

minutes

Special Meeting of Council

MEETING HELD ON **TUESDAY 30 JUNE 2020**

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CITY OF JOONDALUP

SPECIAL COUNCIL MEETING HELD IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY 30 JUNE 2020.

DECLARATION OF OPENING

The Mayor declared the meeting open at 6.00pm.

ANNOUNCEMENT OF VISITORS

Mayor:

HON. ALBERT JACOB, JP

Councillors:

CR KERRY HOLLYWOOD	North Ward	
CR TOM McLEAN, JP	North Ward	
CR PHILIPPA TAYLOR	North Central Ward	
CR NIGE JONES	North Central Ward	
CR CHRISTOPHER MAY	Central Ward	
CR RUSSELL POLIWKA	Central Ward	<i>absent from 7.50pm to 7.51pm</i>
CR CHRISTINE HAMILTON-PRIME	South-West Ward	
CR JOHN RAFTIS	South-West Ward	
CR JOHN CHESTER	South-East Ward	
CR JOHN LOGAN	South-East Ward	
CR RUSS FISHWICK, JP	South Ward – <i>Deputy Mayor</i>	
CR SUZANNE THOMPSON	South Ward	

Officers:

MR GARRY HUNT	Chief Executive Officer
MR JAMIE PARRY	Director Governance and Strategy
MS DALE PAGE	Director Planning and Community Development <i>absent from 7.27pm to 7.29pm</i>
MR NICO CLAASSEN	Director Infrastructure Services
MR MAT HUMFREY	Director Corporate Services
MR BRAD SILLENCE	Manager Governance
MR CHRIS LEIGH	Manager Planning Services
MR RONEY OOMMEN	Manager Financial Services
MR GLENN HEAPERMAN	Manager Human Resource Services
MRS SIMONE HOLMES-CAVANAGH	Manager Communications and Stakeholder Relations
MRS JUDE THOMAS	Manager Community Development and Library Services
MR MICHAEL HAMLING	Manager Operation Services
MR MATTHEW MACPHERSON	Manager Infrastructure Management Services
MR MIKE SMITH	Manager Leisure and Cultural Services

MS REBECCA MACCARIO	Acting Manager Strategic and Organisational Development
MR BLIGNAULT OLIVIER	Manager City Projects
MRS KAREN THOMPSON	Acting Manager Rangers, Park and Community Safety
MR DAVID MURNAIN	Manager Information Technology
MS CHRISTINE ROBINSON	Manager Audit and Risk Services
MR JOSEPH HUSSEY	Acting Manager Compliance and Regulatory Services
MR DANIEL DAVINI	Media Advisor
MS JODIE DUTTON	Analytics Lead
MRS VIVIENNE STAMPALIJA	Governance Coordinator
MRS WENDY COWLEY	Governance Officer
MRS DEBORAH GOUGES	Governance Officer <i>from 6.34pm</i>
MS NATALIE HALLIDAY	Personal Assistant Infrastructure Services

There were no members of the public and one member of the press in attendance.

DECLARATIONS OF INTEREST

Nil.

PUBLIC QUESTION TIME

Nil.

PUBLIC STATEMENT TIME

Nil.

APOLOGIES / LEAVE OF ABSENCE

Leave of Absence Previously approved

Mayor Hon. Albert Jacob, JP 1 to 10 July 2020 inclusive.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil.

REPORTS**JSC06-06/20 PROPOSAL FOR LEVYING DIFFERENTIAL RATES FOR THE 2020-21 FINANCIAL YEAR**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	108348, 101515
ATTACHMENT	Attachment 1 Public Comment Submissions List.
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider submissions in response to the City's advertised proposal for applying differential rates for the 2020-21 financial year.

EXECUTIVE SUMMARY

At its meeting held on 26 May 2020 (JSC03-05/20 refers), Council considered and resolved to apply differential rates in the draft 2020-21 Budget, to advertise seeking public submissions in relation to the proposed differential rates and minimum payments and requested that a report be presented to Council to consider any submissions received before the adoption of the draft 2020-21 Budget.

The advertising period for submissions closed on Monday 22 June 2020. Ten submissions were received. One of the submissions provided comments and an objection to the higher differentials on vacant residential land and proposed that the differential be the same as for improved residential land. The other submissions did not address the proposal for differential rating and generally referred to rate increases and the prevailing economic conditions.

It is therefore recommended that Council APPLIES differential rates for rating in the 2020-21 financial year in accordance with section 6.33 of the Local Government Act 1995 and that the differential rates and minimum payments for the draft 2020-21 Budget be those as advertised.

BACKGROUND

At its meeting held on 26 May 2020 (JSC03-05/20 refers), the report considered by Council set out the object and reasons for the proposed differential rates for the 2020-21 financial year.

Differential rating was introduced in 2008-09 to maintain the distribution of the rate burden between the classes of residential, commercial and industrial property following a revaluation. The relativities between the differentials have been adjusted at subsequent revaluations in 2011-12, 2014-15, 2017-18 and 2020-21.

In addition to a differential between classes of property the City has applied a differential between improved and vacant land within each of the classes of residential, commercial and industrial property. The City is keen to promote and encourage the development of vacant 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.

DETAILS

In accordance with the provisions of section 6.36 of the *Local Government Act 1995* (the Act), the City advertised its intention to apply differential rating in the 2020-21 financial year and the proposed differential rates.

The City placed advertisements in *The West Australian* on Saturday 30 May 2020 and in subsequent editions of the local newspapers on 4 and 11 June 2020, as well as on the City's public noticeboards and website. Posts were also made on the City's social media sites.

The period of advertising was for a minimum 21 days during which the City invited submissions in relation to the proposed differential rates. The closing day for public submissions was Monday 22 June 2020. 10 submissions were received.

