

## ITEM 1.5: 2012-13 BUDGET ADOPTION

<b>Proponent</b>	: City of Albany
<b>Attachment</b>	: 2012/2013 Budget documents, including previously endorsed fees and charges for Community Services Business Units.
<b>Responsible Officer</b>	: Chief Executive Officer (Faileen James)

### IN BRIEF

- Council Members have participated in a series of budget preparation workshops, working with the City Executive, in preparing the 2012-13 draft Budget for adoption.

### ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 1 VOTING REQUIREMENT: SIMPLE MAJORITY

**THAT Council NOTE the two submissions received and these ratepayers be advised their submissions were considered by Councillors prior to adoption of the 2012-2013 Budget**

### ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 2 VOTING REQUIREMENT: ABSOLUTE MAJORITY

**Council adopt the following municipal rates in the dollar on unimproved values and gross rental valuations for the 2012-2013 financial year:**

#### **Rating Category 1 – GRV General**

The Differential Rate on current Gross Rental Values for the 2012/2013 financial year on Rating Category (1) including: all GRV rateable land other than vacant land zoned Non Residential be 9.4388 cents in the dollar.

#### **Rating Category 2 – GRV Non Residential (Vacant)**

The Differential Rate on current Gross Rental Values for the 2012/2013 financial year on Rating Category (2) is vacant and is non residential by zoning be 7.6981 cents in the dollar.

#### **Rating Category 3 – UV**

The General Rate on current unimproved values for the 2012/2013 financial year on Rating Category (3) including all UV rateable land be 0.3277 cents in the dollar.

#### **Minimum Rate**

The Minimum Rate for rateable properties within the City of Albany be \$820.00

CEO:

19/06/2012

\*\*REFER DISCLAIMER\*\*

**ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 3****VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT Council APPROVES the following Refuse Collection and Recycling charges for the City of Albany (including general refuse collection, hard waste collection, Bulk green waste collection, collection of recyclables and green waste) be adopted for the 2012-2013 financial year:

**Residential Services**

Full Domestic Refuse Service	\$284.00
Refuse Collection 140 Ltr MGB	Weekly
Recycling Collection 240 Ltr MGB	Fortnightly
Green Waste Collection 240Ltr MGB	Monthly

**Additional Services**

Additional Services (Maximum of One) with a full domestic rubbish service.

Refuse Collection 140 Ltr MGB (Inc GST)	Weekly \$79.00
Recycling Collection 240 Ltr MGB (Inc GST)	Fortnightly \$48.00
Green Waste Collection 240Ltr MGB (Inc GST)	Monthly \$40.00

Additional Full Domestic Refuse Service (Inc GST)	\$312.00
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**ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 4****VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT Council APPROVES Budgets for the following funds for the year ending 30 June 2013, be adopted:

1. Municipal Fund and the following Reserve Funds:
  - Airport Reserve
  - Albany Entertainment Centre
  - Albany Leisure And Aquatic Centre – Synthetic Surface “Carpet”
  - Albany Classic Barriers
  - Anzac Centenary
  - Bayonet Head Infrastructure Reserve
  - City of Albany General Parking Reserve
  - Emu Point Boat Pens Development Reserve
  - Master Plan Funding Reserve
  - Parks Development Reserve
  - Parks, Recreation Grounds & Open Space Reserve
  - Plant & Equipment Reserve
  - Refuse Collection & Waste Minimisation Reserve
  - Refuse Depot Reserve
  - Waste Management Reserve
  - Recreation Development Reserve
  - Roadworks Reserve
  - Planning Reserve
  - Roadworks Reserve
  - Regional Cities Alliance Reserve
2. Trust Fund

**ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 5  
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT Council APPROVES the due dates for payment of Rates and Rubbish Collection Charges for 2012-2013 be as follows:

Pay rates in full with discount 12 September 2012

Pay by two instalments

First Instalment Payment 12 September 2012

Second Instalment: 11 January 2013

Pay by four instalments

1. First Instalment Payment (and 'Payment in Full'): 12 September 2012
2. Second Instalment: 12 November 2012
3. Third Instalment: 11 January 2013
4. Fourth Instalment: 12 March 2013

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**ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 6**  
**VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT pursuant to the *Local Government Act 1995*, Council APPROVES the following Rates and Charges to provide for Administration and Interest Charges on Rating, Rubbish, Waste Recycling and General Debtor Collection charges during the 2012/2013 financial year:

**1. Instalment Plan Administration Fee**

An Instalment Plan Administration fee of \$3.00 for the second and each subsequent instalment notice issued will apply for rates and rubbish collection charges.

**3. Late Payment Interest Charge**

A charge on outstanding rates and rubbish collection accounts (including amounts owed on ad hoc Payment Plans) of 11% will be calculated daily at 0.0301% on a simple interest basis for the number of days from the account due date until the day prior to the day on which the payment is received.

**4. Instalment Plan Interest Charge**

An interest rate of 5.5% will be calculated on a daily basis at 0.0151% by simple interest basis from the due date of the first instalment as shown on the rate notice to the due date of each respective instalment.

**5. Late Payment Interest Charge (Excluding Rates & Charges)**

A charge of 11% interest, calculated on a simple interest basis for the number of days outstanding, may apply on unpaid debts (other than rates and rubbish collection charges) outstanding 35 days from the date of invoices raised after 1 July 2012.

In respect to the Late Payment Interest Charge on rates and charges, the method of calculating the interest charge is on the daily balance outstanding.

**6. Waivers**

Where a small balance remains on a property assessment due to circumstances such as a delay in the receipt of mail payments or monies from property settlements and additional daily interest has accumulated, amounts outstanding of \$5.00 and under will be waived, as it is not considered cost effective or equitable to recover from the new property owner. Estimated loss of revenue from this waiver is \$1,100.

**ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 7**  
**VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT Council APPROVES the Schedule of Fees and Charges (which forms part of the 2012/2013 Budget) be adopted effective from 01 July 2012.

**ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 8  
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**THAT Council APPROVES Council adopts the Elected Member Sitting Fees and allowances as prescribed by the *Local Government (Administration) Regulations 1996* being:**

**Councillor Meeting Attendance Fee: \$7,000 per annum**

**Mayoral Meeting Attendance Fee: \$14,000 per annum**

**Councillor and Mayoral Telecommunications Allowance: \$1,800 per annum**

**Councillor and Mayoral Information Technology Allowance: \$1,000 per annum**

**Total Mayoral Allowance is \$60,000 per annum**

**Deputy Mayoral Allowance: \$15,000 per annum being 25% of the Mayoral Allowance.**

**ITEM 1.5: RESPONSIBLE OFFICER RECOMMENDATION 9  
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**THAT Council APPROVES a variance between actual and budget-to-date of greater than \$50,000 is considered to be a material variance for reporting purposes in the Statement of Financial Activity for 2012/2013.**

**BACKGROUND**

1. Council has spent considerable time in the last five months considering strategic and operational issues which will impact on the 2012/13 budget.
2. Gross Rental Value (GRV) for properties received from the Valuer General last year has been considered for this budget consideration.
3. 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. Those proposed amounts were advertised, from 17 May 2012, for a period of 21 days in compliance with legislation.

**DISCUSSION**

4. Through Council workshops, Council members have considered various factors in developing a financially responsible budget while ensuring compliance with Local Government legislation, occupational safety and health requirements, continuation of the various services provided by the City, cost-saving initiatives and new capital projects that are "project ready" or will be required to be undertaken this financial year, given commitments previously made by Council.
5. Despite rising costs, the 2012-13 budget reflects the continuation of existing services, although possibly through different service and or workforce models.

6. An important consideration in preparing any budget is to ensure that Council works towards achieving financial sustainability for the future. The draft budget reflects a number of factors to maintain financial sustainability, which will impact not only on this year's budget but will have a compounding effect in future budgets.
7. Long term financial sustainability will:
- Ensure the City improves its financial position
  - Provide greater stability and certainty to financial outcomes
  - Maximise the equitable distribution of City resources between current and future ratepayers
  - Provide opportunity to cater for a growing community
  - Ensure consistent delivery of community services
  - Ensure cost efficient development and maintenance of infrastructure
8. At the Ordinary Council meeting on 15 May 2012, the Council endorsed advertising proposed differential rates as below:

**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
<b>Gross Rental Value (GRV)</b>			
<b>General</b>	<b>820.00</b>	<b>9.0758c</b>	<b>9.4388c</b>
<b>Vacant Land Non Residential</b>	<b>820.00</b>	<b>7.402c</b>	<b>7.6981c</b>
<b>Unimproved Value (UV)</b>	<b>820.00</b>	<b>0.3124c</b>	<b>0.3277c</b>

**CARRIED 9-1  
ABSOLUTE MAJORITY**

9. In response to that advertising, two public submissions were received and copies are provided to Councillors. It is necessary for Council to consider the submissions received prior to adoption of the Budget.

10. Presently the City of Albany manages, operates and or undertakes the following work units / areas and or services:
- a. Albany Airport,
  - b. Albany Leisure and Aquatic Centre (ALAC)
  - c. Sport and Recreation services outside of ALAC services
  - d. Albany Day Care Centre
  - e. Albany Library – which provides:
    - (a) local library services
    - (b) regional library services for the benefit of other Shires in the Great Southern region.
  - f. Albany Visitor Centre and Accommodation Booking Service
  - g. Vancouver Arts Centre
  - h. Albany Town Hall
  - i. Mt Adelaide / Princess Royal Forts Precinct
  - j. Mt Clarence Anzac Memorial Precinct
  - k. Heritage and visual arts curatorial services
  - l. Volunteer management – the range of volunteers the City engages is varied, from volunteers operating the Forts Precinct, through to emergency management volunteers, through to arts and cultural activities volunteers. Total volunteer numbers exceed 1,200.
  - m. Town planning advice and applications processing
  - n. Building licenses/applications advice and approvals
  - o. Environmental Health Officer Services:
  - p. Customer Service Enquiries / “Reception”, across all Directorates
  - q. Waste service provision and management
  - r. Roads, Drainage, Paths and Building Maintenance
  - s. Roads, Drainage and Paths Construction
  - t. Developed and Natural Reserves Management
  - u. Land Tenure / Land Administration services
  - v. Property Leasing
  - w. Ranger Services:
    - (a) Traffic Parking monitoring/enforcement
    - (b) Traffic control for some events/incidents
    - (c) Dog control and enforcement
    - (d) Stock impoundment
    - (e) Animal pounds management
  - x. Firebreak monitoring and enforcement on private land
  - y. Emergency Management
  - z. Liaison with and or involvement in multiple stakeholder consultation at all levels of State and Federal Government, quasi-bodies, statutory authorities, Shires, and peak bodies.

11. The City also has work units that function purely to keep the City running as an organisation, including:
  - a. Payroll
  - b. ICT operations
  - c. Insurance and Risk Management
  - d. Records Management
  - e. Administration support
  - f. Human Resource services
  - g. Finance and Accounting services
  - h. Revenue Raising / Grant Funding Development
  - i. Procurement services for City of Albany goods and services need.
  
12. In addition to the above “business as usual” are also multiple projects underway, some of which will run over several years, including:
  - a. Development of an Integrated Planning Framework, required by Local Government legislation, including development of a Community Strategic Plan, and supporting Strategic Financial, Workforce, Asset Management and Corporate Business Plans.
  - b. Anzac Centennial Events:
  - c. Mt Adelaide Interpretative Centre construction
  - d. Mt Clarence (including Padre White) construction upgrade
  - e. Forts Precinct (including lower batteries) construction upgrade
  - f. Departure of the Convoy Nov 2014
  - g. Anzac Day Centennial April 2015
  - h. Padre White first-dawn-service Centenary April 2016
  - i. Centennial Park Precinct redevelopment
  - j. City of Albany Water Management Strategy and associated drainage infrastructure construction
  - k. Airport:
    - (a) Master planning
    - (b) Security upgrade
    - (c) Determination of Airport management model, post security introduction
  
13. In considering the provision of the above services and delivery of projects, and the administration generally of an organisation the size and diversity of the City, the Council, in determining the draft budget, considered issues relating to:
  - a. The three main sources of revenue which Council can rely on:
    - (a) Rates revenue
    - (b) State and Federal Government grants – the great majority of grants are tied to specific purposes, require contributions from Council and in some instances are not worth effort in application and administration of acquittals for the amounts provided.
    - (c) Fees and Charges
  
  - b. Rate amount increases, and in particular the impact the general economy, and GRV changes, have had on families and land owners;
  
  - c. Grants for new assets and services – while these may initially appear attractive, they can incur significant long-term costs, which the City cannot fund.



