

agenda

Special Meeting of Council

NOTICE IS HEREBY GIVEN THAT A
SPECIAL MEETING OF THE COUNCIL
OF THE CITY OF JOONDALUP WILL BE HELD IN
THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE,
BOAS AVENUE, JOONDALUP

ON **TUESDAY, 8 JUNE 2010**

COMMENCING AT 6.00 pm

PURPOSE OF MEETING

The purpose of the meeting is to give consideration to:

- The Tender for development of facilities at Seacrest Park, MacDonald Reserve and Forrest Park
- The proposal for levying differential rates for the 2010/11 financial year

GARRY HUNT
Chief Executive Officer
4 June 2010

www.joondalup.wa.gov.au

PUBLIC QUESTION TIME

Members of the public are requested to lodge questions in writing by 9.00am on **Monday, 7 June 2010**

Answers to those questions received within that timeframe will, where practicable, be provided in hard copy form at the Special Council Meeting.

Please Note: Section 7(4) (b) of the Local Government (Administration) Regulations 1996 states that a Council at a special meeting is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked.

QUESTIONS TO

council.questions@joondalup.wa.gov.au
PO Box 21 Joondalup WA 6919

www.joondalup.wa.gov.au

PROCEDURES FOR PUBLIC QUESTION TIME

The following procedures for the conduct of Public Question Time were adopted at the Council meeting held on 17 March 2009:

Questions asked verbally

- 1 Members of the public are invited to ask questions at Council Meetings.
- 2 Questions asked at an ordinary Council meeting can relate to matters that affect the operations of the City of Joondalup. Questions asked at a Special Meeting of the Council must relate to the purpose for which the meeting has been called.
- 3 A register will be provided for those persons wanting to ask questions to enter their name. Persons will be requested to come forward in the order in which they are registered, and to give their name and address.
- 4 Public question time will be limited to two minutes per member of the public, with a limit of two questions per member of the public.
- 5 Statements are not to precede the asking of a question during public question time. Statements should be made during public statement time.
- 6 Members of the public are encouraged to keep their questions brief to enable everyone who desires to ask a question to have the opportunity to do so.
- 7 Public question time will be limited to the legislative minimum of fifteen minutes and may be extended in intervals of up to ten minutes by resolution of the Council, but the total time allocated for public questions to be asked and responses to be given is not to exceed thirty five (35) minutes in total. Public question time is declared closed following the expiration of the allocated time period, or earlier than such time where there are no further questions.
- 8 Questions are to be directed to the Presiding Member and should be asked politely in good faith and are not to be framed in such a way as to reflect adversely or be defamatory on a particular Elected Member or City employee. The Presiding Member shall decide to:
 - Accept or reject any question and his/her decision is final;
 - Nominate a member of the Council and/or City employee to respond to the question;
 - Take a question on notice. In this case a written response will be provided as soon as possible, and included in the agenda of the next Council meeting.
- 9 Where an elected member is of the opinion that a member of the public is:
 - asking a question at a Council meeting, that is not relevant to the operations of the City of Joondalup;
 - making a statement during public question time;they may bring it to the attention of the meeting.

- 10 Questions and any response will be summarised and included in the minutes of the Council meeting.
- 11 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the Local Government Act 1995 or the Freedom of Information (FOI) Act 1992. Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the FOI Act 1992.

Questions in Writing - Residents and /or Ratepayers of the City of Joondalup Only

