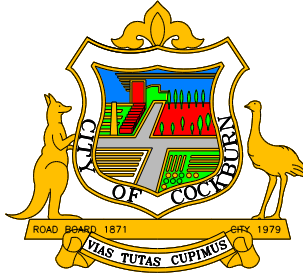


# CITY OF COCKBURN



## SPECIAL COUNCIL MEETING

## MINUTES

FOR

THURSDAY, 23 JUNE 2016

These Minutes are subject to Confirmation

Presiding Member's Signature

\_\_\_\_\_

Date: \_\_\_\_\_



# CITY OF COCKBURN

## SUMMARY OF MINUTES OF SPECIAL COUNCIL MEETING HELD ON THURSDAY, 23 JUNE 2016 AT 6:00 PM

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	Page
1. DECLARATION OF MEETING.....	1
2. APPOINTMENT OF PRESIDING MEMBER (IF REQUIRED) .....	1
3. DISCLAIMER (READ ALOUD BY PRESIDING MEMBER) .....	2
4. ACKNOWLEDGEMENT OF RECEIPT OF WRITTEN DECLARATIONS OF FINANCIAL INTERESTS AND CONFLICT OF INTEREST (BY PRESIDING MEMBER).....	2
5 (SCM 23/06/2016) - APOLOGIES & LEAVE OF ABSENCE.....	2
6 (SCM 23/06/2016) - PUBLIC QUESTION TIME .....	2
7. DECLARATION BY COUNCILLORS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS .....	2
8 (SCM 23/06/2016) - PURPOSE OF MEETING .....	3
9. COUNCIL MATTERS.....	3
9.1 <u>(MINUTE NO 5825)</u> (SCM 23/06/2016) - ANNUAL BUSINESS PLAN 2016/170 (021/002) (M TOBIN) (ATTACH) .....	3
9.2 <u>(MINUTE NO 5826)</u> (SCM 23/06/2016) - ADOPTION OF 2016/17 DIFFERENTIAL RATES, 2016/17 MUNICIPAL BUDGET AND 2016/17 SCHEDULE OF FEES AND CHARGES (071/006; 075/011; 097/009) (S DOWNING/N MAURICIO) (ATTACH) .....	5
<u>(MINUTE NO 5827)</u> (SCM 23/06/2016) - SUSPENSION OF STANDING ORDERS	31
<u>(MINUTE NO 5828)</u> (SCM 23/06/2016) - RESUMPTION OF STANDING ORDERS	32
<u>(MINUTE NO 5829)</u> (SCM 23/06/2016) - ADOPTION OF 2016/17 DIFFERENTIAL RATES, 2016/17 MUNICIPAL BUDGET AND 2016/17 SCHEDULE OF FEES AND CHARGES (071/006; 075/011; 097/009) (S DOWNING/N MAURICIO) (ATTACH)	32
10. <u>(MINUTE NO 5830)</u> (SCM 23/06/2016) - RESOLUTION OF COMPLIANCE (SECTION 3.18(3), LOCAL GOVERNMENT ACT 1995).....	33
11 (SCM 23/06/2016) - CLOSURE OF MEETING.....	33



## CITY OF COCKBURN

### MINUTES OF SPECIAL COUNCIL MEETING HELD ON THURSDAY, 23 JUNE 2016 AT 6:00 PM

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#### PRESENT:

##### ELECTED MEMBERS

Mr L Howlett	-	Mayor (Presiding Member)
Mrs C Reeve-Fowkes	-	Deputy Mayor
Mr K Allen	-	Councillor
Mrs L Sweetman	-	Councillor
Dr C Terblanche	-	Councillor
Mr S Portelli	-	Councillor
Mr P Eva	-	Councillor
Mr B Houwen	-	Councillor

##### IN ATTENDANCE

Mr S. Cain	-	Chief Executive Officer
Mr D. Green	-	Director, Governance & Community Services
Mr S. Downing	-	Director, Finance & Corporate Services
Mr C. Sullivan	-	Director, Engineering & Works
Mr D. Arndt	-	Director, Planning & Development
Mr N Mauricio	-	Manager, Financial Services
Mrs S. Seymour-Eyles	-	Manager, Corporate Communication
Mrs B. Pinto	-	PA – Directors, Fin. & Corp. Serv./Gov. & Comm. Serv.

#### 1. DECLARATION OF MEETING

The Presiding Member declared the meeting open at 6.00pm.

He acknowledged the Nyungar People who are the traditional custodians of the land where this meeting is held and pay respect to the Elders of the Nyungar Nation, both past and present and extend that respect to Indigenous Australians who are with us tonight.

#### 2. APPOINTMENT OF PRESIDING MEMBER (If required)

Nil.



**3. DISCLAIMER (Read aloud by Presiding Member)**

Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

**4. ACKNOWLEDGEMENT OF RECEIPT OF WRITTEN DECLARATIONS OF FINANCIAL INTERESTS AND CONFLICT OF INTEREST (by Presiding Member)**

Nil

**5 (SCM 23/06/2016) - APOLOGIES & LEAVE OF ABSENCE**

Clr Stephen Pratt	-	Apology
Clr Lee-Ann Smith	-	Apology

**6 (SCM 23/06/2016) - PUBLIC QUESTION TIME**

**Maria Gaglia, Hammond Park**

Q1. When is the City going to acquire the road reserve adjacent to her property at 466 Wattleup Road, Hammond Park?

A1. The 2016/17 Budget will not be acquiring that land.

Q2. If this is not going to be acquired in 2016/17, when will the City acquire the road reserve on her property?

A2. If Council adopts the Budget and Annual Business Plan, the City will look at the acquisition of land on that project based on the recently published regional road planning document which has an indicative timeframe to construct these roads.

Mayor Howlett advised Mrs Gaglia that the City will provide a plan and respond to her in writing with an explanation.

**7. DECLARATION BY COUNCILLORS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS**

Nil



**8 (SCM 23/06/2016) - PURPOSE OF MEETING**

The purpose of the meeting is to adopt:

- (1) 2016/17 Differential Rates, 2016/17 Municipal Budget and Schedule of Fees and Charges for the period 1 July 2016 to 30 June 2017; and
- (2) 2016/17 Annual Business Plan.

**9. COUNCIL MATTERS**

**9.1 (MINUTE NO 5825) (SCM 23/06/2016) - ANNUAL BUSINESS PLAN 2016/170 (021/002) (M TOBIN) (ATTACH)**

**RECOMMENDATION**

That Council adopt the proposed Annual Business Plan 2016/17, as attached to the Agenda.

**COUNCIL DECISION**

MOVED Clr P Eva SECONDED Clr L Sweetman that the recommendation be adopted.

**CARRIED 8/0**

**Background**

Since 2006/07, the City has produced an Annual Business Plan to set the direction for a year of activities. It ties the objectives of the Strategic Community Plan and the activities listed in the Corporate Business Plan to the activities and services delivered by Business and Service Units. It is not a legislative requirement but it amplifies a level of information associated with the Budget papers.

The Annual Business Plan is submitted to show more information about the first year of activities referred to in the Corporate Business Plan. The budget for 2016/17 is based on the activity described in the Annual Business Plan and is the subject of a separate report.

**Submission**

N/A



## Report

An Annual Business Plan is not required by legislation but has been produced since 2006/07 following the introduction of the 2006 iteration of the Strategic Plan. It is the first year of our new ten year Strategic Community Plan 2016–2026 and four year Corporate Business Plan 2016/17–2019/20. It sets out more detail on the activities to be undertaken by the City during the year.

In the Annual Business Plan, there are two significant areas of business change for the City. Firstly, the City assumes responsibility for management of the Port Coogee Marina on 24 July 2016. This includes all marina infrastructure including pens, jetties, fuel facilities, a marina services building, breakwaters, sea walls and the general waterway. Marina management is a completely new business for the City but is supported with a comprehensive business plan and new revenue streams which will support its ongoing development. Secondly, early 2017 the City will see the opening of Cockburn ARC, our regional leisure facility at Cockburn Central West. This will correspond with the closure of the South Lake Leisure Centre as staff and some equipment are transferred to the new facility.

This year the Annual Business Plan shows the new organisational structure approved by Council last year. This means that there are new Business and Service Units and some Business Units have been renamed to reflect their main focus.

The Annual Business Plan 2016/17 also includes a summary of income and expenditure information. Budgets, Key Performance Indicators and targets are included in tables for each Business or Service Unit.