- d. Increasing fees and charges through either:
- (a) Statutory increase
  - (b) After assessment of actual costs, and or
  - (c) Through benchmarking with other local governments.
- e. The City's ability to deliver new services or projects. In the past, the long-term financial impact on operating costs of delivering new services and projects has not always been rigorously assessed, which in some cases has resulted in significant budget over-runs and ventures that did not realise the anticipated Return on Investment.

In this budget, the Executive has encouraged Council to take a “stabilising and improvement of current services” approach to services and projects, rather than “doing more” where the analysis for such new activity has not been adequately undertaken.

- f. The need for required maintenance of important Community Service assets such as the Albany Leisure and Aquatic Centre and Albany Regional Airport.
  - g. The broader value versus cost of provision of recreational, library, cultural and community development services to support Albany community and encourage vitality and resilience.
  - h. Maintenance and preservation of existing infrastructure, particularly roads and drainage infrastructure;
  - i. The prioritisation of new Capital Works projects based on the overall benefits to ratepayers and the imperative of a balanced budget.
  - j. Employee costs, balanced against the need for sufficient staff resources to undertake current and planned projects and initiatives and current service provision, also ensuring employment equity and OHS.
  - k. Rate amount increases, and in particular the impact that the GRV changes will have on families and land owners.
14. This budget anticipates a balanced budget which will provide Council with some flexibility to deal with variations which may occur during the year.
15. Capital Expenditure within this budget includes:
- a. Pathways projects – City contribution of \$98,400 (excluding carryovers) to supplement State Government funding, making a total proposed budget expenditure for pathways of \$148,400;
  - b. Road repair and improvement projects – City contribution of \$789,667 (excluding carryovers) to supplement State Government funding, making a total proposed budget expenditure in this area of \$2,929,904;
  - c. City contribution of \$1,128,492 to supplement State Government funding (excluding carryovers) to Flood Management projects making a total proposed budget expenditure in this area of \$1,997,431; and
  - d. City contribution of \$168,700 (excluding carryovers) to improve the City's developed Reserves.
  - e. Albany Leisure and Aquatic Centre - to address the legacy of previous poor maintenance, with a capital expenditure of \$795,000
  - f. Albany Airport expenditure of \$4 million to support further development and also address the legacy of a history of poor maintenance

16. Council's challenge in developing this budget was in balancing what must be done by law, what services should be enhanced, what projects or activities could be deferred, and what projects, services and activity could cease, either temporarily or permanently. Council had to further consider how those services and projects would be funded - either under user-pay models or (part) subsidisation.
17. New projects are in addition to "usual maintenance" expenditure on roads, drainage and other infrastructure, the amount of which has increased overall to ensure the City has capacity to better manage these established assets.
18. Total carry-overs of projects that will be conducted across the two financial years amounts to \$4,087,099, made up predominantly of:
  - a. Lower Denmark Rd – Marbellup Rd to Elleker (\$607,761)
  - b. Pfeiffer Rd (\$450,000)
  - c. Palmdale Rd (\$315,000)
  - d. Down Rd preservation (\$199,607)
  - e. Drainage Masterplanning (\$150,000)

### **Human Resources**

19. In respect of employee costs, the budget envisages employment of 260 FTE staff (including staff engaged through contract arrangements). This is compared to 331 in 2011/12.
20. Employee costs have risen over the past three years predominantly as a result of wage increases negotiated through enterprise bargaining. This budget envisages total employee costs of \$18,633,453 (compared to anticipated \$18,118,390 in 2011/12 and \$15,295,323 in 2010/11).
21. Some staff rationalisation may be necessary, based on changing operational needs and services. The savings gained in any changed workforce models have not been accounted for in this financial year, as the costs of any staff redundancies would potentially counter those savings for this year.
22. 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 2010-11. Operating employee costs are budgeted to increase by 2.8% in 2012-13 when compared to 2011-12 forecast.
23. In line with improving organisational culture across the organisation, the Human Resources team capacity has been increased and will focus in the coming financial year on:
  - a. Developing a Workforce Plan
  - b. Improving staff attraction and retention, including an improved induction process;
  - c. Developing, with the Executive Management Team, a performance management framework, which will recognise and reward high-performing staff and support continuous human resource performance.
  - d. Implementing refined grievance management policy and processes,
  - e. Negotiating a single Employee Collective Agreement across the City.
24. The City will be adopting a further refined staff training and development framework. This framework will enable further equitable application of the training budget across all City staff, fulfil occupational safety and health training requirement, address areas of critical skills shortage, and ensure maintenance of mandatory or legislated qualifications or skills.

25. As part of the City's commitment to support youth employment, training and development will include a focus on increasing the City's traineeships and apprenticeships, and school-based work experience programs. Indigenous employment programs will also be increased across the City. A leadership development program for young leaders within existing the City's workforce is also budgeted for this year.
26. Overall, the total training and development budget is 1% of gross salaries and wages, which is the same as last financial year.
27. The Council has also allocated funding for improving the City's occupational safety and health activity including:
  - a. greater safety and health staff training,
  - b. undertaking safety and health assessments,
  - c. implementing systems to ensure the safety of isolated workers,
  - d. improving organisational culture in respect of safety and health,
  - e. ensuring implementation of activities,
  - f. improved proactive management of return-to-work programs for injured workers,
  - g. ensuring legislative compliance.