- 1 Only City of Joondalup residents and/or ratepayers may submit questions to the City in writing.
- 2 Questions submitted to an ordinary Council meeting can relate to matters that affect the operations of the City of Joondalup. Questions submitted to a Special Meeting of the Council must relate to the purpose for which the meeting has been called.
- 3 The City will accept a maximum of 5 written questions per City of Joondalup resident/ratepayer. To ensure equality and consistency, each part of a multi-part question will be treated as a question in its own right.
- 4 Questions lodged by 9.00 am on the day immediately prior to the scheduled Council meeting will be responded to, where possible, at the Council meeting. These questions, and their responses, will be distributed to Elected Members and made available to the public in written form at the meeting.
- 5 The Presiding Member shall decide to accept or reject any written question and his/her decision is final. Where there is any concern about a question being offensive, defamatory or the like, the Mayor will make a determination in relation to the question. Questions determined as offensive, defamatory or the like will not be published. Where the Presiding Member rules questions to be out of order, an announcement to this effect will be made at the meeting, including the reason(s) for the decision.
- 6 The Presiding Member may rule questions out of order where they are substantially the same as questions previously submitted and responded to.
- 7 Written questions unable to be responded to at the Council meeting will be taken on notice. In this case, a written response will be provided as soon as possible and included on the agenda of the next Council meeting.
- 8 A person who submits written questions may also ask questions at a Council meeting and questions asked verbally may be different to those submitted in writing.
- 9 Questions and any response will be summarised and included in the minutes of the Council meeting.

- 10 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the Local Government Act 1995 or the Freedom of Information (FOI) Act 1992. Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the FOI Act 1992.

DISCLAIMER

Responses to questions not submitted in writing are provided in good faith and as such, should not be relied upon as being either complete or comprehensive.

CODE OF CONDUCT

The Code recognises these ethical values and professional behaviours that support the principles of:

Respect for persons - this principle requires that we treat other people as individuals with rights that should be honoured and defended, and should empower them to claim their rights if they are unable to do so for themselves. It is our respect for the rights of others that qualifies us as members of a community, not simply as individuals with rights, but also with duties and responsibilities to other persons.

Justice - this principle requires that we treat people fairly, without discrimination, and with rules that apply equally to all. Justice ensures that opportunities and social benefits are shared equally among individuals, and with equitable outcomes for disadvantaged groups.

Beneficence - this principle requires that we should do good, and not harm, to others. It also requires that the strong have a duty of care to the weak, dependent and vulnerable. Beneficence expresses the requirement that we should do for others what we would like to do for ourselves.

* *Any queries on the agenda, please contact Council Support Services on 9400 4369.*

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LATE ITEMS / ADDITIONAL INFORMATION

In the event that further documentation becomes available prior to this Special Council meeting, the following hyperlink will become active:

[Additional Information 080610.pdf](#)

CITY OF JOONDALUP

Notice is hereby given that a Special Meeting of the Council will be held in the Council Chamber, Joondalup Civic Centre, Boas Avenue, Joondalup on **TUESDAY, 8 JUNE 2010** commencing at **6.00 pm**.

GARRY HUNT
Chief Executive Officer
4 June 2010

Joondalup
Western Australia

AGENDA

1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

2 PUBLIC QUESTION TIME

(Please Note: Section 7(4)(b) of the Local Government (Administration) Regulations 1996 states that a Council at a special meeting is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked.)

3 PUBLIC STATEMENT TIME

Statements made at a Special Meeting of the Council must relate to the purpose for which the meeting has been called.

4 APOLOGIES AND LEAVE OF ABSENCE

Leave of Absence previously approved

Cr John Chester	29 May 2010 – 8 June 2010 inclusive
Cr Liam Gobbert	19 June 2010 – 10 July 2010 inclusive
Cr Russ Fishwick	19 – 24 July 2010 inclusive

5 DECLARATIONS OF INTEREST

6 IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

7 ITEMS OF BUSINESS

JSC01-06/10 TENDER 015/10 - CONSTRUCTION OF THREE (3) COMMUNITY SPORT AND RECREATION FACILITIES

WARD:	South-West
RESPONSIBLE DIRECTOR:	Mr Mike Tidy Corporate Services
FILE NUMBER:	100839
ATTACHMENTS:	Attachment 1 Summary of Tender Submissions Attachment 2 Summary of Pricing

PURPOSE

This report is to seek the approval of Council to accept the Tender submitted by Devco Holdings Pty Ltd and Midland Constructions Pty Ltd for the construction of three (3) community sport and recreation facilities (Tender 015/10).

