



SPECIAL MEETING OF COUNCIL

AGENDA

2 JULY 2013

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CITY OF GREATER GERALDTON
SPECIAL MEETING OF COUNCIL
TO BE HELD ON THURSDAY, 2 JULY 2015 AT 5.30PM
CHAMBERS, CATHEDRAL AVENUE

A G E N D A

DISCLAIMER:

The Chairman advises that the purpose of this Council Meeting is to discuss and, where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting. Persons should be aware that the provisions of the Local Government Act 1995 (Section 5.25(e)) and Council's Standing Orders Local Laws establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The City of Greater Geraldton expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

1 ACKNOWLEDGEMENT OF COUNTRY

I would like to respectfully acknowledge the Yamaji people who are the Traditional Owners and First People of the land on which we meet/stand. I would like to pay my respects to the Elders past, present and future for they hold the memories, the traditions, the culture and hopes of the Yamaji people.

2 DECLARATION OF OPENING

3 ATTENDANCE

Present:

Officers:

Others:

Members of Public:

Members of Press:

Apologies:

Leave of Absence:

4 PUBLIC QUESTION TIME

Questions provided in writing prior to the meeting or at the meeting will receive a formal response. Please note that you cannot make statements in Public Question Time and such statements will not be recorded in the Minutes.

Our Local Laws and the Local Government Act require questions to be put to the presiding member and answered by the Council. No questions can be put to individual Councillors

5 APPLICATIONS FOR LEAVE OF ABSENCE**Existing Approved Leave**

Councillor	From	To (inclusive)
Cr N McIlwaine*	02 July 2015	10 July 2015
Cr S Douglas	19 August 2015	21 September 2015
Cr S Van Styn	16 November 2015	02 December 2015

**Noting existing approved leave, Cr McIlwaine will attend this meeting*

6 PETITIONS, DEPUTATIONS OR PRESENTATIONS**7 DECLARATIONS OF CONFLICTS OF INTEREST**

8 CORPORATE & COMMERCIAL SERVICES

CCS121 CITY OF GREATER GERALDTON BUDGET 2015-16

AGENDA REFERENCE:	D-15-36259
AUTHOR:	P Radalj, Manager Treasury and Finance
EXECUTIVE:	B Davis, Director Corporate and Commercial
DATE OF REPORT:	25 June 2015
FILE REFERENCE:	FM/7/0001
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes X 8

EXECUTIVE SUMMARY:

This report seeks Council adoption of the City of Greater Geraldton 2015-16 Financial Budget. The report also seeks the adoption of the following:

- Long Term Financial Plan (revised) for the 10 year period covering 2015-16 to 2024-25;
- Corporate Business Plan (revised) for the period covering 2014 to 2018; and
- An addendum (new organisational structure) to the Workforce Plan 2014 to 2018.

PROPONENT:

The City of Greater Geraldton

BACKGROUND:

As part of the function of local government and its operations, each year the Council is required, under Section 6.2 of the Local Government Act 1995, to formally adopt its annual financial year budget, to enable the administration to carry out the defined services and programmes and to raise revenue through rates and fees and charges.

Consistent with sections 6.2(4) of the Local Government Act 1995, the 2015-16 Budget for the City of Greater Geraldton includes the following:

- Statement of Objects and Reasons Proposed City Rates and Minimum Payments for 2015-16
- Capital Works
- Fees and Charges
- General Charges and Concessions
- Allowances
- Borrowings
- Reserve Accounts
- Budget Estimates for Adoption

1. Rating & Minimum Payments

The raising of revenue via annual rates is an important source of funds for all Councils throughout Australia. The Local Government Act 1995 (the Act) empowers WA Councils to impose general rates and minimum payments

The Statement of Objectives and Reasons for Proposed City Rates and Minimum Payments for 2015-16 attached to this report provides detail of budget principles applied in formulating the 2015-16 Annual Budget.

The elected Council will consider the content of its Long Term Financial Plan (LTFP) when preparing the Annual Budget for 2015-16 and subsequent years, and it is expected that adopted budgets will be closely aligned with both the proposals and underpinning assumptions contained within the current LTFP. Review of the LTFP occurs each year as budgets are prepared, to account for performance information and changing circumstances. Aligning annual budgets with the LTFP enables Council to set priorities within its resourcing capabilities to sustainably deliver the assets and the range and level of services required by the community in a fiscally responsible manner

The proposed rates-in-the-dollar and minimum payments are based on proposed savings via an organisational restructure plus changes to the City range and level of services in 2015-16 and a Long Term Financial Plan rates revenue increase of 3.9% plus growth per annum. The City's previously adopted LTFP incorporates a 5.2% increase plus growth in rates revenue. However, based on community sentiment to reduce annual rate increases to lower than 5.2%, the proposed rates in the dollar for 2015-16 reflect various movements to achieve a 3.9% plus growth increase in aggregate rates revenue.

