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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.

Councillor Leavesley requested an extension of time to present his Alternate Motion. The Mayor called for a show of hands from Council to extend the time allowed to eight minutes.

CARRIED 8-1

Against the Motion: Councillor Wellington

Councillor Leavesley requested that the following sentence be removed from his Alternate Motion- (1-5 to be considered en bloc and 8-9 to be considered en bloc, 6,7,10,11 and 12 to be considered separately).

ITEM 4.3: ALTERNATE MOTION BY COUNCILLOR LEAVESLEY VOTING REQUIREMENT:ABSOLUTE MAJORITY

**MOVED: COUNCILLOR LEAVESLEY
 SECONDED: COUNCILLOR J BOSTOCK**

The Budget be adopted as is but subject to the addition of the following conditions:

- 1.THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$ 117,000 – line item182820 allocated to CEO Salaries, until the matter is further considered and approval given to the allocation of those funds.**
- 2.THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$ 70,000 – line item195820 allocated to PRO Salaries, until the matter is further considered and approval given to the allocation of those funds.**
- 3.THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$ 247,000 – line item101320 allocated to Corp SVC Salaries, until the matter is further considered and approval given to the allocation of those funds.**
- 4.THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$ 100,000 – line item184020 allocated to Finance Salaries, until the matter is further considered and approval given to the allocation of those funds.**
- 5.THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$ 100,000 – line item122320 allocated to Development Salaries, until the matter is further considered and approval given to the allocation of those funds.**
- 6.THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$ 36,600 – line item181020 allocated to Member fees and allowances, until the matter is further considered and approval given to the allocation of those funds.**

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7. THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$3,000,000 – line item 7544 allocated to Airport upgrade terminal management until the matter is further considered and approval given to the allocation of those funds.

8. THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$20,000 – line item 52A allocated to the Mt Romance Art Prize, until the matter is further considered and approval given to the allocation of those funds.

9. THAT pursuant to the adopted 2011-12 Budget, Council agree to quarantine the amount of \$30,000 – line item 52B allocated to the Albany Art Prize, until the matter is further considered and approval given to the allocation of those funds. *(Note funds from 52A and 52B to be allocated to the Regional Cities Alliance Commitment – UWA Contract)*

10. THAT pursuant to the adopted 2011-12 Budget, Council agree to allocate appropriate funds to prepare for the costs relating to the City's pending management of the AEC.

11. THAT pursuant to the adopted 2011-12 Budget, Council agree to upwardly review the allocation of funds in relation to asset management within a 6 month timeframe from the adoption of the 2011/12 budget.

12. THAT pursuant to the adopted 2011-12 Budget, Council agree to upwardly review the allocation of funds in relation to the ANZAC centenary celebrations.

LOST 3-6

Record of Vote

For the Motion: Councillors Leavesley, J Bostock and D Bostock

Councillor Wellington asked the CEO about the effects of paragraphs 1, 2, 3, 4 and 5 of Councillor Leavesley's motion.

CEO Ms Faileen James requested that her response be "put on record". Ms James advised that such quarantining would inhibit her ability to implement Human Resource efficiencies and practices, which were started some time ago by her in the City and would also result in probably staff terminations. The staff cost increases are substantially contributed to by the Collective Agreements which Council endorsed in late 2010 for 35% of the City and to take the steps would unwind those Collective Agreements.

Councillor Wellington further questioned the CEO on the Enterprise Bargaining discussions with the other 65% of staff.

The CEO advised that hopefully the City was into final negotiations on 21 July. She stated the Employee Consultative Committee has negotiated in extremely good faith given the prior history of such negotiation and as a representative of the City, she would be embarrassed to turn up on 21 July with Councillor Leavesley's successful motion on the record because it breaks the faith the City is trying to build with employees.

Councillor's Reason:

It is my opinion that the proposed 2011/12 budget is not moving towards putting the City of Albany on a sustainable financial footing. I believe it would be irresponsible of Council to unconditionally support a budget that fails to start to address funding gaps in asset management, that sees employee costs accelerating three times the rate of our numbers of ratepayers and fails to prepare for the additional costs related to the City's operation of the Albany Entertainment Centre.

Officer's Report (F James)

The motion refers to specific "line items". These are (presumably) references to working documents created by the City Executive for budget workshops with Council. Those references and working documents do not form part of the budget presented for endorsement.

Consistent with the CEO's legislative functions, the CEO has advised Council over several budget workshops of the resources required for the day to day and capital operations of the City.

Should Council choose not to allocate an adequate budget amount for provision of the City's services and functions, including allocating appropriate staff expenses, Council must resolve what services and functions it will limit the provision of, or cease to provide.