EXECUTIVE SUMMARY

Tenders were advertised on 1 May 2010 through state wide public notice for the construction of three (3) community sport and recreation facilities. Tenders closed on 25 May 2010. Eleven (11) Submissions were received from:

- Devco Holdings Pty Ltd;
- Midland Constructions Pty Ltd;
- KMC Group;
- Tricrest Investments Pty Ltd T/as Tricrest Construction;
- CPD Group Pty Ltd;
- Unifine Pty Ltd T/as Merit Projects;
- Palace Homes & Construction Pty Ltd;
- Classic Contractors;
- West Coast Construction & Demolition;
- Briklay Pty Ltd T/as Briklay Builders; and
- Niche Construction WA Pty Ltd (Late Tender).

The submissions from Devco Holdings Pty Ltd and Midland Constructions Pty Ltd represent best value and the lowest risk to the City. The evaluation panel has confidence in their ability to complete the works in the nominated timeframes and their breakdown of price reflects an appropriate understanding of the requirements. They have sufficient resources and the appropriate experience to complete the City's requirements.

It is recommended that Council ACCEPTS the:

- 1 *Tender submitted by Devco Holdings Pty Ltd for the renovation and extension of the Fleur Freame Pavilion, Padbury in accordance with the statement of requirements as specified in Tender 015/10 for the fixed lump sum of \$1,736,000 (GST Exclusive) for completion of the works within thirty-four (34) weeks from the commencement date advised in the Letter of Acceptance;*

- 2 *Tender submitted by Midland Constructions Pty Ltd for the construction of a community sport and recreation facility at Forrest Park, Padbury and Seacrest Park, Sorrento in accordance with the statement of requirements as specified in Tender 015/10 for the fixed lump sum of \$1,920,750 (GST Exclusive) for completion of the works within twenty-four (24) weeks from the commencement date advised in the letter of acceptance.*

BACKGROUND

As part of the Federal Government Regional and Local Community Infrastructure Projects program (RLCIP program), the City has obtained funding to develop two (2) new community sport and recreation facilities at Forrest Park, Padbury and Seacrest Park, Sorrento and redevelop the existing Fleur Freame Pavilion at MacDonald Reserve, Padbury. The works include, but are not limited to:

Forrest Park, Padbury

Construction of a new community/sports building including meeting room, kitchen, stores, toilets and change rooms.

Seacrest Park, Sorrento

The construction of a new community/sports building including function room, kitchen, stores, toilets and change rooms.

Fleur Freame Pavilion, MacDonald Reserve Padbury

- Renovation of existing change rooms;
- Renovation and extension of lesser hall including new kitchen;
- Reconfiguration and extension of existing storerooms;
- Renovation and reconfiguration of existing toilets;
- Renovation and extension of main hall, kitchen and bar areas;
- Renovation and extension of existing football change rooms;
- Removal of existing septic tanks and connection of all sewers to a new main sewers connection; and
- Removal of asbestos and associated works.

DETAILS

Tenders were advertised on 1 May 2010 through state wide public notice for the construction of three (3) community sport and recreation facilities.

Tenderers were invited to lodge tenders individually for one or more of the three projects as well as to provide combined prices if they were awarded two of the projects in any combination or all three.

Evaluation Criteria

The qualitative criteria and weighting used in evaluating the submissions received were as follows:

Qualitative Criteria		Weighting
1	Demonstrated experience in completing similar projects	35%
2	Capacity	30%
3	Demonstrated understanding of the required tasks	30%
4	Social and economic effects on the local community	5%

Evaluation Panel

The Evaluation Panel comprised of five members; one with tender and contract preparation skills and four with the appropriate technical expertise and involvement in supervising the Contract. The panel carried out the assessment of submissions in accordance with the City's evaluation process in a fair and equitable manner.

Tender Submissions

Eleven (11) Submissions were received from:

- Devco Holdings Pty Ltd;
- Midland Constructions Pty Ltd;
- KMC Group;
- Tricrest Investments Pty Ltd T/as Tricrest Construction;
- CPD Group Pty Ltd;
- Unifine Pty Ltd T/as Merit Projects;
- Palace Homes & Construction Pty Ltd;
- Classic Contractors;
- West Coast Construction & Demolition;
- Briklay Pty Ltd T/as Briklay Builders; and
- Niche Construction WA Pty Ltd (Late Tender).