Modelling on the new valuation rolls for both GRV and UV indicate the following:

- CGG Residential total GRV valuation increased by 2.6%. While the aggregate increase is not substantial, analysis of the new GRV valuations for the Geraldton area to take effect from 1 July 2015 indicates that there has been a significant range of increases and decreases across suburbs/localities. At the individual property level, the range of increases/decreases is even more pronounced, both across and within suburbs. The perennial problem confronting all Councils is how to address the issue of a diverse mix of very extensive positive and negative revaluations, with wide ranging changes. A consistent, standardised mix of revaluations across the broad GRV and UV categories would be relatively easy to deal with, but unfortunately that is not the reality confronting Councils, and particularly so for Councils that have differential rates. The City has adopted an approach that will smooth and phase in the effects of upward spike that have occurred due to CGG Residential revaluations. It is proposed to offer a concession under this rating category to phase in the rates increase effect of upward GRV revaluations across the three years between GRV valuations. Rates would still be imposed ad valorem and net

revenue would still align with aggregate revenue targets by slight adjustments to the rate in the dollar to compensate for the concessions;

- Mullewa GRV decreased by 4.7%;
- Non Residential total GRV valuation increased by 9.53%. Commercially zoned properties valuations have decreased in total while there has an increase in industrial zoned properties;
- Geraldton UV total valuation has decreased by 1%; and
- Mullewa UV total valuation has increased by 0.4%.

To adhere to 50-50 property number rules regarding Minimum payments, and due to Mullewa GRV decreasing, the minimum payment for Mullewa GRV properties has been reduced to \$600 in 2015-16.

Following the merger of Shire of Mullewa and City of Geraldton-Greenough to create the City of Greater Geraldton, under the Governor's Orders gazetted for the amalgamation, the City is obliged within 5 years of declaration of the new City to bring the rates across the previous local government districts into alignment.

This has required staged alignment of rates-in-the-dollar for alike differential rating categories, and ultimately requires phasing out of differential rating categories based on the ex-Mullewa district.

The proposed differential rates and minimum payments for 2015-16 gives consideration to this movement for mandatory alignment by 1st July 2016.

2015-16 is the third year of budget preparation informed by a Ten Year Long Term Financial Plan. The following Table 1 provides an overview of the differences between the revised budget for the 2014-15 financial year adopted by Council as a result of the mid-year budget review, and the budget recommended in this report for 2015-16.

Table 1: Comparison 2014-15 and Recommended 2015-16 Budget

BUDGET	Revised 14/15 Budget	Proposed 15/16 Budget	Increase on 14/15 Revised Budget
Revenue	\$000s	\$000s	%
Rates	39,474	41,275	4.6%
Fees & Charges	19,527	19,867	1.7%
Interest Earnings	1,409	1,444	2.5%
Other Revenues	822	1,105	34.0%
Operating Grants, Subsidies & Contributions	9,586	9,179	-4.3%
Total Revenue	70,818	72,862	2.9%
Expenses			
Employee Costs	29,486	28,238	-4.3%
Interest Expenses	872	1,109	27.2%
Materials & Contracts	22,657	22,060	-2.6%
Depreciation & Amortisation	17,939	22,024	22.8%
Utilities	3,251	3,295	1.4%
Insurance	989	881	-11.0%
Other Expenses	2,456	2,892	17.7%
Total Expenses	77,650	80,499	3.7%
NET RESULT FROM ORDINARY ACTIVITIES	(6,832)	(\$7,637)	

Budget Result

The 2015-16 Budget recommended for adoption incorporates an estimated operating deficit after ordinary activities of about \$7.64 million for the period ending 30 June 2016. This operating deficit accounts for the following:

- Reduction in establishment FTE's due to organisational restructure;
- Savings identified through Community Summit & Councillor Workshops of \$1.13m; and
- An adjustment increase to annual depreciation of \$4m due to asset revaluations undertaken as part of the City's Asset Management Improvement Program.

Councillors will note that this is the *real operating deficit*, not to be confused with the 'deficiency' envisaged in section 6.2(2) or the 'budget deficiency' described in related Local Government (Financial Management) Regulation 32, calculated for the purposes of determining the amount of cash revenue required from general rates. The real operating result includes non-cash depreciation and amortisation expenses, representing in effect the City's annual costs of a capital nature. In general terms, the extent to which the City does not raise revenue to cover its costs of a capital nature (for example, by

excluding depreciation expenses from calculation of the cash 'budget deficiency' in the rate setting statement), contributes directly to the real operating deficit in the financial accounts.

