



A G E N D A

SPECIAL MEETING OF COUNCIL

**To be held on
Tuesday 9 August 2011
6.00pm
City of Albany Council Chambers**

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NOTICE OF A SPECIAL COUNCIL MEETING

His Worship The Mayor and Councillors

The Special Council Meeting of the City of Albany will be held on Tuesday 9 August 2011 in the Council Chambers, North Road, Yakamia commencing at 6.00 pm.

The purpose of the meeting is to present the 2011-12 Budget for endorsement by Council.

F James
Chief Executive Officer

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1.0 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

ITEM 1.0: MOTION

THAT Council:

- **SUSPEND Standing Order clause 3.1 to allow recording of proceedings;**
- **SUSPEND Standing Order clause 4.2(4) to allow CEO Faileen James to be seated on the Mayor's right;**

2.0 OPENING PRAYER

“Heavenly Father, we thank you for the beauty and peace of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”

3.0 PUBLIC QUESTION AND STATEMENT TIME

Council's Standing Orders Local Laws provide that each Ordinary Meeting of the Council shall make available a total allowance of 30 minutes, which may be extended at the discretion of Council, for residents in attendance in the public gallery to address clear and concise questions to His Worship the Mayor on matters relating to the operation and concerns of the municipality.

Such questions should be submitted to the Chief Executive Officer, **in writing, no later than 10.00am** on the last working day preceding the meeting (the Chief Executive Officer shall make copies of such questions available to Members) but questions may be submitted without notice.

Each person asking questions or making comments at the Open Forum will be **LIMITED** to a time period of **4 MINUTES** to allow all those wishing to comment an opportunity to do so.

4.0 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Mayor

M J Evans JP

Councillors:

Breaksea Ward	J Bostock
Breaksea Ward	R Hammond
Frederickstown Ward	D Wellington
Frederickstown Ward	Vacant
Kalgan Ward	C Holden
West Ward	D Wolfe
West Ward	D Dufty
Vancouver Ward	D Bostock
Vancouver Ward	R Paver
Yakamia Ward	J Matla
Yakamia Ward	R Sutton

Staff:

Chief Executive Officer	F James
Acting Executive Director Corporate Services	P Wignall
Executive Director Planning & Development Services	G Bride
Acting Executive Director Works and Services	S Jamieson
Executive Leader Community Services	L Hill
Minutes	J Williamson

Public Gallery and Media:

Apologies/Leave of Absence:

Kalgan Ward	M Leavesley
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5.0 DECLARATION OF INTEREST

[Elected members of Council and staff are asked to use the forms prepared for the purpose, aiding the proceedings of the meeting by notifying the presiding member prior to the conduct of the meeting]

Name	Item Number	Nature of Interest

6.1: 2011-12 BUDGET ADOPTION

Proponent	: City of Albany
Attachment	: 2011/2012 Budget documents Item 4.3 OCM 19 July 2011
Responsible Officer	: Chief Executive Officer (Faileen James)

IN BRIEF

- The City Executive has worked with Council Members through workshops in preparing the 2011-12 draft Budget for adoption.
- At the OCM on 19 July 2011, Council did not adopt the 2011-12 Budget.
- The 2011-12 Budget is again presented for adoption.
- The City is required by law to adopt the 2011-12 Budget by 31 August 2011.

**ITEM 6.1: RESPONSIBLE OFFICER RECOMMENDATION 1
VOTING REQUIREMENT: ABSOLUTE MAJORITY****THAT Council ADOPT the 2011-12 Budget.****BACKGROUND**