### Strategic Plan/Policy Implications

*City Growth* - Plan for population growth of our City and maintaining our strong financial position

*Moving Around* - Facilitate safe, efficient, connected and sustainable movement around the City

*Community, Lifestyle and Security* - Provide safe, attractive, healthy programs and infrastructure for a diverse range of activity and people

*Economic, Social and Environmental Responsibility* - Enable a sustainable future economically, socially and environmentally including business activity, job opportunities and sustainable use of resources

*Leading & Listening* - Continue being accountable to our community and engaging with you through multiple effective communication channels.





**Budget/Financial Implications**

The Annual Business Plan is budgeted in the Annual Budget 2016/17 as well as being supported by the Long Term Financial Plan 2016/17 – 2025/26.

**Legal Implications**

N/A

**Community Consultation**

External community consultation is not required for this Plan as it is largely an internal business document to guide Business and Service Units toward achieving the strategic objectives listed in the Strategic Community Plan. However, key internal stakeholders have been consulted and have provided significant input to this Plan.

**Risk Management Implications**

If Council does not endorse the Annual Business Plan 2016/17 prior to 30 June 2016 it may reduce the capacity of the administration to deliver Council’s objectives over a full financial year.

**Attachment(s)**

Annual Business Plan 2016/17.

**Advice to Proponent(s)/Submissioners**

N/A

**Implications of Section 3.18(3) Local Government Act, 1995**

Nil.

- 9.2 **(MINUTE NO 5826) (SCM 23/06/2016) - ADOPTION OF 2016/17 DIFFERENTIAL RATES, 2016/17 MUNICIPAL BUDGET AND 2016/17 SCHEDULE OF FEES AND CHARGES (071/006; 075/011; 097/009) (S DOWNING/N MAURICIO) (ATTACH)**

**RECOMMENDATION**

That Council adopt:

- (1) Part A – Municipal Fund Budget 2016/17



Pursuant to the provisions of section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, the Municipal Fund Budget as attached to the Agenda, for the City of Cockburn for the 2016/17 financial year which includes the following:

- Statement of Comprehensive Income by Nature and Type showing a net result for that year of \$41,404,152.
- Statement of Comprehensive Income by Program showing a net result for that year of \$41,404,152.
- Statement of Cash Flows
- Rate Setting Statement showing an amount required to be raised from rates of \$96,000,000.
- Notes to and Forming Part of the Budget
- Budget Program Schedules

(2) Part B – General and Minimum Rates, Instalment Payment Arrangements:

1. For the purpose of yielding the deficiency disclosed by the Municipal Fund Budget adopted at Part A above, Council pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the Local Government Act 1995 impose the following differential general and minimum rates on Gross Rental and Unimproved Values.

General Rates

• Commercial Caravan Park	9.500¢ in the \$
• Improved Commercial & Industrial	7.550¢ in the \$
• Improved Commercial & Industrial (Large)	8.058¢ in the \$
• Improved Residential	7.286¢ in the \$
• Rural Vacant Land	0.391¢ in the \$
• Rural General Improved	0.253¢ in the \$
• Specified Area Port Coogee Special Maintenance	1.200¢ in the \$
• Specified Area Cockburn Coast Special Maintenance	1.200¢ in the \$
• Specified Area Port Coogee Waterways	1.200¢ in the \$
• Vacant Commercial & Industrial	9.391¢ in the \$
• Vacant Residential	9.391¢ in the \$

Minimum Payment Rates

• Commercial Caravan Park	\$744
• Improved Commercial & Industrial	\$744
• Improved Commercial & Industrial (Large)	\$744
• Improved Residential	\$1,287
• Rural Vacant Land	\$906
• Rural General Improved	\$906
• Vacant Commercial & Industrial	\$744
• Vacant Residential	\$744

2. Pursuant to section 6.47 of the Local Government Act grant a rates concession to Improved Residential single dwelling properties of 2.699¢ in the \$ applied to GRV value over and above \$20,690.

3. Pursuant to section 6.37 of the Local Government Act establish the Port Coogee Waterways Specified Area Rate (SAR) the maintenance of the waterways surrounding Port Coogee marina and associated infrastructure.
4. Pursuant to section 6.45 of the Local Government Act 1995 and regulation 64(2) of the Local Government (Financial Management) Regulations 1996, set the following due dates for the payment in full or by instalments:
  - Full payment and 1<sup>st</sup> instalment due date 2 September 2016
  - 2<sup>nd</sup> instalment due date 4 November 2016
  - 3<sup>rd</sup> quarterly instalment due date 6 January 2017
  - 4<sup>th</sup> and final instalment due date 10 March 2017
5. Pursuant to section 6.45 of the Local Government Act 1995 and regulation 67 of the Local Government (Financial Management) Regulations 1996, impose an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$5 for each instalment after the initial instalment is paid.
6. Pursuant to section 6.51(1) and subject to section 6.45(4)(e) of the Local Government Act 1995 and Regulation 68 of the Local Government (Financial Management) Regulations 1996, impose an interest rate of 3.5% for rates (and service charges) and costs of proceedings to recover such charges that remains unpaid after becoming due and payable.
7. 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, impose an interest rate of 7% for rates (and service charges) and costs of proceedings to recover such charges that remains unpaid after becoming due and payable.

(3) Part D – Fees and Charges for 2016/17

Pursuant to section 6.16 of the Local Government Act 1995, the Fees and Charges to be included inclusive of the 2016/17 budget as attached to the Agenda.

(4) Part E – Statutory and Other Fees for 2016/17

1. Pursuant to section 245A(8) of the Local Government



(Miscellaneous Provisions) Act 1960 impose a swimming pool inspection fee of \$36.60 (GST is not applicable).

2. Pursuant to section 67 of the Waste Avoidance and Resources Recovery Act 2007, impose the following charges for the removal and deposit of domestic waste:

- (a) All Non-Residential Improved Premises (including recycling)
- 240ltr bin per weekly collection - \$458 p.a.
  - 240ltr bin per weekly collection (rate exempt properties) - \$510 p.a.

3. Pursuant to section 6.38(1) of the Local Government Act and Regulations 54(c) of the Local Government (Financial Management Regulations 1996) impose the following service charges for the provision of underground electricity (UGP):

- (a) Rateable property/dwelling \$3,050, with the following discounts:
- \$500 where a property already has a connection between the property boundary and the meter box.
  - A 50% rebate for registered pensioners as provided by the State Revenue Department.
  - A \$257.45 or equivalent rebate for registered Seniors as provided by State Revenue Department.
  - A 50% discount where properties have HV power lines in front of their property remaining after the completion of work for underground electricity.
  - The service charge applicable for non-standard commercial properties to be provided by Western Power.
  - Owners in the existing UGP project areas have the right to pay upfront or receive an account equal to one fifth of the above fee payable annually.

4. Creation of two new reserves:

- (a) Port Coogee Waterways (Waterways Environmental Management Plan (WEMP)) Reserve No.2 – Provide funding for the maintenance of the waterways surrounding Port Coogee marina and associated infrastructure. This is funded from the cash backed depreciation charge taken by Council on the gifted assets of the marina and surrounding



waterways and infrastructure assets.

- (b) Port Coogee Waterways Specified Area Rate (SAR) Reserve - Provide funding for the maintenance of the waterways surrounding Port Coogee marina and associated infrastructure. This is funded from the specified area rate levied on land directly adjacent to the waterways.

5. Rename the *Workers Compensation Reserve* to *Insurance Reserve* and broaden its purpose to smoothing out any significant variations in annual premiums associated with the LGIS self-insurance scheme.

**TO BE CARRIED BY AN ABSOLUTE MAJORITY OF COUNCIL**

**COUNCIL DECISION**

MOVED Clr C Terblanche SECONDED Clr P Eva that the recommendation be adopted.

**MOTION LOST 2/6**

**Background**

Council is required to adopt an Annual Budget by 31 August each year. To this end the City adopts its budget in June of each year.

Since 2006/07, the City has produced an Annual Business Plan coupled with the Annual Budget to set the direction for a year of activities. It ties the objectives of the Strategic Community Plan and the activities listed in the Corporate Business Plan to the activities and services delivered by Business and Service Units. It is not a legislative requirement.

The Annual Business Plan is submitted to show more information about the first year of activities referred to in the Corporate Business Plan. The budget for 2016/17 is based on the activity described in the Annual Business Plan and is the subject of a separate report.

