

# agenda

## **Addendum** Ordinary Meeting of Council

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

**ON** **TUESDAY 27 JUNE 2023**

**COMMENCING AT** **6.30pm**

**NICO CLAASSEN**  
Acting Chief Executive Officer  
23 June 2023

### **Acknowledgement of Traditional Custodians**

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

*This document is available in alternate formats upon request*

## TABLE OF CONTENTS

ITEM NO.	TITLE	WARD	PAGE NO.
	<b>REPORTS OF THE CHIEF EXECUTIVE OFFICER</b>		<b>3</b>
CJ106-06/23	DRAFT 2023-24 BUDGET	ALL	3
CJ107-06/23	PROPOSAL TO LEVY DIFFERENTIAL RATES FOR THE 2023-24 FINANCIAL YEAR	ALL	19

## REPORTS OF THE CHIEF EXECUTIVE OFFICER

### CJ106-06/23 DRAFT 2023-24 BUDGET

<b>WARD</b>	All
<b>RESPONSIBLE DIRECTOR</b>	Mr Mat Humfrey Corporate Services
<b>FILE NUMBER</b>	110452, 101515
<b>ATTACHMENTS</b>	Attachment 1 Draft 2023-24 Budget Executive Report Attachment 2 Draft 2023-24 Budget Statutory Statements and Notes Attachment 3 Capital Expenditure Attachment 4 Vehicle and Plant Replacement Program Attachment 5 Schedule of Fees and Charges
<b>AUTHORITY / DISCRETION</b>	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 2023-24 Budget.

#### EXECUTIVE SUMMARY

The process of preparing the 2023-24 Budget commenced in late 2022. It has encompassed detailed budget analysis and preparation, executive review and elected member workshops.

The draft 2023-24 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 2032* (Joondalup 2032), has been reviewed to ensure the City's 2023-24 Budget continues to deliver the vision of "A global City: bold, creative and prosperous". The City's draft *10 Year Strategic Financial Plan* guides the development of the 2023-24 Budget.

*It is therefore recommended that Council, by an Absolute Majority ADOPTS the annual budget for the City of Joondalup for the year ending 30 June 2024, incorporating the following:*

- 1 *Budget Statements;*
- 2 *Rates;*
- 3 *Emergency Services Levy;*
- 4 *Domestic Refuse Charges;*
- 5 *Private Swimming Pool Inspection Fees;*
- 6 *Payment Options;*
- 7 *Late Payment Interest;*
- 8 *Emergency Services Levy Interest Charge;*

- 9 *Instalment and Payment Arrangement Administration Fees and Interest Charges;*
- 10 *Transfers from Reserves;*
- 11 *Transfers to Reserves;*
- 12 *Fees and Charges;*
- 13 *Statutory fees and charges;*
- 14 *Material Variances for Reporting Purposes.*

## **BACKGROUND**

The 2023-24 budget process has been in progress since late 2022. The contents of the budget have been refined over this period after presentations, analysis and review by the Chief Executive Officer, executive and senior employees, followed by extensive workshops and consultation with elected members.

The draft 2023-24 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 reconsidered in light of the current economic climate.