1. The CEO advised Council of the line items in the Budget over three workshops, with further discussions at two Audit Committee meetings.
2. Individual items of revenue and expenditure were discussed with the intention of providing Councillors with an understanding of the content of the Budget and the risks/implications of major components of the Budget.
3. After those workshops, staff compiled the Budget document, which presents the line item expenditure and revenue (along with additional information) in a format required by legislation. The first draft of the Budget document was made available to Councillors on 4 July 2011.
4. The second and final draft of the proposed Budget was made available to Councillors on 13 July 2011 some six days prior to the Ordinary Council Meeting on 19 July 2011. In that final draft, staff acknowledged comment made by Councillors at the Agenda Briefing on 5 July 2011 and Councillors were provided with a listing of changes made between the first draft and the final draft of the proposed Budget.
5. A number of alternate motions were put forward when Budget Item 4.3 was considered at the Ordinary Council Meeting on 19 July 2011. Those motions were debated at length but none were endorsed.
6. The 2011-12 Budget was not adopted on the 19 July 2011.
7. The Mayor requested the CEO to arrange a Special Council Meeting.

CEO:

DISCUSSION

8. Councillors have articulated that the job of Council is to set direction for the budget. Ample opportunity was given to Councillors through workshops to give such direction to staff.
9. At the Ordinary Council Meeting on 19 July 2011, in an alternate motion, Councillor Leavesley recommended quarantining varying amounts of salaries costs. Such quarantining would inhibit the ability of the CEO to implement HR efficiencies and practices commenced soon after the CEO's employment. In addition, such "quarantining" or any reduction in salary costs, would result in probable staff terminations. Such "quarantining" or any reduction in salary costs would also prevent the CEO from building a positive staff team culture. Staff are the City's most valuable asset and staff need to feel valued by Council.
10. "Quarantining" or any reduction in salary costs is not operationally feasible or in line with societal expectations of occupation health and safety and pay equity.
11. Councillor Leavesley also tabled two graphs in support of his alternate motion at the Ordinary Council Meeting 19 July 2011. The first demonstrated that employee costs are accelerating at a faster rate than the number of ratepayers. There is not direct causal relationship between employee costs and the number of ratepayers. For example, in 2008-09 there was an increase in the number of employees (and associated costs) resulting from the upgrade to the Albany Leisure and Aquatic Centre. This was a function of provision of additional services rather than any association to an increase in the number of ratepayers. The additional four Full Time Equivalent employees proposed in this Budget are similarly largely associated with supporting and managing staff to provide better service to the ratepayers.
12. The other graph presented by Councillor Leavesley compared percentage increases in operational employee costs, the number of ratepayers and total rates revenue. In particular the graph showed that the increase in employee costs in 2011-12 is greater than the rates increase, a position which Councillor Leavesley stated to be unsustainable.
13. Revenue is sourced from rates, but also from fees and charges applied to the service provision. Employee costs will always be significant in a service organisation. The City must balance **all** of the revenue it receives with all of the costs of providing services. Whilst some rates revenue is applied to employee costs, it is not correct to say that there is a direct relationship between rates revenue and employee costs, or that a rates increase of less than employee costs is unsustainable. Unsustainability would result from **total** costs (including employee costs) increasing at a higher rate than **all revenue** over several years.
14. Councillor Leavesley also stated that that there has been a 24.75% increase in rates revenue over the time he has been a Councillor. The year on year increase in actual rates revenue from 2009-10 actual to budgeted 2011-12 rates revenue is in fact >30.3%.
15. There has been an average increase in asset management expenditure (including roads, road safety, road maintenance, paths, drainage and parks and reserves maintenance) over three years of 21% when compared to the base year of 2008-09. This is compared to an average increase of 13% in employee costs over the same period when compared to the base year of 2008-09. (The CPI, All Groups Perth has moved from an index of 166.0 in March 2009 to 176.1 in March 2011, an overall increase of 6%). The other contributing factor to this increase is the EBA negotiations.