A summary of the Tender submissions including the location of each Tenderer is provided in Attachment 1.

A summary of the prices received from Tenderers is provided in Attachment 2.

This Contract is for a fixed lump sum with completion of the works within twenty-four (24) weeks for the Forrest Park and Seacrest Park community facilities and thirty-four weeks for the Fleur Freame Pavilion from issue of the letter of acceptance.

Evaluation Summary

Tenderer	Evaluation Score	Qualitative Rank
Devco Holdings Pty Ltd	78.1%	1
Midland Constructions Pty Ltd	75.5%	2
KMC Group	72.9%	3
Tricrest Investments Pty Ltd T/as Tricrest Construction	71.8%	4
CPD Group Pty Ltd	71.7%	5
Unifine Pty Ltd T/as Merit Projects	69.9%	6

Palace Homes & Construction Pty Ltd	67.9%	7
Classic Contractors	65.5%	8
West Coast Construction & Demolition Pty Ltd	50.4%	9
Briklay Pty Ltd T/as Briklay Builders	43.9%	10
Niche Construction WA Pty Ltd	Late Tender, not assessed	

The submission from Niche Construction WA Pty Ltd was received after the Tender Closing Time and was deemed a Late Tender in accordance with clause 4.3 of the conditions of tendering and was rejected from consideration.

The submissions from Briklay Pty Ltd and West Coast Demolition & Construction Pty Ltd were ranked tenth and ninth respectively in the qualitative assessment. They did not adequately address their capacity, experience or understanding of the requirements and were eliminated from further consideration.

Of the remaining eight Tenderers, two only tendered for the Forrest Park and Seacrest Park projects. The other six tendered for all three projects.

The Submission from Classic Contractors was ranked eighth in the qualitative assessment and submitted the fourth lowest overall combined price for the three (3) locations. They demonstrated experience in completing similar projects and the capacity to meet the City's requirements. While they provided the required construction program, they did not provide a work methodology or how the sites would be supervised.

Palace Homes & Construction Pty Ltd only tendered for Forrest Park and Seacrest Park. They were ranked seventh in the qualitative assessment and submitted the lowest individual prices for Forrest Park and Seacrest Park. They demonstrated experience in completing similar projects of a smaller size. They demonstrated an adequate understanding of the requirements nominating one (1) supervisor for the two (2) locations tendered and supplied construction programs, but did not provide any additional work methodology. The information supplied regarding their capacity was lacking in detail and they listed having four employees, the lowest of any Tenderer.

The submission from Unifine Pty Ltd T/as Merit Projects was ranked sixth in the qualitative assessment and submitted the highest overall combined price for the three (3) locations. They demonstrated experience in completing projects mostly on a larger scale than the City's requirements and they have the capacity to complete the works. They provided construction programs for each location, but did not support this with a work methodology or information on their nominated Sub-Contractors.

CPD Group Pty was ranked fifth in the qualitative assessment and submitted the third lowest combined price for the three (3) locations. They demonstrated experience in completing similar projects, the capacity and a good understanding of the requirements.

Tricrest Investments Pty Ltd T/as Tricrest Construction only tendered for Forrest Park and Seacrest Park. They were ranked fourth in the qualitative assessment and submitted fourth and seventh lowest individual prices respectively for Forrest and Seacrest Parks. They demonstrated the experience, capacity and a good understanding of the requirements.

KMC Group was ranked third in the qualitative assessment and submitted the fifth lowest combined price for the three (3) locations. They demonstrated the experience, capacity and understanding of the City's requirements.

Midland Constructions Pty Ltd was ranked second in the qualitative assessment and submitted the lowest overall combined price for the three (3) locations. They demonstrated the experience, capacity and understanding of the requirements. They nominated one site supervisor for all three locations, with support from a project manager.

Devco Holdings Pty Ltd was ranked first in the qualitative assessment and submitted the second lowest overall combined price for the three (3) locations. They submitted the lowest individual price for the Fleur Freame Pavilion. They demonstrated their experience in completing works of a similar size and nature to the three (3) projects. They addressed all aspects of their capacity and demonstrated a good understanding of the requirements.