This forecast result is based on a proposed differential rates model (per the Executive Recommendation) in which a 3.9% overall increase in aggregate rates imposed (excluding growth from interim notices and prior year rates collections) is recommended for Gross Rental Valuation (GRV) residential and non-residential GRV properties, and Unimproved Value (UV) rural properties.

Based on the 2015-16 proposed Rate in the Dollar (RID) of 11.3506c for the CGG Residential category this has resulted in 5.07% (3.9% plus growth from interim values) increase in rates revenue.

Geraldton Non-Residential proposed RID has been decreased to 10.7071c but represents a 5.7% increase (including provision for growth) in revenue compared to 2014-15.

All proposed Minimum Payments are in compliance with statutory requirements and do not require Ministerial approval (consistent with section 6.35 of the Act).

Mullewa GRV proposed RID increase of 11.3804c represents a 2.98% decrease in rates revenue compared to 2014-15. This decrease in revenue is due to a larger offset decrease in GRV total valuation for this rating category.

The Governor's Orders for the Councils amalgamation agreement provide for a 5 year period for alignment rates between previous Geraldton-Greenough and Mullewa areas. To achieve this, a rate in the dollar decrease from 0.7800c to 0.7573 (2.26% decrease in revenue) is recommended for 2015-16 on unimproved value (UV) properties in the previous Mullewa district, and a rate in the dollar increase from 0.6794c to 0.7032c (5.2% increase in rate revenue) is recommended for UV properties in the previous Geraldton-Greenough district. These rates in the dollar were calculated after having regard to the annual UV Valuation by the Valuer-General, which saw a *modest overall increase in aggregate UV Valuation* for the City.

Mullewa GRV minimum was reduced to adhere to 50-50 property number rules. Mullewa UV Minimum is increased as part of the process of alignment with Geraldton UV. For all other rating categories it is proposed not to change the level of Minimum payments.

The Specified Area Rate applicable to commercial properties within the Geraldton City Centre, Marina Mixed Use and Additional Use City Centre zones is proposed to be abolished from the 1st July 2015. The revenue forgone from this area rate has been absorbed into the Non-Residential rating category.

Rate Increase

2015/16 is the third year for which budget formulation is informed by a Long Term Financial Plan (LTFP), one of the mandatory elements required of all WA Councils, as part of the Integrated Planning Framework which was required to be in place from 1 July 2013. The Long Term Financial Plan has been framed reflecting these fundamentals:

- Achieving a positive accounting result from Ordinary Operating Activities (an effective operating surplus in accounting terms) within fiscally responsible timeframe.
- Improving the City's liquidity position.
- Renewing assets when required to maintain capacity of performance and associated levels of services.
- Maintaining debt service levels within benchmark levels and having the capacity to borrow when required.

This important reform in Local Government aims to shift the focus of Local Government budgets away from the cash-based rate setting statement, to the accrual-based operating statement and balance sheet (statement of financial position).

For some years, the annual Financial Statements of Councils have properly reported on this basis, with determination of the annual net operating result including non-cash expenses such as depreciation of fixed assets. However, in determining the 'budget deficit' required to be funded from rates, as defined in the Local Government Act 1995 and the Local Government (Financial Management) Regulations, a *cash-based* view has prevailed, with Councils able to *exclude* non-cash expenses such as depreciation of fixed assets. Consequently, rates and other revenue have not been determined to recover capital costs such as depreciation of fixed assets. In effect, while budgets may have shown a "surplus" in cash-based terms, the net result as reported in the Annual Financial Statements will have shown an operating deficit.

The changes in the various rates-in-the-dollar recommended by the Executive enable Council to set priorities within its resourcing capabilities to sustainably deliver the assets and services required by the community in a fiscally responsible manner.

As determined by the Department of Local Government, in relation to assets management by Councils in WA, a basic financial sustainability benchmark for Councils is that they should expend at least the equivalent of 90% of their annual asset depreciation expense on asset renewal. Failure to pursue achievement of that benchmark over a reasonable number of years, would expose the City to unacceptable risks from asset deterioration, lead to decline in asset functionality, safety and community amenity, compound the magnitude of the asset renewal funding problem in future years, attract criticism for failure to recognise the principle of intergenerational equity, and would be contrary to the interests of the City and the Community.