16. The Executive and Inside Staff have been unable to agree on the terms of a new Collective Agreement. The budget allowance for general workers salary cost increases is therefore in excess of the allowance that will actually be required, that is CPI of 2.6%. It is recommended that this adjustment be made at the first quarterly review and savings be directed to priority projects decided by Council.
17. The City will have additionally paid a net amount of \$3.5 million in principal debt repayments in the three years from 2009-10 to the end of the 2011-12 Budget period, moving the Gross Debt to Revenue Ratio from 63.2% in June 2009 to a projected 36.8% in June 2012. Approximately two thirds of the debt repayments for the 2011-12 year are dependent on successful sales of Cull Road lots at "The Ridge".
18. The City of Albany and the Jack Family Trust have committed to a five year agreement (with 2012 as the final year) to hold the Albany Art Prize, with the Trust contributing \$25,000 in prize money. Additional costs for administering and running the prize are provided by the City of Albany. On 15 June 2011, Councillor Holden and staff from the City met with the Jack Family Trust trustees. The discussions were very constructive and centred on strategies to increase attendance, improve efficiencies and create synergies with other art and cultural activities across the City, so as to make this and other cultural activities more broadly accessible and cost effective.
19. At the July Ordinary Council Meeting Councillor D Bostock confirmed that Councillors looked very thoroughly at each line item in the Budget, but that they did not look at the overall future plan.
20. At the request of Council, the CEO has recently completed a Strategic Planning Process which should guide the City's long term financial plans. Putting annual budgets into the context of long term financial plans and strategies will enable a broader view of the City's financial position.
21. Regulation 9 of the *Local Government (Rules of Conduct) Regulations 2007* prohibits **Council Members** from undertaking any task which contributes to the administration of local government unless authorised to do so by the Council. Councillor D Bostock stated at the 19 July 2011 OCM that it was not his intention as a Councillor to direct the CEO, but that Regulation 9 empowers Council to so direct the CEO. Councillor Bostock is mistaken-this regulation allows undertaking of **a task by a Council Member** who is authorised by Council to do so.
22. The fundamental role of Council as defined in section 2.7 of the *Local Government Act 1995* is governance and overseeing of the allocation of financial resources. The CEO is fulfilling her legislative role by proposing a responsible budget which combines equity for staff whilst efficiently managing the delivery of services to ratepayers within good stewardship of City assets.
23. It is recognised that considerable work is required on Asset Management Plans. The outcome of this work will be the compilation of whole of life costs for City assets, identification of funding gaps etc. This work, to be carried out over the next twelve months, together with the implementation of the Strategic Plan, and the development of a long term financially sustainable operational plan, will provide clarity and direction going forward.

GOVERNMENT CONSULTATION

24. Nil.

PUBLIC CONSULTATION / ENGAGEMENT

20. Members of the public contacted City staff on the day after the July Ordinary Council Meeting, requesting feedback be provided to Council of the unsatisfactory position of not having an endorsed budget.

STATUTORY IMPLICATIONS

21. Section 2.7 (2) (a) of the *Local Government Act 1995* refers to the role of Council:

2.7. Role of Council

(1) *The Council –*

(a) **Governs** the local government's affairs; and

(b) is responsible for the performance of the local government's functions.

(2) *Without limiting subsection (1), the Council is to ...*(a) **oversee** the allocation of the local government's finances and resources.

Section 5.41 (d) of the *Local Government Act 1995* details the functions of the CEO:

5.41. Functions of CEO

The CEO's functions are to -

(a) *Advise the council in relation to the functions of local government under this Act and other written laws;*

(b) *Ensure that advice and information is available to the council so that informed decisions can be made;*

(c) *Cause council decisions to be implemented;*

(d) *Manage the day to day operations of the local government;*

(e) *Liaise with the mayor or president on the local government's affairs and the performance of the local government's functions;*

(f) *Speak on behalf of the local government if the mayor or president agrees;*

(g) *Be responsible for the employment, management supervision, direction and dismissal of other employees (subject to section 5.37 (2) in relation to senior employees);*

(h) *Ensure that records and documents of the local government are properly kept for the purposes of this Act and any other written law; and*

(i) *Perform any other function specified or delegated by the local government or imposed under this Act or any other written law as a function to be performed by the CEO.*

Regulation 9 of the *Local Government (Rules of Conduct) Regulations 2007* state that:

9. Prohibition against involvement in administration

(1) *A person who is a council member must not undertake a task that contributes to the administration of the local government unless authorised by the council or by the CEO to undertake that task.*

Section 2.7 (2) (a) of the *Local Government Act 1995* refers to the role of Council:

6.2. Local government to prepare annual budget

(1) *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.*

**Absolute majority required.*

STRATEGIC IMPLICATIONS

27. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

Priority Goals and Objectives:

Goal 4: Governance..... The City of Albany will be an industry leader in good governance and service delivery.