## **DETAILS**

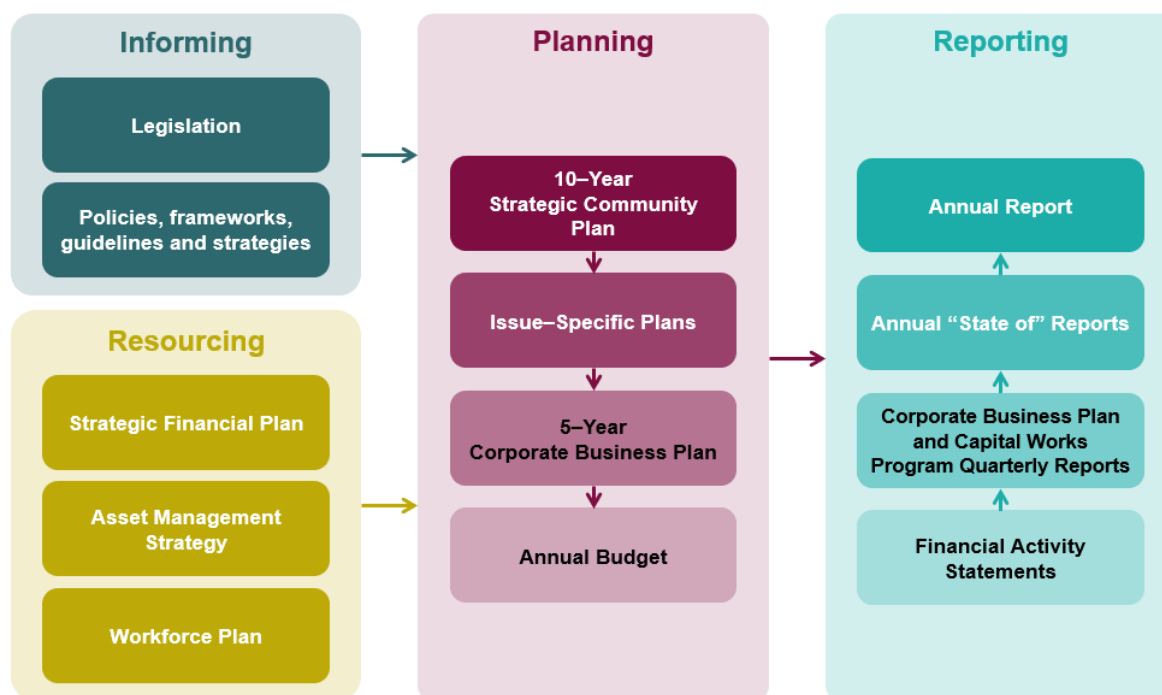
### Development of the draft 2023-24 Budget

The City's *Strategic Community Plan, Joondalup 2032*, has been reviewed to ensure the City's 2023-24 Budget continues to deliver the vision of "A global City: bold, creative and prosperous". The development of the 2023-24 Budget is guided by the principles and parameters outlined in the City's draft *10 Year Strategic Financial Plan*. During 2023-24 an increase of 3.25% to rates revenue is proposed with a corresponding adjustment to minimum rates. While the proposed budget is entirely achievable and the City is in a comfortable liquidity position, the operating results may not be sustainable in the long-term and will require reviewing of revenue and expenditure streams to improve the long term operating position beyond the 2023-24 financial year.

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

- 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 2021-22 and progress in *2022-23 Annual Plan* performance.
- Review proposals for capacity:
  - rating and revenue
  - resources to implement and deploy.
- Determine potential reductions.
- Executive analysis.
- *10 Year Strategic Financial Plan* alignment and review.
- Elected Member workshops (five during February, March, April and May 2023).

The integrated planning framework is depicted below:



### Operating Budget

The economic environment in previous years has been defined by sustained low growth, low inflation and low interest rates. The economic environment has changed considerably over the last twelve to twenty four months with significant upward movement in inflation and several interest rate increases. The economic environment of high inflation and higher interest rates is predicted to be maintained in the short to medium term. These challenges have framed the context for the City of Joondalup’s 2023-24 Budget.

Challenges the City has had to address in framing the draft 2023-24 Budget include:

- the economic outlook remains unclear:
  - Inflation pressures to core services
  - 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.

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 2023 and reflected in the draft *10 Year Strategic Financial Plan*, the *Five-Year Capital Works Program* and other City supporting plans. A 3.25% increase in rates revenue is included in the 2023-24 budget to address inflation pressures on services, facilities and projects.

The 2023-24 operating budget compared to 2022-23 includes increases to rates revenue of \$3.9 million, fees and charges of \$0.3 million, materials and contracts of \$2.7m and employee costs of \$1.7 million. The budget includes the continuation, at a reduced level, of measures first adopted in 2020-21, with the business property discount.