2. 2015/16 Capital Program (Table 2)

Capital Expenditure	Renewal	New Service	Program Total
Buildings	1,174,700	11,810,798	12,985,498
Roads Infrastructure	10,986,792	19,082,545	30,069,337
Drainage	1,950,724	215,000	2,165,724
Parks, Gardens, Coastal & Recreation	1,859,775	15,034,175	16,893,950
Pathways	1,175,739	531,000	1,706,739
Airports	857,000	1,150,000	2,007,000
Meru Landfill	63,000	150,000	213,000
Other Infrastructure	2,618,613	125,000	2,743,613
Total	\$20,686,343	\$48,098,518	\$68,784,861

The City's planned Capital Budget for 2015/16 is \$68.8M. This expenditure will be funded from General Revenue, Reserves, Borrowings and funding provided by Federal and State Agencies as follows:

2015/16 Capital Program Funding Sources (Table 3)

FUNDS SOURCE	Own Source	Own Source	External	Other	Capital Program
Capital Expenditure	Gen. Revenue	Reserves	Grants & Contributions	Borrowings	Total Funding
Buildings	(1,184,975)	(2,002,613)	(2,181,910)	(7,616,000)	(12,985,498)
Roads Infrastructure	(5,938,781)	(4,601,742)	(10,528,814)	(9,000,000)	(30,069,337)
Drainage	(2,165,724)	-	-	-	(2,165,724)
Parks, Gardens, Coastal & Recreation	(1,764,970)	(929,141)	(6,609,839)	(7,590,000)	(16,893,950)
Pathways	(1,338,239)	-	(368,500)	-	(1,706,739)
Airports	(407,000)	(600,000)	-	(1,000,000)	(2,007,000)
Meru Landfill	(213,000)	-	-	-	(213,000)
Other Infrastructure	(2,743,613)	-	-	-	(2,743,613)
Total	(15,756,302)	(8,133,496)	(19,689,063)	(25,206,000)	(68,784,861)

3. Fees and Charges

The majority of the fees and charges have been proposed based on the existing LTFP assumption of 5.0% unit rate increase. Where appropriate, the actual cost of providing the service has been assessed, with provision for increases based on inflation and cost escalation where necessary.

Benchmarking has been undertaken with other local governments for alike fees, where possible – but noting that not all Councils have yet determined their 15/16 budgets.

Statutory fees and charges associated with town planning, health and building have been increased or remain unchanged as per relevant legislation that determines those fees and charges.

In taking in consideration of reductions in activity levels in significant fees and charges revenue streams, the overall aggregate revenue increase associated with fees and charges is predicted to be only 1.7% in relation to the 2014-15 budget.

4. General Charges and Concessions

Geraldton GRV Residential General Valuation Increases Relief

A concession will be available to Persons owning rateable properties within the City district that:

- A. Are rateable on the basis of Gross Rental Valuation (GRV), and are rated under the CCG Residential differential general rate; and
- B. Are subject to an increase in GRV valuation on their CGG Residential property as a consequence of the periodic (currently 3-yearly) General Valuation by the State Valuer-General which takes effect from 1 July 2015; and
- C. Have rates imposed that are higher than the Minimum Payment for the CGG Residential GRV differential general rate.

Concession Conditions:

- Annual Rates imposed will be computed on the conventional ad valorem basis, multiplying the GRV of the property by the rate in the dollar for the CGG Residential differential rate.
- The aggregate value of concessions provided to a property owner in the period of years between GRV General Valuations will not exceed the proportion of value of increased rates payable that is directly and only attributable to the increase in GRV between the 30th June immediately preceding the effective date of the new General Valuation (30th June 2015), and the 1st July 2015, as calculated by the City.
- Value of increased rates directly attributable to GRV General Valuation shall be calculated using the 2014-15 rate in the dollar for the CGG Residential differential general rate. Notional rates payable on a property are computed by multiplying its GRV at 30 June 2015 (for prior year), and by its GRV on 1 July 2015 (for new year), by that rate in the dollar. Aggregate value of a rates increase directly and only attributable

to GRV increase is computed by deducting prior year notional rates payable, from new year notional rates payable.

- The concessions will be available on the basis of two thirds of the computed aggregate concession value described above, in 2015-16, and one third of that computed value in 2016-17.
- This concession will not relate to the proportion of increased rates attributable to an increase in rate-in-the-dollar, as distinct from that proportion directly and only attributable to an increase in GRV arising from a General Valuation.
- The concession is not available in relation to Interim Valuations – it applies only to CGG Residential properties with increases in GRV valuation resulting from the periodic General Valuation which takes effect from 1 July 2015.