Objective 4.1: The City of Albany will be a cohesive Council delivering ethical and responsible government committed to excellence in board governance.

City of Albany Mission and Values Statement:

At the City of Albany we apply Council funds carefully.

POLICY IMPLICATIONS

28. Nil.

RISK IDENTIFICATION & MITIGATION

29. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Rating	Mitigation
Council does not endorse the 2011-12 Budget causing significant cash flow issues for the City	Possible.	Severe.	Extreme	A further Council meeting will be required to adopt the Budget before 31 August 2011 as required by legislation

FINANCIAL IMPLICATIONS

30. The 2011-12 Budget sets the parameters for expenditure of City resources.

LEGAL IMPLICATIONS

31. The City must meet its legislative and debt obligations through endorsement of a budget. Failure to do so incurs considerable risks to the City.

9/08/2011

REFER DISCLAIMER

ALTERNATE OPTIONS

32. Council could refuse to endorse the budget, but this would mean that the “business” of the City will be significantly impacted, and the City and Council will incur considerable risk in doing so.

SUMMARY CONCLUSION

33. Endorsement of the budget provides delegated authority to the CEO to incur expenditure from 1 July 2011 until 30 June 2012.

Consulted References	Local Government Act 1995 Local Government (Financial Management) Regulations 1996.
File Number (Name of Ward)	FM.BUG.2
Previous Reference	

4.3 2011-12 BUDGET ADOPTION

Proponent : City of Albany
Attachment : 2011/2012 Budget documents
Responsible Officer : Chief Executive Officer (Faileen James)

IN BRIEF

- The City Executive has worked with Council members through workshops in preparing the 2011-12 draft Budget for adoption.

ITEM 4.3: RESPONSIBLE OFFICER RECOMMENDATION 1
VOTING REQUIREMENT: SIMPLE MAJORITY

THAT Council:

1. **NOTES** the three public submissions regarding the proposed differential rate.
2. **NOTES** the previously delegated expenditure of \$1.25 million per week from 1 July 2011 until the 2011-12 Budget is adopted by Council (OCM 21 June 2011 Item 4.5).

ITEM 4.3: RESPONSIBLE OFFICER RECOMMENDATION 2
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council APPROVES the 2011-12 Budget.

BACKGROUND

1. City Executive staff working with Council has spent considerable time in the last three months preparing a draft 2011/12 budget for endorsement by Council.
2. Gross Rental Value (GRV) for properties has also been received from the Valuer General. The last GRV revaluation was undertaken four years ago.
3. As the GRV amounts have, in some instances, significantly changed, with a resultant potential impact on Rates Revenue, considerable analysis and scenario modelling on Rates Revenue occurred.
4. Under section 6.36 of the *Local Government Act 1995*, the City is required to advertise the proposed differential rates amounts for the 2011/12 financial year. Those proposed amounts were advertised for a period of 21 days in compliance with legislation.

DISCUSSION

5. Through Council workshops, Council members have considered various factors in developing a financially responsible budget while ensuring compliance with occupational health and staffing requirements, continuation of the various services provided by the City, cost-saving initiatives and new capital projects that are “project ready”.

