

4.3: 2012-13 CITY OF ALBANY BUDGET DECISIONS

Responsible Officer(s) : Chief Executive Officer (F James)

IN BRIEF

- As part of the City of Albany budget preparation process, Council is requested to determine the following:
 - Approve Advertising of Proposed Rates Schedule
 - Community Services Directorate Fees and Charges for 2012-13 financial year
 - Stakeholder Information provision on other Proposed Fees and Charges for 2012-13 financial year.

RECOMMENDATION

**ITEM 4.3: RESOLUTION1
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**MOVED: COUNCILLOR ATTWELL
SECONDED: COUNCILLOR DUFTY**

THAT Council ENDORSES advertising the proposed differential rates for the 2012-13 financial year as follows:

Description	Minimum Rate \$	Actual Rate in Dollar 2011-12	Proposed Rate in Dollar 2012-13
Gross Rental Value (GRV)			
General	820.00	9.0758c	9.4388c
Vacant Land Non Residential	820.00	7.402c	7.6981c
Unimproved Value (UV)	820.00	0.3124c	0.3277c

**CARRIED 9-1
ABSOLUTE MAJORITY**

Record of Vote

Against the Motion: Councillor Bostock

**ITEM 4.3: RESOLUTION 2
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**MOVED: COUNCILLOR SUTTON
SECONDED: MAYOR WELLINGTON**

1. THAT Council NOTE that many community organisations are currently preparing their 2012-13 budget and require certainty regarding fees and charges which such organisations will have to bear and possibly charge their members for.
2. THAT Council ENDORSE the fees and charges for Community Services Business Units as detailed in Attachment 1, for the period of 1 July 2012 to 30 June 2013.

**TIED 5-5
MAYOR EXERCISED CASTING VOTE 6-5
LOST 6-5
DID NOT ACHIEVE ABSOLUTE MAJORITY**

Record of Vote

Against the Motion: Councillors Attwell, Holden, Stocks, Bostock and Dowling

**ITEM 4.3: RESOLUTION 3
VOTING REQUIREMENT: SIMPLE MAJORITY**

**MOVED: COUNCILLOR SUTTON
SECONDED: COUNCILLOR STOCKS**

1. THAT Council NOTE that many businesses and residents are currently preparing their 2012-13 budgets and require information regarding fees and charges that they may incur in the coming year.
2. THAT Council ENDORSE the CEO and her delegates providing information to businesses and residents regarding possible changes to City of Albany fees and charges for the period of 1 July 2012 to 30 June 2013, in respect of:
 - a. Waste Services;
 - b. Planning and Development Applications;
 - c. Building Services and Applications; and
 - d. Environmental Health Services

CARRIED 9-1

Record of Vote

Against the Motion: Councillor Bostock

BACKGROUND

1. For several weeks now, Council members have met with City Executive staff in Council budget workshops to consider and prepare the City of Albany budget for 2012-13.
2. At those workshops, and then at a Special Audit and Finance Committee meeting held on 30 April 2012, Committee Members considered a number of scenarios presented by City of Albany staff, on proposed differential rates for 2012-13.
3. At those Councillor budget workshops, Council Members were presented with proposed fees and charges revenue regarding:

Community Services Directorate business units;
Planning and Development Directorate services. As a component of the presentations a number of amendments to the Planning and Development Services fees and charges structure were recommended.

Waste Services Management. As a component of the presentations a number of amendments to Waste Services fees and charges structure were recommended.

DISCUSSION

4. As required by the *Local Government Act 1995*, and its Regulations, the City is required to advertise the land rates the Council proposes within its annual budget.
5. In order for business units across the City to impose fees and charges within the 2012-13 financial year, it is necessary for Council to endorse those fees and charges. Some of the fees and charges for services which users and community groups utilise may need to be collected (from their members by those community groups), prior to 1 July 2012. For service provision effective from 1 July 2012.
6. While most fees and charges proposed for the 2012-13 financial year in the Community Services directorate have increased from those charged in 2011-12, the increases represent commensurate increases in the costs of providing those services.
7. Fees and charges changes of note within the Community Services directorate are:

Albany Visitor Centre:

- Introduction of a key charge to cover some of the cost that the Centre incurs acting as the 'on-site' manager for many accommodation operators.

Albany Leisure and Aquatic Centre (ALAC):

- Most fees charged are below that of other like recreation centres in regional Western Australia. Membership fees as a whole have increased on average 8% but are still less expensive than other benchmarked centres.
- Casual gym and fitness classes will increase from 10%. In context, a casual visit to the gym for a non concession adult will rise from \$10.00 to \$12.00.
- ALAC has the largest swim school outside the metropolitan area but the current charge is 25% less than Bunbury for the same nationally recognised and endorsed program. Albany, in comparison to Bunbury, has higher energy and staff costs. The swim school increase for 2012-13 will be 16%.