The purposes of the concession are:

- To reduce the impact on overall amounts payable to the City by those owners of CGG Residential GRV-rated properties that:
 - are paying more in Rates than Minimum Payments; and
 - have experienced upward GRV revaluations resulting from a periodic (currently 3-yearly) General Valuation undertaken by Landgate on behalf of the Valuer-General, which becomes effective on 1st July 2015; and
- To smooth the effects of General Valuation GRV increases on residential GRV-rated properties, across the period between periodic GRV General Valuations that are undertaken on behalf of the Valuer-General.

5. Allowances

Allowances proposed for the Mayor and Councillors for 2015-16 remain the same as per authorised in 2014-15.

6. Borrowings

Borrowings in 2015-16 include projects previously approved by Council in the 2014-15 budget but have carried over into 2015-16. As per the Capital Plan \$25.21 of loans are proposed for major infrastructure projects to be financed over a longer term period. Borrowings will include:

Proposed Borrowings (Table 4)

Project	Loan Amount	Purpose
Karloo/Wandina	\$9,000,000	Karloo/Wandina overpass connection and headworks.
West End Project	\$4,056,000	Multi-Use Facility / Merry Go Round Precinct Development plus mobility impaired access upgrade
Beresford Foreshore – Stage 1	\$1,850,000	Stabilisation works
Olive Street POS Development	\$4,500,000	POS Development & remediation works
Airport Fire Main Upgrade	\$1,000,000	Separation of the fire and portable water service – regulatory compliance
QPT Project Centre	\$3,250,000	Upgrade air conditioning system
New Animal Facility	\$1,550,000	Design costs for both facilities plus construction for Animal Management Facility

7. Reserve Accounts

As per the adopted budget of 2013-14 all discretionary reserve accounts have been closed. The minimum reserve accounts necessary for specific legal compliance obligations have been retained.

COMMUNITY CONSULTATION:

In accordance with the requirements of section 6.36 of the *Local Government Act 1995*, a statement of intended differential rates and minimum payments was advertised seeking public submissions, and a statement of objects and reasons for the intended rates and minimum payments was also made available for download from the City website, with hardcopies provided at the City Offices in Geraldton, the City Library, and the Mullewa District Office.

Submissions closed at 5:00pm on 19 June 2015. No submissions were received.

In 2013-14 the City undertook an in-depth community engagement process to prioritise capital works and review City services. This feedback has been invaluable in the City's decision making processes. However, community engagement is an on-going process, a two way conversation, and because there have been some significant changes such as reduced State and Federal Government funding, escalating utility costs and a growing backlog of infrastructure renewals, it is important to continue that conversation.

These factors, combined with the need to keep rates rises down, meant it was important to review and cease some non-mandatory services to achieve financial sustainability. Cutting back on services requires Council to make difficult decisions about which non-mandatory services the City can continue

to offer and which must be discontinued or reduced, whilst still being able to maintain assets and pay bills when they fall due.

To help the Council in its decision making processes, the City held a Community Summit. The purpose of the Summit was to prioritise the non-mandatory services the City delivers within the context of budget constraints. The Community Summit was designed to provide members of the community with an opportunity to learn more about the non-mandatory services the City provides, deliberate with other participants about the relative importance of those services, and develop a priority list of non-mandatory services created from their combined vote. The prioritised list was a critical piece of information in assisting Council in deciding which services it will continue to deliver and those it won't.

The Summit was undertaken in two parts. Part One on 4 March 2015, was a 3.5 hour session to provide background information and context, to outline the process and to demonstrate the Particibudget software. Participants were asked to study the service descriptions and costs and to make their preliminary service selections on the Particibudget, prior to attending Part Two of the Summit ten days later. Part Two offered participants a full day of deliberations with each other and the opportunity to seek further information about services from the Executive Team and Managers.

The primary output was the prioritised list of non-mandatory services. The list is based on the collective selections and votes of the 73 participants who attended both Part One and Part Two of the Community Summit.

COUNCILLOR CONSULTATION:

City of Greater Geraldton Councillors have been actively engaged in formulation of the 2015-16 Budget through a series of Budget Workshops conducted through April to June of 2015, enabling consideration of revenue and expenditure requirements, with extensive discussion on budget options. Particular workshops addressed the Community Summit Priority List (Non-Mandatory Services), Property Revaluations, Capital Plan, Long Term Financial Plan, operational position in relation to level and range of services and fees and charges.

STATUTORY IMPLICATIONS:

Section 6.2 of the Local Government Act 1995 refers.