The 2023-24 expenditure program includes a number of significant projects and programs including:

Hillary's Cycle Network Expansion	\$3,450,000
Joondalup / Hodges Intersection Upgrade	\$1,530,170
Joondalup Administration Building Roof Balustrades	\$1,000,000
Civic Centre Slab Waterproofing	\$950,000
Hepburn/Karuah Intersection Upgrade	\$821,950
Warwick North Cluster Parks Revitalisation	\$750,000
Sorrento SLSC Redevelopment	\$732,880
Percy Doyle Skate Park	\$713,050
Pinnaroo Point Parking Improvements	\$670,072
Ocean Reef/Gwendoline Intersection Upgrade	\$634,575
Hepburn/Amalfi Roundabout Improvements	\$626,430

### 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 2023-24 financial year the City will transfer a net \$6.2 million from reserves including the following:

- \$17.3 million will be drawn from reserves of which the major amounts are \$12.7 million from the Asset Renewal Reserve, \$3.0 million from the Strategic Asset Reserve, \$1 million from the Parking Facility Reserve and \$0.3 million from the Public Art Reserve.
- \$11.1 million will be transferred to reserves (contributions plus interest) of which the major amounts are \$4.4 million into the Tamala Park Land Sales Reserve, \$1.9 million into the Parking Facility Reserve, \$1.9 million into the Waste Management Reserve, \$1 million into the Strategic Asset Reserve, \$0.8 million into the Asset Renewal Reserve and \$0.8 million into the Joondalup Performing Art and Cultural Facility Reserve. These transfers include the contribution plus the interest earned on the investment of reserve funds.

Details of reserves are described in the notes to and forming part of the Budget (Attachment 2 refers).

### Loan Borrowings

The City is not proposing any new borrowings during the 2023-24 financial year.

Existing borrowings will require principal and interest repayments of \$935,712 and \$56,770 respectively. Loan principal outstanding is expected to decrease from \$1.9 million at 30 June 2023 to \$1 million at 30 June 2024 where the full amount outstanding is in respect of the Reid Promenade Multi Storey Car Park, and which is intended to be funded 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.

### Rates and Refuse Charges

As has been the case since the 2008-09 financial year differential rating will be applied for 2023-24. 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 less than twice the lowest differential rate. The various differential rates and minimum payments maintain the City's historical approach to apportioning the rate burden between the respective categories of residential, commercial and industrial as well as between vacant and developed residential, commercial and industrial property. The City reduced overall rates revenue in 2020-21 by over \$5 million from 2019-20, as part of the City's COVID-19 support to the community. The proposed differential rates for 2023-24 represent a 3.25% increase in revenue from differential rates in 2022-23 and is approximately 4% higher than rates revenue in 2019-20.

2023-24 was a Gross Rental Value (GRV) revaluation year, with the revaluation undertaken by the Valuer-General. GRVs have risen considerably since the last revaluation undertaken three years previously and is based on property data from August 2021, reflecting the market at that time.

In 2020-21 the City had introduced a one-off COVID-19 discount for certain categories of properties. Although the COVID-19 pandemic is no longer the significant risk it was, it is proposed to continue the business property discounts offered in 2022-23 into 2023-24 for the following categories of properties:

- Commercial Improved \$150
- Industrial Improved \$ 75

Rates revenue will be \$108.5 million excluding Specified Area Rates. Rates is the City's largest single source of funds without which the City could not deliver most 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 2023-24.

## **Issues and options considered**

The process for the development of the draft 2023-24 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 2023-24 financial year including consideration of rating income, grants, fees and charges and other income, and likely demands on expenditure.

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 and instalment arrangements as well as the AdvancePay facility that enables ratepayers who have settled current year's rates 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.

### Platinum 50+ Adventure Program

The City commenced a review of the Platinum 50+ Adventure Program in late 2019. In March 2020, as a result of the emerging COVID-19 pandemic, the City placed the majority of its in-person programs on hold - including the Platinum 50+ Adventure Program. The Program has yet to be re-commenced to allow the City to complete its review and continue engagement with Elected Members.

It is proposed to deliver the Platinum Adventure Program from 2023/24 under a revised structure as discussed with Elected Members. The program will be re-branded as part of its re-launch to distinguish itself away from the "Platinum" brand of activities that take place from the Craigie Leisure Centre.

