**Agenda**

**Special Council Meeting**

**31 July 2023**

**Notice of Meeting**

**To Mayor & Councillors**

A Special Meeting of the City of Nedlands is to be held on Monday, 31 July 2023 in the Council chambers at 71 Stirling Highway Nedlands commencing at 6.00 pm for the purpose of purpose of adopting the 2023/24 Annual Budget for the City of Nedlands.

This meeting will be livestreamed.



Bill Parker

Chief Executive Officer

27 July 2023

**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](mailto: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 6.00 pm and will draw attention to the disclaimer below and advise the meeting is being livestreamed.

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

**Leave of Absence** None.

**(Previously Approved)**

**Apologies** None as at distribution of this 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.

# CPS33.07.23 Adoption of the City of Nedlands 2023/24 Annual Budget

|  |  |
| --- | --- |
| **Meeting & Date** | Special Council Meeting – 31 July 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 *Local Government Act 1995*** | Nil. |
| **Report Author** | Stuart Billingham – Manager Financial Services |
| **Director** | Michael Cole – Director Corporate Services |
| **Attachments** | 1. City of Nedlands Draft 2023/24 Statutory Annual Budget 2. City of Nedlands Draft 2023/24 Fees and Charges 3. City of Nedlands Draft 2023/24 Capital Works Program 4. Operating Budget by Business Unit 2023/24 5. City of Nedlands 2023/24 Service Plans 6. Forward Capital Works Program |

**Purpose**

To seek Council consideration of adopting the City of Nedlands 2023/24 Annual Budget. In line with the Council’s adopted Long Term Financial plan, the proposed budget includes a 2.5% rate increase for all properties to fund a modest capital works program.

**Recommendation**

**That Council:**

1. **adopts the statutory Annual Budget for 2023/24, pursuant to the provisions of s*ection 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. **Statement of Financial Activity (by Nature & Type)**
   4. **Capital Expenditure Program**
   5. **Transfers to and from Reserves**
   6. **Notes to and forming part of the 2023/24 Statutory Annual Budget**
2. **adopts the following Rates in the Dollar:**
   1. **Residential (GRV)** **5.8446 cents in the dollar**
   2. **Non-Residential (GRV)** **7.2116 cents in the dollar**
   3. **Residential Vacant Land (GRV)** **7.7330 cents in the dollar**

1. **adopts, pursuant to *Section 6.35 of the Local Government Act 1995* minimum rates payments to be imposed as follows:**
   1. **Residential (GRV)** **$1,521**
   2. **Non-Residential (GRV)** **$2,006**
   3. **Residential Vacant Land (GRV)** **$1,849**
2. **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;**
   2. **An administration charge of $48 (3 instalments at $16 each, 1st instalment no charge) is to be applied to four instalment options if selected; and**
   3. **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 –28 September 2023**
      2. **Second quarterly instalment - 01 December 2023**
      3. **Third quarterly instalment - 13 February 2024**
      4. **Fourth quarterly instalment - 16 April 2024**
3. **approves late payment interest rate of 11% for rates and costs of proceedings to recover charges that remain unpaid after becoming due and payable;**
4. **adopts, pursuant to the provisions of *Section 6.16 of the Local* Government *Act 1995, Section 67 of the Waste Avoidance and Resources Recovery Act 2007, and Regulation 53(2) of the Building Regulations 2012,* the 2023/24 Fees and Charges, as per Attachment 2;**
5. **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 $32,410**
   2. **Councillors $24,170**
6. **adopts the annual local government allowance of $65,915 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*;**
7. **adopts the annual local government allowance of $16,478.75 to be paid to the Deputy Mayor in addition to the annual meeting allowance, pursuant to Section 5.98A(1) of *the Local Government Act 1995;***
8. **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;***
9. **adopts the annual travel and accommodation allowance of $100 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;***
10. **authorises the change in purpose of Waste Reserve to:**

**New purpose: To fund operational and capital costs to ensure the continued provision of waste services to the community.**

1. **approves, pursuant to section *6.11 of the Local Government Act 1995* a ‘River Wall Maintenance Reserve’ be established, with the purpose to fund river wall capital and maintenance works;**
2. **approves the proposed transfers to and from Reserves as detailed in the 2023/24 Annual Budget;**
3. **adopts the Service Plans for 2023/24;**
4. **receives the Forward Capital Works Program 2023/24;**
5. **adopts pursuant to Regulation 34(5) of the *Local Government (Financial* Management*) Regulations 1996*, and Australian Accountings Standard AASB 1031 Materiality, 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.**

**Voting Requirement**

Absolute Majority required.

**Background**

Council is required to adopt the Annual Budget by 31 August each year. The City of Nedlands 2023/24 Draft Annual Budget as presented in this report and the various attachments proposes a modest 2.5% increase in rates and has been developed in line with the Long Term Financial Plan adopted by Council in March 2023.

**Discussion**

**Basis for the development of the Draft Annual Budget**

The draft 2023/24 City of Nedlands Annual Budget has been developed to reflect the principles of prudence, sound financial management and consideration of the prevailing economic environment.