CEO:	RESPONSIBLE OFFICER:
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6. Particularly, the Council considered issues relating to:
 - a. Maintenance of existing infrastructure, particularly roads and drainage infrastructure;
 - b. New Capital Works projects;
 - c. Employee costs, balanced against the need for sufficient staff resources to undertake current and planned projects and initiatives and current service provision, while ensuring employment equity and OHS;
 - d. Rate amount increases, and in particular the impact that the GRV changes will have on families and land owners; and
 - e. Mayoral Allowance, including changes to legislation regarding provision of a Mayoral Vehicle for use.

7. Capital Expenditure within this budget includes:
 - a. Pathways projects – City contribution of \$419,030 (including carryovers) to supplement State Government funding, making a total proposed budget expenditure for pathways of \$1,498,497;
 - b. Road repair and improvement projects – City contribution of \$1,874,414 (including carryovers) to supplement State Government funding, making a total proposed budget expenditure in this area of \$5,691,989;
 - c. City contribution of \$1,134,570 (including carryovers) to Flood Management projects; and
 - d. City contribution of \$106,721 (including carryovers) to improve the City's developed Reserves.

8. The above projects are in addition to “usual maintenance” expenditure on roads, drainage and other infrastructure.

9. In respect of employee costs, the budget envisages employment of 254 FTE staff in 2011/12. This is compared to 250 in 2010/11 and 251 in 2009/10.

10. Employee costs have risen over the past three years predominantly as a result of wage increases negotiated through enterprise bargaining and general CPI. This budget envisages total employee costs of \$18,006,796 (compared to \$16,866,380 in 2010/11 and \$15,561,821 in 2009/10).

11. Total operating employee costs comprise 38% of the total operating expenditure, which is comparable to the 38% in the Australian Bureau of Statistics, Government Finance Statistics, Western Australia Local General Government Operating Statement 2009-10.

12. Full time equivalent (FTE) employees in 2009-10 totalled 250, of which 16 were Manager or Supervisor level. In 2010-11 FTE employees totalled 250, including 19 Manager / Supervisors. The projection for FTE in the 2011-12 Budget is 254, with 17 Managers / Supervisors.

13. Operating employee costs increased by 9% in 2010-11 when compared to 2009-10. This increase incorporated an allowance of 5% for EBA negotiated salary increases. Operating employee costs are projected to increase by 9% in 2011-12 when compared to 2010-11. Slightly more than 5% of this increase results from either finalised or yet to be finalised but anticipated EBA negotiated salary increases.

14. The City will be adopting a new staff training and development framework. This framework will enable equitable application of the training budget across all City staff, address areas of critical skills shortage, and ensure maintenance of mandatory or legislated qualifications or skills.

15. Overall, the training and development budget is 1% of gross salaries and wages, which is marginally less than last financial year.
16. The budget allocates \$10,000 to the ANZAC Centenary Reserve (current balance of \$150,000). In addition to the monetary contribution within the budget, in-kind staff time committed to this event will amount to approximately \$116,000 in salary costs in 2011-12. A significant component of that salary amount is the full time engagement of a project liaison officer for the planning, design and project management of the significant infrastructure work planned for City of Albany assets to enable the Centenary events, including the Mt Clarence and Forts precincts.
17. Issues of waste management remain a challenge for the City. As the City grows, a very strategic approach to good-practice and sustainable waste management is needed. Alternate future waste refuse sites will need investigating and regional waste management strategies considered. This budget anticipates that.
18. There has been considerable debate at Council workshops on an appropriate amount for the Mayoral Allowance. In 2010/11 the Mayoral Allowance was \$28,400, with the 2011/12 budget allowing an amount up to \$65,000.
19. In addition to a proposed change in the Allowance, changes have occurred to Legislation which specifically allows for the provision of a motor vehicle to the Mayor for Council business, with more rigorous accounting and vehicle usage recording requirements.
20. Principal Loan Repayments of \$7.1 million include two loans of \$1.5 million each and one loan of \$3.3 million. The proposed Budget 2011-12 includes loan re-financing of \$3.8 million and the remaining commitment to be funded from Cull Rd sales and general revenue.
21. Section 6.11 of the *Local Government Act 1995* allows a local government to set aside money for a purpose in a future financial year and requires the local government to establish and maintain a reserve account for each such purpose. An absolute majority decision of Council is required to use the money for another purpose. Section 6.2 (4) (e) of the *Local Government Act 1995* requires the annual budget to incorporate details of:

'...the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used.'