The submissions are listed in Attachment 1 to this Report. Of the submissions one provides comments and an objection to issues related to the differential rate for vacant residential land. These include:

- The imposition of a differential vacant land rate in the form of a 100% penalty of the normal rate is inappropriate where a local government is so fully developed. A very small percentage of vacant properties should be considered normal and there is little substance to the claim that a very few vacant properties will inhibit or have any adverse affect on development of the community.
- The relative effectiveness of the policy over five years of published figures shows that the numbers of properties involved in application are few and the changes made over five years of figures taken from annual reports show the policy has had little effect. As an example, in the case of industrial properties the number over five years has reduced from seven to just five and overall the numbers are so small that the policy has little merit when better than 98% of properties are already developed.
- The minimum differential rate for vacant properties is characteristically a 2% premium (2018-19 - \$909 compared to the improved minimum \$889). Any vacant property over the minimum pays a 100% premium. This is clearly an inequity in application of the policy for its claimed purposes.
- The inequity of application of differential rates when properties are under development.
- Requested that the continued application of differential rating of vacant land for the now highly developed City of Joondalup is inappropriate and should, in this year of new valuations, be abolished.

Response:

- It is acknowledged that a consequence of applying a higher differential on vacant land is that currently improved properties which are genuinely being redeveloped will be rated as vacant during this period. A redevelopment however will itself invariably attract a higher Gross Rental Value when completed and will not revert to a value similar to the original development.
- The City proposed an exemption for legislation to allow a period of time during which a redevelopment could be completed, without affecting the classification of the property from improved to vacant, as part of the current *Local Government Act 1995* review which is still underway. However, no legislative amendments in this regard have yet resulted.
- The original premise for establishment of higher differential rates for vacant land remains valid and appropriate. The extent of development within the City at the time vacant land differential rates were first applied was not inconsiderable. Therefore, this is not the overriding basis for this approach but the priority of the City to encourage development of individual vacant land holdings or, in other words, discourage holding of such land without development for an extended period.
- The submission's position that data over the past five years does not suggest accelerated development as a result of the higher vacant land differential rate is noted. However, the data does not show whether the experienced rate of development would have occurred if vacant land did not carry a higher differential rate. Further, the movement in the number of vacant land holdings does not, by itself, indicate either the extent of the undeveloped land or the extent of development taking place. A large vacant land holding which, in subdivision and development yields multiple lots, is still considered as a single vacant land holding until all development is concluded.

The remaining submissions do not address the proposal for differential rating and generally refers to rate increases and the prevailing economic conditions.

The City's proposal to apply a higher differential to vacant residential land is considered to be soundly based and is considered appropriate to address the land banking of undeveloped land. It is hoped that the review of the *Local Government Act 1995* currently underway will consider changes to overcome the impact on genuine redevelopments of existing developed property.

Issues and options considered

The City is required under section 6.36 of the Act to consider any submissions received in relation to the proposed differential rates.

Council may determine to either:

- option 1 - amend any or all, of the differential rate, cents in the dollar and / or minimum payments proposed and advertised in accordance with the provisions of Sections 6.33 and 6.36 of the Act
or
- option 2 - approve the differential rates as advertised for the draft *2020-21 Budget*.

Option 2 is recommended.

Legislation / Strategic Community Plan / policy implications**Legislation**

Section 6.33 of the *Local Government Act 1995* sets out the provisions in relation to differential rating and enables the City to apply separate rates in the dollar for different categories of property based on zoning, land use, whether they are improved or unimproved or any other characteristic or combination of characteristics prescribed.

Section 6.36 of the *Local Government Act 1995* requires that if the City intends to apply differential rating it must give local public notice of its intention to do so and invite submissions in relation to the proposed differential rates and minimum payments, within 21 days of the date of the notice. Before making a final resolution in relation to the setting of the rates in the dollar and the adoption of the budget the Council is required to consider any submissions received.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

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

Financial / budget implications

Analysis in past years has indicated that if the City did not rate differentially and applied a single rate in the dollar to all properties it would likely result in a significant rise in the rates levied on residential properties with corresponding decline in the levy on commercial, industrial and vacant land.

Regional significance

Not applicable.

Sustainability implications

Applying differential rating is important to ensure an equitable distribution of rates across all sectors of the community. This is considered prudent and in the best interests of the long-term financial sustainability of the City of Joondalup and its community.

Consultation

The proposed differential rates have been advertised and submissions invited in accordance with the requirements of section 6.36 of the Act. The City placed advertisements in *The West Australian* Saturday 30 May 2020 and in subsequent editions of the local newspapers on 4 and 11 June 2020, as well as on the City's public noticeboards and website. Posts were also made on the City's social media sites. Ten submissions were received.

COMMENT

At its meeting held on 26 May 2020 (JSC03-05/20 refers), Council considered and resolved its intention to apply differential rates in the draft *2020-21 Budget*, to advertise seeking public submissions in relation to the proposed differential rates and minimum payments and requested that a report be presented to Council to consider any submissions received before the adoption of the draft *2020-21 Budget*.

After consideration of the nine submissions received, it is recommended that the differential rates and minimum payments advertised be applied in the draft *2020-21 Budget*.

VOTING REQUIREMENTS

Simple Majority.

The Governance Officer entered the Chamber at 6.34pm.

MOVED Mayor Jacob, SECONDED Cr McLean that Council APPLIES differential rates for rating in the 2020-21 financial year in accordance with section 6.33 of the *Local Government Act 1995* and that the differential rates and minimum payments for the draft *2020-21 Budget* be as follows:

	Cents in \$	Minimum Payment
General Rate - GRV		\$
Residential Improved	5.9669	850
Residential Vacant	11.1772	929
Commercial Improved	6.6444	929
Commercial Vacant	11.1772	929
Industrial Improved	6.0426	929
Industrial Vacant	11.1772	929
General Rate - UV		
Residential	1.0349	909
Rural	1.0300	909

The Motion was Put and

CARRIED (9/4)

In favour of the Motion: Mayor Jacob, Crs Fishwick, Hamilton-Prime, Hollywood, Jones, Logan, May, McLean and Taylor.