In Western Australia, local governments have endured a challenging period with costs rising at a rapid rate, primarily as a result of skyrocketing construction costs in response to global supply chain pressures and COVID-19 stimulus. As these factors start to unwind, growth in local government costs will begin a path back towards the long term average levels. However, the real costs faced by Local Government will stabilise at a new high and are not expected to return to their pre-pandemic levels.

The Council adopted the LTFP in March 2023. The LTFP has formed the basis for the development of the Draft 2023/24 Annual Budget. The LTFP assumes an inflation rate of 2.5% over the life of the plan and while CPI for the Perth March Quarter was 5.8%, the draft 2023/24 Annual Budget has still been developed in line with the LTFP.

Additionally, feedback from the various Council briefings held from March to July 2023 have been considered in the budget preparations and are reflected in the statements presented.

The Annual Budget for 2023/24 is a statutory document to be adopted by Council 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.

**Differential Rates, minimum payments and instalment payment arrangements**

Each year where the City of Nedlands seeks to impose differential rates, it is required under section 6.36 of the Local Government Act 1995 to advertise the proposed differential rates by local public notice for a period of at least 21 days, seeking submissions. Any submissions received are to be considered by Council.

Rates are calculated by the Gross Rental Value (GRV) of a property and the rate in the dollar. GRVs are provided by the Office of the Valuer General and the Council determines the rate in the dollar and minimums.

This year is a general revaluation year for Gross Rental Values (GRVs) in the Perth metropolitan area. The general revaluation happens every three years and given the current residential rental market, the City expected GRVs to increase significantly. Advice from the Office of Valuer General indicated the following:

* Residential GRVs – increased by 15%
* Non-residential GRVs – increased by 4%
* Residential vacant GRVs – increased by 23%

In a general revaluation year, the City will adjust its rates in the dollar to lessen the impact of significant variations in GRVs. This ensures the City maintains an equal rates base and also ensures on average ratepayers are not adversely affected by increases.

If GRVs increase, rates in the dollar are adjusted down. This year, as a result of revised rates in the dollar, ratepayers on average will receive an increase of 2.5% on the rates.

In addition to the 2.5% rate increase, the City also expects to raise an additional 2% from interim rates issued for the completion of new dwellings and additions to existing homes. These increases are in line with the adopted Long Term Financial Plan adopted by Council in March 2023.

One submission was received during the advertising period. In summary the submission asked the Council to consider imposing as little, if any, increase this year. The submission noted a 2.5% was proposed and was lower than the CPI. In this regard, rates are proposed to increase by the amount advertised and is considered appropriate in the current circumstances.

For residential properties on the minimum rate, this represents an annual increase of $37 or $0.71 per week. For average residential properties, this amounts to an annual increase of $60 or $1.18 per week.

**Residential Bin Services**

The City has maintained one of the lowest residential bin services in the metropolitan area. During 2022/23 the City implemented the FOGO bin, one of the first councils to introduce a third green bin in addition to the general waste bin and a recycling bin. Increased costs associated residential bin services together with Council’s recent decision to join the Western Metropolitan Regional Council to enable residents to access the Transfer Station at Shenton Park has resulted in an increase in the standard residential bin fees this year.

The standard residential bin charge is $328 per annum. This is an annual increase of $30 or $0.58 per week.

**Other Fees and Charges**

Other fees and charges within the City’s control have been increased by CPI to reflect increasing costs of providing these services.

**Elected Members’ fees and allowances**

Elected Members fees and allowances are determined by the Salaries and Allowances Tribunal (SAT).

In accordance with the SAT determination of 6 April 2023, fees and allowances for Elected Members have been increased by 1.5%.

**Reserves**

Local governments establish reserves where the local government wishes to set aside money for use for a purpose in a future financial year. Funds from these reserves can only be used for a purpose of that reserve.

Reserves can be established during the year but are typically established as part the annual budget process.

A local government can change the purpose or uses of a reserve account by either giving one months local public notice of the proposed change, or by disclosing in the annual budget of the local government for that financial year.

As part of this Annual Budget, it is proposed to change the purpose of the Waste Reserve, and to create a new reserve for Riverwall capital and maintenance works.

**Change in purpose of the Waste Reserve**

Current purpose is to fund replacement of rubbish bin stock so that the cost is spread over number of years.

The provision of waste services to the community is broad and it is considered appropriate for the use of the Waste Reserve to cover more than the replacement of rubbish bins. Accordingly, a change in the purpose is proposed as follows.

The proposed new purpose is:

To fund operational and capital costs to ensure the continued provision of waste services to the community.

**Establishment of River Wall Maintenance Reserve**

As part of the 2023/24 Annual Budget, it is proposed to establish the River Wall Maintenance Reserve. The City has a responsibility to maintain the river wall and funding these works involves both operational expense and capital expenditure. Grant funding to match City contributions. Works on the river wall in any year may depend on significant events such as storm surges and as such an allocation each year to the reserve is proposed, to be drawn upon when required.

The purpose of the River Wall Reserve is to fund river wall capital and maintenance works.