**Submission**

The City received one submission in response to the advertising of differential rates. The submission was received from the Banjur Residents Group. The submission and response is attached to the Agenda (Attachments 5 & 6).



## Report

### *Municipal Budget 2016/17*

Each financial year the City is required to adopt a municipal budget in accordance with Section 6.2 of the Local Government Act 1995 and the associated regulations.

#### Highlights of the 2016/17 - Municipal Budget:

- Rates increase for all properties of 3.00% apart from caravan parks and commercial and industrial properties (large).
- The credit card surcharge of 0.50% will be abolished in 2016/17 saving ratepayers approximately \$6.00 for the average ratepayer. As well the interest fee for paying by instalments will also fall by \$2 for the average ratepayer.
- Building of domestic housing and the commercial/industrial sector is estimated to grow by 2.5%.
- The City will continue weekly recycling, six tip passes and four verge collections (two general waste and two greenwaste) for residential properties.
- The City to roll out the third bin (Greenwaste) for all residential properties larger than 400 square metres over the next four years. For 2016/17, the City will implement the third bin in Hamilton Hill and Leeming.
- Co-Safe service to continue the rollout of the CCTV construction implementation strategy.
- Presentation of a municipal budget with a closing municipal fund position of \$299,049.
- Increase in operating revenue of 7.4% over the 2015/16 amended budget.
- Operating cost increase of only 5.1% over prior 2015/16 amended budget and before depreciation, a cash cost increase of 6.6%
- The surplus between operating revenue and expenditure funds reserve transfers arising from operating income such as interest income on cash reserves, waste collection and disposal capital payments, Naval Base Shacks and CCTV capital construction.
- Salaries budget to increase by 2.0%.
- \$78.3m to be spent on community capital assets which include roads, drainage, parks and community infrastructure
- Cockburn ARC at Cockburn Central West will be handed over to the City around March 2017 and be open to the public in April/May 2017 depending on fit out and commissioning.
- The new Visko Park bowling club building and greens will commence in 2016/17 with a cost of \$9m and a spend of \$7.2m in this financial year and remaining balance in 2017/18.
- Funding has been provided for a range of Revitalisation Strategies, Hamilton Hill \$0.9m, Spearwood \$4.0m, Coolbellup \$0.5m and the Lakes \$0.8m.



- Funding has been provided for a number of master plans, Coogee Beach \$0.5m and North foreshore \$0.5m.
- Major Road projects, including \$8.0m for duplication of Berrigan Drive from the Freeway to Jandakot Airport. Upgrade of Rockingham Road Spearwood from Phoenix Road to Spearwood Avenue costing \$4.0m.
- Completion of Adventure Playground at Bibra Lake including a new public toilet facility and upgrading the existing toilet facility. This is in addition to the funding provided for the upgrade to Progress Drive and reconstruction of the major car park next to Adventure World.
- Continuing repayment of the loan for ESL Facility (10 years repaid by DFES, formerly FESA). 2016/17 sees the City commence repayment of the \$25m loan borrowed from the WATC at \$2.5m per annum plus interest.
- Grants & Donations budget of \$1.31m
- Funds for Summer of Events of \$0.7m
- Construction will continue on the re-development of the Councils' Depot located in Wellard Street, Bibra Lake. An amount of \$9.0m has been provided for this project in 2015/16 and the unspent balance will be carried forward.
- Parks construction program totalling \$6.4m covering new parks development plus a range of other projects covering greening plans, shade sail implementation and playground renewals

### *Income*

The 2016/17 operating income for the City will be \$135.91m an increase of 7.4% on the 2015/16 amended budget. The sources of income are displayed in the table below. The two main sources of income for the Council are Rates 70.6% and Fees and Charges 17.9% of the operating income respectively.

*Table 1 – Operating revenue for 2016/17 and 2015/16*

All Figures in \$M	2015/16 Amended Budget	2016/17 Budget	Increase 16/17 Budget on 15/16 Budget	% of Overall Income of 15/16 Budget
Rates	\$89.03	\$96.00	7.8%	70.6%
Service Charges	\$0.27	\$0.33	22.2%	0.2%
Fees and Charges	\$22.06	\$24.36	10.4%	17.9%
Contributions	\$1.07	\$0.45	-57.9%	0.3%
Operating Grants	\$7.51	\$9.35	24.5%	6.9%
Interest Income	\$5.57	\$4.77	-17.9%	3.6%
Other	\$1.01	\$0.63	-37.6%	0.5%
<b>Total Revenue</b>	<b>\$126.53</b>	<b>\$135.91</b>	<b>7.4%</b>	<b>100.0%</b>



### *Rates Income*

Rates for 2016/17 are recommended to increase by 3.0% in the City of Cockburn apart from caravan parks and large commercial industrial rates. In arriving at the recommended rates increase, a comprehensive review of the financial performance of the services and facilities provided by the City was undertaken. The objective of the review was to ensure that increased expenditure budgets were properly justified and warranted, with any growth in employee numbers strictly tied to growth in essential service delivery (e.g. waste collection, new Cockburn ARC facility). Non rating income including Council fees and charges was also assessed to ensure the City is optimising cost recovery opportunities.

The City will ensure that no residential ratepayer will receive an increase greater than 3.0% by way of the concession (discount) scheme introduced in 2015/16. This outcome has been audited by leading accounting firm Deloitte and a copy of their report is attached to the agenda. The concession is needed due to the excessive inflationary impact on high GRV properties from incorporating waste and security charges into the general rates in 2015/16. The incorporation of these charges into rates ensured that registered pensioners received a rebate on the total rates levied to them by Council. This benefit continues to apply in 2016/17 even though the State Government has implemented a rebate cap of \$750 per pensioner property as against an unlimited amount in prior years. The City has approximately 5,700 pensioners who will receive up to an extra \$264 rebate off their annual rates assessment this year.

Overall, the average residential improved ratepayer will pay an extra 90 cents per week after concession and for those on the minimum payment rate the increase will be 71¢ per week

The following table shows are the proposed rates (in the dollar) for 2016/17

*Table 2 – Proposed differential rates for 2016/17*

<b>Rating Class</b>	<b>Recommended Rate - Cents in the Dollar</b>	<b>Comment</b>
Commercial & Industrial – Improved	7.550	Increase by 3.0%
Residential Improved	7.286	Increase by 3.0% after the concession.
Commercial & Industrial -Improved Large	8.058	Not subject to an increase for 2016/17
Caravan Parks	9.500	Plan to increase rate in \$ over 10 years to yield the equivalent of 80% of the residential minimum payment. Pension rebates will apply once target rate has been reached.
Commercial & Industrial	9.391	Increase by 3.0%





Rating Class	Recommended Rate - Cents in the Dollar	Comment
- Vacant		
Residential – Vacant	9.391	Increase by 3.0%

The City applied to have a number of properties converted from Unimproved Value (UV) to Gross Rental Value (GRV) for valuation and rating purposes. The Minister for Local Government accepted the City's application and has converted 56 properties as a result. The City now has only 330 UV properties and continues to consult with landowners about the efficacy of the UV valuation method for their property.

There is no recommended rate increase for improved large commercial and industrial properties. The City is seeking to have this rate equalised with the standard commercial and industrial properties. This is envisaged to take another three years. This process has been undertaken in consultation with the DLGC.

Caravan Parks in Cockburn have predominantly become permanent home sites. The aim of the rating strategy is to ensure that if this continues, the residents make a contribution similar to other ratepayers. The aim is to steadily increase the contribution from the approximate 40% of the minimum to 80% of the minimum payment rate charge over the next ten years. The City aims to also facilitate pension rebates once the minimum contribution reaches \$643.50 (in 2016/17 terms). They currently pay \$514.80.

Rates levied on ratepayers form a significant portion of the City's operating income. This year, that portion accounts for 70.6%.

