**Agenda**

**Special Council Meeting**

**11 August 2022**

**Notice of Meeting**

**To Mayor & Councillors**

A Special Meeting of the City of Nedlands is to be held on Thursday, 11 August 2022 in the Council chambers at 71 Stirling Highway Nedlands commencing at 6pm for the purpose of adopting the 2022/23 Annual Budget for the City of Nedlands.



Bill Parker

Chief Executive Officer

4 August 2022

**Information**

Special Council Meetings are run in accordance with the City of Nedlands Standing Orders Local Law. If you have any questions in relation to items on the agenda, procedural matters, public question time, addressing Council or attending meetings please contact the Executive Officer on 9273 3500 or council@nedlands.wa.gov.au

**Public Question Time**

Public question time at a Special Council Meeting is available for members of the public to ask a question about items on the agenda. Questions asked by members of the public are not to be accompanied by any statement reflecting adversely upon any Council Member or Employee.

Questions should be submitted as early as possible via the online form available on the City’s website: [Public question time | City of Nedlands](https://www.nedlands.wa.gov.au/public-question-time)

Questions may be taken on notice to allow adequate time to prepare a response and all answers will be published in the minutes of the meeting.

**Addresses by Members of the Public**

Members of the public wishing to address Council in relation to an item on the agenda must complete the online registration form available on the City’s website: [Public Address Registration Form | City of Nedlands](https://www.nedlands.wa.gov.au/public-address-registration-form)

The Presiding Member will determine the order of speakers to address the Council and the number of speakers is to be limited to 2 in support and 2 against any particular item on a Special Council Meeting Agenda. The Public address session will be restricted to 15 minutes unless the Council, by resolution decides otherwise.

**Disclaimer**

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. For example, by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

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# Declaration of Opening

The Presiding Member will declare the meeting open at 6.00pm and will draw attention to the disclaimer on page 2.

# Present and Apologies and Leave of Absence (Previously Approved)

**Leave of Absence** Nil.

**(Previously Approved)**

**Apologies** None at distribution of agenda.

# Public Question Time

Public questions submitted to be read at this point.

# Addresses by Members of the Public

Addresses by members of the public who have completed Public Address Registration Forms to be made at this point.

# Disclosures of Financial Interest

The Presiding Member to remind Council Members and Staff of the requirements of Section 5.65 of the *Local Government Act* to disclose any interest during the meeting when the matter is discussed.

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.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

# Disclosures of Interests Affecting Impartiality

The Presiding Member to remind Council Members and Staff of the requirements of Council’s Code of Conduct in accordance with Section 5.103 of the *Local Government Act*.

Council Members and staff are required, in addition to declaring any financial interests 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 procedure.

The following pro forma declaration is provided to assist in making the disclosure.

"With regard to the matter in item x ….. I disclose that I have an association with the applicant (or person seeking a decision). This association is ….. (nature of the interest).

As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

The member or employee is encouraged to disclose the nature of the association.

#  Declarations by Members That They Have Not Given Due Consideration to Papers

Members who have not read the business papers to make declarations at this point.

#  CPS36.08.22 Adoption of the City of Nedlands 2022/23 Annual Budget

|  |  |
| --- | --- |
| **Meeting & Date** | Special Council Meeting – 11 August 2022 |
| **Applicant** | City of Nedlands  |
| **Employee Disclosure under section 5.70 *Local Government Act 1995***  | Nil. |
| **Report Author** | Stuart Billingham – Acting Manager Financial Services  |
| **Director** | Michael Cole – Director Corporate Services |
| **Attachments** | 1. City of Nedlands Draft 2022/23 Statutory Annual Budget
2. City of Nedlands Draft 2022/23 Fees and Charges
3. City of Nedlands Draft 2022/23 Capital Works Program and Acquisitions
 |

**Purpose**

To seek Council consideration of adopting the City of Nedlands 2022/23 Annual Budget.