#### **Financing and Accounting for Operations**

28. This budget seeks to better account operational costs to specific business units and operations. While some costs may appear considerably higher than last year in certain units, this is more a reflection of improved allocations of costs such as vehicle expenditure and insurance to individual work units. This improvement in cost accounting methodology will continue every year with the aim of full fixed costs, full variable costs (such as payroll costs), all consumables and depreciation of facilities being properly accounted to work units.
29. This improved cost accounting will extend to improvements in better recording and asset management practices for some of the City's most expensive equipment, such as graders and other road maintenance equipment. For example, machine utilisation hours have not previously been properly accounted for nor costed.
30. At the commencement of the 2011-12 financial year the City had total long-term debt of \$19,764,570. Much of this debt was assumed over ten years ago, to purchase "wasting" (rather than appreciating) assets. Some of the projects / facilities for which the debt was taken out are no longer in existence, or returning a much longer Return on Investment than was envisaged at the time of the project commencement – for example, the development of Saleyards, the development of the tourist dive ship the HMAS Perth, the Joint Venture with WaterCorp for the Septage Waste facility, and The Ridge subdivision at Cull Road.
31. By 1 July 2012, this debt will be reduced to \$17,426,393. It is anticipated that by the end of the 2012-13 financial year, debt will be further reduced by at least \$1,500,000, dependent upon better asset management.
32. Used judiciously, debt can play an important role in developing community assets. To ensure excessive debt does not limit flexibility resulting in a negative impact on future operations, it is important to balance the use and level of debt. This budget seeks to responsibly reduce the current debt burden the City is bearing.

33. Due to the financing terms of some of the debt the City carries, it is not feasible to re-finance to take advantage of lower interest rates - the way that some WATC (Treasury) loans are structured, if a loan is paid out early, the same interest is paid as if payments were made to maturity.
34. 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 Reserve accounts (as defined in a budget) can only be as a result of Council resolution.

35. It is important that Council rebuilds its Reserves in future years, to provide it with a "buffer" against future economic downturn, and provide it the ability to fund future significant projects, some of which it will have no option but to undertake (such as the environmental improvements necessary at the City's landfill sites, as required by legislation, and essential to the ongoing good management of Albany's waste management)
36. The Reserves Balance at 30 June 2013 is estimated to be \$5.3 million compared to an estimated balance of \$8.6 million at 30 June 2012. Major movements include:
- a. A decrease in the Airport Reserve to fund the Airport upgrades (\$1.8 million). However, Council should note that all operating surplus from the Airport operations will be applied to this Reserve to facilitate the future development and improvement at the Albany Airport.
  - b. An increase in the Waste Management Reserve to fund future capital expenditure on waste sites (\$913,000).
37. The City's Collateralised Debt Obligations (CDO) continue to have some value, although until realised that exact amount is unknown. It is anticipated that some of those CDOs will realise this year, although the budget has conservatively not placed a value on that.
38. 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.

39. 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.
40. Council has balanced the impact any rates amount will have on families and land owners with the need to ensure that the City continues to provide a sustainable level of service.

### **Community Services Directorate Budget-Specific Issues**

41. Further consolidation of cultural, heritage, community development and library services will occur to maximise managerial expertise. The Customer Service team will be enhanced to better support both internal and external customers.
42. **Albany Airport** - the ownership and operational management of an airport the size of Albany's is becoming more difficult given the increasing regulatory environment, with new legislation being introduced regularly, increased compliance expectations, and associated costs of implementation.
43. The Airport has suffered from long term neglect in strong business management, including maintenance and upgrade. Further to the compliance with new federal legislation on 1 July 2012 regarding security screening, considerable funds will need to be applied to the Airport operations to keep the airport compliant with regulatory requirements, and asset maintenance and management. Further funding will be required to make the Airport a contemporary "business" area with increased revenue opportunities. The Airport will need:
  - a. an enhanced staff model, with a permanent operational Airport Manager who has strong aviation asset management and business / commercial acumen in the aviation industry
  - b. funds spent on land resumption to comply with new CASA requirements
  - c. considerable funds to address in the short term CASA compliance recommendations, including shifting of fuel bowsers, lengthening and widening the runway, resealing the runway etc.
44. **Albany Day Care Centre** – while there are five other commercial and NFP providers of day care in Albany, the City's facility is considered a 'premium' facility for long day care in Albany and the Great Southern and as had this reputation for much of its 34 year history. It has a waiting list for types of care and has the highest occupancy rate of all centres in Albany.
45. However, increased Federal government compliance requirements will see the need for increased Day Care staff ratios and enhanced staff qualifications. Further the infrastructure of the facility is aging, and does need considerable improvement over the medium to longer term.
46. **Albany Leisure and Aquatic Centre (ALAC)** – This Centre has required considerable Council subsidisation for many years. Over the coming financial year, with improved operational efficiencies, better cost recovery through fees and charges increases, and different operating and workforce models, that subsidisation will be lower.

47. There will also continue to be a focus on capital expenditure and achieving further operational efficiencies. Investigation of expressions of interest in running the Centre on a partnership model to further improve customer service and increase visitation will also be investigated.
48. **Albany Library** provides:
- a. local library services, which are considered the responsibility of Local Government. The current services provides are well respected in the community, and the facility very well run compared on benchmarks of other libraries on criteria of visitation, service provision and cost. For example, Albany's library has more members than Bunbury (a City servicing a population more twice the size of City of Albany), has more visitations than Bunbury and considerably more item issues than Bunbury, while operating on slightly less staffing ratios.
  - b. Regional library services for the benefit of other Shires in the Great Southern region. While the City supports Regional initiatives, a new model sought by the State Library Board is a form a State government cost shifting, and should not be supported as the City will bear the cost. Non-provision of regional library services (without cost recovery) would free up some library staffs' time to focus on local services.
49. **Albany Local Historical Collection, and Heritage and visual arts curatorial services** – the City's collection consists of:
- a. printed historical material (stored in printed form and on CD/DVD) and bequeathed collections which are the local source of information on births, deaths and marriages.
  - b. considerable cultural, military and arts assets, some worth considerable individual sums of money. Many of these assets are not catalogued, stored or displayed in accordance with good curatorial practices nor is their value leveraged by them being accessible to the public.
- To undertake this curatorial function well, resources need to be applied to it.
50. **Albany Visitor Centre and Accommodation Booking Service** - the amalgamation of these two services has been well managed from an operator perspective but has been resource intensive from the City's perspective given the ICT integration issues, merging different staffing cultures and conditions, and trying to "drive" a more commercial approach to doing "business" across the Centre. Changes to services in the coming financial year will include changes to "key holding", and an introduction of a "racking" fee.
51. **Community Assistance Funding** of \$35,000 will assist community groups and individuals deliver projects, initiatives and events that:
- a. enhance community engagement and participation;
  - b. build community resilience and well being; and or
  - c. develop the vibrancy and liveability of Albany.