8. In the review of the Planning and Development Services fee structure it was identified that the directorate fee structure did not adequately address the cost to Council of the array of services that are provided by each of the directorate business units (Planning services, Building services and Environmental Health services), or that the current fee schedules had

not been updated to take into account changes in State Government legislation in relation to prescribed maximum fee increases to the mandatory functions of the directorate.

9. The proposed amended fees for Planning services, Building services and Environmental health services were formulated through a comparison of five other local authorities (City of Swan, City of Bunbury, City of Kalgoorlie-Boulder, City of Augusta-Margaret River and Shire of Denmark). The comparison included the services provided and the fee charged for each individual service.
10. The recommended amended fees represent, in most cases, the average fee, or less than the average fee, charged by the comparison local authorities. In the case where legislation prescribes a mandatory maximum fee for a service, the amended fee structure reflects the mandatory prescribed fees.

GOVERNMENT CONSULTATION

11. In the review of the City's budgeted fees and charges, there is no requirement for formal government consultation. However, information was obtained from other local governments and comparable business units, to determine comparable fee structures.

PUBLIC CONSULTATION / ENGAGEMENT

12. Once fees and charges are endorsed by Council, the financial year 2012-13 fees and charges for each Community Service business unit will be provided on the City of Albany web site and also available for the information of stakeholders at each business unit.
13. Waste Management Industry stakeholders, building contractors, town planners, land development surveyors, other land development industry stakeholders, and other businesses in Albany that have been identified as being potentially affected by other potential changes to the fees and charges structure will be provided with information, advising them of those potential changes, including explaining the methodology used in the formulation of the amended fees and charges.
14. That information will provide these businesses with the opportunity to incorporate proposed increases in fees and charges in their annual budgets.
15. Under section 6.36 of the *Local Government Act 1995*, the City is required to advertise the proposed differential rates amounts for the 2012/13 financial year. These proposed amounts are to be advertised for a period of 21 days in compliance with legislation.

STATUTORY IMPLICATIONS

16. Budget processes and endorsement are strictly regulated by the *Local Government Act 1995* and its Regulations.

STRATEGIC IMPLICATIONS

17. ***Strategic Implications***
This item relates directly to the following elements of the City of Albany Strategic Plan (2011-2021):
Key Focus Area
Organisational Performance
Community Priority
Policy and procedures
Proposed Strategies
Regularly review all policies in consultation with community and key stakeholders.

POLICY IMPLICATIONS

18. There are no Policy implications in relation to the proposed fees and charges structure.

RISK IDENTIFICATION & MITIGATION

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

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Proposed differential general rates or minimum rates not advertised for the required 21 days.</i>	<i>Unlikely</i>	<i>Significant</i>	<i>Medium</i>	<i>Mitigation entirely dependent on Council by advertising for the required time period.</i>
<i>Proposed fees and charges not endorsed until 1 July which will impact on potential revenue.</i>	<i>Unlikely</i>	<i>Moderate</i>	<i>Medium</i>	<i>Endorse fees and charges and communicate to community.</i>
<i>If Council does not approve the proposed Planning and Development Services fee structure</i>	<i>Possible</i>	<i>Significant</i>	<i>High</i>	<i>Revenue from fees and charges will be lower than projected in the draft budget leading to potential shortfalls in funding.</i>
<i>Revenue projections within the draft City of Albany 2012-13 budget are not endorsed by Council, leading to budget deficit and cashflow difficulties</i>	<i>Possible</i>	<i>Significant</i>	<i>High</i>	<i>Mitigation entirely within Council control, regarding budget preparation and endorsement</i>
<i>Proposed Community Service fees and charges not endorsed until 1 July does not allow Community Service Business units to charge now for activities post 1 July. This would impact on revenue for 12-13.</i>	<i>Unlikely</i>	<i>Moderate</i>	<i>Medium</i>	<i>Endorse fees and charges and communicate to community</i>

FINANCIAL IMPLICATIONS

20. From a Community Services perspective, fees and charges for upcoming programs (starting July 2012) need to be confirmed well before 1 July 2012, so that these fees and charges can be clearly communicated to the community and stakeholders who may be impacted by those fees and charges. For example, enrolments for the ALAC Swim School will open shortly, and fees to be paid, for programs being held in July 2012.
21. Proposed amendments to the City's fees and charges for financial year 2012-13 more adequately reflects the range, and cost of providing, services by the individual business units of the City.

LEGAL IMPLICATIONS

22. The City must meet its legislative and debt obligations through advertising of the proposed differential rates and minimum rates. Failure to do so incurs considerable risks to the City.

ALTERNATE OPTIONS

23. The Council can determine to impose alternate fees and charges, or different revenue structures. However, any change in proposed revenue may have significant financial implications, including cash flow implications, for the City.

SUMMARY CONCLUSION

24. The proposed amendments to the City of Albany fees and charges more adequately reflects the range, and cost of providing, services provided by the individual business units of the directorate.
25. It is important that those fees and charges are endorsed in a timely manner, and information provided to relevant stakeholders that may be impacted by those changes.