The proposed budget includes a 0% rate increase for all properties with the exception of vacant properties and a $2.0 million decrease in net cash operating expenditure

**Recommendation**

**That Council:**

1. **2022/23 Budget**

**Adopts the statutory Annual Budget for 2022/23, 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,* for the City of Nedlands, as contained in Attachment 1, inclusive of the following:**

1. **Statement of Comprehensive Income (by Nature & Type);**
2. **Statement of Cash Flows;**
3. **Rate Setting Statement (by Nature & Type);**
4. **Capital Expenditure Program;**
5. **Transfers to and from Reserves; and**
6. **Notes to and forming part of the 2022/23 Statutory Annual Budget.**
7. **Differential Rates, minimum payments and instalment payment arrangements:**
8. **Differential Rates**

**Adopts the following Rates in the Dollar:**

* 1. **Residential (GRV)** **6.5579 cents in the dollar;**
	2. **Residential Vacant Land (GRV)** **9.2680 cents in the dollar; and**
	3. **Non-Residential (GRV)** **7.3136 cents in the dollar.**
1. **Minimum Rate Payment**

**Adopts, pursuant to *Section 6.35 of the Local Government Act 1995* minimum rates payments to be imposed as follows:**

1. **Residential (GRV)** **$1,484;**
2. **Residential Vacant Land (GRV)** **$1,950; and**
3. **Non-Residential (GRV)** **$1,957.**
4. **Instalment and Payment Arrangement**

**Approves the options of one or four instalments for the payment of rates, with interest and administration fees applicable as follows:**

1. **An amount of 5.5% per annum interest to be charged if a four-instalment option is selected:**
	1. **An administration charge of $48 (3 instalments @ $16 each, 1st instalment No charge) is to be applied to four instalment options if selected: and**
	2. **Nominates the following due dates for rate payment in full and by instalments, pursuant to *Section 6.45 of the Local Government Act 1995 and Regulation 64(2) of the Local Government (Financial Management) Regulations 1996***
		1. **Full payment and first instalment due date 28 September 2022**
		2. **Second quarterly instalment due date** **01 December 2022**
		3. **Third quarterly instalment due date 13 February 2023**
		4. **Fourth quarterly instalment due date 17 April 2023**
2. **Approves late payment interest rate of 7% for rates and costs of proceedings to recover charges that remain unpaid after becoming due and payable. (Local Government (COVID-19 Response) Amendment Order 2022); and**
3. **Notes that the additional charges and interest rate under (d) 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 COVID19 pandemic in accordance with City of Nedlands – Financial Hardship policy.**
4. **2022/23 Schedule of Fees & Charges**

**Adopts, pursuant to the provisions of *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,* the 2022/23 Fees and Charges, as per Attachment 2.**

1. **Elected Members’ fees and allowances**
2. **Adopts the following annual fees for payment of Elected Members in lieu of individual meeting attendance fees, pursuant to *Section 5.98 of the Local Government Act 1995* and Regulation 30 of the *Local Government (Administration) Regulations 1996*:**
	1. **Mayor $31,928; and**
	2. **Councillors $23,811.**
3. **Adopts the Information and Communication Technology (ICT) allowance of $3,500 for Elected Members, pursuant to Section 5.99A(a) of the *Local Government Act 1995 and Regulations 31(1)(a) and 32(1) of the Local Government (Administration) Regulations 1996;***
4. **Adopts the annual local government allowance of $64,938 to be paid to the Mayor in addition to the annual meeting allowance, pursuant to Section 5.98(5) of the *Local Government Act 1995*;**
5. **Adopts the annual local government allowance of $16,234.50 to be paid to the Deputy Mayor in addition to the annual meeting allowance, pursuant to Section 5.98A91) of *the Local Government Act 1995; and***
6. **Adopts the annual travel and accommodation allowance of $50 for Elected Members, pursuant to Section 5.99A(a) of *the Local Government Act 1995 and Regulation 32(1)* of the *Local Government (Administration) Regulations 1996.***

1. **Reserves**

**New Reserve Established**

1. **Approves, Pursuant to section *6.11 of the Local Government Act 1995* a Point Resolution Child Care Centre (PRCC) Reserve be established. The purpose of this Reserve is to fund future PRCC facility and service improvements;**
2. **Approves an amendment to the purpose of the City Department Reserve to include fund the improvement and purchase of infrastructure; and**
3. **Approves the proposed transfers to and from Reserves as detailed in the 2022/23 Annual Budget.**
4. **Public submissions**

**Notes that nil submissions were received following the advertising of the proposed differential rates for 2022/23.**

1. **Material variance reporting for 2022/23**

**Adopts the following thresholds for the reporting of material financial variances in the monthly statement of financial activity reports:**

1. **Operating items – Greater than 10% and a value greater than $20,000**
2. **Capital items – Greater than 10% and a value greater than $50,000**

**pursuant to Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, and Australian Accountings Standard AASB 1031 Materiality.**

**Voting Requirement**

Absolute Majority.