**Planning and Development Services Directorate Budget-Specific Issues**

52. In determining fees and charges within the Planning and Development Directorate, Council was provided with information regarding comparisons of:
- d. statutory maximum fees and charges,
  - e. fees and charges of the local governments of Cities of Swan, Bunbury, Kalgoorlie-Boulder and Augusta-Margaret River and the Shire of Denmark.
53. This increase in revenue will help offset the costs of Officer staff costs in undertaking legislatively required duties.

**Works and Services Directorate Budget-Specific Issues**

54. The Directorate has reduced overall expenditure which will result in less discretionary projects, potentially longer lead times for responding to work requests and reallocation of resources away from less utilised assets to application to assets that are under increased usage pressure. This resource reallocation will undoubtedly dissatisfy some residents.
55. The cut in overall expenditure has primarily been achieved by reducing capital expenditure, while focussing on waste, drainage and road preservation projects as priorities. This reduction in capital works projects provides the City with opportunities to build up capability in other areas namely:
- a. Focus on meaningful asset management planning by considering whole of life costs. This approach is likely to lead to more of a focus on asset preservation and long term financial planning;
  - b. Carry out the majority of design in-house giving greater control over engineering standards which also has the potential to save significant amounts in design consultancy costs;
  - c. Introduce in-house site superintendence which has the potential to save further consultancy costs will allow better management of construction sites;
  - d. Develop an integrated approach to construction using the best available resources on each project. (ie a blended approach of in-house and contracted resources). This approach has the potential to save the mark-up on projects that are currently outsourced;
  - e. Focus on opportunities for cost savings and improved productivity in day to day operations.
56. Taking an 'in-sourcing' approach to design, quantity surveying and site superintendence will provide considerable savings. While there will be initial investment in CAD software and training, the potential savings over the year amount to more than \$200,000 plus a percentage saving on each project, while at the same time providing better management of construction sites and improving skills capability levels within the City.

57. The Council has acknowledged the imperative to undertake drainage infrastructure improvement work, and has allocated \$2.5 million to 13 projects which are considered the highest priority, with multiple benefits in water management. These recommended projects represent drainage trunk systems that are currently flowing at or near capacity and where further land development pressure will result in further drainage risks. Those major projects are:
- a. North Road/Sanford Road Culvert Upgrade
  - b. Campbell Road Drainage System Upgrade
  - c. Humphries Avenue WSUD Drainage Rectification
  - d. Beaufort Street Drainage Rectification
  - e. Hare Street Flooding Mitigation
  - f. Bayonet Head Flood Mitigation
  - g. Centennial Park Wetlands
58. In addition, funds have been set aside for unscheduled minor works that arise from ratepayer requests.
59. 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. Investigation of alternate future waste refuse sites, and or, extending the life of existing sites has commenced. Further, the City faces significant environmental risk as a result of poor past environmental practices, and lack of resourcing to address those issues. This budget builds on initial initiatives last year, allocating \$2,167,700 to capital works for much needed infrastructure improvement in waste management.
60. The objective in the 2011-12 annual budget of imposing a waste levy was to create a Reserve to fund future required waste management costs, which on current estimates will be significant. That requirement to fund future waste management costs will remain well into the future.
61. Those costs will be further impacted by (rising) carbon pricing. Due to the introduction of the Federal government Clean Energy legislation, a carbon price will apply from July 2012, adjusting to a “floating” carbon price in July 2015. All landfills including Council landfills with annual emissions greater than a certain tonnage will be liable for carbon costs, and will need to factor into their waste management this financial risk, which will include the purchase and disposal of permits, annual acquittals, and management of carbon emissions over the decomposition life of the waste.
62. The City must raise funds for this purpose and intends to raise a Waste Facilities Maintenance Rate, which has been approved by the Department of Local Government.
63. Refuse Collection and Recycling Charges within the 2012/2013 Budget include:
- a. Weekly collection of domestic refuse
  - b. Provision of one annual kerbside collection each of green waste and hard waste to residential properties.
  - c. Monthly Green waste collection
  - d. Fortnightly kerbside collection of recyclables



64. This budget also provides capacity for the City to seriously analyse asset management generally. Rigorous asset management as a function has been not been adequately addressed for several years within the City. Poor, or in some cases the absence of, asset management practices across the City has shifted funding responsibility to future budgets (and generations) with usually results in a higher eventual cost across the life of the asset.
65. Past practices such as delays in replacement or repair, non-realisation of assets that have no long term strategic use, and lack of enhancement of strategically-needed assets will be reviewed. Asset replacement practices will also be considered. For example, replacement of an asset with one that has downgraded capability or capacity to achieve long term savings over the FULL life of the asset is usually false economy. Whole of life asset management MUST be embraced by Council and the City to ensure the City, over the long term, maintain those assets it requires for effective service delivery.
66. Over the coming financial year, the City will define the rate at which its assets are deteriorating and the cost required to renew or preserve them. This difference, known as the renewal gap, is a measure that will highlight the increasing pressure on the sustainability of the City's assets. If sufficient funds are not allocated for the preservation or renewal of assets then the resulting asset value diminution will have a direct impact on the City's financial position.
67. In past years, Council has committed to contractual arrangements with certain community groups to provide Works and Services services. The determination to enter into such contracts has been undertaken "ad-hoc" and in the absence of strategic planning. The contribution to only certain community groups, without the offer to others is also inequitable. Over the coming year, City officers will be considering the strategic and equitable implications of how the City can better support, fairly and transparently, a range of community groups. However, the Council must fulfil its obligations to those community groups it has contracted with, and this budget makes allocations for that:
- a. \$10,000 in grounds maintenance services (mowing, spraying, fertilising, water and soil testing) for Albany North Football Club.
  - b. \$25,000 in kind support to the Albany Agricultural Society for preparation of the Showgrounds (this is in addition to the funding provided to the Society for hosting the Show)
  - c. Some ground maintenance work to the Centennial Park Soccer Fields for the Soccer Club.

