

# Minutes **Special Meeting of Council**

SPECIAL MEETING OF THE COUNCIL OF THE CITY OF JOONDALUP HELD  
IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE,  
JOONDALUP

ON **TUESDAY, 8 JUNE 2010**

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# CITY OF JOONDALUP

MINUTES OF SPECIAL MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBER,  
JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP, ON TUESDAY, 8 JUNE 2010

## DECLARATION OF OPENING

The Mayor declared the meeting open at 1805 hrs.

## ANNOUNCEMENT OF VISITORS

Nil.

## ATTENDANCES

### Mayor:

TROY PICKARD

### Councillors

Cr KERRY HOLLYWOOD	North Ward – <i>Deputy Mayor</i>
Cr TOM McLEAN	North Ward
Cr PHILIPPA TAYLOR	North-Central Ward
Cr LIAM GOBBERT	Central Ward
Cr GEOFF AMPHLETT	Central Ward
Cr CHRISTINE HAMILTON-PRIME	South-West Ward
Cr MIKE NORMAN	South-West Ward
Cr BRIAN CORR	South-East Ward
Cr RUSS FISHWICK	South Ward
Cr FIONA DIAZ	South Ward

### Officers:

MR GARRY HUNT	Chief Executive Officer
MR JAMIE PARRY	Director, Governance and Strategy
MR DALE PAGE	Director, Planning and Community Development
MR MIKE TIDY	Director, Corporate Services
MR MARTYN GLOVER	Director, Infrastructure Services
MR MIKE SMITH	Acting Manager, Leisure and Cultural Services
MR MIKE EYRE	Acting Manager, Governance and Marketing
MR MARK McCRORY	Media Advisor
MR TIM HEGNEY	Governance Coordinator
MRS LESLEY TAYLOR	Administrative Secretary

There were 2 members of the Public and 1 member of the Press in attendance.

**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.)

**Mr R Repke, Kallaroo:**

*Q1 A deficit can be financed by income, borrowing, rate increases, or it can be reduced by cost cutting. When has the City done the last in-depth analysis of how efficient the City works, how efficiency can be improved and is there such a move planned at present?*

**A1** Mayor Pickard advised that Elected Members recently examined one of the major issues for the City, being future financial sustainability, which relates to two sides of the fiscal ledger, that is the income streams and operational expenses of the organisation. Moving forward, once a new Strategic Plan is adopted by Council that will then create a framework in which there can be a focus on not only the revenue streams of the City, but also operational expenses.

The Chief Executive Officer further advised that in terms of operating expenses, the City looks at its expenditure patterns versus other local governments of a similar size located in the metropolitan area. The City particularly pays attention to its labour costs which are 39-42% of its total costs and materials and contracts relate somewhere between 29-35% of total expenditure. In addition to those key areas, the City avails itself of the State Supply Contract via the Western Australian Local Government Association for major costs and are also able benchmark through other local governments to look at the City's core costs for road marking and the like.

The City also strives through the budget process when the preliminary estimates are presented to the Chief Executive Officer to have staff justify any change and to also make sure that the cost changes are reflective of service agreements either approved by the Council or subsequently approved as part of the budget process.

*Q2 Is there any general plan by the City to cut costs by say 10%, and see what the outcome is?*

**A2** Mayor Pickard advised that no, the City is not able to operate in that way. There are certain expectations in the community for delivery of services and if there was an across the board cut of 10% there would be a significant impact for the City's residents and ratepayers, not only in the maintenance of infrastructure such as roads, footpaths and upkeep of parks, but also delivery of services such as libraries and recreational services. These are all services and infrastructure that the community rightly expects to be maintained and delivered. Ultimately if there was a significant adjustment to the City's operating budget, it would be driven by the requirements of its residents to seek a reduction in service delivery and it is not believed there would be an appetite amongst the residents for such a dramatic cut to the City's budget and consequential adverse impact on both the services to the community, and the standard of the City's infrastructure.

## **PUBLIC STATEMENT TIME**

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

### **Mr R Repke, Kallaroo:**

Mr Repke spoke in relation to the proposal for levying differential rates for the 2010/11 financial year.

## **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

Apology – Cr Trona Young

## **DECLARATIONS OF INTEREST**

Nil.

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

Nil.