Cockburn home owners paid the lowest household rates in 2015/16. The Table below from 2015/16 supports the supposition that Cockburn residential improved ratepayers continues to pay low rates when compared with neighbouring Councils (incorporating rates and waste):

*Table 3 – Comparison of average rates for 2015/16*

Council	Residential Average Rates	Minimum Rates Payment	Residential Average Rates excluding impact of Min Payment
Cockburn	\$1,458	\$1,250	\$1,552
Melville	\$1,663	\$1,264	\$1,769
Fremantle	\$1,655	\$1,222	\$1,864
Kwinana	\$1,615	\$1,356	\$1,667
East Fremantle	\$1,837	\$1,000	\$1,914
Rockingham	\$1,564	\$1,429	\$1,709
Wanneroo	\$1,510	\$1,261	\$1,588
Swan	\$1,622	\$1,217	\$1,668
Armadale	\$1,777	\$1,422	\$2,002

*Cockburn, Melville, Fremantle, East Fremantle & Wanneroo include their waste charge in the rate in dollar/minimum payment. Kwinana, Rockingham, Swan & Armadale have a separate waste charge which has been added to their average rates & minimum*

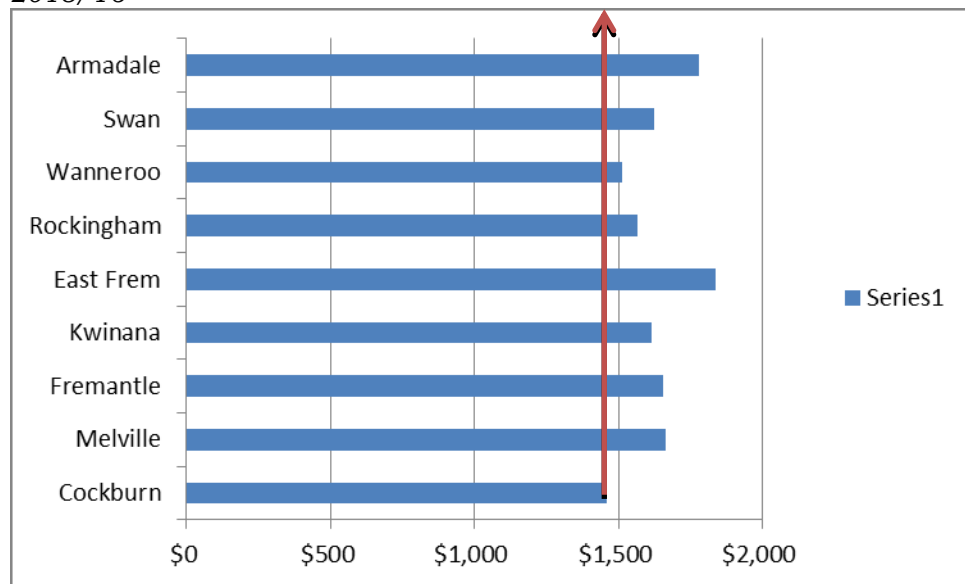


payment. Cockburn, Melville and Rockingham have a security charge which has also been included. For Cockburn, the figures in the table are post concession. Average rates are calculated by taking the rates raised divided by the number of properties

A number of Councils point to their lower rate in the dollar to indicate that they have lower rates than Cockburn but don't quote that their average GRV is significantly higher than Cockburn's. The following tables graphically illustrate that:

Cockburn's average residential improved rate is the lowest amongst neighbouring councils and even when compared to other growth Councils:

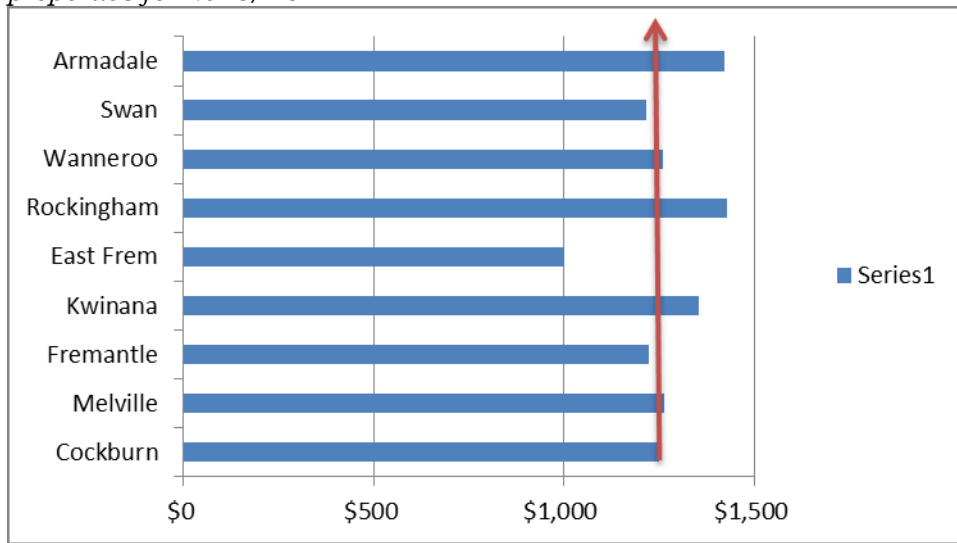
Graph 1 – Comparison of average rates for residential improved properties for 2015/16



Cockburn's minimum payment rate for residential properties is also at the lowest levels except for the Town of East Fremantle, where they only have 282 properties on the lowest minimum payment:

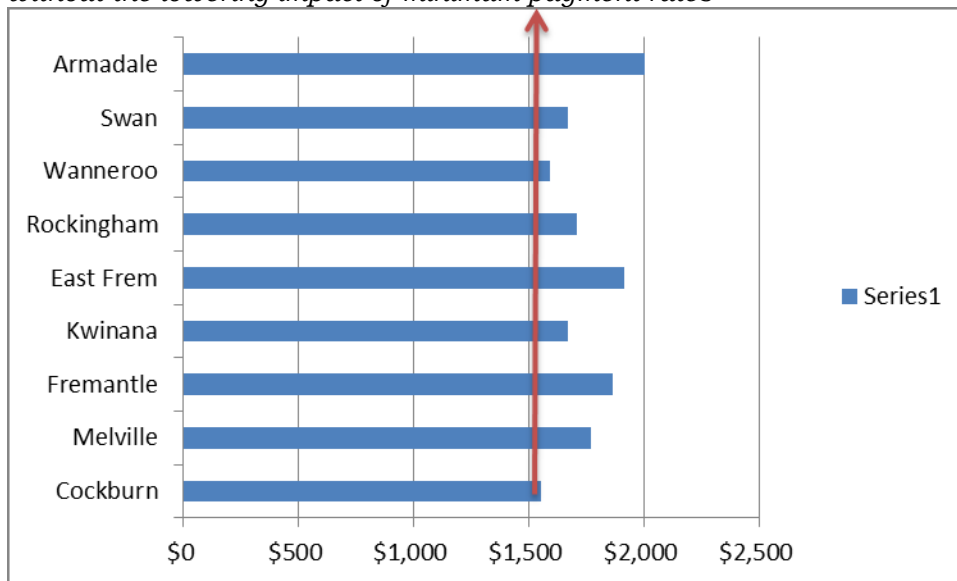


Graph 2 – Comparison of minimum payment rates for residential improved properties for 2015/16



If you remove the lowering impact of the minimum payment rate from all other residential improved properties Cockburn again has the lowest average rates when compared to other Councils in the comparison group:

Graph 3 – Comparison of average rates for residential properties for 2015/16 without the lowering impact of minimum payment rates



The above Councils were chosen firstly, because they are in the same local grouping (South West Group) and secondly, to compare with other outer metro growth Councils such as Swan, Wanneroo and Armadale, who are all experiencing rapid growth and have a comparable separate rate for residential improved properties.

Below is a comprehensive table of all metropolitan councils and their proposed rate increases (as indicated at the time of preparing this



report). The average increase is 3.6% with the median increase at 3% in line with the increase proposed by Cockburn.

Table 4 - Council increase in residential rates for 2016/17

<b>Council</b>	<b>Proposed Residential Increase</b>
Armadale	3.0%
Bassendean	3.0%
Bayswater	3.0%
Belmont	5.0%
Cambridge	N/A
Canning	N/A
Claremont	3.0%
<b>Cockburn</b>	<b>3.0%</b>
Cottesloe	4.0%
East Fremantle	4.0%
Fremantle	3.0%
Gosnells	3.0%
Joondalup	2.7%
Kalamunda	3.0%
Kwinana	3.0%
Melville	2.5%
Mosman Park	4.0%
Mundaring	6.0%
Nedlands	4.5%
Peppermint Grove	2.5%
Perth	1.6%
Rockingham	4.0%
Stirling	4.0%
South Perth	3.5%
Subiaco	8.7%*
Swan	3.3%
Victoria Park	6.0%
Vincent	4.5%
Wanneroo	3.95%
Average	3.65%
Median	3.0%

\*The increase for Subiaco includes an extra 6.2% which is a reflection of the loss of significant income to the City of Perth as part of the State Government's City of Perth Act. This is the reason why Perth has such a low rate increase. The average excludes Subiaco as it will be too large a distortion.

