

# CITY OF ARMADALE

## AGENDA

**OF SPECIAL CITY STRATEGY COMMITTEE TO BE HELD IN THE COMMITTEE ROOM, ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON MONDAY, 6 MAY 2019 AT 5.30PM.**

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**PRESENT:**

**APOLOGIES:**

**OBSERVERS:**

**IN ATTENDANCE:**

**PUBLIC:**

*“For details of Councillor Membership on this Committee, please refer to the City’s website – [www.armadale.wa.gov.au/your council/councillors](http://www.armadale.wa.gov.au/your_council/councillors).”*

## **DISCLAIMER**

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The Disclaimer for protecting Councillors and staff from liability of information and advice given at Committee meetings to be read.

## **DECLARATION OF MEMBERS' INTERESTS**

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## **QUESTION TIME**

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*Public Question Time is allocated for the asking of and responding to questions raised by members of the public.*

*Minimum time to be provided – 15 minutes (unless not required)*

*Policy and Management Practice EM 6 – Public Question Time has been adopted by Council to ensure the orderly conduct of Public Question time and a copy of this procedure can be found at <http://www.armadale.wa.gov.au/PolicyManual>*

*It is also available in the public gallery.*

*The public's cooperation in this regard will be appreciated.*

## **BUSINESS OF THE MEETING**

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### **1. NOTICE OF INTENTION TO IMPOSE DIFFERENTIAL RATES**

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## SPECIAL CITY STRATEGY COMMITTEE

6 MAY 2019

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## **1.1 - NOTICE OF INTENTION TO IMPOSE DIFFERENTIAL RATES**

WARD : ALL  
FILE No. : M/294/19  
DATE : 30 April 2019  
REF : WC  
RESPONSIBLE : Executive Director  
MANAGER : Corporate Services

### **In Brief:**

- This Report presents the considerations and findings of the Councillor Workshops held on 2 April, 16 April and 29 April 2019 regarding the proposed differential rates for the 2019/20 year;
- The Report recommendation is to give local public notice (21 days) of Council's intention to impose differential rates in the gross rental value area of the district.

### **Tabled Items**

Nil

### **Officer Interest Declaration**

Nil

### **Strategic Implications**

4.3 Financial Sustainability

4.3.1 Prepare and implement short to long term financial plans

### **Legislation Implications**

Sections 6.28, 6.33, 6.35 and 6.36 of the *Local Government Act 1995* apply.

### **Council Policy/Local Law Implications**

Nil

### **Budget/Financial Implications**

In accordance with the 2019/20 Budget Timetable, this Report makes recommendation to Council on the proposed differential rates for the 2019/20 year.

### **Consultation**

- Councillors through the 2019/20 Budget Workshops;
- WALGA with regards to the forecast *Local Government Cost Index*;

## **BACKGROUND**

The differential rates proposed in this Report has regard for the following legislation, i.e.

### ***6.32. Rates and service charges***

- (1) *When adopting the annual budget, a local government —*
  - (a) *in order to make up the budget deficiency, is to impose\* a general rate on rateable land within its district, which rate may be imposed either —*
    - (i) *uniformly; or*
    - (ii) *differentially;*
  - (b) *may impose\* on rateable land within its district —*
    - (ii) *a minimum payment;*

*\* Absolute majority required.*

- (2) *Where a local government resolves to impose a rate it is required to —*
  - (a) *set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and*
  - (b) *set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.*

### **6.33. Differential general rates**

- (1) *A local government may impose differential general rates according to any, or a combination, of the following characteristics —*
  - (a) *the purpose for which the land is zoned, whether or not under a local planning scheme in force under the Planning and Development Act 2005;*
  - (b) *a purpose for which the land is held or used as determined by the local government;*
  - (c) *whether or not the land is vacant land; or*
  - (d) *any other characteristic or combination of characteristics prescribed.*
- (3) *In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.*

### **6.35. Minimum payment**

- (1) *Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.*
- (2) *A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.*
- (3) *In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —*
  - (a) *50% of the total number of separately rated properties in the district; or*
  - (b) *50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.*
- (4) *A minimum payment is not to be imposed on more than the prescribed percentage of —*
  - (a) *the number of separately rated properties in the district; or*
  - (b) *the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.*
- (5) *If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.*
- (6) *For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —*
  - (a) *to land rated on gross rental value;*
  - (b) *to land rated on unimproved value; and*
  - (c) *to each differential rating category where a differential general rate is imposed.*

### **6.36. Local government to give notice of certain rates**

- (1) *Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.*

- (3) *A notice referred to in subsection (1) —*
- (a) *may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency;*
  - (b) *is to contain —*
    - (i) *details of each rate or minimum payment the local government intends to impose;*
    - (ii) *an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and*
    - (iii) *any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed;*
  - and*
  - (c) *is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.*
- (4) *The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.*

This Report is informed by:

- Council's adopted 2019-2023 Corporate Business Plan (CBP) which is underpinned by the Long Term Financial Plan (LTFP); and
- Outcomes and matters arising from the Councillor 2019/20 Annual Budget Workshops held on 2 April 2019, 16 April 2019 and 29 April 2019 to review and update the Corporate Business Plan and Long Term Financial Plan.

## **DETAILS OF PROPOSAL**

This Report proposes that Council endorse seeking public submissions to the imposition of differential rates for properties rated on a Gross Rental Valuation (GRV) basis, differentiated on:

- Whether or not the land is vacant land (section 6.33(1)(c) of the Act refers), and
- The purpose for which land is zoned under the planning schemes in use within the district (section 6.33(1)(a) of the Act refers).

It is proposed that the (3) differential rate groups that applied in the 2017/18 year be again applied in the 2018/19 year, i.e.

- Category 1 – all vacant land
- Category 2 – all improved land that is NOT zoned for business purposes (i.e. primarily residential land);
- Category 3 – all improved land that is zoned (pursuant to the City's Town Planning Scheme No.4, the Armadale Redevelopment Scheme 2004 and the Wungong Urban Water Redevelopment Scheme 2007) for business purposes.

## **COMMENT**

Presented in the Attachments to this Report is the *Draft 2019/20 Statement of Rating Objects and Reasons* which explains the proposed rates for 2019/20.

This Statement results from outcomes of three Budget Workshops held with Councillors during April, which included a review and update of the City's Corporate Business Plan and presentation of the Long Term Financial Plan estimates.

1. The proposed rate increase for 2019/20 is 1.75%. This is lower than the 2.0% being the forecast by the West Australian Local Government Association as the Local Government Cost Index.
2. In real terms, there is no increase in the level of rates.
3. The 2019/20 year is **not** a revaluation year for all properties rated on their Gross Rental Value (GRV). Therefore, the proposed 1.75% rate increase will be uniform for established properties.
4. The proposed rates in the dollar and minimum payments are calculated to provide the shortfall in revenue required to enable the City to provide necessary works and services in the 2019/20 Budget year. This is after taking into account all non-rate sources of revenue and the objectives of the City's Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan.
5. Presented at Attachment G in the Statement of Rating Objectives and Reasons is an overview of the steps and measures Council has taken in determining the required total rates, i.e. expenditure and revenue reviews; benchmarking of service expenses; etc. The objective of these steps and measures is to keep the required rates to a minimum whilst at the same time ensuring service standards are maintained at levels that are responsive to resident needs.
6. The proposed rate in the dollar on vacant land is higher than residential improved land in an effort to promote the development of all properties to their full potential thereby stimulating economic growth and development in all areas of the community.
7. The proposed rate in the dollar and minimum payment on the Business Improved Rate Group higher than the residential land rate to recognise the higher demand on the City's infrastructure and services occasioned by matters such as:
  - the Economic Development function which is largely directed at the encouragement of commercial and industrial businesses to locate and relocate to the City of Armadale, as well as to provide support for the industrial and commercial community;
  - The improvements to, the upgrade of and renewal of the street network in the CBD, including improvements to the street lighting systems;
  - Increased maintenance and operational costs in and around shopping precincts including verge mowing, litter removal, street trees and weed control spraying;
  - Increased maintenance and operational costs in industrial areas, particularly related to drainage; and
  - Increased costs related to the general improvement to the road streetscapes of the entry roads into Armadale, including landscaping, tree plantings and the provision of pedestrian and cycle paths.