Against the Motion: Crs Chester, Poliwka, Raftis and Thompson.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agn200630.pdf](#)

JSC07-06/20 DRAFT 2020-21 BUDGET

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	108348, 101515
ATTACHMENTS	Attachment 1 City of Joondalup Draft 2020-21 Budget Executive Report Attachment 1a Statement of Comprehensive Income by Nature or Type Attachment 1b Statement of Comprehensive Income by Program Attachment 2 Statement of Cash Flows Attachment 3 Rate Setting Statement Attachment 4 Rating Information Statement Attachment 5 Notes to and forming part of the Budget Attachment 6 Capital Expenditure Attachment 7 Vehicle and Plant Replacement Program Attachment 8 Schedule of Fees and Charges Attachment 9 City Services
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to adopt the draft 2020-21 Budget.

EXECUTIVE SUMMARY

The process of preparing the 2020-21 Budget commenced in late 2019. It has encompassed detailed budget analysis and preparation, executive review and Elected Member workshops.

The draft 2020-21 Budget has been developed within a strategic financial planning framework after due consideration of Council priorities and the resource allocation requirements of these priorities.

The City's *Strategic Community Plan, Joondalup 2022*, has been reviewed to ensure the City's 2020-21 Budget continues to deliver the vision of "A global City: bold, creative and prosperous". The City's *20 Year Strategic Financial Plan* guides the development of the 2020-21 Budget. As a result of the COVID-19 pandemic that commenced early in 2020, and the resultant economic disruptions the proposed budget includes measures intended to provide relief to ratepayers and residents.

It is recommended that Council, by an Absolute Majority ADOPTS the annual budget for the City of Joondalup for the year ending 30 June 2021, incorporating the following:

- 1 *Budget Statements.*
- 2 *Rates.*
- 3 *Emergency Services Levy.*
- 4 *Domestic Refuse Charges.*
- 5 *Private Swimming Pool Inspection Fees.*
- 6 *Early Payment Incentives.*
- 7 *Payment Options.*
- 8 *Late Payment Interest.*
- 9 *Emergency Services Levy Interest Charge.*
- 10 *Instalment and Payment Arrangement Administration Fees and Interest Charges.*
- 11 *Capital Works Program.*
- 12 *Reserve Amendments – Asset Renewal Reserve*
- 13 *Reserve Amendments – Strategic Asset Reserve*
- 14 *Transfers from Reserves.*
- 15 *Transfers to Reserves.*
- 16 *Fees and Charges.*
- 17 *Material Variances for Reporting Purposes.*

BACKGROUND

The 2020-21 budget process has been in progress since late 2019. The contents of the budget have been refined over this period after presentations, analysis and review by the Chief Executive Officer, executive and senior staff, followed by extensive workshops and consultation with Elected Members.

The draft 2020-21 Budget has been guided by a long-term financial planning framework aimed at securing the financial sustainability of the City, which has had to be significantly reconsidered in light of the current economic climate arising from the COVID-19 pandemic.

DETAILS

Development of the draft 2020-21 Budget

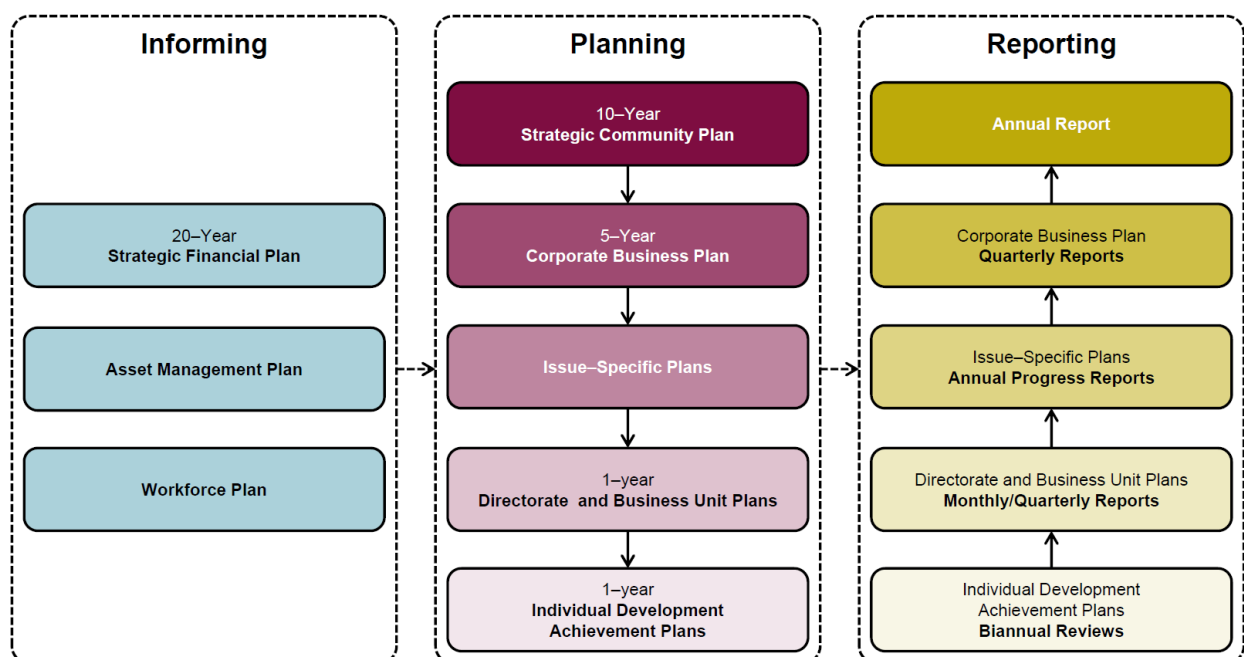
The City's *Strategic Community Plan, Joondalup 2022*, has been reviewed to ensure the City's 2020-21 Budget continues to deliver the vision of "A global City: bold, creative and prosperous". The development of the 2020-21 Budget is guided by the principles and parameters outlined in the City's *20 Year Strategic Financial Plan*. The Budget incorporates significant measures taken to mitigate the impact of COVID-19 on the wider community, including the local economy. While the proposed budget is entirely achievable, it is not sustainable beyond 2020-21 with the heightened challenge to review revenue and expenditure streams and improve the operating position.