**Service Plans 2023/24**

During 2022, the City completed an Organisation Review which resulted in the adoption by Council of the Workforce Plan. The Workforce Plan will result in a significant reduction in staffing. FTEs prior to the Organisation Review was 172.83 and is projected to reduce to 149.43 over the life of the Workforce Plan.

The Workforce Plan has also been a driver for the development of Service Plans for each operational area of the City. Each Service Plan provides a description of the functions of that Service Area together with the resources required for the current Budget year and the next four years.

Council appointed a Workforce Plan Implementation Committee to oversee the implementation of the Workforce Plan. During the latter part of 2022/23 the Committee has been working through each service area and a final report to close out the work of the Committee is due shortly.

**Forward Capital Works Program 2023/24**

The forward Capital Works Program (CWP) identifies forward works over future years across all infrastructure asset classes.

All programs are split into renewal and improvement. Renewal sees the replacement of an existing asset on a like for like basis whereas improvement is mix of improvement of an existing asset to provide a higher level of service or a completely new asset.

The CWP is presented to Council as part of the annual budget process. Receipt by Council will allow the City to begin development work to ensure timely delivery of projects in future years.

**Borrowings**

No additional borrowings have been included in the 2023/24 budget and the City continues to pay down debt.

**Underground Power**

Progressing Underground Power for the remainder of the City has been endorsed by Council. Western Power will now undertake a tender procurement process and provide Council with final costings for the remaining 3 project areas. This is when Council will make a final decision on these projects. Accordingly, no funding has been included in the 2023/24 Draft Annual Budget. Should funding be required during the year, this can be considered as part of the 2023/24 Mid-Year Budget Review. There are funds in the Underground Power Reserve should this be required.

**Consultation**

As required by the *Local Government Act 1995*, the City advertised the proposed differential rates on 24th May to 24th June 2023, inviting comments over a period of 21 days. One submission was received following this public consultation.

In addition to the statutory requirements listed above, the development of the Draft 2023/24 Annual Budget is a collaborative effort involving the whole management team and their staff and the Executive. Elected Members of Council were presented with the Draft 2023/24 Budget and rates information at a series of Councillor Briefings held during April, May, and June 2023.

**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 Natural and Built Environment**

We protect our enhanced, engaging community spaces, heritage, the natural environment and our biodiversity through well-planned and managed development.

**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 Draft Annual Budget for 2023/24 includes a modest increase in rates of 2.5%. This is in line with the recently adopted Long-Term Financial Plan which estimates an underlying rate of inflation over the life of the plan of 2.5%.

In a recent report to Council on Underground Power, it was noted that the City is currently facing a significant backlog of required asset renewal, with many assets coming to an abrupt end of life, requiring them to be removed from service or closed. The current base case modelled within the City’s Long-Term Financial Plan (LTFP) incorporates a 2.5% annual rate rise and 2% annual dwelling growth. While this approach begins to slow the rate of increase in the asset renewal backlog, it will not bottom out until 2031-32, when the renewal backlog is projected to reach $99.06 Million. It is important to note that this backlog is equivalent to the current replacement cost of all 96 City-owned buildings.

This is the first increase in rates proposed since 2020/21. For three successive years the Council has adopted a 0% rate change. During that same period Perth CPI has risen by 4.2%, 7.4% and 6.8% with CPI in the recent March 2023 quarter being 5.8%.

Key features of the 2023/24 Annual Budget are:

1. Total operating revenue $37.3m
2. Total operating expenditure $40.1m
3. Operating deficit $2.8m (includes depreciation)
4. Operating surplus (excluding depreciation) $3.8m
5. Major capital works for the year include:
   1. Minor building works $586,313
   2. Drainage works $683,990
   3. Parks works $637,769
   4. Broadway road renewal $842,592
   5. Lemnos Street renewal $1,265,504
   6. Carrington Street renewal $365,330
   7. Rochdale Road renewal $1,670,189

**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/)*

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

[*City of Nedlands - Corporate Business Plan*](https://www.nedlands.wa.gov.au/documents/422/nedlands-2023)

[*City of Nedlands - Community Strategic Plan*](https://www.nedlands.wa.gov.au/documents/426/strategic-community-plan-nedlands-2028)

[*City of Nedlands - Long Term Financial Plan*](https://www.nedlands.wa.gov.au/documents/427/long-term-financial-plan)

[*City of Nedlands - Workforce Plan*](https://www.nedlands.wa.gov.au/documents/725/city-of-nedlands-workforce-plan-2022)

[*City of Nedlands - Asset Management Plans*](https://www.nedlands.wa.gov.au/council-meetings/ordinary-council-meeting/ordinary-council-meeting-26-july-2022/472/documents/2022-council-meeting-minutes-26-july.pdf)

**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 Council Meeting would need to be held before 31 August 2023 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 in adoption of the Budget may create delays in delivery of operations services and infrastructure projects. Ministerial approval required to adopt the budget after 31 August.

**Conclusion**

Council’s adoption of the 2023/24 Annual Budget will allow the City to deliver its services and infrastructure to the Community in 2023/24.

**Further Information**

Nil.

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# Declaration of Closure

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