Issues and options considered:

Of all the possible combinations of tendered prices the three lowest total price combinations are:

Forrest Park	Seacrest Park	Fleur Freame Pavilion	Total	Rank
Midland Construction Pty Ltd			\$3,600,500	1
Palace Homes & Construction Pty Ltd \$1,884,250		Devco Holdings Pty Ltd \$1,736,000	\$3,620,250	2
Midland Construction Pty Ltd \$1,920,750		Devco Holdings Pty Ltd \$1,736,000	\$3,656,750	3

Of these three builders Devco Holdings Pty Ltd ranked first in the qualitative score, Midland Construction Pty Ltd second and Palace Homes & Construction Pty Ltd seventh.

With the construction timeframe that has been set to meet the RCLIP program requirements it is not possible to undertake the three projects sequentially and they will need to be undertaken together. In addition, while Forrest Park and Seacrest Park are new buildings giving the successful tenderer exclusive access to the site, Fleur Freame includes modifying an existing building that will continue to be used during the project. This raises issues for project supervision. In their tender submissions tenderers were asked to set out how they would address the issues of supervising the respective sites if they were awarded more than one project.

The lowest total combined price for all three projects is Midland Construction Pty Ltd undertaking all three. The evaluation panel has concerns, however, with their supervision proposal which nominated one supervisor for all three sites. This is considered risky particularly for the Fleur Freame project.

The next lowest combination is Palace Homes & Construction Pty Ltd and Devco Holdings Pty Ltd. The reasons for the low qualitative score of Palace Homes & Construction Pty Ltd have been described above. This is a concern for this combination and it is felt adds risk compared to the third alternative.

The third lowest combination is Midland Construction Pty Ltd and Devco Holdings Pty Ltd. This option combines the highest and second highest qualitative scorers and reduces the supervision risk across the three projects. While the cost of this combination is \$56,250 higher than the lowest price this represents an extra 1.6% on the contract value and is considered acceptable in light of the reduced risks.

Legislation/Strategic Plan/Policy Implications

Legislation A state wide public tender was advertised, opened and evaluated in accordance with Clause 11(1) of Part 4 of the *Local Government (Functions & General) Regulations 1996*, where tenders are required to be publicly invited if the consideration under a contract is, or is estimated to be, more, or worth more, than \$100,000.

Strategic Plan

Key Focus Area: Community Wellbeing

Objective: To facilitate healthy lifestyles within the community.

Policy Not Applicable.

Risk Management considerations:

Should the contract not proceed, the risk to the City will be high as the City will be unable to complete or be working towards completion of the construction projects within the timeframes prescribed by the Federal Government Regional and Local Community Infrastructure Projects (RLCIP) program. This would result in the loss of the funding for the projects.

It is considered that the Contract will represent a low risk to the City as the recommended Respondents are well-established companies with significant industry experience and the capacity to meet the construction deadlines.

Financial/Budget Implications:

Proposed Budget Allocation for this Project 2010/2011	Projected expenditure on these projects over the life of the Contract if Accepted
\$5,500,000	\$5,500,000

The budget for this Contract also includes allocations for Consultants fees and contingencies. This project is part funded by the RLCIP program. Any funds not expended will be refunded to the Federal Government.

Regional Significance:

Not Applicable.

Sustainability Implications:

The completion of these projects will provide better equipped facilities for the various community groups that use each location for recreational activities.

Consultation:

Not Applicable.

COMMENT

The evaluation panel carried out the evaluation of the Submissions in accordance with the Qualitative Criteria in a fair and equitable manner and concluded that the Offers representing the best value and lowest risk to the City are those submitted by Devco Holdings Pty Ltd and Midland Constructions Pty Ltd.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That Council ACCEPTS the:

- 1 Tender submitted by Devco Holdings Pty Ltd for the renovation and extension of the Fleur Freame Pavilion, Padbury in accordance with the statement of requirements as specified in Tender 015/10 for the fixed lump sum of \$1,736,000 (GST Exclusive) for completion of the works within thirty-four (34) weeks from the commencement date advised in the Letter of Acceptance;**
- 2 Tender submitted by Midland Constructions Pty Ltd for the construction of a community sport and recreation facility at Forrest Park, Padbury and Seacrest Park, Sorrento in accordance with the statement of requirements as specified in Tender 015/10 for the fixed lump sum of \$1,920,750 (GST Exclusive) for completion of the works within twenty-four (24) weeks from the commencement date advised in the Letter of Acceptance.**