The program is expected to generate \$25,000 in income, and cost \$68,849 to deliver, a proposed net cost to the City of \$43,849 in 2023-24 – anticipating an eight-month program, following expected re-commencement in late 2023. These amounts are not included in the draft 2023-24 Budget documents.

Fees and charges will utilise the City's 2023-24 Schedule of Fees and Charges, specifically the Corporate "Service Fees – Program" rates as listed in the 2023-24 Schedule of Fees and Charges (Attachment 5).

The specific fee or charge for each program will be based on a 50% Cost Recovery methodology, with an additional 50% discount offered to City of Joondalup residents who hold a State or Commonwealth Seniors Card, or Pension Concession Card, subject to proof of entitlement being satisfactorily demonstrated.

### Electronic Vehicle (EV) Charging Stations

As part of City's progress toward renewable energy, the City is in the process of procuring 11 Battery Electric Vehicles (EV), with three expected to arrive in early 2023-24, and has been successful in obtaining grant funding (under the Charge Up Workplace EV Charging Scheme) to partially offset the costs of installing charging stations at the Administration Centre and Works Operations Centre to facilitate the use of these assets.



The total cost of installing the charging stations is estimated to be \$56,341. This incorporates the installation of three EV charging stations at the Joondalup Administration Centre for the charging of up to six electric vehicles at the same time, the installation of one EV charging station at the Works Operations Centre where two vehicles can be charged at the same time, and a two year software subscription for each charging plug.

The chargers are expected to be installed between July and August 2023. Upon completion the City will be eligible to receive \$20,787 from the grant funding body. This creates a net cost to the City of \$35,554 to install these charging stations. The installation cost and the grant revenue are not currently included in the draft 2023-24 Budget documents.

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

**Legislation** The accompanying draft 2023-24 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 with the draft *10 Year Strategic Financial Plan* during the budget process has helped to mitigate the long-term risks.

### **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 draft 2023-24 Budget has been prepared against the backdrop of on-going review and assessment of the City's strategic direction and financial position by the elected members and the executive. Five budget workshops were undertaken in the preparation of the draft 2023-24 Budget.

The proposed differential rates for the 2023-24 year were advertised for public comment for 21 days. The outcome of the public advertising of differential rates is contained in a separate report to this agenda.

## COMMENT

The City of Joondalup's draft 2023-24 Budget continues to be influenced by the prevailing economic environment which in the last year has been defined by high inflation and higher interest rates. The economic environment of high inflation and interest rate rises is projected to persist in the immediate future. The City continues to maximise federal and state grant opportunities when they are present.

The 2023-24 Budget continues measures taken in 2020-21 to mitigate the impact of COVID-19 on the wider community, including the local economy. The main measure during 2020-21 was the reduction of rates revenue by \$5.3 million from the previous year. During 2023-24 an increase of 3.25% to rates revenue compared to 2022-23. While the proposed budget is entirely achievable and the City is in a comfortable liquidity position, the operating results are not sustainable in the long-term and will require reviewing of revenue and expenditure streams to enhance the future operating position beyond the 2023-24 financial year.

The City will strive to deliver on the draft 2023-24 Budget while maintaining alignment to the City's *Strategic Community Plan*, 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 draft *10 Year Strategic Financial Plan*.

## VOTING REQUIREMENTS

Absolute Majority.

## RECOMMENDATION

**That Council BY AN ABSOLUTE MAJORITY ADOPTS the annual budget for the City of Joondalup for the year ending 30 June 2024 comprising the following:**

- 1 Executive Report (Attachment 1 refers);**
  - 1.1 Budget Document including:**
    - 1.1.1 Statement of Comprehensive Income by Nature or Type;**
    - 1.1.2 Statement of Comprehensive Income by Program;**
    - 1.1.3 Statement of Cash Flows, Rate Setting Statement;**
    - 1.1.4 Notes to and Forming Part of the Budget (Attachment 2 refers);**