The budget process has been conducted over seven months and has involved extensive analytical and review stages as summarised below:

- assessment of financial capacity, sustainability, assets and reserves
- set budget parameters
- submission of operating and capital proposals
- initial assessment of proposals
 - operations
 - capital
 - community need

- plans and strategies
- implementation of new efficiencies
- reference and alignment to the *Strategic Community Plan*
- ongoing review of service delivery
- critical analysis of 2018-19 and progress in *2019-20 Annual Plan* performance
- review proposals for capacity
 - rating and revenue
 - resources to implement and deploy
- determine potential reductions
- executive analysis
- *Strategic Financial Plan* alignment and review
- Elected Member workshops (seven during February, March, April May and June 2020).

The integrated planning framework is depicted below:



Operating Budget

The economic environment in the last few years has been defined by sustained low growth, low inflation and low interest rates and that situation is not expected to change significantly in the near term. In addition, the COVID-19 pandemic and resultant state of emergency has caused significant disruption to normal economic and social activity. These challenges have framed the context for the City of Joondalup's 2020-21 Budget.

Challenges the City has had to address in framing the draft 2020-21 Budget include:

- the economic outlook remains uncertain:
 - addressing the operating deficit
 - challenges arising from COVID-19 pandemic
 - obtaining grant funding remains challenging, despite COVID-19 related federal and state stimulus measures
 - cost shifting from other tiers of government continues to be a concern
- community expectations of the City's capacity to continuously provide or contribute significantly to sporting and community infrastructure.

With this environment Federal and State Government grants and contributions are expected to remain very challenging as a source of funding. Community capacity to pay rates and fees and charges in the current economic environment remains a significant concern.

The City has reviewed its fees and charges in light of the COVID-19 pandemic and has not increased fees and charges from the previous year except where any increases are required for fees or charges set by statute or where these have been set appropriately for a specific event or program.

The operating budget proposed provides the resources required to enable the City to provide the services, facilities and works that the community have identified in *Joondalup 2022* and reflected in the *20 Year Strategic Financial Plan*, the *Five Year Capital Works Program* and other City supporting plans. Significant reduction to rates revenue from the previous year's budget and the inclusion of capital works acceleration as a local economic stimulus results in no surplus capacity to undertake or implement unbudgeted or unplanned works or services during 2020-21.

The 2020-21 operating budget includes real reductions to general rates of \$5.3 million or 5.2%, fees and charges \$2.1 million or 5.1% and interest earnings \$2.6 million or 69.8%, as well as reductions to employee costs of \$1.1 million or 1.7%. These include measures adopted for 2020-21 to minimise the impact on the community due to the COVID-19 related economic disruptions.

Expenditure Program

The 2020-21 expenditure program includes a number of significant projects and programs including \$6.3 million in accelerated capital projects as stimulus proposed to combat the economic impact of COVID-19 including projects funded by the \$1.4 million Local Roads and Community Infrastructure (LRCI) grant program:

- \$1.8 million to progress Kiosks/Restaurants for Burns Beach and Pinnaroo Point.
- \$1.8 million to progress Warwick Activity Centre and Warwick Sports Centre.
- \$2.5 million to progress Joondalup City Centre Streetlighting project.
- \$5.4 million for parks equipment, playground equipment, shelters, barbecues and parks irrigation refurbishments in accordance with landscape master plans or asset preservation plans.
- \$1.9 million to undertake streetscape enhancement and landscaping works including the Leafy City program.
- \$2.8 million to undertake refurbishment and upgrade works at City owned buildings.
- \$22.6 million for various road construction, drainage and other infrastructure including:
 - Blackspot projects at Marmion Avenue, Ocean Reef Road and Hepburn Avenue.
 - Warwick Road and Erindale Road intersection upgrade.
 - Whitfords Avenue and Northshore Drive roundabout.
 - Road preservation and resurfacing, local traffic treatments, stormwater drainage, and other infrastructure.
 - New footpaths, shared use paths and slab path replacements.
 - Bridges and Parking facilities.
- \$1.1 million on natural areas, including fencing, paths and firebreaks and management of dedicated bushland areas, bushland in developed parks and foreshores.

Reserve Transfers

The City has established various reserve accounts to which monies are set aside at the discretion of the Council to fund future City requirements.

During the 2020-21 financial year the City will transfer a net \$1.8 million from reserves including the following:

- \$24.7 million into various reserve accounts of which \$0.5 million represents estimated investment earnings as well as \$19.8 million into the Asset Renewal Reserve (offset by draw-down), \$1.4 million into the Strategic Asset Reserve, \$0.5 million into the Waste Management Reserve, \$1.9 million into the Parking Facility Reserve, \$0.5 million into the Tamala Park Land Sales Reserve and \$100,000 into the Long Service Leave Reserve.
- \$26.6 million will be drawn from reserves of which the major amounts are \$12.6 million from the Asset Renewal Reserve, \$8.4 million from the Strategic Asset Reserve, \$4.5 million for capital works in various stages of progress that will be carried forward from 2019-20, \$1.0 million from the Parking Facility Reserve and \$0.02 million from the various Specified Area Rating Reserves.

Details of reserves are described in the Notes to and forming part of the Budget (Attachment 5 refers).

Loan Borrowings

The City is not proposing any new borrowings during the 2020-21 financial year.

Existing borrowings will require principal and interest repayments of \$3,324,328 and \$333,691 respectively. Loan principal outstanding is expected to decrease from \$7.1 million at 30 June 2020 to \$4.6 million at 30 June 2021 of which \$3.7 million is for the Reid Promenade Multi Storey Car Park and is anticipated to be fully paid for from paid parking revenue.