The following Table compares the average rates per household for the current 2018/19 year with the proposed rates for 2019/20.

2019/20 - GRV Residential Improved - Proposed Rates						
Suburb	Number of Properties	Average GRV	Average Rates 2018/19	Average Rates 2019/20	\$Diff	%Diff
ARMADALE	5,898	\$14,922	\$1,296	\$1,318	\$22	1.72%
BEDFORDALE	994	\$24,445	\$2,075	\$2,112	\$37	1.76%
BROOKDALE	1,013	\$16,147	\$1,371	\$1,395	\$24	1.77%
CAMILLO	1,801	\$15,680	\$1,341	\$1,364	\$23	1.75%
CHAMPION LAKES	460	\$18,914	\$1,606	\$1,634	\$28	1.74%
FORRESDALE	377	\$19,971	\$1,699	\$1,728	\$29	1.73%
HARRISDALE	3,618	\$20,916	\$1,775	\$1,806	\$31	1.75%
HAYNES	605	\$21,186	\$1,798	\$1,829	\$31	1.72%
HILBERT	1,235	\$19,755	\$1,677	\$1,706	\$29	1.73%
KARRAGULLEN	110	\$26,346	\$2,244	\$2,283	\$39	1.73%
KELMSCOTT	4,320	\$16,640	\$1,428	\$1,453	\$25	1.74%
MOUNT NASURA	1,237	\$20,045	\$1,704	\$1,734	\$30	1.76%
MOUNT RICHON	742	\$19,569	\$1,671	\$1,700	\$29	1.74%
PIARA WATERS	4,142	\$21,139	\$1,794	\$1,825	\$31	1.73%
ROLEYSTONE	2,522	\$21,535	\$1,831	\$1,863	\$32	1.72%
SEVILLE GROVE	3,853	\$17,522	\$1,487	\$1,513	\$26	1.75%
WUNGONG	116	\$22,676	\$1,931	\$1,965	\$34	1.76%
<b>All Properties</b>	<b>33,043</b>	<b>\$18,525</b>	<b>\$1,581</b>	<b>\$1,608</b>	<b>\$27</b>	<b>1.72%</b>

Other matters to note include:

- Giving local public notice of the proposed differential rates does not prevent Council from subsequently imposing rates that differ from those advertised, however should that occur, there is understandably a legislative requirement upon Council to explain in the annual budget document and the rating information accompanying the rates notice, the reasons for the change;
- Local public notice of the proposed differential rates is planned to appear in the West Australian on Wednesday 15 May 2019, in the Examiner on Thursday 16 May 2019.
- Electors and ratepayers will have until close of business on Thursday 6 June 2019 to make written submission on the proposed rates;
- it will be proposed at a subsequent stage of the budget adoption process that the rate concession granted in the 2019/20 year to properties in the Category 3 Business Improved Rate Group used exclusively for residential purposes, will again be applied in a like manner for the 2019/20 year (prior Council resolution CS80/9/14 of 22 September 2014 refers), and
- As with the 2018/19 year rates, Minister's approval will be required prior to imposing the minimum payment on vacant land given the number of vacant properties on the minimum payment will be greater than 50% - section 6.35(5) of the *Local Government Act 1995* refers.

**CONCLUSION**

Based upon the considerations and findings of the Councillor Workshops, the information presented in this Report and the attached *Statement of Rating Objects and Reasons*, the following recommendation is presented for Council's approval.

**RECOMMEND**

**That Council, pursuant to section 6.36 of the *Local Government Act 1995*, agrees to give local public notice of its intention to impose differential rates in the gross rental value area of the district for the 2019/20 year in accordance with the attached *Statement of Rating Objects and Reasons* (which will be available for public inspection during the notice period at the City's Administration Centre, libraries and web page) wherein the proposed differential rates and minimum payments are detailed as follows:**

Rate Group	Proposed Rates	
	Rate in the \$ (cents)	Minimum Payment \$
<i>Gross Rental Value Land</i>		
Vacant	14.677	1,181
Residential Improved	8.633	1,181
Business Improved	9.137	1,374
<i>Unimproved Value Land</i>		
General Rural	0.4517	1,414

**ATTACHMENTS**

1. [DRAFT 2019-20 Statement of Rating Objects and Reasons](#)

**MEETING DECLARED CLOSED AT \_\_\_\_\_**

<b>SPECIAL CITY STRATEGY COMMITTEE</b>		
<b>SUMMARY OF ATTACHMENTS</b>		
6 MAY 2019		
<b>ATT NO.</b>	<b>SUBJECT</b>	<b>PAGE</b>
<b>1.1 NOTICE OF INTENTION TO IMPOSE DIFFERENTIAL RATES</b>		
1.1.1	DRAFT 2019-20 Statement of Rating Objects and Reasons	11



# Draft

## Statement of Rating Objects and Reasons 2019/20

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Statement of Rating Objects & Reasons

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Statement of Rating Objects & Reasons

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## Draft Statement of Rating Objects & Reasons

### Introduction

This Statement is provided:

- in accordance with section 6.36 of the *Local Government Act 1995*;
- to inform residents of the City of the objects and reasons for the differential rates being proposed for the 2019/20 financial year; and
- to invite submissions from residents on the proposed differential rates and minimum payments.

Residents wishing to make written submission are invited to lodge their submission with the City **by no later than close of business, 4.45pm, on Thursday 6 June 2019.**

Written Submission can be forwarded to:

**Chief Executive Officer  
City of Armadale  
7 Orchard Avenue  
Armadale WA 6112**

Submissions will also be accepted by email: [info@armadale.wa.gov.au](mailto:info@armadale.wa.gov.au) or lodged in person at the City's Administration Centre at 7 Orchard Avenue, Armadale.

**Should you have any queries in respect to this Statement, please contact our Rates Department on 9394 5777.**

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Statement of Rating Objects & Reasons

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## Proposed 2019/20 Rates

The population of the City of Armadale has been growing for a number of years. Last year, an estimated 3,000 people moved into the district, representing the second highest population growth rate for a local government district in Western Australia.

Likewise, the City's services, amenities and infrastructure are expanding in conjunction with the population growth to meet the needs of the community and in response to changes in community priorities and State Government policy. To meet the cost of these services, the Council has been careful strike a balance between the level of rates and the services provided.

This year, the growth in City services will be funded by a redistribution of City funds, following a review of the overall cost of City services. This has enabled the City to expand services with no impact on rates. These expanded services include libraries services, environmental initiatives, public safety improvements (to public access ways), streetscape/verge amenity, dealing with abandoned buildings and strategic land use (urban development) planning.

For the 2019/20 financial year, rates will be retained at the same level in real terms as the current year. The proposed rates have therefore been set based on an increase of 1.75%. This is less than the forecast 2.0% increase in the Local Government Cot Index, estimated by the West Australian Local Government Association to be the increase in the cost of goods and services provided by Local Government in the coming year. Further details are provided in Appendix G "City Services review".

Table 1 over page provides details of the proposed rates, including:

- the Gross Rental Value (GRV) and Unimproved Value (UV) of all rateable property in the local government district of Armadale, used as the basis to calculate the proposed rates revenue for 2019/20;
- the proposed rate in the dollar proposed to be applied to the GRV and UV rateable properties;
- the minimum payment established under s6.25 of the Local Government Act; and
- the proposed rate revenues for 2019/20.