Aviation Transport Security Regulations 2005 (as amended) require that passenger and cabin baggage screening will apply to passengers departing on aircraft over 20,000 kg (effective from 1 July 2012). The aircraft currently operated by Skywest have a maximum weight of 20,800 kg and thus Albany Airport is required to install passenger and checked baggage screening. Any delay caused by quarantining of funds to progress this project will adversely affect the City's ability to meet the legislative deadline, incurring significant economic and reputational risk to the City.

Agreement regarding the future control, management and ownership of the Albany Entertainment Centre has not been reached with the State Government. The City has no legal obligation to assume any liability in respect of the Entertainment Centre on a particular date. Communication between the State Government and its officers, and the City, is continuing in respect of this matter. Should Council resolve to support condition 10 in the above motion, it will have to reprioritise expenditure and or increase revenue.

The Council has previously endorsed several Asset Management Plans. However, the Plans require considerable review and amendment, including improved analysis of assets currently held, improved maintenance and capital expenditure analysis, and analysis of the timing of such expenditure. Because of their lack of rigour, implementation of those Plans has not occurred, in some cases at all, or alternatively consistently. The CEO intends to undertake Plans' reviews, and develop further specific Asset Management Plans over the next 12 months. This is a considerable body of work, and to complete it properly would not be possible within six months, without additional budget allocation for additional staff or consultant engagement. In parallel to the revision and development of the Asset Management Plans, the City's Executive will be developing its five year Finance Plan.

The current budget proposes an allocation of \$10,000 to the Anzac Centenary Reserve, in addition to staff salaries in the amount of approximately \$116,000, for the work of staff directly related to the Centenary work. Should Council resolve to support condition 12 in the above motion, it will have to reprioritise expenditure and or increase revenue.

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ITEM 4.3: ALTERNATE MOTION BY MAYOR MILTON EVANS**VOTING REQUIREMENT: SIMPLE MAJORITY****MOVED: MAYOR EVANS****SECONDED: COUNCILLOR D BOSTOCK**

That on endorsement of the adopted 2011-12 Budget, (on whatever date) Council **AGREE** to quarantine the amount of \$36,600 allocated to Mayoral allowances and sitting fees (described in the Budget as the Mayoral salary), until the matter is further considered regarding the allocation of those funds.

CARRIED 6-3**Record of Vote**

Against the Motion: Councillors Wellington, Sutton and Dufty

Mayor's Reason:

In light of:

- Rate increases of 9% in 2009-10 and 2010-11,
- The proposed rate increase of 5% for 2011-12, and
- The moratorium on community financial assistance,

the inclusion in the Budget 2011-12 of an increase in Mayoral payments lacks empathy and is inappropriate.

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**ITEM 4.3: ALTERNATE MOTION BY COUNCILLOR D BOSTOCK
VOTING REQUIREMENT: ABSOLUTE MAJORITY****MOVED: COUNCILLOR D BOSTOCK
SECONDED: COUNCILLOR J BOSTOCK****THAT prior to the adoption of the budget for financial year 2011-2012, Council DIRECTS the CEO to adopt the following:**

- 1. Total salary cost for the year will be maintained at the same level as 2010-11, plus CPI.**
- 2. Salary increases, incurred as a result of negotiations, in excess of CPI will be matched by an equal reduction in the number of staff so that total salary levels will not be increased. Any reduction in expenditure in order to achieve these savings will be decided by the CEO, with the following proviso: Reduction in services will not be made at the expense of core City Activities, including roads, footpaths, drainage, ALAC or the library, without the specific approval of Council.**
- 3. Contracts for new Staff will not include the provision of any vehicle for private use without the specific approval of Council.**
- 4. Current Staff whose contract does not include private use of a vehicle will not be entitled to such use without specific approval of Council.**
- 5. The CEO will not appoint additional members of Staff, other than those required to fill existing positions which become vacant, without the specific approval of Council.**
- 6. No outside consultants will be appointed without specific approval of Council.**

LOST 2-7**Record of Vote**

For the Motion: Councillors D Bostock and J Bostock

Mayor Evans asked the CEO, Ms Faileen James, how endorsement of this motion would impact current staff.

Ms James requested her response be "put on record" and reiterated her previous comments that such quarantining would inhibit her ability to implement Human Resource efficiencies and practices and would result in probably staff terminations. The staff increases are substantially contributed to by the Collective Bargaining Agreements which Council endorsed in late 2010 (before the CEO commenced). In two days time, negotiations with the Employee Consultative Committee for the remaining 65% of employees will take place. This motion breaks the faith the City is trying to build with employees.