Material Variances

The *Local Government (Financial Management) Regulations 1996* require that each year a local government is to adopt a materiality level for the purpose of reporting variances in the monthly Statement of Financial Activity. At its meeting held on 19 October 2010 (CJ179-10/10 refers), Council resolved that in future a materiality level be determined as part of budget adoption each year if it was not proposed to make any changes.

The current level of variance which is considered material for the purposes of reporting under Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* is \$50,000 or 5% of the appropriate base, whichever is the higher. It is not proposed to make any changes to that level.

Rate and Refuse Charges

As has been the case since the 2008-09 financial year differential rating will be applied for 2020-21. The differential rates proposed for residential, commercial and industrial property, both improved and unimproved, have been reviewed ensuring that the City is able to equitably spread the rates levy burden across the community.

Differential rates have been proposed for residential improved, residential vacant, commercial improved, commercial vacant, industrial improved and industrial vacant. The proposed differential rates for residential, commercial and industrial vacant land are slightly less than twice the lowest differential rate.

With 2020-21 being a revaluation year, the overall rate and refuse levy for a residential improved property on the average Gross Rental Value (GRV) of \$20,617 and a standard refuse service is proposed to reduce from the prior year. This is made up of an expected reduction in the rates levy and a 0% increase in the refuse charge for the sixth consecutive year. The rates levy reduction is primarily driven by a significant fall in GRVs across the residential improved category, although the GRV for a few properties may have moved contrary to this trend due to specific circumstances.

In addition, the City has introduced one-off COVID-19 discounts for the following categories of properties:

- Commercial Improved \$300.
- Industrial Improved \$150.
- Vacant Land (All categories) \$150.

GRVs in these categories have not followed the same trend as in the residential improved category. The one-off discounts are intended to mitigate the impact of the COVID-19 economic disruption for the above categories, particularly for properties at the lower end of the GRV scale. Commercial properties that currently receive the minimum rate as a levy may experience rates reductions of up to 30% in 2020-21 compared to the previous year. Overall it is anticipated that approximately 95% of properties will experience the same or a reduction in their rates levy compared to the previous year.

Rate revenue will be \$98.1 million excluding Specified Area Rates. Rates is the City's largest single source of funds without which the City could not deliver many of its services or undertake planned works and projects.

Emergency Services Levy

The Emergency Services Levy (ESL) is a State Government charge levied on all properties in Western Australia and is calculated based on the GRV subject to both a minimum and a maximum levy. There are several ESL categories but properties in the City of Joondalup all fall within Category 1. The City is required to collect the levy on behalf of, and remit it to, the State Government. The ESL appears as a separate line item on the City of Joondalup Rate Notice but it is included in the total due for payment.

The State Government has announced the levy cents in the dollar and the minimum and maximum levy for 2020-21, which have been retained from the current year with no change.

Issues and options considered

The process for the development of the draft 2020-21 Budget has involved:

- the identification of long term directions for financial management of income and expenditure following a rigorous analysis and consideration of Council's current financial position
- the establishment of financial parameters for the 2020-21 financial year including consideration of rating income, grants, fees and charges and other income, and likely demands on expenditure
- the consideration of impacts of the COVID-19 pandemic and assumptions about resumption of economic activity and easing of restrictions.

The City has, for a number of years, offered a variety of options for the payment of rates including those required under legislation. The City offers direct debit arrangements, instalment arrangements and AdvancePay that enables ratepayers to commence paying the following year's rates in advance in weekly, fortnightly or monthly payments.

Since 2016-17 the City has also offered an eRates service enabling ratepayers to register and receive their rates and instalments notice by email ensuring quicker delivery, accessible at ratepayers convenience and saving costs.

Legislation / Strategic Community Plan / policy implications

Legislation The accompanying draft 2020-21 Budget has been prepared in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

When setting the annual budget the City is exposed to financial risk over the long term if insufficient regard is given to both revenue and expenditure implications beyond the budget period. Alignment of the *20 Year Strategic Financial Plan* during the budget process has helped to mitigate the long-term risks, although the impacts of the COVID-19 pandemic are yet to be fully quantified owing to the uncertainty of restrictions and economic impacts.

Financial / budget implications

These are detailed in the budget papers.

All amounts quoted in this report are exclusive of GST, unless otherwise stated.

Regional significance

Not applicable.

Sustainability implications

The Council has, as a key financial objective, the long-term financial sustainability of the City of Joondalup in order to strengthen its capacity to achieve its key objectives as set out in the *Strategic Community Plan*.

Consultation

The City of Joondalup's 2020-21 Budget has been prepared against the backdrop of significant on-going review and assessment of the City's strategic direction and financial position by the executive and Elected Members. Seven budget workshops were undertaken in the preparation of the 2020-21 Budget.

The proposed differential rates for the 2020-21 year have been advertised for public comment for 21 days. The outcome of the public advertising of differential rates is contained in a separate report in this agenda.

COMMENT

The City of Joondalup's 2020-21 Budget continues to be influenced by the prevailing economic environment with growth and inflation at very low levels and record low interest rates, which are exacerbated by the impact of the COVID-19 pandemic. Opportunities for funding from Federal and State programs remain constrained and have had an impact on City services. The City continues to maximise those grant opportunities when they present.

The 2020-21 Budget has been very challenging with the prevailing economic conditions exacerbated by the impact of the ongoing COVID-19 pandemic on the economy and the community and, at the same time, the need to continue providing services as well as ongoing capital requirements. It is in this context that for 2020-21 the overall revenue from rates is declining significantly and no refuse charge increase is being applied, with a residential improved property on the average GRV of \$20,617 and with a standard refuse service expected to experience a reduction in the overall rates and refuse levies.

This budget will result in a significant deterioration in the City's operating position. This is the result of various measures applied by the City in 2020-21 as one-offs to mitigate the expected negative impact of COVID-19 on the wider economy and community.

The City will strive to deliver on the 2020-21 Budget whilst maintaining alignment to the *City's Strategic Community Plan, Joondalup 2022*, to ensure the City is delivering on the vision of "A global City: bold, creative and prosperous" and will be guided by the City's *20 Year Strategic Financial Plan*.