**Background**

In accordance with *Section 6.2 of the Local Government Act 1995*, each local government is required prepare and adopt an annual budget. This can be adopted by Council between 1 June and 31 August. The 2022/23 Annual Budget has been prepared and takes into account changes to the workforce arising from the Organisation Review and Workforce Plan that was adopted by Council in July 2022.

**Discussion**

The 2022/23 City of Nedlands budget has been developed to reflect the principles of prudence, sound financial management and the prevailing economic environment. Additionally, the recommendations from the various Council briefings and meetings in April, May, June and July 2022 have been considered in the budget preparations and are reflected in the statements presented.

* Rates revenue for 2022/23 is based on a 0% increase in rate in the dollar for the Residential and Non-Residential and 2.5% for the Vacant categories.
* The proposed fees and charges have either remained at the same levels as were set in 2021/22 or have had small % increments or CPI applied.
* There is an expected overall reduction in planning fees income for 2022/23.
* Interest income is expected to increase in 2022/23 due to the impact of the global economy and in particular the Reserve Bank of Australia now increasing interest rates.
* No additional borrowings have been included in the 2022/23 budget and the City continues to pay down debt.

**Consultation**

Required by legislation: Yes [x]

Required by City of Nedlands policy: Yes [x]

As required by the *Local Government Act 1995*, the City advertised the proposed differential rates from 4th to 25th July 2022, inviting comments over a period of 21 days. No submissions were received following this public consultation. Therefore, no report on public submissions has been prepared.

The Council was presented with the draft budget and rates information at a series of Councillor Briefings held during April, May, June and July 2022.

**Strategic Implications**

This item relates to the following elements from the City’s Strategic Community Plan.

**Vision** Our city will be an environmentally-sensitive, beautiful and inclusive place.

**Values** **High standard of** **services**

We have local services delivered to a high standard that take the needs of our diverse community into account.

**Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**Priority Area**

* Renewal of community infrastructure such as roads, footpaths, community and sports facilities
* Underground power

**Budget/Financial Implications**

The preparation of the Draft 2022/23 Budget has been informed by City’s Integrated Planning & Reporting documents such as Workforce Plan, Strategic Community plan. A 0% increase in the rate in the dollar proposed. Savings have been identified in operating costs of $2M.

The $13M Draft Capital Works budget highlights includes:

* $3.5M Property Plant & Equipment:
* Plant Replacement
	+ 2 x Mowers and
	+ 1 x Tractor and
	+ 2 x Light fleet vehicles $346K
* Buildings total $3.1M
	+ Swanbourne SLSC $2.5M
	+ PROCC Roof $160K
* $7.8M Infrastructure
* Drainage Works $726K-
	+ Flood Mitigation $233K,
	+ Soakwells $208K,
	+ Drainage Implementation $250K.
* Roads $5.8M
	+ Montgomery Ave renewal $92K,
	+ Smyth Rd $2.2M,
	+ Rochdale Rd $1M
	+ Portland St $$713K
	+ Alfred/Rochdale $631K
	+ Waratah Ave $1M
* Other Infra - Waste $255K-
	+ FOGO Bin Lid and caddy rollout
* Paths $581K
	+ Waratah Ave renewal $500K
* Parks $409K
	+ Groundwater Bore renewal $121K
	+ Urban Forest Strategy $150K
	+ Lawler Park Masterplan $40K
* Public Art $40K
* $1.8M Intangible Assets
* ICT 2nd year of implementation of the One Council Project $1.8M
* In addition, a further $310,000 has been transferred to the Underground Power Reserve and a report will be coming to Council during 2022/23 to consider options to progress underground power for remaining areas of the City.