#### **Corporate Services Directorate Budget-Specific Issues**

68. The Department of Local Government, under the Integrated Planning Framework, requires a Ten Year Financial Model. This will require extensive review of the account structure and reporting framework. \$25,000 has been allocated to ensure legislatively required revaluation of assets and reporting requirements are met.
69. The City has almost completed an Information and Communications Technology (ICT) Strategic Review to determine the best operating and workforce model/s for City ICT services. Issues such as "helpdesk" service, website development and maintenance, telecommunications procurement, and ICT hardware and software procurement are being considered, and will be implemented in the coming financial year.

70. This budget will enable upgrading of the current servers (to be cash-flowed over the next two financial years) and will include the possible relocation of the ALAC Disaster Site to a more secure location, given the flood risk of ALAC. The existing backup system is now technologically “old” and needs renewal, and additional space and new hardware will be installed to cater for the increasing demands of data storage.
71. In accordance with the s6.26(2) of the *Local Government Act 1995*, the City will provide an increasing number of rates exemptions this coming financial year to charitable Community Housing organisations. While the total revenue impacts of those exemptions is unknown at this point, it is anticipated that it will amount to several hundreds of thousands of dollars.
72. In addition to the about rates exemptions (which is lost rates revenue for the City), the City will also provide approximately \$160,000 in rates subsidisation to community and sporting groups.
73. The City will also continue its support provided last year to community progress association and provide \$25,000 to assist them with their insurance and maintenance costs of their community halls.
74. The City has settled or been successful in defending several legal claims in the 2011-12 financial year, some of which had been outstanding for more than one year. As a result, it is anticipated that legal expenses should reduce in the 2012-13 financial year.
75. Utility costs continue to rise, and the City is investing in energy saving assets to minimise that impact. For example, the capital purchase of pool blankets, at a cost of \$57,555, for the ALAC will save the City approximately \$145,000 per year. A change of energy supplier will also save the City considerable expense.
76. The City is also rationalising its motor vehicle fleet, and will, early in the new financial year, go to tender for new commercial and passenger vehicles, utilising improvement procurement models. Vehicles brands and models will be determined based on safety, energy-efficiency, fit-for-purpose, cost and saleability on disposal. An amount has been allocated in the budget for this vehicle change-over, including moving to energy efficient “micro” cars where suitable.

#### **Office of the CEO Budget-Specific Issues**

77. **Economic Development** within Albany remains a primary goal of the Council. Accordingly, funds have been allocated for this activity, to encourage investment in the municipality, increased tourism visitation and servicing, and grow the population through encourage permanent migration to Albany.
78. The 2012-13 budget includes provision for the engagement of an Internal Auditor to ensure better and consistent compliance with legislative requirements and organisational policy and process, and continuous system improvement. All of the City’s local laws will also be reviewed over the coming financial year to ensure relevancy, currency and consistency with State and Federal legislation.
79. **ANZAC Centenary Commemorations** - To date, no formal commitment has been made by either the State or Federal Governments to funding and other resourcing for holding of the Anzac Centenary Event, Departure of the Convoy. The only commitment made to date is a \$6.55M Federal government commitment for construction of the Anzac Interpretative Centre. However, cost estimates for Centre planning, design and construction show that total costs may be in excess of \$9 million.

80. As a result of lack of funding commitment to the Departure of the Convoy Event, and the construction of associated infrastructure, the City now faces extreme legal, financial and other risks regarding its ongoing involvement in these activities.
81. The budget allocates \$12,571 to the ANZAC Centenary Reserve (current balance of \$142,813), and a further \$500,000 for operational expenditure that may be required this year on the Centenary Event.
82. In addition to the monetary contribution within the budget, in-kind staff time committed to this Event will amount to approximately \$150,000 in salary costs in 2012-13, compared to approximately \$135,400 in 2011-12 and \$131,300 in 2010-11.
83. **Ranger Services** – assessment is being undertaken on different work models which are more cost-effective, and frees up Ranger time to undertake more appropriate work. For example, traffic parking monitoring/enforcement may be undertaken by a parking attendant employee, or outsourced to a private operator with delegated authority of Council.
84. Most Rangers' activities are not cost recovered, but consideration for such recovery is being undertaken. For example, dog and stock impoundment fees are not fully recovered through the payment of fines by animal owners. Increased fees will contribute to better cost recovery.
85. **Emergency Management** - There has been insufficient policy and strategic attention, operational management and financial accountability across most aspects of the City's emergency management services, including the oversight of the multiple volunteer fire brigades. With the findings of the Kielty (Perth and Margaret River Fires) reports, the risks to the City of emergency management as significant. A significantly increased level of rigour must be applied to this function, and Council has determined to appropriately resource that. As part of that budget allocation, a new "training" budget for fire brigade volunteers has been set aside.
86. At its Council meeting of 20 September 2011, Council determined to classify the following events as Iconic Events within the City of Albany:
- a. Anzac Day, with support being provided to the RSL for conducting those commemorations.
  - b. The Albany Motor Classic, with support being provided to the legal entity responsible for organisation the event.
  - c. Perth International Arts Festival, with support being provided to those organisers.
  - d. The Albany Show and Trade Exhibition, with support being provided to the Albany Agricultural Society for that event.
87. Each of those four iconic events have been allocated funds within this budget.