Section 6.2(2) of the Act requires that in preparing its annual budget the Council is to have regard to the contents of its plan for the future prepared in accordance with section 5.56. Under the Integrated Planning Framework for Local Government, that is the Community Strategic Plan. This section requires that the City must prepare detailed estimates of:

- (a) Expenditure;*
- (b) Revenue and income, independent of general rates*
- (c) The amount required to make up the 'deficiency' if any shown by comparing the estimated expenditure with the estimated revenue and income.*

Section 6.2(3) requires that all expenditure, revenue and income must be taken in account unless otherwise prescribed. Local Government (Financial Management)

Regulation 32 prescribes amounts that may be excluded in calculating the 'budget deficiency'

Section 6.2(4) requires the annual budget to incorporate:

- (a) Particulars of estimated expenditure proposed;*
- (b) Detailed information relating to the rates and service charges which will apply, including:

 - i. Amount estimated to be yielded by the general rate*
 - ii. Rate of interest to be charge on unpaid rates and service charges;**
- (c) Fees and charges;*
- (d) Borrowings and other financial accommodations proposed;*
- (e) Reserve account allocations and uses;*
- (f) Any proposed land transactions or trading undertakings per section 3.59*

Local Government (Financial Management Regulations) 22 through 31 prescribe requirements in relation to form and content of the Budget and required Notes to and forming part of the Budget.

Local Government (Financial Management) Regulations 1996 states the maximum amount of interest that can be charged.

**Regulation 68. Maximum interest component prescribed
(Act s. 6.45)**

The maximum rate of interest to be imposed under section 6.45(3) is prescribed as 5.5%.

Regulation 70. Maximum rate of interest prescribed (Act s. 6.51)

The maximum rate of interest to be imposed under section 6.51(1) is prescribed as 11%.

Ministerial Approval Requirements

Should Council seek to adopt a rating and minimum payments model other than that set out in the Executive Recommendation, then such a determination should be deferred, to enable necessary assessment under the requirements of sections 6.33 and 6.35 of the Act, noting that if Ministerial approvals are required in respect of a different model of differential rates and minimum payments, such approvals must be obtained before Council can subsequently adopt a revised Budget.

Change from Publicised Intended Rates

Section 6.36(4) of the Act envisages that a Council may adopt differential rates or minimum payments different from those set out in its local public notice of intent to impose differential rates and minimum payments.

In accordance with *Local Government Financial Management Regulations* 23(b) and 56(4)(b), if Council adopts a differential rate or minimum payment that differs from that set out in its local public notice, then the change and reasons for the change need to be detailed in the budget, and in the rates notices or in information accompanying rates notices.

Local Government Act 1995 Section 6.47: Concessions.

“Subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive* a rate or service charge or resolve to grant other concessions in relation to a rate or service charge”.

(*absolute majority required.)

There are no impediments deriving from the *Rates and Charges (Rebates and Deferments) Act 1992*.

Regulatory Requirements:

Local Government (Financial Management) Regulations 1996 – Regulation 26: specifies requirements for information on concessions, for inclusion in annual budgets.

Local Government (Financial Management) Regulations 1996 – Regulation 42: specifies requirements for information on concessions, for inclusion in annual financial reports.

Variation from Proposed Rates Set out in Public Notices

Council considerations leading to variation from the originally proposed rates, as set out in the local public notice of intention to impose rates for 2015-16, and adopting instead the differential rates set out in the Budget proposed for adoption under the Executive Recommendation in this report included:

- Review of movements in GRV Residential property revaluations;
- Applying concessions to CGG Residential GRV rating category;
- Consideration of the Long Term Financial Plan (Revised 2015/16 to 2024/25);
- Abolishing the Specified Area Rate; and
- Review of non-mandatory levels of service.

Rate in the Dollar GRV & UV(Table 5)

Differential Rating Category	Rates per Local Public Notice (Cents in Dollar)	Rates Proposed for 2015-16 per Executive Recommendation (Cents in Dollar)
CGG Residential	11.1208	11.3506
Non Residential GRV	10.3359	10.7071
UV Geraldton Rural Mining & Farming General	0.7032	0.7032
UV Mullewa Rural Mining & Agriculture	0.7573	0.7573
GRV Ex-Mullewa Shire District	11.1866	11.3804

Minimum Payments (Table 6)

Differential Rating Category	Rates per Local Public Notice (Cents in Dollar)	Rates Proposed for 2015-16 per Executive Recommendation (Cents in Dollar)
CGG Residential	\$1,010	\$1,010
Non Residential GRV	\$1,010	\$1,010
UV Geraldton (Rural Mining & Farming General)	\$1,010	\$1,010
UV Mullewa (Rural Mining & Agriculture)	\$860	\$860
GRV Ex-Mullewa Shire District	\$600	\$600

POLICY IMPLICATIONS:

The City's Corporate Business Plan 2014-18 & Workforce Plan 2014-18 (addendum) have been updated and revised in accordance with Council Policy 005 (Integrated Strategic Planning Framework) and in consideration of the 2015-16 proposed Budget and the updated and revised Long Term Financial Plan 2015-16 to 2024-25.