VOTING REQUIREMENTS

Absolute Majority.

MOVED Mayor Jacob, SECONDED Cr Fishwick that Council BY AN ABSOLUTE MAJORITY:

- 1 **ADOPTS** the annual budget for the City of Joondalup for the year ending 30 June 2021 as per Attachments 1 to 9 to Report JSC07-06/20 comprising the following:
 - 1.1 **Executive Report;**
 - 1.2 **Statement of Comprehensive Income by Nature or Type (Attachment 1a);**
 - 1.3 **Statement of Comprehensive Income by Program (Attachment 1b);**
 - 1.4 **Statement of Cash Flows (Attachment 2);**
 - 1.5 **Rate Setting Statement (Attachment 3);**
 - 1.6 **Rating Information Statement (Attachment 4);**
 - 1.7 **Notes to and Forming Part of the Budget (Attachment 5);**
 - 1.8 **Capital Expenditure (Attachment 6);**
 - 1.9 **Vehicle and Plant Replacement Program (Attachment 7);**
 - 1.10 **Schedule of Fees and Charges (Attachment 8);**
 - 1.11 **City Services (Attachment 9);**

2 Rates:

- 2.1 In accordance with the provision of sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995* IMPOSES Differential Rates and Minimum Payments for the 2020-21 financial year in accordance with the following tables:**

2.1.1 Gross Rental Valued Properties:

On each Residential, Commercial and Industrial Lot or other piece of rateable land as follows:

Category of Property	Gross Rental Value Rates (Cents in the dollar)	Minimum Payment (\$)
Residential Improved	5.9669	850
Residential Vacant	11.1772	929
Commercial Improved	6.6444	929
Commercial Vacant	11.1772	929
Industrial Improved	6.0426	929
Industrial Vacant	11.1772	929

2.1.2 Unimproved Valued Properties:

On each Residential and Rural Lot or other piece of rateable land as follows:

Category of Property	Unimproved Value Rates (Cents in the dollar)	Minimum Payment (\$)
Residential	1.0349	909
Rural	1.0300	909

- 2.2 In accordance with the provisions of section 6.47 of the *Local Government Act 1995* GRANTS annual concessions in respect of general rates levied in 2020-21 as follows:**

Category of Property	COVID-19 one-off discount per property
Commercial Improved	\$300 per annum
Industrial Improved	\$150 per annum
Vacant land (all categories)	\$150 per annum

- 2.3 In accordance with the provisions of section 6.32 and section 6.37 of the *Local Government Act 1995* IMPOSES Specified Area Rates for the 2020-21 financial year in accordance with the following tables:**

Specified Area	Gross Rental Value Rates (Cents in the dollar)	Purpose
Harbour Rise (described in 2.3.1)	0.70201	Maintaining enhanced landscaping which will be applied during 2020-21.

Specified Area	Gross Rental Value Rates (Cents in the dollar)	Purpose
Iluka (described in 2.3.2)	0.75094	Maintaining enhanced landscaping which will be applied during 2020-21.
Burns Beach (described in 2.3.3)	0.34912	Maintaining enhanced landscaping which will be applied during 2020-21.
Woodvale Waters (described in 2.3.4)	0.48675	Maintaining enhanced landscaping which will be applied during 2020-21.

2.3.1 Harbour Rise Specified area comprises the area bounded by:

Going along Whitfords Avenue from the corner of Seychelles Lane and following the shared boundaries of Whitfords Avenue with Lot 29 Martinique Mews, Lots 470-478, 413-414, Lot 397, Lots 331-333, crossing Barbados Turn and continuing north with shared boundaries of Curacao Lane and Lots 337-334, 378, 377, 403, 402, 376-367, and strata lots 1-19 Lot 28 Angove Drive;

North-east along the boundary of Lot 28 Angove Drive, across Mallorca Avenue and following the boundaries of Lot 251 and 250 where they meet Angove Drive;

Following the shared boundaries of Ewing Drive with Lots 250, 249, 409, 410, 247, 245-240, 411 and to strata Lots 1 and 2 (Lot 408) and then across Ewing Drive along the boundary that strata Lot 1 (Lot 201) Ewing Drive shares with Lot 650 Ewing Drive, and along the rear boundaries of strata Lot 1 (Lot 201) Ewing Drive and Lots 200-198 Marbella Drive;

Along the boundary that Lot 198 Marbella Drive shares with Lot 171 and 172 Waterford Drive, across Marbella Drive and continuing along the rear boundaries of strata Lots 1 and 2 (Lot 301) to strata Lots 1 and 2 (Lot 190) Algarve Way, along the boundary that Lot 184 Tobago Rise shares with Lot 181 Waterford Drive, across Tobago Rise and then along the boundary between Lot 1 Tobago Rise and Lots 182 and 183 Waterford Drive, continuing along the rear boundaries of Lots 75-66 The Corniche and Lots 142-149 The Corniche. Along the rear boundary of Lot 150 The Corniche until the boundary between Lot 204 and Lot 166 Lukin Road is reached. Along the boundary between Lots 204 and 166 Lukin Road, along the front boundaries of Lots 166-164 Lukin Road. Along the boundary of Lot 164 Lukin Road that is shared with Hepburn Avenue and continuing along Hepburn Avenue along the south-eastern boundaries of Leeward Park;

Continuing along the shared boundaries of Hepburn Avenue with Lot 170 Amalfi Drive, Lots 492-503 Seychelles Lane and Lot 29 Martinique Mews;