**1.2 Capital Expenditure (Attachment 3 refers) as follows:**

- 1.2.1 Parks Development Program (PDP) \$2,413,160;
- 1.2.2 Foreshore and Natural Areas Management Program (FNM) \$1,006,050;
- 1.2.3 Parks Equipment Program (PEP) \$2,543,908;
- 1.2.4 Streetscape Enhancement Program (SSE) \$1,130,000;
- 1.2.5 Local Traffic Management (LTM) \$597,915;
- 1.2.6 Blackspot Projects (SBS) \$2,682,195;
- 1.2.7 Parking Facilities Program (PFP) \$1,080,072;
- 1.2.8 Major Road Construction Program (RDC) \$2,489,513;
- 1.2.9 New Paths (FPN) \$3,789,000;
- 1.2.10 Slab Path Replacement (FPR) \$722,000;
- 1.2.11 Stormwater Drainage Program (SWD) \$505,000;
- 1.2.12 Street Lighting Program (STL) \$1,065,000;
- 1.2.13 Road Preservation/Resurfacing Program (RPR) \$8,602,604;
- 1.2.14 Major Building Capital Works Program (BCW) \$3,540,000;
- 1.2.15 Major Project Program (MPP) \$2,754,880;
- 1.2.16 Capital Projects \$6,599,697;

**1.3 Vehicle and Plant Replacement Program (Attachment 4 refers);**

**1.4 Schedule of Fees and Charges (Attachment 5 refers);**

**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 2023-24 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	5.3496	877
Residential Vacant	10.3964	959
Commercial Improved	7.0334	959
Commercial Vacant	10.3964	959
Industrial Improved	6.3731	959
Industrial Vacant	10.3964	959

**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	1.0709	938
Rural	1.0691	938

- 2.2 In accordance with the provisions of section 6.47 of the *Local Government Act 1995* GRANTS non-recurring business property discounts in respect of general rates levied in 2023-24 as follows:

Category of Property	Business Property Discounts
Commercial Improved	\$150 per annum
Industrial Improved	\$75 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 2023-24 financial year in accordance with the following table:

Specified Area	Gross Rental Value Rates (Cents in the dollar)	Purpose
Harbour Rise (described in 2.3.1)	0.66266	Maintaining enhanced landscaping which will be applied during 2023-24.
Iluka (described in 2.3.2)	0.59316	Maintaining enhanced landscaping which will be applied during 2023-24.
Burns Beach (described in 2.3.3)	0.37921	Maintaining enhanced landscaping which will be applied during 2023-24.
Woodvale Waters (described in 2.3.4)	0.65700	Maintaining enhanced landscaping which will be applied during 2023-24.

- 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 Promenade, Withers Grove, Olsen Court, Heysen Crest, Fullwood Walk except for Lots 156 Streeton Promenade 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 2023-24 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
2023-24	1.3953	\$98	\$491	\$98	\$280,000

**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 2023-24 financial year:

<b>a</b>	<b>Waste Refuse Charge - Annual Standard Service including 3 bins, Bulk Waste</b>	<b>Per Annum</b>	<b>\$360</b>
<b>b</b>	<b>Waste Refuse Charge – For Each Additional Annual Service including 3 bins, Bulk Waste</b>	<b>Per Annum</b>	<b>\$360</b>
<b>c</b>	<b>New Standard Refuse Service for supply and delivery of 3 bins</b>	<b>Establishment Fee</b>	<b>\$160</b>
<b>d</b>	<b>Waste Refuse Charge - Additional Annual Service Fee for Larger General Waste Bin (240L)</b>	<b>Per Annum</b>	<b>\$242</b>
<b>e</b>	<b>Larger General Waste Bin (240L)- Establishment fee from General Waste Bin (140L), first year collection and processing</b>	<b>Establishment Fee</b>	<b>\$164</b>
<b>f</b>	<b>Waste Refuse Charge - Additional Annual Service Fee for 240L Green bin, collection, processing service and disposal</b>	<b>Per Annum</b>	<b>\$41</b>
<b>g</b>	<b>Waste Refuse Charge - Additional Annual Service fee for 240L or 360L Recycle bin collection, processing service and disposal</b>	<b>Per Annum</b>	<b>\$56</b>
<b>h</b>	<b>Additional Recycling or Greens Waste bin to existing Standard Refuse Service</b>	<b>Establishment Fee</b>	<b>\$71</b>