Statement of Rating Objects & Reasons

**Table 1 – Proposed Rates 2019/20**

Particulars	Rate in \$ (cents) & Minimum Payment	Property Numbers	Rateable Value	Interim Rates	2019/20
<b>Differential Rates</b>					
<i>Gross Rental Value Lands</i>					
Vacant	14.677	858	19,525,140		2,866,000
Residential Improved	8.633	30,294	581,919,715	450,000	50,687,000
Business Improved	9.137	734	100,048,989	100,000	9,241,000
		<b>31,886</b>	<b>701,493,844</b>	<b>550,000</b>	<b>62,794,000</b>
<b>General Rates</b>					
<i>Unimproved Value Lands</i>					
General Rural Rate	0.4517	131	162,317,000		733,000
		<b>32,017</b>	<b>863,810,844</b>	<b>550,000</b>	<b>63,527,000</b>
<b>Minimum Payments</b>					
<i>Gross Rental Value Lands</i>					
Vacant	1,181	1,584	8,865,403	849,000	2,720,000
Residential Improved	1,181	2,757	34,238,875		3,256,000
Business Improved	1,374	368	4,122,787		506,000
		<b>4,709</b>	<b>47,227,065</b>	<b>849,000</b>	<b>6,482,000</b>
<i>Unimproved Value Lands</i>					
General Rural Minimum	1,414	15	3,379,492		21,000
		<b>15</b>	<b>3,379,492</b>	<b>-</b>	<b>21,000</b>
<b>Grand Total</b>		<b>36,741</b>	<b>914,417,401</b>	<b>1,399,000</b>	<b>70,030,000</b>

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Statement of Rating Objects & Reasons

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## Differential Rates – Gross Rental Value Land

The City of Armadale proposes applying differential rates pursuant to section 6.33(1)(a) and (c) of the *Local Government Act 1995*, i.e. according to whether land is vacant and according to the purpose for which land is zoned under the (3) planning schemes in use within the district.

The differential rates are levied on all non-rural rateable land within the City according to:

1. Whether or not the land is vacant land (section 6.33(1)(c) of the Act refers), and
2. The purpose for land is zoned under the planning schemes in use within the district (section 6.33(1)(a) of the Act refers).

The City is again proposing (3) differential rate categories for non-rural land valued on its gross rental value, namely:

Category 1 all vacant land

Category 2 all improved land that is NOT zoned for business purposes (primarily residential type land); and

Category 3 all improved land that is zoned for business purposes.

The zonings (under the City of Armadale Town Planning Scheme No. 4, the Armadale Redevelopment Scheme 2004 and the Wungong Urban Water Redevelopment Scheme 2007) that are included in Category 3 – *Business Purposes* include:

*City of Armadale Town Planning Scheme No. 4*

- District Centre
- General Industry
- Industrial Business
- Industrial Development
- Local Centre
- Strategic Regional Centre

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Statement of Rating Objects & Reasons

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*MRA - Armadale Redevelopment Scheme 2004:*

- MRA – City Centre Rail Station Precinct
- MRA – Forrestdale Business Park Precinct
- MRA – Forrestdale (West) Special Development Precinct
- MRA – Champion Lakes Commercial Precinct
- MRA – Kelmscott Town Centre Precinct

*MRA - Wungong Urban Water Redevelopment Scheme 2007*

- MRA – Commercial Place Code
- MRA – Town Activity Centre Place Code
- MRA – Neighbourhood Activity Centre Place Code

The proposed rates for 2019/20 are set at differential levels that provide, as far as is practically possible, a fair and equitable distribution of the rates to each rate category having regard to its demands on the City's services.

None of the proposed differential rates are more than twice the lowest differential rate proposed.

The objects and reasons for the imposition of each proposed differential rate are:

### **Objects**

The rates in the dollar and minimum payments are calculated to provide the shortfall in revenue required to enable the City to provide necessary works and services in the 2019/20 Budget year after taking into account all non-rate sources of revenue and are consistent with the City's Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan.

Presented at Appendix G in this Statement, is an overview of the steps and measures Council has taken in determining the required total rates, i.e. expenditure and revenue reviews; benchmarking of service expenses; etc.

The objective of these steps and measures is to keep the required rates to a minimum whilst at the same time ensuring service standards are maintained at levels that are responsive to resident needs.

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Statement of Rating Objects & Reasons

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## Reasons

### GRV Residential Improved Land

The proposed rate in the dollar has been set to ensure that the proportion of total rate revenue derived from residential improved land remains consistent with previous years.

### GRV Vacant Land

The proposed rate in the dollar has been set to ensure that the proportion of total rate revenue derived from vacant land remains consistent with previous years. It is higher than residential improved land in an effort to promote the development of all properties to their full potential, thereby stimulating economic growth and development in all areas of the community.

### GRV Business Improved Land

The proposed rate in the dollar has been set to ensure that the proportion of total rate revenue derived from business improved land remains consistent with previous years and is higher than the residential land rate to recognise the higher demand on the City's infrastructure and services occasioned by matters such as:

- the Economic Development function which is largely directed at the encouragement of commercial and industrial businesses to locate and relocate to the City of Armadale, as well as to provide support for the industrial and commercial community;
- The improvements to, the upgrade of and renewal of the street network in the CBD, including improvements to the street lighting systems;
- Increased maintenance and operational costs in and around shopping precincts including verge mowing, litter removal, street trees and weed control spraying;
- Increased maintenance and operational costs in industrial areas, particularly related to drainage; and
- Increased costs related to the general improvement to the road streetscapes of the entry roads into Armadale, including landscaping, tree plantings and the provision of pedestrian and cycle paths.

## Statement of Rating Objects & Reasons

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### UV Rates

The proposed rate in the dollar has been set to ensure that the proportion of total rate revenue derived from unimproved valued (UV) land remains consistent with previous years.

### **Minimum Payments**

A minimum payment is applied to each rate group in recognition that every property receives a minimum level of benefit from works and services provided by the City.

The minimum payments for each rate group have been set at a level that is consistent with previous years and relative to the rate in the dollar for each differential rate group. For example, the minimum payment for the business improved rate group is higher to reflect the higher rate in the dollar to recognise the higher demand on the City's infrastructure and services as explained above.

The proposed minimum payment of \$1,181 on the vacant land group will (consistent with prior years) apply to more than 50 percent of the properties, and will therefore require approval from the Minister pursuant to section 6.35(5) of the *Local Government Act 1995*.

### **Special Area Rates (SARs)**

The City imposes Special Area Rates (SARs) on certain locations in the district. SARs enables the enhancement of the general amenity of an area by way of increased service levels for the benefit of ratepayers/residents who live or work in the area.

The authority to impose specified area rates is set out in section 6.37 of the *Local Government Act 1995*. This section requires that the money raised from a SAR be used for the purpose for which the rate was imposed, with any residual amount remaining being placed in a reserve for that same purpose. If an amount is not used, a refund or credit must be made.

Statement of Rating Objects & Reasons

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Townscape SAR's

The purpose of the Townscape Amenity Services SAR is to enhance the general amenity of the area by way of increased service levels in ways like litter control, verge and streetscape maintenance, verge mowing etc.

The Townscape Amenity Service is focused on the following four (4) business/commercial areas:

- Specified Area A – Armadale Town Centre
- Specified Area B – Kelmscott Town Centre
- Specified Area C – Kelmscott Industrial Area
- Specified Area D – South Armadale Industrial Area

The Townscape Amenity SAR is calculated by:

- i. Dividing the cost of the additional servicing provided within the specified area by the total valuations of rateable properties within the area, to arrive at a SAR Rate in the Dollar; and
- ii. Multiplying the specified area rate in the dollar by the respective property valuation for each property.

Presented below is a summary of the four Townscape SARs proposed for 2019/20.

Specified Area	Rate in \$ (Cents)	No of Properties	Rateable Value (\$GRV)	Proposed Specified Area Rates to be Levied
A - Armadale Town Centre	0.377	86	31,606,372	119,100
B - Kelmscott Town Centre	0.880	145	9,023,343	79,400
C - Kelmscott Industrial Area	0.166	341	11,962,346	19,900
D - South Armadale Industrial Area	0.353	137	6,431,478	22,700
<b>Total</b>		<b>709</b>	<b>59,023,539</b>	<b>241,100</b>

Statement of Rating Objects & Reasons

Residential SAR's

The purpose of the Residential Amenity Services SAR is to maintain and enhance the public open space in the newer residential estates at a standard higher than that which occurs with public open space throughout the remainder of the City.