Any change to the use of reserves (as defined in a budget) will only be as a result of Council resolution.

22. The 2011-12 Budget proposes the use of \$1.3 million from the Airport Reserve to partially fund the security upgrade to the Airport. Aviation Transport Security Regulations 2005 (as amended) require that passenger and cabin baggage screening must apply to passengers departing on aircraft over 20,000 kg. This will be effective from 1 July 2012. The aircraft currently operated by Skywest have a maximum weight of 20,800 kg meaning that, by 1 July 2012, Albany Airport is required to have passenger and checked baggage screening.
23. The Reserves Balance at 30 June 2012 is estimated to be \$4.8 million compared to an estimated balance of \$6.5 million at 30 June 2011. Major movements include a decrease in the Airport Reserve to fund the Security Upgrade (\$1.3 million) and an increase in the Refuse Reserve to fund future capital expenditure on waste sites (\$0.9 million).
24. Section 3.59 of the *Local Government Act 1995*, defines a trading undertaking as:

'An activity carried on by a local government with a view to producing a profit...'

Regulation 9 of the *Local Government (Financial Management) Regulations 1996* requires separate financial records to be kept for each trading undertaking and each major land transaction. Regulation 27 of the *Local Government (Financial Management) Regulations 1996* details the disclosure requirements in the annual budget for trading undertakings. Apart from the Cull Road development, the City does not currently have any trading undertakings; it is a social enterprise which operates for the benefit of the community, with any surplus derived from activities being re-invested for social benefit. The City has many business units which it subsidises or which operate on a break-even basis. None of the City's business units are operated with a view to making a "profit" and, accordingly, none are reported separately.

20. The City has received the Valuer General's updated Gross Rental Value amounts for the Albany area. Council uses valuations provided by the Valuer General in its calculation of rates.
21. Council has balanced the impact any rates amount will have on families and land owners because of the revaluation of the Gross Rental Value (GRV) with the need to ensure that the City continues to provide a sustainable level of service.
22. Every four years the Valuer General performs a revaluation of GRV properties which include homes, commercial properties and vacant residential land. The last GRV increase occurred in 2007/08 year which saw an increase in residential property GRVs by 37% and residential vacant land GRVs by 185%.
23. This year the revaluations have seen a further increase in residential property GRVs by 33%.

GOVERNMENT CONSULTATION

24. Under Section 3.59 of the *Local Government Act 1995* and Regulation 7 of the *Local Government (Functions and General) Regulations 1996*:

'...an agreement, or several agreements for a common purpose, under which a local government is to –

- (a) *acquire or dispose of an interest in land; or*
- (b) *develop land'*

...which is more, or worth more, than the prescribed amount' of \$1,000,000.

The Department of Local Government was consulted and advised that the Cull Road development is a Major Land Transaction, under legislation. As such, the Budget includes separate disclosure relating to Cull Rd.

PUBLIC CONSULTATION / ENGAGEMENT

25. At the OCM on 21 June 2011, the Audit Committee recommendation at Item 1.5 to advertise proposed differential rates was adopted.
26. Differential rates were advertised in accordance with section 6.36 of the *Local Government Act 1995*) with three submissions received.
27. A schedule of these submissions forms part of this item.

STATUTORY IMPLICATIONS

28. Local Government Act 1995, s 6.2(1) states that:

(1) *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.*

Local Government Act 1995, s 6.8(1) states that:

(1) *A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —*

(a) *is incurred in a financial year before the adoption of the annual budget by the local government;*

(b) *is authorised in advance by resolution*;* or

(c) *is authorised in advance by the mayor or president in an emergency.*

STRATEGIC IMPLICATIONS

27. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

Priority Goals and Objectives:

Goal 4: Governance..... The City of Albany will be an industry leader in good governance and service delivery.