Overall growth of new properties/improvement to existing properties/vacant land has been budgeted at 2.5%. This translates to approximately 1,000 new dwellings. The City is also expecting a 2.8% growth in the commercial and industrial rates category in the Phoenix



and Cockburn Commercial Parks, Jandakot City, Cockburn Central and the AMC precinct. The City has budgeted to receive commensurate interim rates as part of the 2016/17 budget.

*Pool Inspection Fee*

The fee will increase slightly to \$36.50 from \$36.00 per property with a swimming pool. This is in order to ensure that City will be able to inspect every swimming pool in the municipality once every four years to comply with the relevant statutory requirement.

*Port Coogee Special Maintenance Specified Area Rate*

This rate will fall from 1.400¢ to 1.200c in the dollar of GRV value. These monies are being reserved so as to ensure that the parks and public areas (including custom street lighting) are maintained in accordance with the higher standards agreed to between the City and the Developer. The additional costs being borne by the developer initially and the landowners ultimately. The income from this item is included in the total rates to be raised by the budget. There are sufficient funds to cater for the growth of this expenditure for the next five years at this set rate.

The City will continue taking over public open space in the Port Coogee area in 2016/17 which will trigger the City drawing on funds in the Reserve to supplement the additional maintenance work noted above.

*Port Coogee Waterways Specified Area Rate*

This is a new Specified Area Rate for properties that connect with the waterways. The rate will be used to fund maintenance of the waterways and associated infrastructure assets. There are approximately 54 properties impacted by this rate.

All Port Coogee properties will receive only one specified area rate either the Port Coogee Special Maintenance Area rate or the Port Coogee Waterways Specified Area Rate. A map is attached to the Agenda.

*Cockburn Coast Specified Area Rate*

This rate will fall from 1.400¢ to 1.200c in the dollar of GRV value for residential improved only. These monies are being reserved so as to ensure that the parks and public areas (including custom street lighting) are maintained in accordance with the higher standards agreed to between the City and the Developer. The additional costs being borne by the developer initially and the landowners ultimately. The income from this item is included in the total rates to be raised by the budget.



The City will see the first of the land holdings sub-divided into residential improved lots in 2016/17. A map of the area is attached to the Agenda.

### *Emergency Services Levy*

Although not imposed by the City, the levy is collected by the City under direct instruction from the State Government and passed onto the Department of Fire and Emergency Services DFES (formerly the Fire and Emergency Services Authority). The increase for City of Cockburn ratepayers is 4.2%. This will be approximately \$60 for the average residential improved property. The City collects over \$14m from this levy on behalf of DFES.

### *Fees and Charges*

The City has budgeted to receive \$24.36m in Fees and Charges in 2016/17. Although this category of income covers 170 services provided by City, there are five fee types that combine to make up \$14.33m or 59% of the total fees and charges. The fees consist of Waste fees (tipping, sale of recycled metals and materials and sale of gas) related to the Henderson Waste and Recovery Park, waste collection for commercial/industrial properties, fees associated with the Planning and Building (Statutory) approvals and finally, the lease revenue from property owned by the City.

The Gate Fee for the Henderson Landfill facility will not increase at 1 July 2016 as a result of intense competition in the market place. As a result of the State Government increasing the Landfill Levy from \$55 to \$60 per tonne from 1 July, the City will be forced to absorb this impost in order to retain market share. The cost of this impost is \$375,000.

Statutory fees collected for Planning and Building will remain similar to 2015/16.

Rental income will be over \$2.5m which includes income from a number of Council owned properties including Cockburn Health and Community Centre, Coogee Beach café, Coogee Beach Caravan Park, Naval Base Shacks, Youth Centre commercial leases and a range of halls.

The final income items are fees for the South Lake Leisure Centre which has been budgeted to operate till the opening of the Cockburn ARC in late 2016/17. A budget has also been established for income from Cockburn ARC.

All other fees will rise in a range from CPI to % in order to cover the cost of the service/s provided by the City.



### *Service Charges*

This income is for the repayment of the Underground Power projects completed in Hamilton Hill.

### *Operating Grants and Subsidies*

This income source is provided by the State and Federal Governments. The income is generally recurrent and rises by CPI or a similar agreed factor. For the 2016/17 Budget, the Federal Government has frozen the level of the Financial Assistance Grant (General and Untied Road grant) at 2013/14 base with no indexation for population growth until 2018/19. FAG grants appear higher in 2016/17 as a result of the Commonwealth part paying the 2015/16 grant in 2014/15.

Apart from the untied Federal Assistance Grant noted below, the other grants have been provided by the State and Federal Governments for the delivery of specific community programs.

*Table 5 – Operating grants for 2016/17*

<b>Grant</b>	<b>Amount \$</b>
Child Care and Children (Federal Government)	\$1.90m
Financial Assistance (Untied from Federal Government)	\$2.20m
Financial Assistance (Roads from Federal Government)	\$1.50m
Aged Services - HACC	\$1.99m
Aged Services – HACP	\$0.44m
Youth Services (2 programs)	\$0.47m
Family Services (4 programs)	\$0.44m
DFES Operational Grant	\$0.23m
Recreation Services	\$0.18m
<b>Total Grants</b>	<b>\$9.09m</b>

### *Interest Income*

Income generated by this item is divided into three parts, municipal fund interest, financial reserves interest and sundry interest income derived from outstanding rates and instalments (including an interest payment for deferred pensioner rates from the State Revenue Office). The term deposit interest rate has been set at 2.75% but may change should the RBA lower further the cash rate below 1.75% This lower outlook for rates has caused the City to reduce the overall interest income budget from \$5.57m to \$4.77m.

- Municipal Interest \$2.24m
- Reserves Interest \$1.86m
- Instalment Interest \$0.44m
- Penalty Interest \$0.24m
- Deferred Pension rates interest \$0.03m



The City is compliant with the latest amendment to the Local Government (Financial Management) Regulations in that all funds are invested in Term Deposits held with Australian Banks or Australian Government Bonds apart from two investments grandfathered under the same regulations. One is a senior bond issued by the Commonwealth Bank and the second is an investment in an Australian mortgage fund comprising “reverse” Australian mortgages. Each investment continues to pay a competitive rate of interest and will be redeemed upon maturity.

### *Expenditure*

Budgeted growth of operating expenditure for 2016/17 is 5.1%. The following comparative table indicates the growth of operating expenditure over the financial years 2015/16 to 2016/17.

*Table 6 – Operating expenditure 2016/ 17 and 2015/ 16*

All figures \$M	2015/16 Amended Budget \$	2016/17 Budget \$	Increase 16/17 Budget on 15/16 Budget \$	% of Overall Cost of 16/17 Budget \$
Payroll	47.92	48.87	2.0%	37.4%
Materials	38.34	41.37	6.1%	31.2%
Utilities	4.57	4.68	2.6%	3.6%
Interest Expense	0.07	0.93	n/a	0.7%
Insurance	2.13	2.24	5.1%	1.7%
Other Expenses	6.82	7.33	12.7%	5.9%
Depreciation	27.53	27.54	n/a	21.1%
Internal Recharging	(3.02)	(2.22)	-26.4%	-1.6%
<b>Total Expenditure</b>	<b>124.64</b>	<b>130.74</b>	<b>5.1%</b>	<b>100%</b>

The above table also demonstrates where the City is spending its operating expenditure with a detailed explanation below.

### *Payroll*

The City has budgeted for a 2.0% increase in salaries. This will also provide for a number of new staff, in line with Council’s adopted Workforce Plan for Cockburn ARC. There has been an offsetting reduction in the staff numbers within roads construction.

Table 7 uses one particular ratio of residents to staff numbers, which demonstrates the efficiency of council staffing to service their respective community. For both 2014 and 2015 Cockburn was the second most efficient after the City of Rockingham out of the comparative Councils.