The Residential Amenity SAR calculation is a little more complex than the Townscape SAR's. Essentially the calculation is:

- i. The additional cost per hectare (i.e. the cost per ha for maintenance and operating within the specified area versus the remainder of the City); multiplied by
- ii. the number of hectares of POS in the specified area managed by the City; divided by
- iii. the total valuations of rateable properties within the area, providing the specified area rate in the dollar; then
- iv. Multiplying the specified area rate in the dollar by the respective property valuation for each property.

The Harrisdale/Piara Waters SAR was first introduced in 2009/2010 and the Champion Lakes SAR was introduced in 2012/13.

Presented below is a summary of the two proposed Residential SAR's for 2019/20

Specified Area	Rate in \$ (Cents)	No of Properties	Rateable Value (\$GRV)	Proposed Specified Area Rates to be Levied
F - Harrisdale/Piara Waters	0.212	4787	107,015,050	226,980
G - Champion Lakes	0.212	302	5,483,540	11,607
<b>Total</b>		<b>5,089</b>	<b>112,498,590</b>	<b>238,587</b>

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Statement of Rating Objects & Reasons

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## The Rating Legislative Framework

For information purposes, the rating provisions of the Local Government Act 1995 relevant to this Statement are as follows, i.e.

### 6.28. Basis of rates

- (1) The Minister is to —
  - (a) determine the method of valuation of land to be used by a local government as the basis for a rate; and
  - (b) publish a notice of the determination in the Government Gazette.
- (2) In determining the method of valuation of land to be used by a local government the Minister is to have regard to the general principle that the basis for a rate on any land is to be —
  - (a) where the land is used predominantly for rural purposes, the unimproved value of the land; and
  - (b) where the land is used predominantly for non-rural purposes, the gross rental value of the land.
- (3) The unimproved value or gross rental value, as the case requires, of rateable land in the district of a local government is to be recorded in the rate record of that local government.
- (4) Subject to subsection (5), for the purposes of this section the valuation to be used by a local government is to be the valuation in force under the *Valuation of Land Act 1978* as at 1 July in each financial year.
- (5) Where during a financial year —
  - (a) an interim valuation is made under the *Valuation of Land Act 1978*; or
  - (b) a valuation comes into force under the *Valuation of Land Act 1978* as a result of the amendment of a valuation under that Act; or
  - (c) a new valuation is made under the *Valuation of Land Act 1978* in the course of completing a general valuation that has previously come into force,

the interim valuation, amended valuation or new valuation, as the case requires, is to be used by a local government for the purposes of this section.

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Statement of Rating Objects & Reasons

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6.32. Rates and service charges

- (1) When adopting the annual budget, a local government —
  - (a) in order to make up the budget deficiency, is to impose\* a general rate on rateable land within its district, which rate may be imposed either —
    - (i) uniformly; or
    - (ii) differentially; and
  - (b) may impose\* on rateable land within its district —
    - (i) a specified area rate; or
    - (ii) a minimum payment; and
  - (c) may impose\* a service charge on land within its district.

*\* Absolute majority required.*

- (2) Where a local government resolves to impose a rate it is required to —
  - (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
  - (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.
- (3) A local government —
  - (a) may, at any time after the imposition of rates in a financial year, in an emergency, impose\* a supplementary general rate or specified area rate for the unexpired portion of the current financial year; and
  - (b) is to, after a court or the State Administrative Tribunal has quashed a general valuation, rate or service charge, impose\* a new general rate, specified area rate or service charge.

*\* Absolute majority required.*

6.33. Differential general rates

- (1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —
  - (a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*; or
  - (b) a purpose for which the land is held or used as determined by the local government; or
  - (c) whether or not the land is vacant land; or
  - (d) any other characteristic or combination of characteristics prescribed.

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Statement of Rating Objects & Reasons

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- (2) Regulations may —
  - (a) specify the characteristics under subsection (1) which a local government is to use; or
  - (b) limit the characteristics under subsection (1) which a local government is permitted to use.
- (3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.
- (4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.

6.35. Minimum payment

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
  - (a) 50% of the total number of separately rated properties in the district; or
  - (b) 50% of the number of properties in each category referred to in subsection (6),on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
  - (a) the number of separately rated properties in the district; or
  - (b) the number of properties in each category referred to in subsection (6),unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.

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Statement of Rating Objects & Reasons

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- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
  - (a) to land rated on gross rental value; and
  - (b) to land rated on unimproved value; and
  - (c) to each differential rating category where a differential general rate is imposed.

6.36. Local government to give notice of certain rates

- (1) Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.
- (2) A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).
- (3) A notice referred to in subsection (1) —
  - (a) may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency; and
  - (b) is to contain —
    - (i) details of each rate or minimum payment the local government intends to impose; and
    - (ii) an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and
    - (iii) any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and
  - (c) is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.
- (4) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.
- (5) Where a local government —
  - (a) in an emergency, proposes to impose a supplementary general rate or specified area rate under section 6.32(3)(a); or
  - (b) proposes to modify the proposed rates or minimum payments after considering any submissions under subsection (4),

it is not required to give local public notice of that proposed supplementary general rate, specified area rate, modified rate or minimum payment.

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Statement of Rating Objects & Reasons

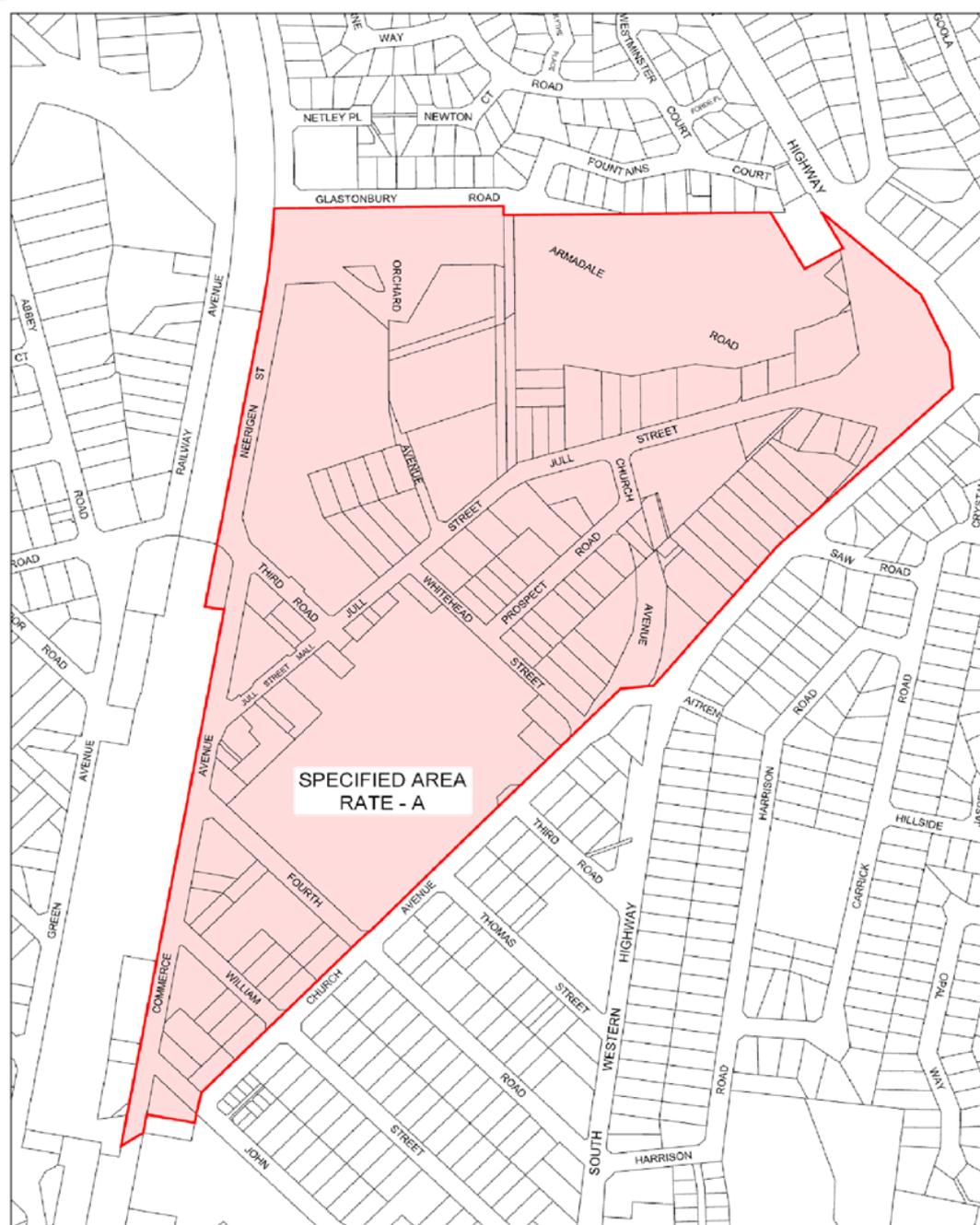
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6.37. Specified area rates