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agn080610.pdf](#)

JSC02-06/10 PROPOSAL FOR LEVYING DIFFERENTIAL RATES FOR THE 2010/11 FINANCIAL YEAR

WARD:	All
RESPONSIBLE DIRECTOR:	Mr Mike Tidy Corporate Services
FILE NUMBER:	48084, 100160
ATTACHMENTS:	Attachment 1 Objects of and Reasons for each Proposed Rate and Minimum Payment

PURPOSE

For Council to consider a proposal for the setting of differential rates for the Draft Budget for the 2010/11 Financial Year.

EXECUTIVE SUMMARY

As part of the process for the 2010/11 budget it is proposed to continue with differential rating introduced in 2008/09. In accordance with section 6.36 of the Local Government Act 1995 Council needs to determine the differential rates to be advertised prior to consideration of the budget.

The recommendation is that the proposed differential rates be advertised and public submissions, sought in accordance with section 6.36 of the Local Government Act 1995 (the Act).

BACKGROUND

To set the rates for its budget, Council determines the total rate revenue it needs and sets a rate in the dollar that will generate that revenue. The individual property valuations determine what proportion of the total rate requirements are met by each property owner. This proportion will change when a valuation changes.

Differential rates were introduced in 2008/09 to maintain the distribution of the rate burden between residential, commercial and industrial property. In addition, a separate differential on vacant commercial and industrial land was applied to encourage the development of this land.

DETAILS

Differential Rates

Section 6.33 of the Act makes provision for the City to be able to levy differentials based on a number of criteria.

“(1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —

- (a) *the purpose for which the land is zoned under a local planning scheme in force under the Planning and Development Act 2005;*
- (b) *the predominant purpose for which the land is held or used as determined by the local government;*
- (c) *whether or not the land is vacant land; or*
- (d) *any other characteristic or combination of characteristics prescribed.”*

The City has applied its differential rates based on (b) the predominant use as well as (c) in relation to vacant commercial and industrial properties.

There are approximately 25 currently vacant commercial and industrial properties within the City of Joondalup.

The City is keen to promote and encourage the development of vacant commercial and industrial land. This can be done through a number of positive initiatives and in this regard the City makes a significant contribution to encourage and promote economic development. It can also be done by actively discouraging the holding of vacant and undeveloped land. In respect of the latter a higher differential rate imposed on vacant land than the rate applicable for improved land acts as an inducement to develop vacant land.

Section 6.33 of the Act permits Council to levy differentials such that the highest is no more than twice the lowest differential. Any greater difference in differentials requires Ministerial approval.

Issues and options considered:

There are several broad approaches for how the City might apply a rate increase for the 2010/11 budget.

Rate in the Dollar

There are three options for determining how the rate in the dollar may be set.

Option 1 – Do not Differentially Rate and Revert to a General Rate

The differential rate was introduced in 2008/09 to compensate for the distortions caused by higher residential property valuation increases compared to commercial and industrial property valuations.

These valuations remain in place for three years and therefore reverting back to a general rate would re-introduce these distortions ie a significant increase in the rate burden falling on residential property owners and a reduction to commercial and industrial property owners.

This option is not recommended.

Option 2 – Apply a Differential Rate but Re-assess What They Should Be

There needs to be a key driver or basis for setting a differential rate. The initial driver was to maintain the proportion of rate revenue derived from residential property, commercial property and industrial property. Applying a higher differential rate for vacant commercial and industrial property was introduced on the basis of discouraging the holding of property in a vacant or undeveloped state.

There have been no further drivers that would warrant reconsideration of the basis of the differentials for 2010/11.

This option is not recommended.

Option 3 – Apply a Differential Rate as a Percentage Based on the Differentials Set in 2009/10

In the absence of any key driver for re-assessing the basis for the differentials, using the 2009/10 differentials and applying a percentage increase is considered the most appropriate approach to determining the rates in the dollar for the Draft 2010/11 Budget.