Table 7 – Comparison on number of residents to staff 2015 and 2014

	<b>2015 Ratio: Residents to Staff</b>	<b>2015 FTE Staff</b>	<b>2015 Population</b>	<b>2014 Ratio: Resident to Staff</b>	<b>2014 FTE Staff</b>	<b>2014 Population</b>
Cockburn	246	431	105,998	233	438	101,973
Melville	225	476	107,239	221	481	106,336
Fremantle	79	392	30,883	79	384	30,321
Kwinana	160	237	37,834	157	223	35,000
Rockingham	257	484	124,245	260	462	120,275
Armadale	238	345	82,267	227	330	75,000
Wanneroo	220	853	188,000	212	848	179,813
Swan	207	629	130,013	203	610	124,042

Source: Staff 2014/15 annual reports. Population ABS Regional population statistics

### *Materials and Contract*

Aside from employee and related costs, materials and contracts is the City's largest recurrent operating expenditure item. The following items form over 50% of the expenditure for 2016/17. Waste collection \$8.79m, SMRC loan repayment \$1.65m, parks & playgrounds \$1.48m, street maintenance \$1.56m, care giver payments 1.04m, Co-Safe \$2.1m, equipment leases \$0.66m, valuations for rates \$0.55m, legal fees \$0.42m, carnival of events \$0.7m, sportsgrounds \$0.6m, services \$2.13m.

Over 80% of the City's materials and contracts expenditure is subjected to competitive procurement practices. These include both formal tender and quotation processes, governed by legislation and Council policy. This percentage has seen an increasing trend over recent years due to a concerted effort by the City to drive better value for money from its annual budget.

### *Insurance*

The City, like all local governments in WA, is a member of the Local Government Insurance Scheme (LGIS) – a cooperative insurance scheme. This Scheme covers workers compensation insurance, property and public liability insurance. In effect, Council self-insures through the LGIS. Insurance for motor vehicles, councillor and officer liability (similar to Directors and Officers Liability insurance), travel insurance plus others insurances are sourced by the LGIS from external insurance providers. Motor vehicle insurance is of a significant quantum that LGIS tenders to the general Insurance market each year to ensure Council receives a competitive pricing outcome.

Overall, insurance premiums are expected to increase by 5% to \$2.24m from \$2.13m in 2016/17. Workers compensation premium will increase in line with the overall rise in council payroll and public liability



will be similar to 2015/16. Property insurance will increase by 5% due to a firmer market and the impact of Cockburn ARC (for part of the year from practical completion in March 2017 (as per contract with Brookfield Multiplex).

In addition, the City has an active program of regular revaluation of assets so as to ensure the City's buildings are not under-insured.

The City banks dividends received through the LGIS self-insurance scheme to its Insurance Reserve in order to cover small claims internally and smooth out annual premiums when necessary.

### *Utilities*

This item covers expenditures for electricity, gas, water and telecommunications.

Electricity is consumed by the City in two ways. Firstly, general power consumption for buildings and associated facilities and secondly, electricity consumption for street lighting. The City pays for over 12,800 street lights, which will cost \$2.5m in 2016/17. The State budget for 2016/17 flagged an increase of 2.5% for 2016/17.

The balance of electricity will be expended on buildings and associated infrastructure. A number of the Council's facilities are subject to a two year fixed price contract and the balance subject to increases announced in the State Government budget of 3%. No significant cost increases are expected other than for consumption especially for the new Cockburn ARC facility.

Other utilities are expected to increase by 4% apart from telecoms which has no increase.

### *Other Expenses*

This item of expenditure covers a range of sundry expenses such as the State Government's Landfill Levy of \$3.8m, which has risen from \$55 per tonne to \$60 per tonne from 1 July 2016, fuel \$0.85m, grants and donations of \$1.31m, operating contribution to the SMRC of \$0.336m and levy payments to parents of \$0.5m (fully funded from the Federal Government).

### *Depreciation*

The City has estimated \$27.54m of depreciation for 2016/17, which is on par with the amount for 2015/16. The City effectively cash backs its depreciation, as demonstrated by the \$5.17m positive operating result in the Statement of Comprehensive Income. By being fiscally responsible and cash backing the depreciation, the City is able to use the cash generated by this item to refurbish current assets in addition



to construct new assets. Council has been briefed on a plan to spend up to 80% of the cash produced from depreciation to refurbish assets. This plan will take five to seven years to move from the current 65% of depreciation cash expended on the capital refurbishment program. This plan has been designed so as to provide a greater life for existing City assets.

#### *Interest Expense*

The City will be required to pay interest in 2016/17 for two loans covering Cockburn ARC plus the Emergency Services Facility. The former loan interest expense will be covered by developer contributions. The latter loan will be funded by DFES. The total cost for this year is \$0.93m.

The Council had intentionally intended to borrow in 2014/15 for the construction of the Cockburn ARC at CCW but due to delays in finalising the building contract no borrowings have been required until 2015/16.

Council has since borrowed \$25m in line with the Long Term Financial Plan for the Cockburn ARC project, with the loan drawn down in June 2016 and to be repaid over ten years using DCP13 contributions.

#### *Port Coogee Marina*

As from 24 July 2016, the City will assume control over the assets and operations of the Port Coogee Marina and associated facilities including boardwalk, seawalls, jetties and fuel dispensing facility. The current marina caters for 150 boats with plans for another 150 boat pens, subject to the Council approving the \$3m cost of construction and the demand from the boat market. The current 150 pens are leased in short, medium and long term periods.

*Table 8A – Port Coogee Marina Business Plan Financials 2016/17 & 2017/18*

<b>City of Cockburn – Port Catherine Non-Marina Costs</b>	<b>2016/17 \$</b>	<b>2017/18 \$</b>
Municipal Fund	50,784	49,189
Other Income	282,934	284,529
<b>Total Income</b>	<b>333,718</b>	<b>333,718</b>
Recruitment Expenses		
(a) Marina Pens	0	0
(b) Marina External (inc. Fishing Jetty)	33,618	33,618
(c) Marina Services Building	0	0
(d) Marina Groundwater Interception Device	35,350	35,350
Non-Recurrent OP Expenses	128,500	128,500
Depreciation	136,250	136,250
<b>Total Expenditure</b>	<b>333,718</b>	<b>333,718</b>



Table 8B – Port Coogee Marina Business Plan Financials 2016/17 &amp; 17/8

City of Cockburn – Port Catherine Marina	2016/17 \$	2017/18 \$
Marina Pen Fees – Current Occupancy	896,750	919,169
Marina Services Building Lease	46,750	47,919
Other Income	14,000	14,000
<b>Total Income</b>	<b>957,500</b>	<b>981,088</b>
General Expenses (Inc salaries)	377,109	381,104
Recurrent Expenses		
(a) Marina Pens	59,670	59,670
(b) Marina External (inc. Fishing Jetty)	33,618	51,720
(c) Marina Services Building	54,690	54,690
(d) Marina Groundwater Interception Device	0	0
Non-Recurrent OP Expenses	71,750	71,750
Depreciation	348,000	348,000
<b>Total Expenditure</b>	<b>944,837</b>	<b>966,934</b>
<b>Operating Surplus – Part Occupancy</b>	<b>\$12,663</b>	<b>\$14,153</b>

### Cockburn ARC

The Centre is scheduled to open around April 2017. The facility will have cost \$109m and is a joint collaboration between the City and the Fremantle Football Club. The Centre will also include space dedicated to Curtin University. The City commissioned Warren Green Consulting to prepare a Business Operations and Management Plan for the Centre and this is available on the City website at: [www.cockburn.wa.gov.au/rpaec/businessplan](http://www.cockburn.wa.gov.au/rpaec/businessplan). The City will self-manage the Centre and will not privatise the operations of the centre other than the café

The South Lakes Leisure Centre (SLLC) will be decommissioned in 2016/17. The budget contains an amount of \$200,000 to decommission the facility. At the same time, the City is discussing the gifting of the decommissioned facility to the Education Department of WA. As a result of the potential gifting of the asset, the City will need to write-off the remaining value of the asset of approximately \$3.3m. This write-off will be reflected in the Financial Statements for 2016/17 subject to determination by Council and confirmation by Council's external auditors for which Council Officers are in discussions about the correct treatment.

The following table highlights the financial impact of the centre. The costs do not contain the depreciation charge for the centre.