88. In addition to the above iconic events, the Council has also allocated funds to support the following events. How those events will be conducted to maximise use of allocated resources will be considered by the Executive:

- a. Australian Day Citizenship ceremony
- b. Australia Fun-day and fireworks
- c. Proclamation Day
- d. Volunteers Week “Thank You”
- e. US Submariners Commemoration
- f. NAIDOC Week
- g. Christmas festivities
- h. New Years Eve entertainment and fireworks

89. The Council has also budgeted to host “standing” Civic Receptions, such as for the Albany Summer School, and ad-hoc Civic Functions for visiting dignitaries, special occasions (such as the Freeman’s award, etc)

#### **Council / Governance Expenses**

90. The Mayor, Deputy Mayor and Councillors will receive the prescribed allowances, meeting attendance fees and communication allowance in accordance with the *Local Government Act 1995*

91. Council specific expenses include:

- a. Members’ Meeting Fees (\$98,000)
- b. Telecommunications and IT Allowance (\$36,400)
- c. Total Mayoral and Deputy Mayoral Allowances (\$75,000)

92. As part of its budget deliberations, Council were advised of specific funding support requests from a variety of community organisations, including:

- a. Improvements to Golf Link Road for cyclist use.
- b. Eclipse Drive, Collingwood Heights Pathway
- c. Resealing of the Mt Melville Car Park area
- d. Increased Rural Road grading in many communities including Manypeaks
- e. Enhancement and beautification of the area between the Manypeaks School and the Manypeaks Store, and Manypeaks road verges.
- f. Renovation and enhancement of the Wellstead Community hall
- g. Improvement to Maddison Way, Bayonet Head drainage
- h. Improvement to Yokanup Road, Bayonet Heads drainage
- i. Homestead Road, ManyPeaks seal
- j. Palmdale Road, ManyPeaks seal
- k. Harrison Street, , reseal
- l. Parker Street, Lockyer pathway
- m. Improved “Gopher” access between Young Street, Bardley Road and Maley Place, Spencer Park
- n. Extension to William Street, Little Grove gravel resheet
- o. Corio Road, Albany gravel resheet
- p. Chillinup Road, South Stirlings, gravel resheet
- q. Thompson Road, Youngs Siding, gravel resheet

- r. Woodides Road, near Elleker gravel resheet
  - s. Gnowellen Road, South Stirlings, gravel resheet
  - t. \$200,000 contribution towards redevelopment of the Surf Lifesaving Club
  - u. Installation of a gazebo type shelter on the Elizabeth Street, Lower King / Bayonet Head foreshore, adjacent to the boat launching ramp
  - v. More lighting to be provided at the Elizabeth Street boat ramp
  - w. Bushby Road, Lower King reseal
  - x. Widening of Elizabeth Street, Lower King
  - y. Finishing of curbing along Kula Road, Lower King
  - z. Installing a footpath between Hubble and Francis Streets, Lower King
  - aa. Installing a street light at junction of Norwood and Chester Pass Roads, King River
  - bb. Widening of Norwood Road, King River
  - cc. Installation of a bike pathway from Lower King Bridge to Great Southern Grammar School
93. In its deliberations regarding the distribution of scarce resources, the Council had to make difficult decisions regarding the above requests, and consequently many of the above requests are not funded within this budget.

**City's AEC Contribution and Acceptance of Ownership and Operational Responsibility**

94. In 2009 the City has signed an Agreement with the State agreeing to take over the operations and ownership of the Albany Entertainment Centre (AEC). However, the Agreement is silent on the date of such transfer. The State government wants the City to assume the ownership of the Centre as soon as possible. However, the AEC:
- a. will incur yearly operational expenditure of approximately \$1.6 million (if the standard of current management and performance quality is to be maintained) – the projected \$1.4 million advised by Perth Theatre Trust, and the recently determined \$200,000 yearly maintenance expenditure
  - b. Will incur yearly depreciation cost of approximately \$1 million, dependent upon the expected lifecycle of the facility.
  - c. Still has considerable number of construction defects that have not been resolved.
95. While the State Government is seeking a yearly contribution of \$700,000 from the City, and the City to assume full responsibility for the Centre in 2014, the Council has determined to provide an amount of \$330,000 to the Perth Theatre Trust to contribute to the operations of the AEC.
96. The Executive was hoping to provide Council and the community, particularly the rural communities, with an analysis of past and present expenditure in specific communities across the City of Albany. Unfortunately, the City has not had the capacity or sufficient sophistication within its accounting systems to undertake such analysis. Work will continue on achieving that level of cost accounting over the coming year.

**GOVERNMENT CONSULTATION**

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

*'...major regional centre means a local government the district of which -*

- (a) Is not in the metropolitan area; and*
- (b) Has more than 20 000 inhabitants*

And if

*...the land transaction entered into ...is the lesser of-*

- (a) \$10,000,000; or*
- (b) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year;*

It is an exempt land transaction under Section 3.59 of the Local Government Act 1995. Under these provisions, the City has no major land transactions.

98. The Department of Local Government has been consulted on the Waste Facilities Maintenance Rate, raised under the Waste Avoidance and Resource Recovery Act 2001, section 66(3).

**PUBLIC CONSULTATION / ENGAGEMENT**

99. At the Ordinary Council meeting on 15 May 2012, the Council endorsed advertising proposed differential rates.
100. Differential rates were advertised in accordance with section 6.36 of the *Local Government Act 1995*) with two submissions received and copies issued to Councillors. It is necessary for Council to consider the submissions received prior to adoption of the Budget.
101. A schedule of these submissions forms part of this item.
102. The adoption of the Budget must record the due dates for payment of Rates and Rubbish Collection charges for the two and four payment instalment plans. These dates are now referred to Council for endorsement.
103. The first Rate Notice will be issued on 8 August 2012. Under the Local Government Act 1995, the City is required to provide at least 35 days notice to ratepayers of the first instalment date for payment of rates and not less than two months between subsequent instalment dates.
104. A budget information brochure will be included with every rate notice, together with a separate brochure produced by the Fire & Emergency Services Authority of WA explaining the Emergency Services Levy (ESL).