The 2022/23 budget has been drafted with the following factors being considered:

* Inflation increasing, Perth CPI in Western Australia currently annualised rate of 7.4%, (Qtr June 2021 -116.8 to Qtr June 2022 125.4).
* WA economic growth is currently slowing.
* WA Construction costs are rising as indicated by the Local Government Cost Index (LGCI), increasing to 4.5% in March 22 Qtr.
* COVID 19 continues to impact Local Government staffing, service delivery and supply chain.
* Ongoing supply chain issues impacting Local Government purchasing and procurement, especially project delivery.
* Natural disasters impacting WA economy and markets (Flooding in Eastern States)
* Impact of War in Ukraine on inflation and World oil prices.
* WA Employment market tightening. (Job vacancies increasing whilst unemployment rate dropping)
* Interest rates are now increasing in 2022/23, with RBA increasing the cash rate in the last qtr.
* Challenge of reducing operating costs, (targeting Employee Costs and Material and Contracts), whilst maintaining service levels.
* Challenge to increase City’s own source revenues (Rates and Fees & Charges)
* Challenge to reach Asset Ratios benchmarks and improve the City’s Financial Health and long-term financial sustainability.
* based on a rate model incorporating 0% rate in the dollar increase for Residential and Non-Residential Land and a 2.5% increase in the rate in the dollar for Vacant Land only.
* No new loans are being raised in 2022/23.
* 10% increase in Insurance and Workers Compensation Premiums for 2022/23(10% increase in 2021/22).
* Challenge to maintain City service delivery levels.
* The challenge of setting priorities for Asset Renewal, due to the Asset renewal funding Gap.
* Challenge of delivering on Council’s priority for completing underground power rollout in the balance of the City (Staged approach).

This budget factors in:

* 0% increase in the rate in the dollar for the Residential and Non-Residential.
* 0% change to minimums for Residential and Non-Residential.
* 2.5% increase in rate in the dollar for Vacant Land category only for 2022/23.
* -9.93% decrease in minimums for Vacant Land category for rating (required adjustment to ensure compliance less than 50% in a category on a minimum).

**Legislative and Policy Implications**

*[Local Government Act 1995](https://www.austlii.edu.au/cgi-bin/viewdoc/au/legis/wa/consol_act/lga1995182/)*

*[Local Government (Financial Management) Regulations 1996](https://www.austlii.edu.au/cgi-bin/viewdoc/au/legis/wa/consol_reg/lgmr1996434/)*

*[Part 3 Local Government (Financial Management) Regulations 1996](https://www.austlii.edu.au/cgi-bin/viewdoc/au/legis/wa/consol_reg/lgmr1996434/)*

*[S6.2 Local Government Act 1995](https://www.austlii.edu.au/cgi-bin/viewdoc/au/legis/wa/consol_reg/lgmr1996434/)*

[*Australian Accounting Standards*](https://aasb.gov.au/pronouncements/accounting-standards/)

[*Integrated Planning and Reporting Framework*](https://www.dlgsc.wa.gov.au/local-government/strengthening-local-government/integrated-planning-and-reporting)

*[City of Nedlands - Community Strategic Plan](https://www.nedlands.wa.gov.au/documents/423/strategic-community-plan-nedlands-2028)*

*City of Nedlands - Workforce Plan*

**Decision Implications**

If Council endorses the above recommendation this will ensure the City of Nedlands achieves statutory compliance with the Annual Budget required to be adopted before 31 August each year.

If Council does not endorse the above recommendations, then another Special Council Meeting would need to be held before 31 August 2022 to adopt the Annual Budget, failure to adopt the budget before 31 August would lead to statutory non-compliance with the *Local Government Act 1995* and associated Regulations. Postponement of the adoption of the Budget may create delays in delivery of Operations services and Infrastructure projects. Ministerial approval is required to adopt after 31 August.

**Conclusion**

Council’s adoption of the 2022/23 Budget will allow the City to deliver its services and infrastructure, including underground power loan commitments, to the Community in 2022/23.

**Further Information**

Nil.

# Declaration of Closure

There being no further business, the Presiding Member will declare the meeting closed.