**5 Private Swimming Pool Inspection Fees:**

In accordance with the *Building Act 2011* and regulation 53 of the *Building Regulations 2012*, IMPOSES for the 2023-24 financial year, a Private Swimming Pool Inspection fee of \$43.90 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:**

**6.1.3.2.1 the second instalment 63 days after due date of the first instalment;**

**6.1.3.2.2 the third instalment 63 days after due date of the second instalment;**

**6.1.3.2.3 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 2023-24 rates and charges, ratepayers can, if they wish, commence paying the 2024-25 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 for 2024-25 rates levied;**

**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 7% 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 2023-24 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 with no interest applied;

**9.1.2 Four Instalment Option:**

An administration fee of \$12 for each of the second, third and fourth instalments with no interest applied;

**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 7% 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 2023-24 financial year;



- 10 AUTHORISES as part of the 2023-24 Budget the following transfers from Reserves:

Reserve	Amount	Purpose
Capital Works Carried Forward	\$233,900	2022-23 uncompleted works and projects to be undertaken in 2023-24.
Asset Renewal	\$12,702,536	To fund several infrastructure asset renewal projects, as specified in the Capital Expenditure Program.
Strategic Asset	\$3,004,880	To fund several infrastructure asset projects, as specified in the Capital Expenditure Program.
Public Art Reserve	\$312,049	For a public art project.
Parking Facility	\$992,212	To provide for principal and interest repayments on the Reid Promenade Car Park loan.
Specified Area Rating-Harbour Rise	\$823	To maintain enhanced landscaping in 2023-24.
Specified Area Rating-Iluka	\$4,960	To maintain enhanced landscaping in 2023-24.
Specified Area Rating-Woodvale	\$1,062	To maintain enhanced landscaping in 2023-24.
Specified Area Rating-Burns Beach	\$3,120	To maintain enhanced landscaping in 2023-24.

- 11 AUTHORISES as part of the 2023-24 Budget the following transfers to Reserves:

Reserve	Amount	Purpose
Waste Management	\$1,453,155	Surplus arising from waste management operations.
Tamala Park Land Sales	\$3,333,333	Equity distribution from Tamala Park Regional Council.
Strategic Asset		Provision for future projects.
Non-Current Long Service Leave	\$100,000	Increase in cover for future long service leave liabilities.
Parking Facility	\$1,604,800	Surplus from paid parking to provide for the repayment of the loan for parking and other future Joondalup City Centre works and services.
Percy Doyle Infrastructure Reserve Fund	\$184,110	Amount set aside 2023-24 Annual Budget plus CPI.
Various reserves	\$4,374,038	Interest earned on the investment of reserve funds.

- 12 ADOPTS as part of the 2023-24 Budget, the Fees and Charges, as set out in Attachment 5 to Report CJ106-06/23 to the Budget, with those fees and charges being applicable from Monday, 3 July 2023 unless indicated otherwise in Attachment 5 of Report CJ106-06/23 to the Budget;