105. In the Works and Services Directorate, public consultation/engagement has included:
- a. meetings with progress associations and other community groups to discuss associations' perceived priorities regarding capital works and maintenance;
  - b. advertising in the local newspapers on proposed changes to waste management fees and charges;
  - c. notification letters to key stakeholders where there are material proposed changes to fees and charges.
106. In the Community Services Directorate, public consultation/engagement has included consultation with some stakeholders.
107. Over the coming financial year, through the creation of an Unscheduled Works Register, detailing capital works requests from the public, Council will be made aware of community requests for works. This Register will be tabled quarterly at Audit and Finance Committee meetings to assist in decision-making regarding expenditure of the \$300,000 allocated to Unscheduled Works;

### STATUTORY IMPLICATIONS

108. 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.*

109. 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.*

110. The *Local Government (Financial Management) Regulations* require the Council to adopt (each year) a percentage or value to be used for reporting material variances in the Statement of Financial Activity. Any variance meeting these criteria will be required to have a supporting explanation in the monthly report to Council.

111. Information is considered "material" if its omission, mis-statement or non-disclosure has the potential to adversely affect decisions by users of the financial report or affect the discharge of accountability by management or Council.

**STRATEGIC IMPLICATIONS**

112. This item directly relates to, and contributes to achievement of, the following Strategies within the *City of Albany Strategic Plan 2011-2021*.
- a. Review and implement the Pathways Management Plan
  - b. Incorporate into future plans, infrastructure in parks that encourages activity for all ages and abilities
  - c. Reviews and improves drainage, including in sporting precincts and parks
  - d. Continues to address future use of the Town Hall to ensure it remains a community facility and useable by multiple community groups
  - e. Plans for York Street and the CBD area to be made more pedestrian friendly
  - f. Continues to provide services and workshops through the Vancouver Arts Centre
  - g. Protects remnant vegetation to preserve Albany's beauty and uniqueness
  - h. Maintains the heritage collections at the Princess Royal Fortress and the Library
  - i. Improves processes for development approvals for new developments adjacent to historical building
  - j. Redevelops some road verges and other areas to be more aesthetically pleasing
  - k. Undertakes more frequent grading of some major rural roads
  - l. Completes and commences implementation of a Drainage Master plan
  - m. Improves accessibility to City services / facilities for seniors and people with disabilities
  - n. Provides incentives and increased options for recycling and reuse of waste
  - o. Advocates and promotes Albany as a viable centre of diverse industries
  - p. Undertakes research to determine a population level that is sustainable for Albany, while attracting the maximum number of services
  - q. Improves and expands tourism infrastructure and attractions
  - r. Encourages diversity in tourism product, through partnerships with key tourism stakeholders
  - s. Support large and small scale local events, festival and markets to attract tourists
  - t. Consider models for charging for use and management of campsites during peak tourists times to reduce impact on environment
  - u. Facilitates the development of a regional marketing strategy to increases domestic and international visitors to the Region
  - v. Provides an amalgamated Town Planning Scheme
  - w. Plans for future expansion of the airport to allow larger aircraft to access the airport
  - x. Enables holding consultations with regional local governments as to their needs for services and infrastructure within the City of Albany
  - y. Maintains City of Albany representation on regional committees
  - z. Advocates and works with Main Roads for improvement to main access roads between regional towns to encourage more residents from surrounding communities to visit Albany
  - aa. Enables utilisation of social media to engage more openly and frequently with the community
  - bb. Enables continued communication and updating of the community through publications
  - cc. Enables regular advertising of City of Albany programs and services
  - dd. Enables community representation and participation in working and advisory groups



- ee. Enables City of Albany staff and elected members to make regular visits to rural communities
- ff. Provides financial assistance grants to community organisation to assist and promote community projects and activities
- gg. Supports community groups in identification of funding opportunities
- hh. Enables development of a volunteering strategy to recognise the contribution of City of Albany volunteers
- ii. Reduces debt
- jj. Provides increased opportunities for employment of Aboriginal people in the City's workforce
- kk. Enables review, commitment and active promotion of the Aboriginal Accord
- ll. Improves Human Resources policies and process, including through improved attraction and retention, staff training and development and development of equitable policies, organisational charts and contact lists that are consistent transparent
- mm. Enables Councillors to undertake governance training

## POLICY IMPLICATIONS

113. Nil.

## RISK IDENTIFICATION & MITIGATION

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

Risk	Likelihood	Consequence	Risk Rating	Mitigation
<i>Council does not endorse the 2012-13 Budget, with the consequence risk of deferred cashflow, and inability to meet legal and financial commitments, including salary payments</i>	<i>Unlikely</i>	<i>Extreme</i>	<i>Extreme</i>	<ul style="list-style-type: none"> <li>• <i>Delegated authority to the CEO to incur expenditure under the Local Government Act 1995 until Budget endorsement.</i></li> <li>• <i>Reconsideration of the budget papers at a Council meetings prior to 31 August 2011.</i></li> </ul>

## FINANCIAL IMPLICATIONS

115. The 2012-13 Budget sets the parameters for expenditure of City resources.

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

**LEGAL IMPLICATIONS**

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

**ALTERNATE OPTIONS**

118. 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.
119. Non-endorsement of a budget is contrary to legislation obligations on Council.

**SUMMARY CONCLUSION**

120. Financial responsibility is a fundamental governance role of Council.
121. Endorsement of the budget provides delegated authority to the CEO to incur expenditure from 1 July 2012 until 30 June 2013.

<b>Consulted References</b>	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996.</i>
<b>File Number (Name of Ward)</b>	FM.BUG.2
<b>Previous Reference</b>	OCM Item 4.3 15 May 2012

19/06/2012

\*\*REFER DISCLAIMER\*\*

Name of Submitter	Officer Comment in response to the submission	Officer Recommendation
Mr Warren Marshall	<ul style="list-style-type: none"> <li>• Specific projects have been identified to utilise the funds provided by the rate increase.</li> <li>• The Five Year Plan will be completed this coming financial year</li> <li>• The City has regard to ratepayers who advise it they are experiencing financial difficulties and makes considerable effort to accommodate payment plans for those in difficult financial circumstances.</li> <li>• The incentivisation of rates payment is intended to assist the City with cashflow. The incentives are at no cost to the City.</li> <li>•</li> </ul>	That Council note Mr Marshall's comments.
Mr Peter Leighton	<ul style="list-style-type: none"> <li>• Some ratepayers will experience rate increases greater than the average.</li> <li>• Council has increased its user-pay models across some units, while at the same time balance reasonable subsidisation for community benefit</li> </ul>	That Council note Mr Leighton's comments.