## **ITEMS OF BUSINESS**

### **JSC01-06/10 TENDER 015/10 - CONSTRUCTION OF THREE COMMUNITY SPORT AND RECREATION FACILITIES**

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

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## **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 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) community sport and recreation facilities. Tenders closed on 25 May 2010. Eleven 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-six 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 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 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:

<b>Qualitative Criteria</b>		<b>Weighting</b>
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 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 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 locations. It demonstrated experience in completing similar projects and the capacity to meet the City's requirements. While it provided the required construction program, it 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. It ranked seventh in the qualitative assessment and submitted the lowest individual prices for Forrest Park and Seacrest Park. It demonstrated experience in completing similar projects of a smaller size. It demonstrated an adequate understanding of the requirements nominating one supervisor for the two 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 locations. It demonstrated experience in completing projects mostly on a larger scale than the City's requirements and has the capacity to complete the works. It provided construction programs for each location, but did not support this with a work methodology or information on its nominated Sub-Contractors.

CPD Group Pty was ranked fifth in the qualitative assessment and submitted the third lowest combined price for the three locations. It 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. It ranked fourth in the qualitative assessment and submitted fourth and seventh lowest individual prices respectively for Forrest and Seacrest Parks. It 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 locations. It 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 locations. It demonstrated the experience, capacity and understanding of the requirements. It 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 locations. It submitted the lowest individual price for the Fleur Freame Pavilion. It demonstrated experience in completing works of a similar size and nature to the three projects. It addressed all aspects of its 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:

<b>Forrest Park</b>	<b>Seacrest Park</b>	<b>Fleur Freame Pavilion</b>	<b>Total</b>	<b>Rank</b>
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 its 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 its 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 and 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:**

<b>Proposed Budget Allocation for this Project 2010/2011</b>	<b>Projected expenditure on these projects over the life of the Contract if Accepted</b>
\$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

**MOVED** Cr Norman, **SECONDED** Cr Hamilton-Prime 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-six 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 weeks from the commencement date advised in the Letter of Acceptance.**

**The Motion was Put and**

**CARRIED (11/0)**

**In favour of the Motion:** Mayor Pickard, Crs Amphlett, Corr, Diaz, Fishwick, Gobbert, Hamilton-Prime, Hollywood, McLean, Norman and Taylor

*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 largest local governments by population. 21.3% of ratepayers pay the minimum payment.

<b>Local Government</b>	<b>Residential Improved Minimum Payment 2009/10 \$</b>
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	(\$ 33.330m)
	(\$70.934m)
Plus Surplus Brought Forward (estimated)	\$ 1.550m
Less Surplus Carried Forward	(\$ 0.052m)
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**

Section 6.33 of the Local Government Act 1995 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

**MOVED Cr Amphlett, SECONDED Cr McLean 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
<b>General Rate - GRV</b>		\$
<b>Residential Improved</b>	<b>0.060676</b>	<b>659</b>
<b>Residential Vacant</b>	<b>0.060676</b>	<b>659</b>
<b>Commercial Improved</b>	<b>0.071509</b>	<b>672</b>
<b>Commercial Not Improved</b>	<b>0.121351</b>	<b>672</b>
<b>Industrial Improved</b>	<b>0.067254</b>	<b>672</b>
<b>Industrial Not Improved</b>	<b>0.121351</b>	<b>672</b>
<b>General Rate - UV</b>		
<b>Residential</b>	<b>0.007113</b>	<b>659</b>
<b>Rural</b>	<b>0.007079</b>	<b>659</b>

- 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.**

**The Motion was Put and**

**CARRIED (10/1)**

**In favour of the Motion:** Mayor Pickard, Crs Amphlett, Diaz, Fishwick, Gobbert, Hamilton-Prime, Hollywood, McLean, Norman and Taylor **Against the Motion:** Cr Corr

*Appendix 2 refers*

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

## **CLOSURE**

There being no further business, the Mayor declared the Meeting closed at 1816 hrs; the following Elected Members being present at that time:

MAYOR T PICKARD  
Cr K HOLLYWOOD  
Cr T McLEAN  
Cr P TAYLOR  
Cr L GOBBERT  
Cr G AMPHLETT  
Cr B CORR  
Cr C HAMILTON-PRIME  
Cr M NORMAN  
Cr R FISHWICK  
Cr F DIAZ