This is the recommended option.

Minimum Payments

There are two options.

Option 1 – Re-Assess the Setting of Minimum Payments

The Act provides that a local government may set a minimum payment but provides no guidance as to what this might be or how it might be determined. In essence it is whatever the local government may determine. The general philosophy is that every ratepayer should make a reasonable contribution to the services and facilities that a local government provides. There is no requirement for the local government to justify or substantiate the minimum payment although there is a statutory limit prohibiting a minimum being set so high that more than 50% of properties would be on the minimum.

The minimum payment that the City has been applying each year has not been based on any formula or criteria but simply represents what the City has determined is reasonable as a minimum payment.

By way of comparison in the table below for the current 2009/10 financial year, the City's minimum residential payment of \$611 is very much middle of the road for the nine (9) largest local governments by population. 21.3% of ratepayers pay the minimum payment.

Local Government	Residential Improved Minimum Payment 2009/10 \$
City of Canning	439
City of Cockburn	550
City of Melville	575
City of Rockingham	588
City of Joondalup	611
City of Swan	630
City of Stirling	633
City of Gosnells	697
*City of Wanneroo	940

**Minimum rate includes rubbish charge*

In the absence of any specific guidelines and given that the City of Joondalup's minimum payment is well within industry norms this option is not recommended.

Option 2 – Apply Increases in Line with the Increases in the Rate in the Dollar

With the comments in Option 1 in mind applying a percentage increase to the already established minimum payments provides the most consistent and equitable approach and is the recommended option.

Draft 2010/11 Budget Rate Revenue Requirement

The Draft 2010/11 Budget is in the final stages of preparation. Several workshops have been held with elected members and a draft overall position considered that reflects a budget with a minor surplus. A summary of the overall position is set out below:

Current Draft 2010/11 Budget Position

Operating Revenue (excluding Rates)	\$38.694m
Plus Capital Revenue	\$11.371m
Plus Operating Adjustments for Depreciation etc	\$21.264m
Plus Net Funding and Transfers	<u>\$ 5.647m</u>
	\$76.976m
Less Operating Expenditure	(\$114.580m)
Less Capital Expenditure	<u>(\$ 33.330m)</u>
	(\$70.934m)
Plus Surplus Brought Forward (estimated)	\$ 1.550m
Less Surplus Carried Forward	<u>(\$ 0.052m)</u>
Rate Setting Statement Deficit to be made up from Rates	(\$69.436m)

This represents a:

Rate Increase for all Differentials of 7.9% (1% is equal to \$680k)

The percentage increases are based on the respective differentials set in 2009/10. It should be noted that the differential for vacant commercial and industrial property is slightly less than twice the improved commercial and industrial rate and less than a 7.9% increase because as the highest differential it cannot be more than twice the lowest. The lowest differential is the residential rate.

Legislation/Strategic Plan/Policy Implications

Legislation

The Local Government Act 1995 Section 6.33 sets out the provisions in relation to differential rating. The City is able to apply separate rates in the dollar for different categories of properties based on zoning, land use and whether they are improved or unimproved.

Section 6.36 of the Act requires that if the City is going to apply differential rating it must advertise the differentials it intends to apply with local public notice for a minimum 21 days and invite submissions in relation to the proposed differentials. A document setting out the objects and reasons for each differential rate is also required to be made available. The City is then required to consider any submissions received and may make a final resolution in relation to the setting of the rates in the dollar and the adoption of the budget.

Section 6.36 of the Act also requires that a document be made available for inspection by electors and ratepayers that describes the objects of, and reasons for, each proposed rate and minimum payment (Attachment 1 refers).

Strategic Plan

Key Focus Area: Leadership in Governance

- Objective:**
- 1.3 To lead and manage the City effectively.
 - 1.3.2 The City maintains a long-term Strategic Financial Plan which is reviewed regularly.
 - 1.3.3 The City develops and implements a wide variety of Plans which benefit the community socially, economically and environmentally.