- 13 **NOTES** that statutory fees and charges included in the 2023-24 Schedule of Fees and Charges are subject to determination by State Government and any changes to these will be effected in the *Schedule of Fees and Charges* without the need to refer these back to Council;
- 14 **ADOPTS** for the financial year ended 30 June 2024 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*;
- 15 **NOTES** that an amount of \$4.81 million is included in the 2023-24 Budget for payment to Development WA in respect of Ocean Reef Marina, comprising the City's contribution of \$3.06 million as well as the Ocean Reef Sea Sports Club's contribution of \$1.75 million, subject to the finalisation of a payment schedule with Development WA, and further **NOTES** that the Ocean Sea Sports Club will repay the City for its contribution of \$1.75 million according to a repayment schedule to be finalised with the Club;
- 16 In respect of the proposed 50+ Platinum Adventure Program in 2023-24, **APPROVES** the following to the 2023-24 Budget:
  - 16.1 Additional \$25,000 in Fees and Charges revenue, reflecting anticipated income from the Program;
  - 16.2 Additional \$31,784 in Employee Costs expenditure, reflecting additional staff costs to run the Program;
  - 16.3 Additional \$37,065 in Materials and Contracts expenditure to run the Program;
- 17 In respect of the proposed installation of electric vehicle charging stations at the Joondalup Administration Centre and Works Operations Centre, **APPROVES** the following to the 2023-24 Budget:
  - 17.1 Additional \$20,787 in Non-Operating Grant Income, reflecting the anticipated grant from the funding body upon completion of the installation;
  - 17.2 Additional \$56,341 in Capital Expenditure for the installation of three EV charging stations at the Joondalup Administration Centre and one EV charging station at the Works Operations Centre;
- 18 **APPROVES** the transfer of \$4,954,499 to the Asset Renewal Reserve.

*Appendix 18 refers*

To access this attachment on electronic document, click here: [Attach18agn230627.pdf](#)

## **CJ107-06/23      PROPOSAL TO LEVY DIFFERENTIAL RATES FOR THE 2023-24 FINANCIAL YEAR**

<b>WARD</b>	All
<b>RESPONSIBLE DIRECTOR</b>	Mr Mat Humfrey Corporate Services
<b>FILE NUMBER</b>	110452, 101515
<b>ATTACHMENTS</b>	Attachment 1    Community Consultation Outcomes Report: Proposal to Levy Differential Rates 2023-24
<b>AUTHORITY / DISCRETION</b>	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**

To consider submissions in response to the City's advertised proposal for applying differential rates for the 2023-24 financial year.

### **EXECUTIVE SUMMARY**

At its meeting held on 23 May 2023 (CJ085-05/23 refers), Council resolved to propose differential rates to be levied in 2023-24 and 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 *2023-24 Annual Budget*. The proposed rates represent a 3.25% increase in rates revenue compared to 2022-23, despite a significant rise in gross rental valuations in 2023-24.

The advertising period for submissions closed on Thursday 15 June 2023. Fourteen submissions were received, including two from residents/ratepayer associations. Five submissions supported the proposed differential rates, four submissions opposed the proposal, with others putting forward suggestions for the City to consider, including in respect of additional differential rates. Objections to the proposed differential rates were primarily in respect of the proposed increase in rates revenue as a consequence of the proposed differential rates, with reference to the prevailing economic conditions and City expenditure on projects and operations. Details of the consultation outcomes are provided in Attachment 1.

*It is therefore recommended that Council APPLIES differential rates for rating in the 2023-24 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 2023-24 Budget be those as advertised.*

### **BACKGROUND**

At its meeting held on 23 May 2023 (CJ085-05/23 refers), the report considered by Council set out the object and reasons for the proposed differential rates for the 2023-24 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, 2020-21 and 2023-24.

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 2023-24 financial year and the proposed differential rates and undertook a community consultation process.

Resident/ratepayer groups were advised directly of the proposed differential rates for 2023-24, with advertising to the rest of the community by means of:

- public notice published on the Community Consultation section of the City's public website visible from 25 May 2023 to 15 June 2023
- item published in an eNewsletter sent on 25 May 2023 to subscribers to the City's Community Engagement Network
- item published in the Public Notice eNewsletter sent to subscribers on 25 May 2023;
- public notice published on Facebook on 25 May 2023
- public notice published on LinkedIn on 25 May 2023
- public notice advertised in the PerthNow Joondalup community newspaper on 1 June 2023 and 8 June 2023.

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 Thursday 15 June 2023. 14 submissions were received.

The outcomes of the community consultation, including submissions received, are listed in Attachment 1 to this Report. Five submissions supported the proposed differential rates, four submissions opposed the proposal, with others putting forward suggestions for the City to consider, including in respect of additional differential rates for certain kinds of properties.

Some submissions referred to the City's expenditures and sought amelioration of such expenditure in lieu of increasing differential rates compared to the prior year.