2.3.2 Iluka Specified Rate area comprises the area bounded by Shenton Avenue, Marmion Avenue and Burns Beach Road;

2.3.3 Burns Beach Specified Rate area comprises the area bounded by:

Starting from the north western corner of Marmion Avenue and Burns Beach Road, westwards along the northern boundary of Burns Beach Road to Lot 263 Whitehaven Avenue, northwards along the western boundaries of Lot 263 through to Lot 251 Whitehaven Avenue, north-westward and westward along the southern boundaries of Lot 108 to Lot 121 Beachside Drive, northwards along the western boundary of Lot 121 Beachside Drive to Beachside Drive, westwards along the southern edge of the footpath on the northern side of Lot 11537 (Reserve 48489) to where it meets the southern boundary of Lot 3000 (1551) Marmion Avenue (Burns Beach Foreshore Reserve), north and then eastwards along the southern boundary of Lot 3000 (1551) Marmion Avenue (Burns Beach Foreshore Reserve) to the western boundary of Marmion Avenue, then southwards along the western boundary of Marmion Ave to the starting point at the north western corner of Marmion Avenue and Burns Beach Road;

2.3.4 Woodvale Waters Specified Rate area comprises the area bounded by Timberlane Drive and Yellagonga Regional Park with street addresses of Grey-Smith Gardens, Phillips-Fox Terrace, Buvelot Place, Wakelin Close, Conder Place, Streeton Parade, Withers Grove, Olsen Court, Heysen Crest, Fullwood Walk except for Lots 156 Streeton Parade and Lot 12240 Phillips-Fox Terrace;

3 Emergency Services Levy:

In accordance with the provisions of sections 36B and 36L of the *Fire and Emergency Services Authority of Western Australia Act 1998*, IMPOSES the 2020-21 Emergency Services Levy Rates and Minimum and Maximum Payments on Residential, Vacant Land, Commercial, Industrial and Miscellaneous Lots as follows:

ESL Category 1	ESL Rate (Cents in dollar)	Minimum and Maximum Payments ESL CHARGES BY PROPERTY USE			
		Residential and Vacant Land		Commercial, Industrial and Miscellaneous	
		Minimum	Maximum	Minimum	Maximum
2020-21	1.4839	\$84	\$441	\$84	\$251,000

4 Domestic Refuse Charges:

In accordance with the provisions of section 67, Division 3, Part 6 of the *Waste Avoidance and Resource Recovery Act 2007*, IMPOSES the following domestic refuse charges for the 2020-21 financial year:

a	Waste Refuse Charge - Existing Service	Per Annum	\$346
b	Waste Refuse Charge – For Each Service Additional to Existing Service	Per Annum	\$346
c	New Standard Bin Service	Establishment Fee	\$105

d	Waste Refuse Charge – Additional Fee for 240L Refuse Bin	Per Annum	\$185
e	New 240L Refuse Bin	Establishment Fee	\$85

5 Private Swimming Pool Inspection Fees:

In accordance with the *Building Act 2011* and regulation 53 of the *Building Regulations 2012*, IMPOSES for the 2020-21 financial year, a Private Swimming Pool Inspection fee of \$36.40 for each property where a private swimming pool is located;

6 Payment Options:

6.1 In accordance with the provisions of section 6.45 of the *Local Government Act 1995*, OFFERS the following payment options for the payment of rates, specified area rates (where applicable), emergency services levy, domestic refuse charge and private swimming pool inspection fees:

6.1.1 One Instalment:

6.1.1.1 Payment in full (including all arrears) within 35 days of the issue date of the annual rate notice;

6.1.2 Two Instalments:

6.1.2.1 The first instalment of 50% of the total current rates, specified area rates (where applicable), emergency services levy, domestic refuse charge, private swimming pool inspection fees and instalment charge, plus the total outstanding arrears payable within 35 days of the issue date of the annual rate notice;

6.1.2.2 The second instalment of 50% of the total current rates, specified area rates (where applicable), emergency services levy, domestic refuse charge, private swimming pool inspection fees and instalment charge, payable 63 days after the due date of the first instalment;

6.1.3 Four Instalments:

6.1.3.1 The first instalment of 25% of the total current rates, specified area rates (where applicable), emergency services levy, domestic refuse charge, private swimming pool inspection fees and instalment charge, plus the total outstanding arrears payable within 35 days of the issue date of the annual rate notice;

6.1.3.2 The second, third and fourth instalments, each of 25% of the total current rates, specified area rates (where applicable), emergency services levy, domestic refuse charge, private swimming pool inspection fees and instalment charge, payable as follows:

- the second instalment 63 days after due date of the first instalment;

- the third instalment 63 days after the due date of the second instalment;
- the fourth instalment 63 days after due date of the third instalment;

6.2 The City offers AdvancePay as a further alternative option for the payment of rates whereby, following the payment of the 2020-21 rates and charges, ratepayers can, if they wish, commence paying the 2021-22 rates in advance in weekly, fortnightly or monthly payments, by direct debit, with no fees or interest charges for any payments received by the City prior to the due date in August 2021;

7 Late Payment Interest:

In accordance with the provisions of section 6.13 and 6.51 of the *Local Government Act 1995*, IMPOSES interest on all current and arrears of rates, specified area rates (where applicable), current and arrears of domestic refuse charges, current and arrears of private swimming pool inspection fees at a rate of 3% per annum, calculated on a simple interest basis on arrears amounts which remain unpaid and current amounts which remain unpaid after 35 days from the issue date of the original rate notice, or the due date of the instalment as the case may be and continues until the instalment is paid in full. Excluded are deferred rates, instalment current amounts not yet due under the two or four payment instalment option, registered pensioner portions and current government pensioner rebate amounts. Interest is calculated daily on the outstanding balance and is debited to the account monthly in arrears;

8 Emergency Services Levy Interest Charge:

In accordance with the provisions of section 36S of the *Fire and Emergency Services Authority of Western Australia Act 1998*, IMPOSES interest on all current and arrears amounts of emergency services levy at the rate of 8% per annum, calculated on a simple interest basis on amounts which remain unpaid after 35 days from the issue date of the original rate notice, or the due date of an instalment and continues until the arrears is fully paid. Excluded are instalment current amounts not yet due under the two or four payment instalment option, registered pensioner portions and current government pensioner rebate amounts. Interest is calculated daily on the outstanding balance and is debited to the account monthly in arrears;