Table 9 – Cockburn ARC Business Plan Financials 2017 to 2020

	Year 1	Year 2	Year 3	Year 4
<b>Income</b>				
Administration & Customer Service	0.45	0.48	0.52	0.54
Aquatics	3.07	3.35	3.64	3.75
Operations	0.03	0.02	0.02	0.02
Sales & Marketing	2.32	2.87	3.12	3.33



	Year 1	Year 2	Year 3	Year 4
Sport, Health & Wellness	1.17	1.44	1.68	1.92
<b>Total Income</b>	<b>7.03</b>	<b>8.16</b>	<b>8.97</b>	<b>9.56</b>
<b>Expenditure</b>				
Administration & Customer Service	1.61	1.59	1.67	1.72
Aquatics	0.76	0.99	1.06	1.13
Operations	3.62	3.80	3.99	4.16
Sales & Marketing	0.52	0.48	0.50	0.51
Sport, Health & Wellness	1.13	1.23	1.28	1.32
<b>Total Expenditure</b>	<b>7.64</b>	<b>8.09</b>	<b>8.50</b>	<b>8.84</b>
<b>Operating Surplus/Deficit</b>	<b>(0.61)</b>	<b>0.07</b>	<b>0.47</b>	<b>0.72</b>

### *Capital Income and Developer Contributions*

The City has budgeted to receive the following Capital Income & Grants plus Developer Contributions for 2016/17.

*Table 10 – Capital income for 2016/17*

Road project grants	\$3.40m
Sale of Plant	\$1.26m
Visko Park	\$3.60m
Men's Shed (Lottery West)	\$0.48m
Grants (Cockburn ARC)	\$13.5m
FFC (Cockburn ARC Capital Reimbursement)	\$4.58m
Developer contributions – DCP	\$6.74m
Non-government contributions – road & building projects	\$0.47m

Cash received from motor vehicle and truck/plant (\$1.181m) will go to the replacement of those pieces of equipment with the Plant Replacement Reserve funding the balance of the acquisition price.

### *Capital Expenditure*

The following chart indicates where the City will commit its capital expenditure totalling \$84.82m for 2016/17:

*Table 11 – Capital expenditure for 2016/17*

<b>Class</b>	<b>\$</b>
Roads	\$10.86m
Footpaths	\$1.00m
Drains	\$1.15m
IT/IS/ICT	\$0.48m
Parks/Environment	\$5.54m
Parks (Other)	\$0.95m
Facilities	\$58.65m
Fleet (Plant and Equipment)	\$5.79m
Artwork	\$0.15m
HWRP	\$0.22m
Furniture	\$0.03m
<b>Total</b>	<b>\$84.82m</b>



### *New Projects*

Below is a shortened list of new projects and the capital allocated to them: For a comprehensive list of projects please refer to the attached budget – New Capital Projects 2016/17:

*Table 12 – Specific capital projects for 2016/17*

<b>New Capital Projects for 2016/17</b>	<b>Allocated Funds \$</b>
Roads – Rockingham Road (Spearwood Ave to Phoenix Rd)	4.0m
Roads – Lyons & Gibbs signalisation & traffic management	2.00m
Roads – Verde Drive (Biscayne to Solomon)	0.80m
Roads – Traffic Management	0.84m
Completion Cockburn ARC	48.00m
Cockburn Bowling & community centre Visko Park (balance in 17/18)	7.20m
Men's shed	0.61m
Improvements to civic and community buildings	1.50m
Plant and Equipment – Replacement	5.02m
Plant and Equipment – New	0.70m
Revitalisation Strategy – Hamilton Hill	0.90m
Revitalisation Strategy – Coolbellup	0.50m
Revitalisation Strategy – The Lakes	0.80m
Coogee Beach Master Plan	0.50m
North Foreshore (North Coogee)	0.50m
Drainage Works	1.18m
Resurfacing of Roads	0.74m
Footpath (new and rehabilitation)	1.03m

An estimated \$7.5m in brought forward municipal funding from 2015/16 has been budgeted to cover unfinished capital works and projects. A detailed listing will be provided to a future Council meeting, usually October once 2015/16 annual financial statements have been audited.

### *Borrowings*

The City is not scheduled to borrow funds in 2016/17.

In addition the City will continue repaying the principal for its existing two loans. Total repayments will be \$2.6m to cover the Emergency Services Centre and Cockburn ARC facilities.

### *Reserves*

The City has a pro-active Ten Year Long Term Financial Plan which includes funding its financial reserves. The City places great importance in planning for the future and ensuring it has sufficient funds to complete major projects now and into the future. In this budget, Council will transfer into its financial reserves \$33.6m plus an estimated \$10.5m of brought forward funds (\$7.5m for carried forward projects and #.0m from estimated budget savings for 2015/16). However, it will draw down \$52.6m to fund a series of major capital



projects, such as the Cockburn ARC at CCW and the new Cockburn Bowling Club at Visko Park.

At the same time the City is still reserving funds received from the Development Contribution Plan (a levy on all new dwelling for community infrastructure), rent from the Naval Base Shacks Leases and Coogee Beach Caravan Park (to fund capital works). It is anticipated that the City will receive \$5.0m in 2016/17 from developer contributions for community infrastructure in addition to funds for roads and other “hard” infrastructure.

The City will create two new reserves to facilitate the transfer of management and maintenance obligations for the Port Coogee marina and waterways. One will hold the \$2.1m contribution to be received from the developer upon transfer of the assets and the other will be for managing the proceeds from the specified area rate to be established to fund ongoing maintenance of the waterways and associated infrastructure assets.

The Workers Compensation Reserve is being broadened to an Insurance Reserve to reflect the current management of the LGIS self-insurance scheme, which includes workers compensation, public liability and property insurance.

#### *Rate Setting Statement*

The Rate Setting Statement is a unique financial statement applicable to WA Local Governments. The purpose of the statement is to determine the amount of rates to be collected from property owners after the inclusion of operating income (excluding rates), Operating expenditure, capital income and expenditure, reserve transfers (to and from reserves) plus loan repayments and new borrowings. The statement also adds back the cash generated by depreciation. The deficit after inclusion of the above is to be raised from rates as provided for in the Local Government Act. The rates to be raised in 2016/17 total \$96.0m. Rates only include general rates and not service charges, specified area rates, interest from instalments and penalty interest or instalment fees.

#### *Cashflow Statement*

The Cashflow Statement is presented with other statutory financial statements. It presents the cash the Council will generate and expend in running its day to day business, capital investment program – both capital income and expenditure as well as funds required to finance both the operating and investment (capital) program:

1. Net operating cashflows are \$32.72m
2. Net investment cashflows are (\$48.59m)
3. Net Financing Cash is (\$2.59m)



#### 4. Overall cashflow is (\$18.46m)

The City will commence the year with \$133,351,966 in cash, including that held in Reserves/Restricted Funds. After Items 1 to 3 above, the City will finish the year with a closing cash position of \$114,885,061.

#### *Integrated Planning Framework*

Council adopted its Strategic Community Plan 2016/17 – 2020/21 and the Corporate Business Plan 2016/17 – 2020/21 at the June 2016 Ordinary Council Meeting. In addition a number of other plans were also adopted, these include the Long Term Financial Plan and the Workforce Plan. Each Plan will be updated every two financial years. Council has a further seventy strategic plans, master plans and other plans adopted by council which feed into the above documents including the 2016/17 municipal budget.

#### *Long Term Financial Plan*

Council adopted a new Long Term Financial Plan for the period 2016/17 to 2025/26, a period of ten years. The LTFP will be reviewed each financial year in line with the adopted budget so as to ensure financial relevance. Based on the draft budget contained in the attached papers the former LTFP and analysis is provided below of the variations to the LTFP (the comparison is based on the 2012/13-2021/22 LTFP).

*Table 13 – Comparison of LTFP and Budget for 2016/17*

	<b>2016/17 (former LTFP)</b>	<b>2016/17 Municipal Budget</b>	<b>Comment</b>
Operating Revenue	\$142.038m	\$135.91m	Lower fees and charges for HWRP
Operating Expenditure	\$129.27m	\$130.74m	Lower interest expense & LFL but higher power, depn costs
Capital Income	\$7.22m	\$34.98m	Grants for ARC, Visko, Roads, DCP contributions
Capital Expenditure	\$66.36m	\$84.82m	Final capex on ARC & revitalisation strategies

#### *Asset Management Plan*

Council adopted Asset Management Plans for six areas of Council's assets, namely Roads, Building, Drains, Parks, Footpaths and Fleet. Each Plan forecasts expenditure to be spent on maintaining/renewing council assets in the above categories with a planned amount to be spent as per the criteria. The 2016/17 draft budget meets the expenditure requirements outlined in the asset management plans apart from roads AMP. The Roads AMP is being reviewed as to depreciation rates and their impact on future expenditure requirements. A further two plans are to be prepared to cover the Cockburn ARC





facility and the Port Coogee Marina and associated infrastructure assets surrounding the marina.