- (1) A local government may impose a specified area rate on rateable land within a portion of its district for the purpose of meeting the cost of the provision by it of a specific work, service or facility if the local government considers that the ratepayers or residents within that area —
  - (a) have benefited or will benefit from; or
  - (b) have access to or will have access to; or
  - (c) have contributed or will contribute to the need for,that work, service or facility.
- (2) A local government is required to —
  - (a) use the money from a specified area rate for the purpose for which the rate is imposed in the financial year in which the rate is imposed; or
  - (b) to place it in a reserve account established under section 6.11 for that purpose.
- (3) Where money has been placed in a reserve account under subsection (2)(b), the local government is not to —
  - (a) change the purpose of the reserve account; or
  - (b) use the money in the reserve account for a purpose other than the service for which the specified area rate was imposed,and section 6.11(2), (3) and (4) do not apply to such a reserve account.
- (4) A local government may only use the money raised from a specified area rate —
  - (a) to meet the cost of providing the specific work, service or facility for which the rate was imposed; or
  - (b) to repay money borrowed for anything referred to in paragraph (a) and interest on that money.
- (5) If a local government receives more money than it requires from a specified area rate on any land or if the money received from the rate is no longer required for the work, service or facility the local government —
  - (a) may, and if so requested by the owner of the land is required to, make a refund to that owner which is proportionate to the contributions received by the local government; or
  - (b) is required to allow a credit of an amount proportionate to the contribution received by the local government in relation to the land on which the rate was imposed against future liabilities for rates or service charges in respect of that land.

**R S Tame**  
**Chief Executive Officer**

**Armada Town Centre Specified Area Plan**



**SPECIFIED RATE AREA A**  
Armada Town Centre



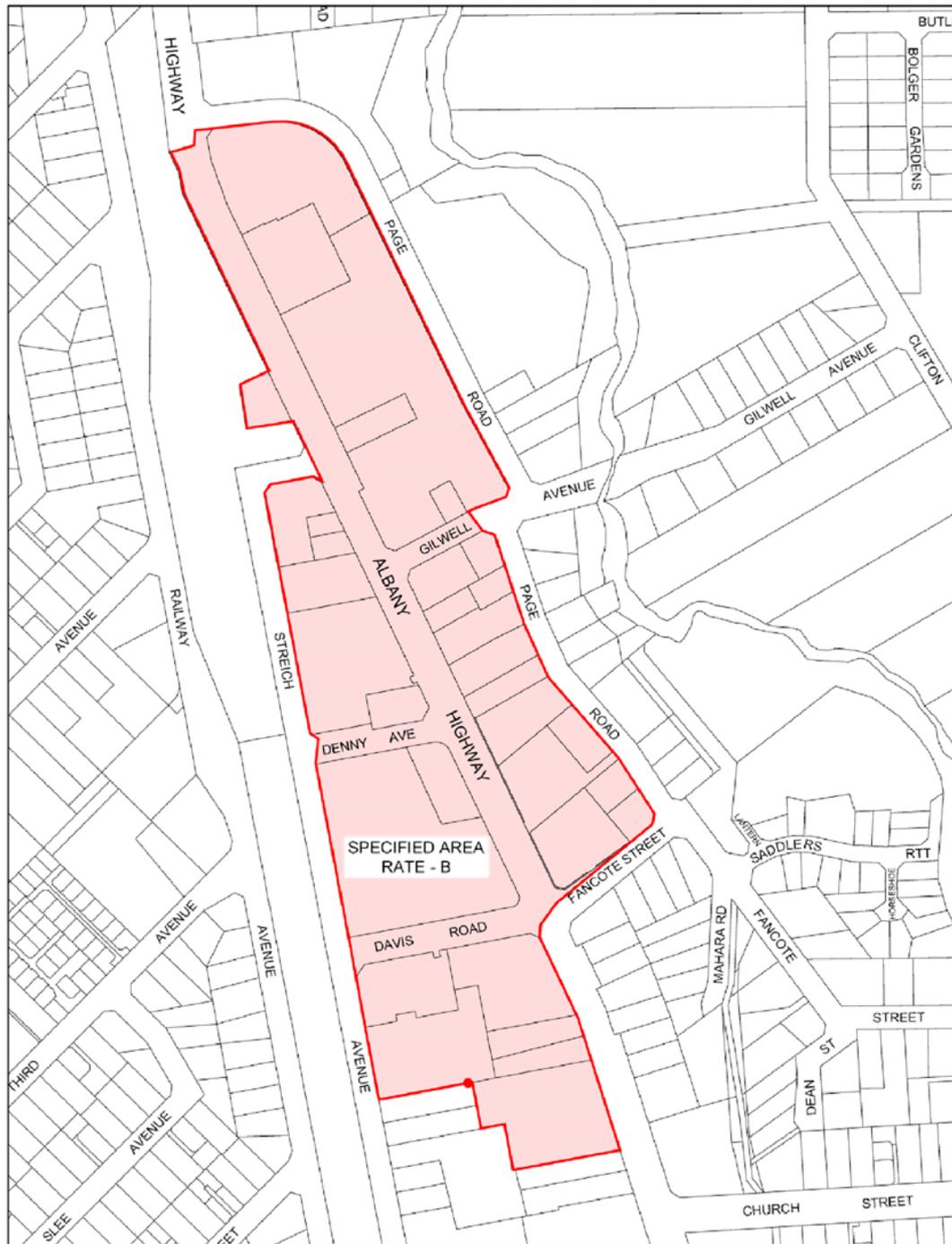
DATE 9 June 2010 - REVISION 1601

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**Kelmscott Town Centre Specified Area Plan**