Councillor's Reason:

We will not be able to support continued increases of rates above CPI indefinitely without incurring the wrath of our constituents. Indeed we should not do so, particularly when times are difficult and may deteriorate further. It is our role and duty to ensure that ratepayer funds are spend efficiently

and that the burden of debt is reduced substantially, which will necessitate careful control over expenditure for the foreseeable future.

Officers Report (F James)

Section 2.7 (2) (a) of the Local Government Act 1995 (the Act) 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 the functions of the CEO include:

- **manage** the day to day operations of the local government (management being separate to governance).
- be responsible for the employment, management supervision, direction and dismissal of other employees

A resolution that seeks to usurp the functions of the CEO would be contrary to legislation. Further, given Council is a governance body it, nor its individual members, are sufficiently "close" to the day to day operations of the City to fully appreciate the staffing and associated resource needs of "running the business" of the City.

Consistent with the CEO's legislative functions, the CEO has advised Council over several budget workshops of the staffing levels required for the day to day operations of the City, and the potential occupational health and safety problems that may arise if staffing is not of an adequate level to perform current City services and functions.

Should Council choose not to allocate an adequate budget amount for provision of those services and functions, Council must also resolve what priority services and functions it will provide, and what services and functions it will limit the provision of, or cease to provide. The Councillor's proposed motion intimates that the City has "core activities"; however, Council as a whole has not made any such resolution on what those activities are. For example, the Councillor makes no mention of the Vancouver Arts Centre, the City of Albany Daycare Centre, the City's Regional Airport, the City's responsibilities in respect of fire safety and local law enforcement, the City's obligations under Town Planning legislation, the maintenance and improvement of reserves, support of Community organisations, or the various Civic and Community functions and events the City supports, and so it is unclear if all or any of those services and functions would be considered "non-core" by the Councillor.

It is not operationally feasible, nor in line with societal occupational and health safety expectations, to expect a significant reduction in staffing numbers while at the same time not expecting any reduction in services or function.

Council has also been advised of the existing impact and potential impact of Collective Bargaining Agreement negotiations.

Council has already endorsed two Collective Bargaining Agreements that provide salary increases greater than CPI. The negotiation for one Agreement remains outstanding, which impacts 65% of the City's employees.

Considerable negotiation has occurred between the CEO and the Staff's Consultative Committee over the past five months to ensure the staff are fairly recompensed (compared to market rates) for their employment, while ensuring value for rate-payer funds. The CEO, on behalf of the City and Council, and employees have held those negotiations in the spirit of respect and fairness. For Council to resolve any decision that would make those negotiations now farcical would be contrary to all good employment practices, and seriously impact the reputation of the City. If such resolution was to be made, Council can expect significant backlash from employees, similar to that experienced by the City at the beginning of this year.

Under the draft budget, the City's proposed operating employee costs is in line with the Australian Bureau of Statistics, Government Finance Statistics, Western Australia Local General Government Operating Statement 2009-10 benchmark of 38%. The City's proposed operating employee costs as a percentage of Gross Operating Expenses are 38%.

The City routinely engages consultants or contractors where it does not have the internal expertise, or capacity to perform its functions. This includes routine engagement of civil engineering skills. To limit the capacity of the CEO to appropriately appoint such entities within allocated budgets will significantly impact the efficacy of the operations of the City.

The CEO is in the process of reviewing motor vehicle use across the City, both generally and personal employee-use. A revised policy on motor vehicle use will be developed in the near future, once further analysis has been undertaken, and legal advice received on employment law contract terms and employee policies that the City has previously committed to.

Good employment practices, including remuneration negotiations, commonly involve appropriate use by employees of employer-owned vehicles. To limit the CEO's capacity to fully negotiate and utilise that advantage (without additional cost to the City).would be detrimental to the City, and some employees

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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: RESOLUTION (Responsible Officer Recommendation)

MOVED: COUNCILLOR WOLFE
SECONDED: COUNCILLOR MATLA

THAT the Responsible Officer Recommendation be ADOPTED.

CARRIED 9-0

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

THAT Council APPROVES the 2011-12 Budget.

ITEM 4.3: RESOLUTION (Responsible Officer Recommendation)

MOVED: COUNCILLOR DUFTY
SECONDED: COUNCILLOR MATLA

THAT the Responsible Officer Recommendation be ADOPTED.

LOST 6-3

DID NOT ACHIEVE ABSOLUTE MAJORITY

Record of Vote

Against the Motion: Councillor D Bostock, J Bostock and M Leavesley

The Mayor then advised the CEO Ms Faileen James that Council did not have an endorsed budget. The Mayor informed Council that he would be calling a Special Meeting of Council to finalise adoption of the 2011/2012 budget prior to 31 August 2011.

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”.
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).

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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.

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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.

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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.