public noticeboards and the website plus other social media channels.
Advertising	<ol style="list-style-type: none"> 1. The West Australian 2. The Southern Gazette 3. Public noticeboards/Website 4. Council's online engagement platform Yourthoughts 5. Social media channels. <p>Your thoughts engagement:</p> <ul style="list-style-type: none"> • 11 aware • 19 informed • 46 engaged
Submission summary	11 submissions were received from the community.
Key findings	<p>Summary of the 11 submissions received</p> <ul style="list-style-type: none"> • 4 submissions were in support of the new vacant land differential rate category. • 2 submissions were objecting to the new vacant land differential rate category and other matters. • 1 submission on homelessness and housing affordability. • 2 submission objecting to any general rate rise. • 1 submission on request for more new rates payment options. • 1 submission commenting on general spending reduction and customer service.

Legal compliance

[Section 6.2 of the Local Government Act 1995](#)

[Part 3 of the Local Government \(Financial Management\) Regulations 1996](#)

[Regulation 34 of the Local Government \(Financial Management\) Regulations 1996](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Potential reduction in the quality of assets provided and services delivered if the proposed rates and the annual budget are not adopted.	<i>Moderate</i>	<i>Likely</i>	<i>High</i>	<i>Low</i>	TREAT risk by Adopting the Annual Budget
Environmental	N/A				Medium	
Health and safety	N/A				Low	
Infrastructure/ ICT systems/ utilities	Potential reduction in the quality of assets provided if the proposed rates and the annual budget are not adopted.				Medium	TREAT risk by Adopting the Annual Budget
Legislative compliance	N/A				Low	
Reputation	Negative public perception if Council does not adopt the annual budget.				Low	TREAT risk by Adopting the Annual Budget

Service delivery	Potential reduction in the quality of services delivered if the proposed rates and the annual budget are not adopted.	Medium	TREAT risk by Adopting the Annual Budget
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Financial implications

Current budget impact	The adoption of the 2021-2022 budget will enable the continuity of service delivery, maintenance of existing assets and generation of new assets in line with the Integrated Planning and Reporting Framework.
Future budget impact	Not applicable.

Analysis

9. Unlike last year, COVID-19 had minimal impact on the preparation of the draft Annual Budget 2021/22. However, in considering rates and charges, the Town was mindful of the ongoing effects COVID-19 has had on our community. The Town initially proposed a return to pre-COVID rate levels however this was not supported by Elected Members and was referred back. Council subsequently endorsed the advertising an intention to levy differential rates and minimums that reflect a 2% increase on last year. In addition, the Town proposes to levy a higher differential rate and minimums for vacant land to incentivise development and discourage leaving land vacant.
10. The budget maintains the significant reduction in rates and instalment interest and fees as well as overdue interest. The Council adopted Financial Hardship policy remains in place for 2021/22. These measures are in line with the Local Government (COVID-19 Response) Amendment Order 2021.
11. Council endorsed the proposed rates in the dollar and minimums for 2021/2022 for advertising and during the comment period. The comment period closes on 19 July 2021. A summary of submissions received will be included in the agenda for the Special Council Meeting to adopt the annual budget scheduled for 2 August 2021.
12. Proposed rates to apply for the 2021-2022 financial year are:
 - (a) Residential – GRV of 9.34 cents in the dollar of gross rental value applicable to properties used primarily as a place of residence subject to a minimum rate of \$1,159 per assessment.
 - (b) Non-Residential – GRV of 9.88 cents in the dollar of gross rental value applicable to properties not used primarily as a place of residence subject to a minimum rate of \$1,205 per assessment.
 - (c) Vacant Land - GRV of 13.08 cents in the dollar of gross rental value applicable to properties used primarily as vacant land subject to a minimum rate of \$1,530 per assessment.