**SPECIFIED RATE AREA B**  
Kelmscott Town Centre



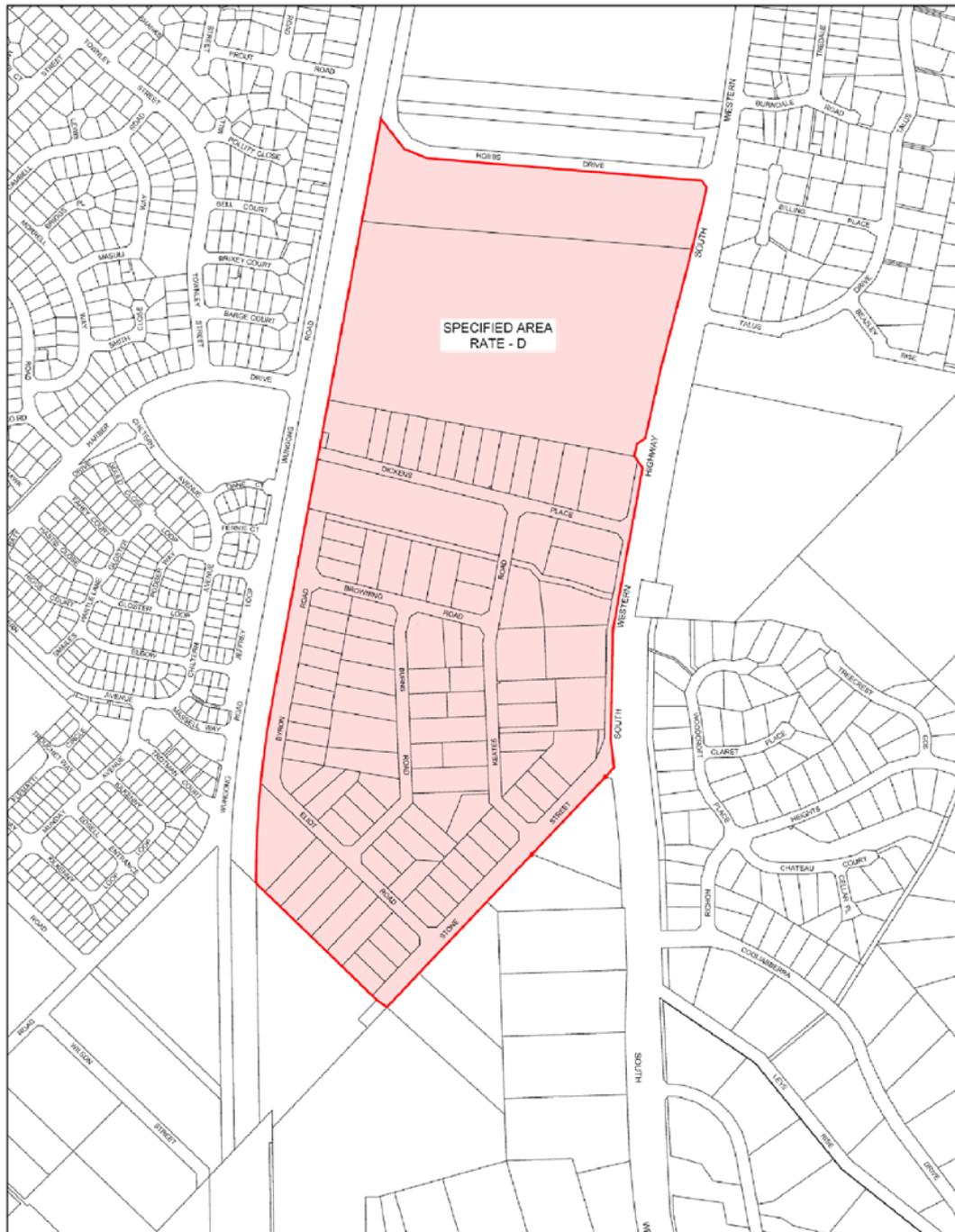
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South Armadale Industrial Specified Area Plan



**SPECIFIED RATE AREA D**  
South Armadale Industrial Area



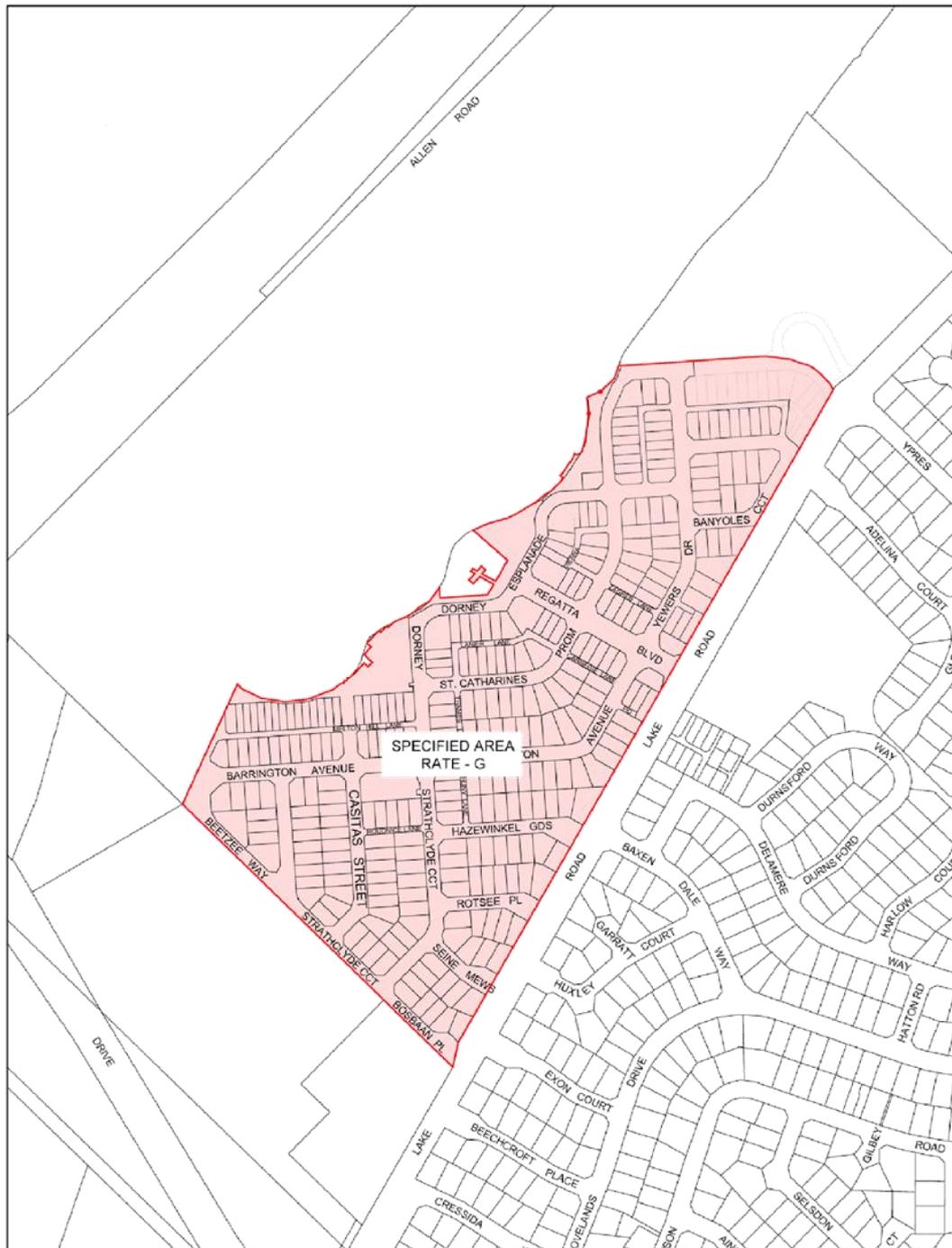
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DATE 9 June 2016 - REVISION 1602

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Champion Lakes Specified Area Plan