For definitional purposes renewing of assets is specifically the subject of the Asset Management Plans whereas upgrading is a mixture of renewing the asset but has been coupled with additional improvements.

The intention is to provide this every year and to reclassify the status of “Upgrade” into New and Renew to clarify how much is being allocated to meeting the Asset Management Plans.

#### *Workforce Plan*

Council adopted the Workforce Plan in June 2016. The 2016/17 budget reflects new appointments as outlined in the Plan.

#### *Closing Municipal Position*

The 2016/17 Municipal Budget closing position is \$299,049. This is after all operating and capital income and expenditure items plus reserve transfers are brought to account.

#### *Opening Municipal Position*

A report will be brought to Council in October 2016 once the Auditors have completed their annual examination of the financial statements to confirm the closing municipal fund position for 2015/16. In the interim, an estimate of \$10.5m has been used for the 2016/17 opening position comprising \$7.5m of municipal funding for carried forward projects and \$3.0m of budget savings from 2015/16 which is allocated to reserves.

#### *Change to the advertised Differential Rates*

There are no changes being proposed to the advertised differential rates. The Council will continue the Residential Improved concession introduced in 2015/16.

*Table 14 – Differential rates, advertised and recommended*

Category	Rate Category	Advertised		Recommended	
		Rate in \$	Min Rate	Rate in \$	Min Rate
GRV	Residential Improved	7.286c	\$1,287	7.286c	\$1,287
GRV	Residential Vacant Land	9.391c	\$744	9.391c	\$744
GRV	Commercial & Industrial Improved	7.550c	\$744	7.550c	\$744
GRV	Commercial & Industrial Vacant Land	9.391c	\$744	9.391c	\$744
GRV	Large Commercial & Industrial Improved	8.058c	\$744	8.058c	\$744



UV	Rural General Improved	0.253c	\$906	0.253c	\$906
UV	Rural Vacant Land	0.391c	\$906	0.391c	\$906
GRV	Commercial Caravan Park	9.500c	\$744	9.500c	\$744
GRV	Specified Area Rate - Port Coogee Special Maintenance	1.200c	N/A	1.200c	N/A
GRV	Specified Area Rate – Port Coogee Waterways	1.200c	N/A	1.200c	N/A
GRV	Specified Area Rate - Cockburn Coast	1.200c	N/A	1.200c	N/A

### Strategic Plan/Policy Implications

*City Growth* - Plan for population growth of our City and maintaining our strong financial position

*Moving Around* - Facilitate safe, efficient, connected and sustainable movement around the City

*Community, Lifestyle and Security* - Provide safe, attractive, healthy programs and infrastructure for a diverse range of activity and people

*Economic, Social and Environmental Responsibility* - Enable a sustainable future economically, socially and environmentally including business activity, job opportunities and sustainable use of resources

*Leading & Listening* - Continue being accountable to our community and engaging with you through multiple effective communication channels.

### Budget/Financial Implications

The Budget provides funds as outlined in the recommendations at the commencement of this report and the detailed attachments.

### Legal Implications

Section 6.2 of the Local Government Act 1995 requires Council to prepare an annual budget.

### Community Consultation

Section 6.36 of the Local Government Act 1995 requires the Council to advertise the differential rates proposed in the budget attachments. The Council advertised the differential rates in the West Australian newspaper on Saturday, 21 May 2016 and the Cockburn Gazette on Tuesday, 24 May 2016. The Objects and Reasons document accompanied by the Deloitte report to support the differential rates was placed at the City's Libraries, on Council's website, on Council's social media tools, emailed to all the City's community groups.



Comments were invited from interested parties with a closing date for submissions on Monday 13 June 2016.

### **Risk Management Implications**

The adoption of the annual budget allows council to raise rates and other revenue and then expend the funds raised to deliver the services and capital projects recommended in the budget. Without the adoption of the annual budget, the Council will not have the funds to meet the requirements recommended in the budget.

### **Attachment(s)**

1. 2016/17 Municipal Budget and associated schedules, including the 2016/17 Schedule of Fees and Charges.
2. Map of the Specified Area Rate – Cockburn Coast
3. Map of the Specified Area Rate – Port Coogee Waterways
4. Deloitte Independent Assurance Report – 2016/17 City of Cockburn Rate Setting Model.
5. Banjup Residents Group (BRG) submission in response to advertising Objects & Reasons – Differential Rates.
6. City's response to BRG submission.

### **Advice to Proponent(s)/Submissioners**

N/A

### **Implications of Section 3.18(3) Local Government Act, 1995**

Nil.

### **(MINUTE NO 5827) (SCM 23/06/2016) - SUSPENSION OF STANDING ORDERS**

#### **COUNCIL DECISION**

MOVED Cllr S Portelli SECONDED Deputy Mayor C Reeve-Fowkes that Council pursuant to Clause 22.1 of Standing Orders, the time being 6.33 pm the meeting be suspended for 10 minutes to allow Elected Members to formulate an alternative recommendation in relation to Item 9.2.

**CARRIED 8/0**



**(MINUTE NO 5828) (SCM 23/06/2016) - RESUMPTION OF STANDING ORDERS**

**COUNCIL DECISION**

MOVED Clr S Portelli SECONDED Deputy Mayor C Reeve-Fowkes that Council resume Standing Orders the time being 6.45 pm.

**CARRIED 8/0**

**(MINUTE NO 5829) (SCM 23/06/2016) - ADOPTION OF 2016/17 DIFFERENTIAL RATES, 2016/17 MUNICIPAL BUDGET AND 2016/17 SCHEDULE OF FEES AND CHARGES (071/006; 075/011; 097/009) (S DOWNING/N MAURICIO) (ATTACH)**

**COUNCIL DECISION**

MOVED Clr K Allen SECONDED Clr S Portelli that Council adopt the recommendation subject to the following amendments:

- (1) amending Clause (1) Part A – Municipal Fund Budget 2016/17 to reflect the following reduced expenditure and reduced rates income of \$300,000 as follows:
  - \$35,000 – Printing & Stationery costs across the board
  - \$35,000 – Rates bank charges
  - \$50,000 - New Corporate Traineeship scheme
  - \$40,000 – Elected Member Budget Contingency
  - \$50,000 - Street name sign maintenance
  - \$40,000 – Sump rationalisation review
  - \$50,000 – Drainage investigation and design;
- (2) amending Clause (2) 1 and 2 of Part B – General and Minimum Rates, Instalment Payment Arrangements:
  1. Reduce the general rate from 7.286¢ to 7.250¢ in the \$ and the minimum payment from \$1,287 to \$1,281.
  2. Reduce the rates concession from 2.699¢ to 2.685¢ in the \$, being applied to GRV value over and above \$20,690.

**CARRIED BY ABSOLUTE MAJORITY OF COUNCIL 8/0**

**Reason for Decision**

By reducing the proposed rate increase from 3% to 2.5% for Improved Residential properties, Council is noting the financial circumstances of the community, taking into account lower inflation and lower economic



growth prospects in the State of WA. The aim of the budget is to provide the best possible level of service for the lowest affordable cost, taking into account the need to balance the budget. With a 2.5% increase for residential improved properties, Council can achieve these required outcomes. The budget trimming nominated will not impact the delivery of services to the community.

**10. (MINUTE NO 5830) (SCM 23/06/2016) - RESOLUTION OF COMPLIANCE (SECTION 3.18(3), LOCAL GOVERNMENT ACT 1995)**

**RECOMMENDATION**

That Council is satisfied that resolutions carried at this Meeting and applicable to items concerning Council provided services and facilities, are:-

- (1) integrated and co-ordinated, so far as practicable, with any provided by the Commonwealth, the State or any public body;
- (2) not duplicated, to an extent Council considers inappropriate, services or facilities as provided by the Commonwealth, the State or any other body or person, whether public or private; and
- (3) managed efficiently and effectively.

**COUNCIL DECISION**

MOVED Clr S Portelli SECONDED Deputy Mayor C Reeve-Fowkes that the recommendation be adopted.

**CARRIED 8/0**

**11 (SCM 23/06/2016) - CLOSURE OF MEETING**

7.00 pm.