Objective 4.1: The City of Albany will be a cohesive Council delivering ethical and responsible government committed to excellence in board governance.

City of Albany Mission and Values Statement:

At the City of Albany we apply Council funds carefully.

POLICY IMPLICATIONS

28. Nil.

RISK IDENTIFICATION & MITIGATION

29. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Rating	Mitigation
Council does not endorse the 2011-12 Budget.	Unlikely	Extreme	Extreme	<ul style="list-style-type: none"> • Further delegated authority to the CEO to incur expenditure under the <i>Local Government Act 1995</i> until Budget endorsement. • Hold a special Council meeting prior to 31 August 2011 to reconsider the Budget.

FINANCIAL IMPLICATIONS

30. The 2011-12 Budget sets the parameters for expenditure of City resources.

LEGAL IMPLICATIONS

31. The City must meet its legislative and debt obligations through endorsement of a budget. Failure to do so incurs considerable risks to the City.

ALTERNATE OPTIONS

32. Council could refuse to endorse the budget, but this would mean that the “business” of the City will be significantly impacted, and the City and Council will incur considerable risk in doing so.

SUMMARY CONCLUSION

33. Endorsement of the budget provides delegated authority to the CEO to incur expenditure from 1 July 2011 until 30 June 2012.

Consulted References	Local Government Act 1995 Local Government (Financial Management) Regulations 1996.
File Number (Name of Ward)	FM.BUG.2
Previous Reference	

DIFFERENTIAL RATES PROPOSAL			
SCHEDULE OF SUBMISSIONS			
Name of Submitter	Summary of Submission	Officer Comment	Officer Recommendation
Mr Warren Marshall	<p>Mr Marshall provided the following comments/requests:</p> <ul style="list-style-type: none"> • That the rate increase should be applied to specific priorities and projects. • That the past practice of basing rates increases on CPI plus 1% is not personally supported. • That the rates proposal is in accord with the Five Year Plan (acknowledging that the change in leadership at the City may not make this possible) • That greater transparency of process and more intense modelling be applied to proposed rates increases. • That the City make more effort to consider relief for those who cannot afford to pay their rates • That the practice of offering a prize as an incentive for early payment is discriminatory. 	<ul style="list-style-type: none"> • Specific projects have been identified to utilise the funds provided by the rate increase. • The Five Year Plan will be completed following Council endorsement of the Strategic Plan. • The City has had discussions in recent weeks with a financial counselling agency and makes considerable effort to accommodate payment plans for those in difficult financial circumstances. 	<ul style="list-style-type: none"> • That Council note Mr Marshall's comments.

DIFFERENTIAL RATES PROPOSAL			
SCHEDULE OF SUBMISSIONS			
Name of Submitter	Summary of Submission	Officer Comment	Officer Recommendation
Mr Rod Hedderwick – Harley Global	<p>Mr Hedderwick provided the following comments/requests:</p> <ul style="list-style-type: none"> Increasing the rates on vacant land will not promote development of land but may discourage creation of developable lots thereby reducing the choice in the land bank and escalating prices to the detriment of orderly sustainable growth of Albany That the final effective and payable rate on vacant land increase ideally by a maximum of 5% on the previous year and certainly no more than 9%. It is recognised that there will be a difference in individual rates due to the revaluation and that council may need to change the c/\$ levy across the board for vacant GRV land as a result of the old 5% and new 3% figure applied by the VG. 	<ul style="list-style-type: none"> The increase in rate revenue is proposed to be 5%. 	<ul style="list-style-type: none"> That Council note Mr Hedderwick’s comments.
Mr Matthew Swainston	<ul style="list-style-type: none"> As proposed some years ago, it would be fair to have Council rates go up by CPI + 1% every year. 		<ul style="list-style-type: none"> That Council note Mr Swainston’s comments.