**SPECIFIED RATE AREA G**  
Champion Lakes



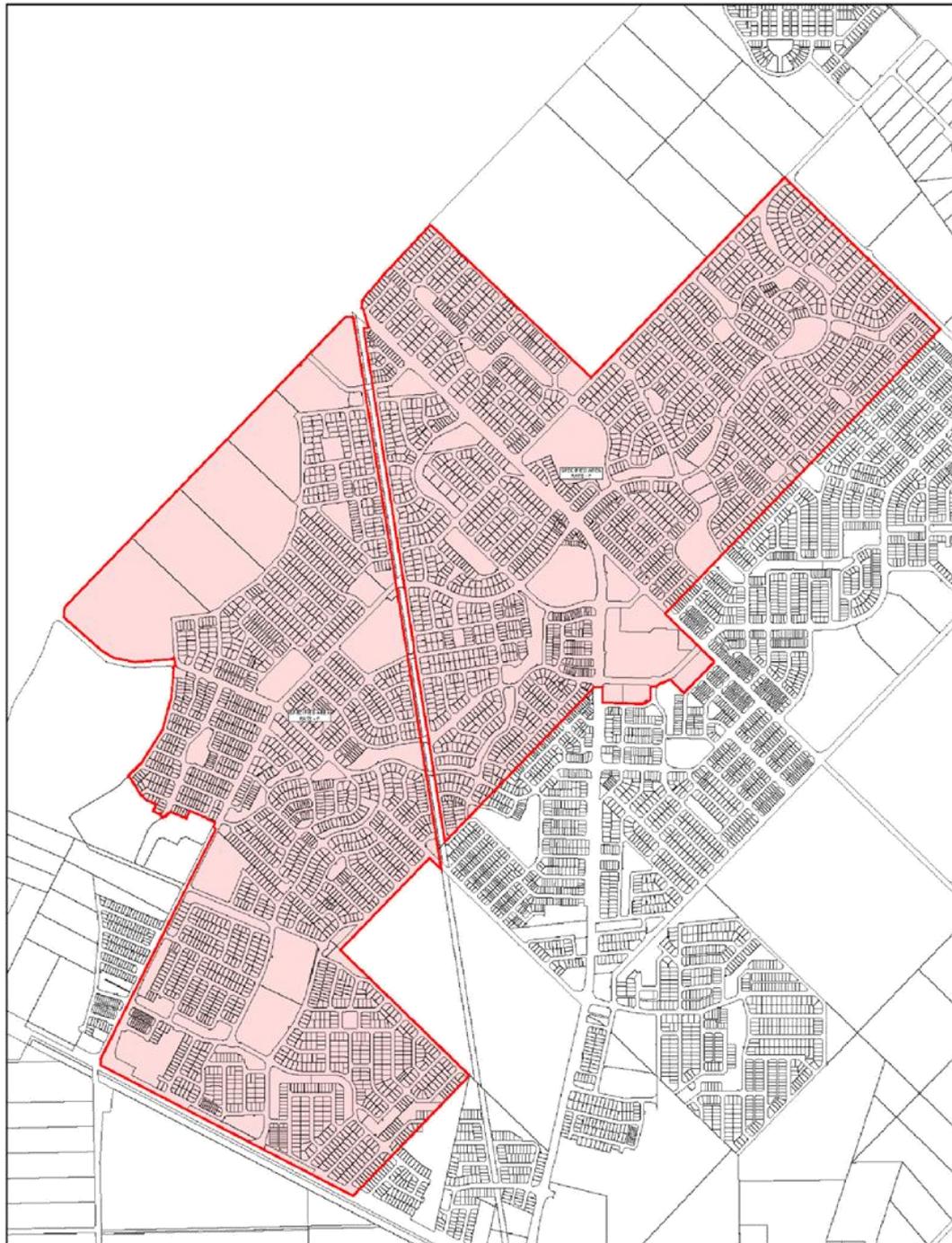
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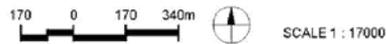
DATE 9 June 2016 - REVISION 1501

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North Forrestdale Specified Area Plan



**SPECIFIED RATE AREA F**  
Piara Waters / Harrisdale



DATE 23 April 2019 - REVISION 1001

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## City Services Review

*An overview of the steps, measures and processes taken by Council in determining the required rates.*

### 1.0 Introduction

In 2018, the City levied \$66.5M in annual rates to supplement the delivery of services and the provision of assets. This resulted in an average residential rate of \$1,581 and an average commercial rate of \$8,651.

Rates are used to supplement other sources of funds (fees, charges, grants and interest) to meet the cost of providing City's services, expenditure on assets, debt repayment and planned savings (transfer to cash reserves). Typically, Local Government rates are a function of:

- The characteristics of the Local Government area such as size, asset base, homogenous or diversified localities, undeveloped, developing or largely developed suburbs etc ;
- The services provided by the Local Government;
- The level of service provided by the Local Government;
- The user pays policies of the Council.

Armadale is characterised by its high growth areas, its Strategic Metropolitan Centre and a mix of old and new. It does not necessarily have an intense commercial or industrial centre, however the Forrestdale Business Park and South Forrestdale – Rowley Road Precinct will establish this characteristic in the future. As a result, this has placed a greater reliance on residential rates presently, to contribute to the total rates required.

Council has recognised that the level of service provided does vary between localities, particularly amenities provided and maintained in the newly developed suburbs. To address the difference in service levels, the City has adopted a strategy of Special Area Rating (SAR) to fund the higher service level directly from those who benefit.

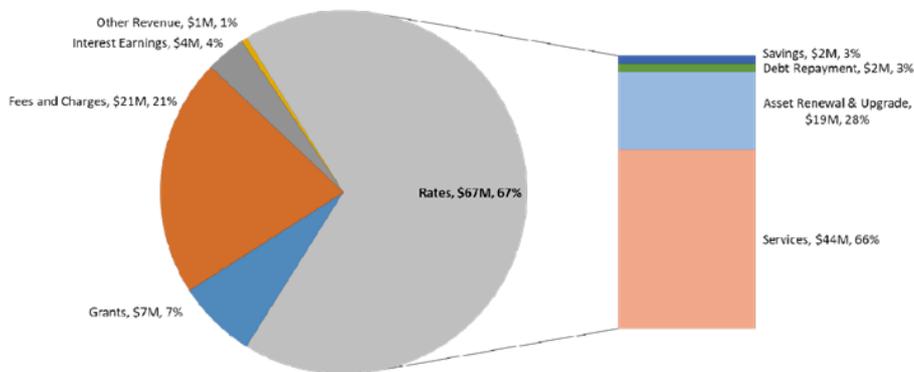
Appendix G

Statement of Rating Objects & Reasons

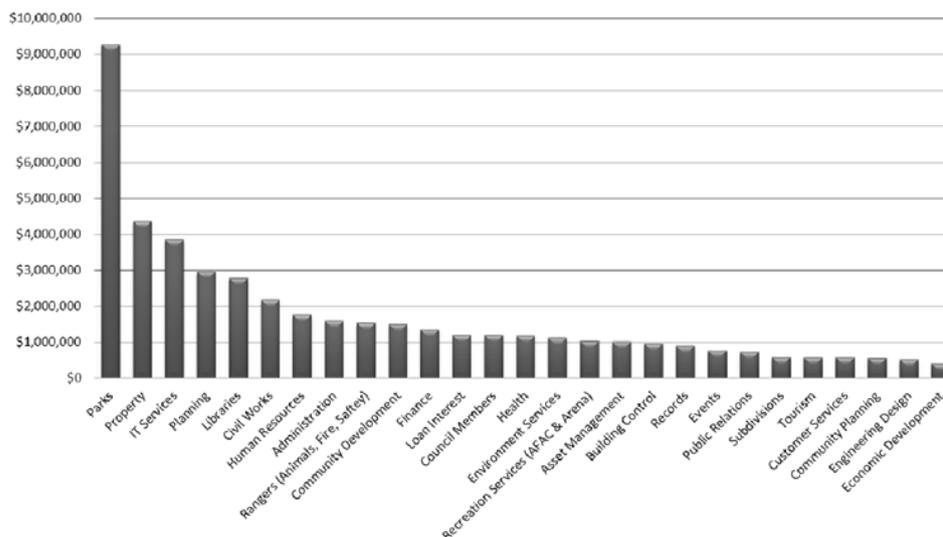
The capacity of a service to fund its operations is a reflection of the nature of the service and the ability to charge user pays fees or obtain grants. The net result is a funding requirement from rates. Parks services are funded almost entirely of rates, whilst civil works (roads etc) are supplemented by road grants, but still require a significant apportionment of rates. Development services charge statutory fees, and whilst this is premised on a user pays basis, the reality is that the fees do not cover the full cost of the service.

Taking the above into account, the allocation of rates to services and assets is illustrated by the following charts:

Revenue Sources and Application of Rates (Millions)



Funding Requirement



## 2.0 Formulation of the 2019/20 Annual Budget

Local Governments provide a range of community services and facilities funded wholly or in part by revenue raised from rates. The amount of rates required is determined after deducting other sources of revenue from the cost of providing City services and maintaining City assets. Other funding sources include user pays fees, statutory charges, lease revenue, grants, and loan funds for capital projects.