Strategic Plan

Key Focus Area: Economic Prosperity and Growth

- Objective:**
- 3.1 To encourage the development of the Joondalup CBD.
 - 3.1.2 The City facilitates opportunities for development in the CBD through promotion, the provision of information, the identification of suitable opportunities for development and the implementation of supportive planning provisions, including the development and implementation of a new Structure Plan for the CBD (see Strategy 5.1.2).
 - 3.1.4 The City attracts and grows office-based professional service industries within the CBD.

Policy

Not Applicable.

Risk Management considerations:

Provided the statutory provisions are complied with there are no risk management issues for applying a differential rate.

Financial/Budget Implications:

The application of differential rating is about apportioning the rate revenue derived between different categories of property owners. There are no budget implications from just applying differential rating. The City could derive exactly the same total revenue by applying a general rate to all categories of property. The intention with proposing a differential rate however is to maintain the proportion of rate revenue derived from each property category of residential, commercial and industrial.

Regional Significance:

Not Applicable.

Sustainability Implications:

Not Applicable.

Consultation:

The proposed differential rating has been discussed at a number of budget workshops during April and May 2010 with Elected Members. The recommendations of this report reflect the feedback from those discussions.

As referred to under Statutory Requirements if the recommendation is adopted the proposed differential rates will be advertised and public submissions sought. An advertisement will be placed in the West Australian, local newspapers as well as notice boards and the website in time for a closing date of public submissions of Thursday 1 July 2010.

COMMENT

It is recommended that the City base its rate increases on Option 3 with a differential rate applying to each property category based on the differentials set in 2009/10 with:

- A 7.9% increase for improved and vacant gross rental valued and unimproved valued residential and rural property and improved commercial and industrial property.
- A rate on vacant commercial and industrial property that is twice the lowest differential rate
- An increase in the minimum payment for all residential, rural, commercial and industrial property of 7.9%

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That Council:

- 1 APPLIES differential rates for the Draft Budget for the 2010/11 Financial Year;**
- 2 ADVERTISES in accordance with section 6.36 of the Local Government Act 1995 for public submissions on the proposed differential rates as set out in the table below and makes available to the public Attachment 1 to this Report setting out the objects and reasons for the differential rates:**

	Rate in \$	Minimum Payment
General Rate - GRV		\$
Residential Improved	0.060676	659
Residential Vacant	0.060676	659
Commercial Improved	0.071509	672
Commercial Not Improved	0.121351	672
Industrial Improved	0.067254	672
Industrial Not Improved	0.121351	672
General Rate - UV		
Residential	0.007113	659
Rural	0.007079	659

- 3 REQUESTS a further report be presented to Council to consider:**
- (a) any public submissions in relation to the proposed differential rates;**
 - (b) the adoption of the Budget for the 2010/11 Financial Year after the close of public submissions.**

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agn080610.pdf](#)



**DECLARATION OF
FINANCIAL INTEREST/INTEREST THAT MAY AFFECT
IMPARTIALITY**

**To: CHIEF EXECUTIVE OFFICER
CITY OF JOONDALUP**

Name/ Position	
Meeting Date	
Item No/ Subject	
Nature of Interest	Financial Interest * Interest that may affect impartiality* <i>* Delete where not applicable</i>
Extent of Interest	
Signature	
Date	

Section 5.65(1) of the Local Government Act 1995 states that:

“A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by that member must disclose the nature of the interest:

- (a) in a written notice given to the CEO before the meeting; or*
- (b) at the meeting immediately before the matter is discussed.*



**QUESTION TO BE ASKED AT
BRIEFING SESSION/COUNCIL MEETING**

NAME

ADDRESS

QUESTIONS

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Please submit this form at the meeting or:

- **post** to The Chief Executive Officer, City of Joondalup, P O Box 21, Joondalup WA 6919
- **email** to council.questions@joondalup.wa.gov.au

Please note that:

- Questions asked at a **Briefing Session** must relate to matters contained on the draft agenda.
- Questions asked at a **Council meeting** can relate to matters that affect the operations of the City of Joondalup.
- Questions asked at a **Special Meeting of the Council** must relate to the purpose for which the meeting has been called