FINANCIAL AND BUDGET IMPLICATIONS:

Details of the budget estimates for 2015-16 are contained in the attached documents.

INTEGRATED PLANNING LINKS:

Title: Governance	Planning and Policy
Strategy 5.2.7	Ensuring efficient and effective delivery of service.

Regional Outcomes:

Capital projects will deliver benefits for the broader region, for example the continuation of the Karloo-Wandina and West End Projects and the commencement of Foreshore stabilisation and protection work's for Beresford Foreshore and St Georges Beach.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:**Economic:**

Various strategies and initiatives included in the budget will contribute to the Region's economy.

Social:

Various strategies and included in the budget will create and improve social outcomes in the community.

Environmental:

Various strategies and initiatives included in the budget will examine and support environmental programs and resourcing.

Cultural & Heritage:

Various strategies and included in the budget will create and improve cultural and heritage outcomes in the community.

RELEVANT PRECEDENTS:

Councils adopt a Budget including a rates model for every financial year.

DELEGATED AUTHORITY:

There is no delegated authority.

VOTING REQUIREMENTS:

Absolute Majority is required for adoption of an Annual Budget.

OPTIONS:**Option 1:**

As per the Executive Recommendation in this report.

Consideration of Options

Should Council wish to make significant/material changes to revenue, income or expenditure components of the proposed 2015-16 Budget, in effect delivering a result significantly different than contained within the Long Term Financial Plan, then Deferment should be pursued, with determination reasons to include clear directions and an unambiguous indication of an alternative required budget outcome, to guide recasting of the Budget for re-presentation to Council at a later date.

Deferment in adopting the budget impacts on the City's liquidity position due a delay in revenues received from rates levied.

CONCLUSION:

Section 6.2 of the Local Government Act 1995 requires Council to prepare and adopt a Budget for 2015-16 by 31 August 2015, or by such extended time as the Minister allows.

Having regard to cash flow requirements for ongoing City operations, it is in the best interests of all Councils for their budget to be adopted at the earliest practicable opportunity, to enable issue of rates notices and commencement of revenue flows as early as possible in the new financial year.

EXECUTIVE RECOMMENDATION:

That Council by Absolute Majority pursuant to Section 6.2 of the Local Government Act 1995 RESOLVES to:

A. RATES & MINIMUM PAYMENTS 2015-16

- ADOPT the following Differential General Rates (Rate in the Dollar) for the City of Greater Geraldton against the valuations supplied by Landgate (as amended) as at 1 July 2015 for 2015-16 in accordance with Sections 6.32 and 6.33 of the Act:

Rating Category	2015-16 Cents in Dollar
CGG Residential	11.3506
Non Residential GRV	10.7071
UV Geraldton (Rural Mining & Farming General)	0.7032
UV Mullewa (Rural Mining & Agriculture)	0.7573
GRV Ex-Mullewa Shire District	11.3804

- ADOPT the following **Minimum** Payments for the City of Greater Geraldton for 2015-16, in accordance with Section 6.35 of the Act:

Rating Category	2015-16 Minimum Payment Per Assessment
CGG Residential	\$1,010
Non Residential GRV	\$1,010
UV Geraldton (Rural Mining & Farming General)	\$1,010
UV Mullewa (Rural Mining & Agriculture)	\$860
GRV Ex-Mullewa Shire District	\$600

- ABOLISH IN 2015-16 the Specified Area Rate previously levied for City Centre, Marina Mixed Use, and Additional Use City Centre in accordance with Section 6.37 of the Act.