9 Instalment and Payment Arrangement Administration Fees and Interest Charges:

9.1 In accordance with the provisions of section 6.45 of the *Local Government Act 1995*, for the 2020-21 financial year, IMPOSES the following administration fees and interest charges for payment of rates (including specified area rates), domestic refuse charge and private swimming pool inspection fees:

9.1.1 Two Instalment Option:

An administration fee of \$12 for the second instalment;

9.1.2 Four Instalment Option:

An administration fee of \$12 for each of the second, third and fourth instalments;

9.1.3 Special Payment Arrangements:

Special weekly, fortnightly or monthly payment arrangements can be made with the City for those ratepayers who may be unable to pay in full or according to the instalment plans offered. An administration fee of \$34 if paid by Direct Debit (bank account only) or \$52 for non-direct debit is charged on each special payment arrangement and penalty interest of 3% per annum for rates and charges and 8% per annum for the Emergency Services Levy, from and including the thirty sixth day from the issue of the rates notice, is applied to the outstanding balance until the account is paid in full;

9.2 In accordance with the provisions of section 6.49 of the *Local Government Act 1995*, AUTHORISES the Chief Executive Officer to enter into special payment arrangements with ratepayers for the payment of general rates, specified area rates (where applicable), emergency services levy, domestic refuse charges and private swimming pool inspection fees during the 2020-21 financial year;

10 AUTHORISES as part of the 2020-21 Budget the following transfers from Reserves:

Reserve	Amount	Purpose
Capital Works Carried Forward	\$4,484,497	2019-20 uncompleted works and projects to be undertaken in 2020-21.
Parking Facility	\$1,003,867	To provide for principal and interest repayments on the Reid Promenade Car Park loan.
Asset Renewal	\$12,627,271	To fund several infrastructure asset renewal projects, as specified in the Capital Expenditure Program.
Specified Area Rating – Woodvale Waters	\$5,861	To maintain enhanced landscaping in 2020-21.
Specified Area Rating – Iluka	\$1,828	To maintain enhanced landscaping in 2020-21.
Specified Area Rating – Harbour Rise	\$4,426	To maintain enhanced landscaping in 2020-21.
Specified Area Rating – Burns Beach	\$4,311	To maintain enhanced landscaping in 2020-21.
Strategic Asset	\$8,470,700	To fund several infrastructure asset projects, as specified in the Capital Expenditure Programs.

11 AUTHORISES as part of the 2020-21 Budget the following transfers to Reserves:

Reserve	Amount	Purpose
Waste Management	\$517,790	Surplus arising from waste management operations.
Tamala Park Land Sales	\$500,000	Equity distribution from Tamala Park Regional Council.
Strategic Asset	\$1,425,000	Provision for future projects.

Parking Facility	\$1,916,551	Surplus from paid parking to provide for the repayment of the loan for parking and other future Joondalup City Centre works and services.
Non-Current Long Service Leave	\$100,000	Increase in cover for future long service leave liabilities.
Asset Renewal	\$19,815,000	To fund renewal of assets
All reserves	\$521,482	Interest earned on the investment of reserve funds.

- 12 **ADOPTS** as part of the 2020-21 Budget, the Fees and Charges, as set out in Attachment 8 to Report JSC07-06/20 to the Budget, with those fees and charges being applicable from Monday, 6 July 2020 unless indicated otherwise in Attachment 8 of Report JSC07-06/20 to the Budget;
- 13 **ADOPTS** for the financial year ended 30 June 2020 a variance amount of \$50,000 or 5% of the appropriate base, whichever is the higher, to be a material variance for the purposes of reporting under regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*.

C49-06/20

FIRST EXTENSION OF TIME TO SPEAK

MOVED Mayor Jacob, **SECONDED** Cr Poliwka that Cr Raftis be permitted an extension of time to speak for a further five minutes.

The Motion was Put and

CARRIED (13/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Jones, Logan, May, McLean, Poliwka, Raftis, Taylor and Thompson.

The Director Planning and Community Development left the Chamber at 7.27pm.

AMENDMENT MOVED Cr Thompson, **SECONDED** Cr Poliwka that a new Part 14 be added to the Motion as follows:

“14 **REQUESTS** a further report be submitted to Council to consider the priority parks that will utilise the \$250,000 funding listed as part of the Public Open Space Improvement Program (PDP2334);”.

The Amendment Motion was Put and

LOST (5/8)

In favour of the Amendment: Crs Fishwick, May, Poliwka, Raftis and Thompson.

Against the Amendment: Mayor Jacob, Crs Chester, Hamilton-Prime, Hollywood, Jones, Logan, McLean and Taylor.

The Director Planning and Community Development entered the Chamber at 7.29pm.

C50-06/20

SECOND EXTENSION OF TIME TO SPEAK

MOVED Mayor Jacob, SECONDED Cr May that Cr Poliwka be permitted an extension of time to speak for a further five minutes.

The Motion was Put and

CARRIED (13/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Jones, Logan, May, McLean, Poliwka, Raftis, Taylor and Thompson.

Cr Poliwka left the Chamber at 7.50pm and returned at 7.51pm.

The Motion as MOVED Mayor Jacob, SECONDED Cr Fishwick was Put and

CARRIED (10/3)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Jones, Logan, May, McLean and Taylor.

Against the Motion: Crs Poliwka, Raftis and Thompson.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agn200630.pdf](#)

CLOSURE

There being no further business, the Mayor declared the meeting closed at 7.57pm the following Elected Members being present at that time:

MAYOR HON. ALBERT JACOB, JP
CR KERRY HOLLYWOOD
CR TOM McLEAN, JP
CR PHILIPPA TAYLOR
CR NIGE JONES
CR CHRISTOPHER MAY
CR RUSSELL POLIWKA
CR CHRISTINE HAMILTON-PRIME
CR JOHN RAFTIS
CR JOHN CHESTER
CR JOHN LOGAN
CR RUSS FISHWICK, JP
CR SUZANNE THOMPSON