13. By applying the above rates in the dollar and minimum payments, an initial rate revenue strike in the order of \$44.8 million will be realised.
14. Council has also agreed that service charges for SUPP6 for properties in Carlisle North, Victoria Park East and Victoria Park West will be raised in 2021/2022. These are:
 - (a) Carlisle North - \$3,959
 - (b) Victoria Park East - \$3,849
 - (c) Victoria Park West - \$2,089
15. Residents in the SUPP6 areas may choose to pay their service charges in full or by instalment over a term of seven years.
16. The Council's policy provides for Elected Members to be paid the maximum Elected Member allowances as determined by the Salaries and Allowances Tribunal. During budget workshops for 2021/2022, Elected Members have supported listing allowances as per the Council policy.
17. After allowing for the proposed carry forward items from the previous year (2020-2021), as detailed and explained in the next section of this item, there is no proposed year end surplus position forecast for 30 June 2022.
18. 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.
19. There are three categories of carry-forward items, these being:
 - (a) programs/projects either in progress or yet to commence that are fully or partly funded from sources external to the Town, e.g. grant and/or contribution-funded programs/projects;
 - (b) Town 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
 - (c) 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.
20. Carry-forward items from the previous budget included in the 2021-2022 Annual Budget total of \$7.3 million. There is a separate section within the 2021-2022 Annual Budget that provides a complete listing of all items for carry forward.
21. The following is a summary of the matters considered in achieving the proposed 2% rate increase, which is in keeping with the draft Long-Term Financial Plan 2021 to 2036:
 - (a) variations have been made to reserve fund transfers
 - (b) revenue estimates have been updated based on proposed changes to fees and charges, current service delivery plans and expected grant income.
 - (c) rate revenue from larger-scale developments in the district have been considered with regards to anticipated completion dates.
 - (d) increased expenses likely to be incurred due to state government price increases.
 - (e) and increases in materials and contracts, including Insurance and service charges.

22. Some new initiatives include:
- (a) Road projects totalling \$9.6 million including funding for Blackspot road projects of \$396,667, Archer Mint Street upgrade stage 1 - \$1.5 million and Etwell Street Local Centre revitalisation \$1.15 million
 - (b) Continuation of the Urban Forest Strategy \$1.0 million
 - (c) Buildings renewal \$2.5 million, includes Lathlain – Perth Football Club LPRP Zone 1 works of \$1.55 million.
 - (d) Plant & Machinery replacement program \$1.02 million
 - (e) Information Technology renewal projects \$307,060, including new projects \$180,000.
 - (f) Parks renewal projects \$9.6 million, including completion of GO Edwards – stage 5 C/fwd and new projects \$8.07 million, includes Ed Millen Park masterplan \$7.5M.
 - (g) Drainage renewal projects \$260,000
 - (h) Pathways renewal projects \$2.65 million with new projects \$1.05 million.
23. 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.
24. In compiling the annual budget, officers have, in accordance with the Local Government Accounting Manual, as produced by the Department of Local Government:
- (a) identified recurring operating revenue and expenditure
 - (b) prepared salary and wages schedules including proposed new staff positions, staff increment changes and enterprise agreement increases
 - (c) prepared capital expenditure based, where possible, on long-term asset management plans;
 - (d) confirmed grants for both operating and capital requirements
 - (e) determined and applied the assumptions for the opening current position from the previous financial year
 - (f) identified any carry forward projects into the new financial year
 - (g) flagged committed funds and excluded these from the brought forward balance in the determination of the current position
 - (h) established if there is a budget deficit or surplus to be carried forward restricted to the prescribed amount
 - (i) obtained estimates for non-current assets to be sold or traded-in on new assets
 - (j) obtained estimates for insurance, including workers' compensation
 - (k) updated the schedule of fees and charges for the next 12 months
 - (l) compiled projected cash flows over the next 12 months to ensure there is sufficient liquidity to meet current commitments throughout the year
 - (m) prepared the budget document consistently with comparative financial results for the previous year

- (n) ensured that any surplus funds invested conforms with the short-term requirements for drawdowns as and when the funds are required
- (o) completed all the required statutory schedules for adoption by Council.

Relevant documents

Not applicable.

Further considerations

25. Since the Special Agenda Briefing report was completed, a number of changes have been made to the draft annual budget to address the following:
- (a) The service charges for State Underground Power Project No 6 for Carlisle North, Victoria Park East and Victoria Park West have been added to the Schedule of Fees and Charges.
 - (b) A review of formal advice from the Office of Valuer General has resulted in a significant reduction in back rates and interim rates reductions.
 - (c) The inclusion of Albany Highway Precinct Structure Plan (\$355,794) and additional funds for Old Spaces New Places (\$8,000) as per Council resolutions from May and June 2021, that had inadvertently been omitted from the draft budget.
 - (d) A further review of capital works projects actuals expenditure to 30 June 2021 has required further changes to the amounts carried forward from 2020/21 to 2021/22.

11 Public question time

12 Public statement time

13 Meeting closed to the public

13.1 Matters for which the meeting may be closed

13.2 Public reading of resolutions which may be made public

14 Closure