B. 2015-16 GENERAL CHARGES, CONCESSIONS, INTEREST

4. IMPOSE no service charge on land for 2015-16;
5. RAISE a charge of \$10 per instalment for 2015-16 whereby the ratepayer has elected to pay their rates by instalments and in addition apply a 5.5% interest rate charge in accordance with Section 6.45(3) of the Act;
6. PROVIDE the option for ratepayers to pay their rates as a single payment or by 2 or 4 equal instalments in accordance with Section 6.45(1) of the Act;
7. NOT PROVIDE any discount for early payment of rates however endorse and acknowledge the rates incentive prize donors for their assistance in collecting the rates early;
8. NOTE the rates set by the State Government for the Emergency Services Levy (ESL) for Category 2, 4 and 5 regions for 2015-2016 and apply these rates on assessments against valuations from Landgate as at 1 July 2015;
9. NOTE that the City is not responsible for setting Emergency Services Levy rates and simply acts as a collection agent for the funds on behalf of the State Government;
10. PROVIDE concessions relief in accordance with section 6.47 of the Act to:
A concession will be available to Persons owning rateable properties within the City district that:
 - a. Are rateable on the basis of Gross Rental Valuation (GRV), and are rated under the CGG Residential differential general rate; and
 - b. Are subject to an increase in GRV valuation on their CGG Residential property as a consequence of the periodic (currently 3-yearly) General Valuation by the State Valuer-General which takes effect from 1 July 2015; and
 - c. Have rates imposed that are higher than the Minimum Payment for the CGG Residential GRV differential general rate;
11. ISSUE rates instalment notices as soon as practicable with instalment due dates being no less than two months apart from the date of the first instalment becoming due in accordance with Section 6.50 of the Act;
12. CHARGE an interest rate of 11% on any outstanding rates and service charges that remain overdue as described in accordance with Section 6.51 of the Act;
13. PROVIDE a rates exemption for A61234 Geraldton Streetwork Aboriginal Corporation (Gunnado) by virtue of Section 6.26(2)(g) of the Act; and
14. CHARGE interest to be applied on outstanding debts exceeding 65 days after date of invoice at a rate of 11% per annum in accordance with section 6.13 of the Act.

C. 2015-16 FEES AND CHARGES

15. ADOPT the 2015-2016 Schedule of Fees and Charges.

D. 2015-16 CAPITAL WORKS & LOANS

16. ADOPT the 2015-2016 Capital Works budget; and
17. ADOPT the new Loan debenture program in accordance with section 6.20(4) of the Act.

E. 2015-16 ALLOWANCES

18. NOTE that the proposed levels of allowances and fees for the Mayor, Deputy Mayor and elected members in the Budget estimates are the same as the amounts being paid as at 30th June 2015;
19. APPROVE the Mayor's annual local government allowance of \$67,500 in accordance with section 5.98(5) of the Act;
20. APPROVE the Mayor's annual fees of \$31,000 in accordance with section 5.99 of the Act;
21. APPROVE the Deputy Mayor's annual local government allowance of \$16,875 in accordance with section 5.98A of the Act;
22. APPROVE the annual fees of \$24,000 for every other elected member (excluding the Mayor) in accordance with section 5.99 of the Act;
23. APPROVE an Information technology and telecommunication allowance of \$3,500 per year per elected member in accordance with section 5.99A of the Act;
24. APPROVE the reimbursement of expenses incurred by a council member in accordance with section 5.98 (2) (b) and (3) of the Act and regulation 32 of the Local Government (Administration) Regulations 1996;
25. APPROVE the reimbursement of childcare costs of up to \$25 per hour incurred by a council member in accordance with regulation 31 (1) (b) and regulation 32 (1) of the Local Government (Administration) Regulations 1996; and
26. APPROVE the reimbursement of travel costs incurred by a council member in accordance with regulation 31 (1)(b) of the Local Government (Administration) Regulation 1996.

F. ADOPTION OF STATEMENT OF OBJECTIVES AND REASONS FOR PROPOSED RATES AND MINIMUM PAYMENTS AND THE 2015-16 BUDGET

27. ADOPT a reporting variance of greater than \$50,000 or 10% as per AASB1031 and Local Government (Financial Management) Regulations 1996, Regulation 34;
28. ADOPT the Statement of Objectives and Reasons for Proposed Rates and Minimum Payments;
29. ADOPT the 2015-16 Budget for the City of Greater Geraldton; and
30. NOTE that Council received no submissions from electors and ratepayers before adopting the budget for 2015-16.

G. ADOPTION OF LONG TERM FINANCIAL PLAN 2015-16 TO 2024-25 PROPOSED RATES, CORPORATE BUSINESS PLAN 2015 TO 2018 AND WORKFORCE PLAN 2015-18

31. ADOPT the Long Term Financial Plan (including 10yr Capital Plan) revised for the 10 year period covering 2015-16 to 2024-25;
32. ADOPT the Corporate Business Plan revised for the period covering 2014-18; and
33. APPROVE an addendum (new organisational structure) to the Workforce Plan 2014-18.

9 ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

10 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

11 CLOSURE

APPENDIX 1 – ATTACHMENTS AND REPORTS TO BE RECEIVED

Attachments and Reports to be Received are available on the City of Greater Geraldton website at: <http://www.cgg.wa.gov.au/council-meetings/>