Every three years, Gross Rental Values (GRV) of properties are revalued by the Valuer-General of Western Australia. A revaluation has been undertaken for 2023-24, and the outcomes indicate that residential GRVs in the metropolitan area have risen by an approximate average of 20%, compared to values in place in 2022-23. Residential GRVs in the City of Joondalup have also generally increased in line with this average, although individual suburbs and properties vary from this, considerably in several instances.

To offset the impact of the overall GRV rise, the proposed differential rates (c/\$) for 2023-24 have been adjusted compared to 2022-23, with the residential improved c/\$ being reduced, to ensure the proportion of rates yielded from residential, commercial and industrial properties are maintained from the prior years.

Residential improved properties comprise approximately 96% of all properties in the City. In considering the impact of the proposed differential rates on residential properties, it is important to remember that in a revaluation year, the impact of the change in valuations can impact individual property owners differently. From our modelling we can see that at either extreme, approximately 21% of properties will experience a rate reduction which is offset by approximately 30% which will experience a significant increase. Approximately another 27% will have an increase between 0% and 3.25% and approximately 22% will experience an increase between 3.2% and 5.8% (which is the prevailing rate of inflation at the time the report was written). Even if Council were to reduce the increase in yield, it will not prevent these changes in rates levied at either extreme which are triggered by the change in valuations not the rate in the dollar.

The proposed differential rates for 2023-24 are estimated to yield general rates revenue of \$108,383,945 (excluding estimated interim rates revenue, business property discounts and specified area rates revenue), which is approximately 3.25% higher than general rates revenue generated in 2022-23.

The City's proposal to apply a higher differential to vacant residential land is considered to be soundly based and appropriate at this time.

### **Issues and options considered**

The City is required under Section 6.36 of the *Local Government Act 1995* to consider any submissions received in relation to the proposed differential rates.

Council can either:

- 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 *Local Government Act 1995*  
or
- approve the differential rates as advertised for the draft *2023-24 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.

## **10-Year Strategic Community Plan**

**Key theme** Leadership.

**Outcome** Accountable and financially sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

**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 improved properties with a 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**

In complying with the statutory requirement to advertise the proposed differential rates, the City undertook a community consultation process from 25 May 2023 to 15 June 2023. Details of the consultation process, communication with stakeholders and the outcomes are provided in Attachment 1. Key stakeholders specifically notified included registered resident/ratepayer groups in the City and subscribers to the City's public notices and Community Engagement Network, while notices published in the local newspaper, on the City's social media platforms and on the City's website informed the wider community of the proposed differential rates

Fourteen submissions were received, including two from resident/ratepayer associations. Five submissions supported the proposed differential rates, four submissions opposed the proposal, with others putting forward suggestions for the City to consider, including in respect of additional differential rates. Objections to the proposed differential rates were primarily in respect of the proposed increase in rates revenue as a consequence of the proposed differential rates, with reference to the prevailing economic conditions and City expenditure on projects and operations

## COMMENT

At its meeting held on 23 May 2023 (CJ085-05/23 refers), Council considered and resolved its intention to apply differential rates in the draft *2023-24 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 *2023-24 Budget*.

After consideration of the outcomes of the consultation undertaken, it is recommended that the differential rates and minimum payments advertised be applied in the draft *2023-24 Budget*.

## VOTING REQUIREMENTS

Simple Majority.

## RECOMMENDATION

That Council **APPLIES** differential rates for rating in the 2023-24 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 *2023-24 Budget* be as follows:

	Cents in \$	Minimum Payment
<b>General Rate - GRV</b>		\$
Residential Improved	5.3496	877
Residential Vacant	10.3964	959
Commercial Improved	7.0334	959
Commercial Vacant	10.3964	959
Industrial Improved	6.3731	959
Industrial Vacant	10.3964	959
<b>General Rate - UV</b>		
Residential	1.0709	938
Rural	1.0691	938

Appendix 19 refers

To access this attachment on electronic document, click here: [Attach19agn230627.pdf](#)