In setting the required rates, the Council must have due regard to the requirements of Section 3.18 of the Local Government Act 1995, with respect to providing services and facilities. This section stipulates that:

### 3.18. *Performing executive functions*

- (1) *A local government is to administer its local laws and may do all other things that are necessary or convenient to be done for, or in connection with, performing its functions under this Act.*
- (2) *In performing its executive functions, a local government may provide services and facilities.*
- (3) *A local government is to satisfy itself that services and facilities that it provides —*
  - (a) *integrate and coordinate, so far as practicable, with any provided by the Commonwealth, the State or any public body; and*
  - (b) *do not duplicate, to an extent that the local government considers inappropriate, services or facilities provided by the Commonwealth, the State or any other body or person, whether public or private; and*
  - (c) *are managed efficiently and effectively.*

### 3.0 Major Services

The City provides many services for residents, property owners, business and visitors to the district. Major services provided by the City and funded wholly or in part by rates include:

- Maintaining and servicing essential infrastructure :-
  - 792 kms of sealed roads with an estimated replacement value of \$664m;
  - 154 public buildings with an estimated replacement value of \$140m;
  - 1,890 hectares of parks and reserves with an estimated replacement value of \$57m;
  - 494 kms of footpaths and cycle ways with an estimated replacement value of \$76m;
  - 1,176 street light lamps throughout the City that cost \$2.3m annually;
- Operating three (3) public libraries with a membership of 27,000 and annual visits and borrowings of 329,000 and 309,000 respectively;
- Operating the Armadale Fitness and Aquatic Centre and Armadale Arena with a membership base of +5,000 and approximately 1,800 swim school enrolments.
- Managing the City's reserves, halls and pavilions, with bookings now exceeding 21,000;
- Facilitating major community events including the Armadale Arts Festival, the Highland Gathering, NAIDOC celebrations, Australia Day and Carols By Candlelight which collectively attracted approximately 90,000 people.
- Ranger and Emergency services responding to 8,000 request for service annually;
- Strategically planning for communities and urban development, catering for an additional 45,000 people over the next 15 years;
- Providing City Governance, supporting fourteen Councillors across seven wards (with an average representation of 3,600 electors per Councillor).

For further details of the City's services and activities, visit the City of Armadale website and download a copy of the 2018 Annual Report.

#### 4.0 Decisions having a direct impact on estimated costs and therefore the rates required:-

This section provides an brief overview of some of the decisions Council has taken during the year which directly impact the cost of services and required funding by rates.

##### Investigation into a lower cost Corporate Business Plan

During the year, the City undertook a comprehensive budgetary review In response to a Council decision to:

*..submit a report to the City Strategy Committee on the organisation preparing an alternative "lower total expenditure" Budget and Corporate Business Plan for consideration by Council.*

The review focused on inputs to service delivery, changes in the economic climate and to the City's future direction. Whilst the review also considered City programs, an assessment of the commitment to those programs was set aside for a more holistic review by Council at a later date.

The headline number is that an amount of \$2.0M was identified as a net reduction to the Long Term Financial Plan cost base. This is summarised as:

(Reduction) in Revenue	(\$0.7M)
Reduction in Expenditure	\$1.3M
Write back depreciation	\$1.4M
<b>Net Reduction</b>	<b>\$2.0M</b>

Appendix G

Statement of Rating Objects & Reasons

Summary of proposed changes by Nature & Type	2019 Budget (\$)	New Budget (\$)	Proposed Adjustments (Reduction)/ Increase (\$)
<b>Revenue</b>			
Fees and Charges	6,857,300	6,167,200	(690,100)
Earnings from Interest	2,559,000	1,769,000	(790,000)
Interim Rate Revenue	1,020,800	1,543,800	523,000
Grants/Contributions	383,500	615,000	231,500
Other Revenue	2,600	10,000	7,400
<b>Revenue Total</b>	<b>10,823,200</b>	<b>10,105,000</b>	<b>(718,200)</b>
<b>Operating Expense</b>			
Employment	2,027,500	2,181,800	(154,300)
Office	1,069,700	878,600	191,100
Other Expense	3,637,100	3,304,200	332,900
Professional Services	803,000	700,350	102,650
Vehicles	393,200	456,200	(63,000)
Facilities	2,476,400	2,165,400	311,000
Parks & Civil Works	8,290,940	7,983,340	307,600
Accounting	(10,410,200)	(10,119,600)	290,600
<b>Operating Expense Total</b>	<b>8,287,640</b>	<b>7,550,290</b>	<b>1,318,550</b>
<b>Total</b>	<b>19,110,840</b>	<b>17,655,290</b>	<b>600,350</b>
Depreciation Write Back	0	1,400,000	1,400,000
<b>Grand Total</b>	<b>19,110,840</b>	<b>19,055,290</b>	<b>2,000,350</b>

**Note:** The table above summarises only those items proposed to be amended. It is not representative of the City's entire budget.

The net reduction does not necessarily prevent undertakings in any of the areas identified. However, there will inevitably be some limitations on the ability to respond to unplanned requests and opportunities, particularly in the civic, advocacy, economic development, community events and tourism functions of the City.

Importantly, whilst there have been a number of reductions across City services, the changes will not affect the overall levels of service that the City currently provides. Likewise, the majority of the proposed changes do not adversely impact on the City's Strategic Community Plan and Corporate Business Plan.

It is expected that further cost reductions will be available next year and introduced over successive years. In particular, a review of the City's fleet management suggests that savings in the order of +\$300k could be available. Similarly, a review of the Armadale Fitness & Aquatic Centre after one year of operations may well result in a reduction in the overall net funding requirement from rates.

Finally, there are some opportunities seemingly available, but subject to external factors. One example is the capacity to save on utility costs through the installation of LED street lighting. This is currently being investigated and is the subject of a future report to Council.

#### The Local Government Cost Index

The Local Government Cost Index (LGCI) is local government's equivalent of the Consumer Price Index. It is calculated and provided by the West Australian Local Government Association (WALGA).

The City uses the 'forecast' LGCI as part of its budget processes to guide the setting of rates, charges and general operational costs.

WALGA's latest Economic Briefing publication provides the following table showing comparative LGCI for the 12 months ending June.

	5 Year Average	2017-18%	2018-19%	2019-20%	2020-21%
Wages (WA Wage Price Index)	1.9	1.5	1.75	<b>2.75</b>	3.0
Road and Bridge Construction	0.6	1.7	2.7	<b>1.25</b>	1.5
Non-residential Building	-0.3	-0.6	1.4	<b>1.4</b>	1.4
Other Costs (Perth CPI)	1.5	0.9	1.5	<b>2.0</b>	2.5
Machinery and Equipment	1.1	1.9	0.3	<b>1.0</b>	1.2
Electricity and Street Lighting	1.1	0.0	7.4	<b>6.0</b>	5.1
Local Government Cost Index	<b>1.3</b>	<b>1.5</b>	<b>1.7</b>	<b>2.0</b>	<b>2.8</b>

The forecast LGCI for 2019/20 is **+2%**. This year however, the Council is proposing to adopt **1.75%** as the cost index, taking a conservative approach to cost increases.

#### Strategic Growth in Services

In addition to the LGCI, the Council has taken a policy position that a growth factor is also required to be built into the rates to deliver expanded services and facilities to the City's growing community. This year, Council has applied the \$2.0M reduction in costs to manage growing services, thus having a nil impact on the ratepayer.

The next section provides a brief overview of the expanded services.

### Service Growth

Local Government services are provided where there is a community need or support. This year the following services were :

#### ***Library Services***

A report to the Community Services Committee in April presented revised projections for Library stock, based on:

- A proposed level of service (LOS) of 1.4 stock items per capita, topped up to 1.7 with State Government funds. The current level is 0.9;
- A LOS of 1.7 representing the basic LOS as prescribed by the Guidelines, Standards and Outcome Measures for Australian Public Libraries;
- Incorporating one off injections for the Harrisdale and Hilbert libraries; and

Adjusting for Council's previous decision to retain the Seville Grove library service

#### ***Environmental Management***

The City has undertaken a number of initiatives to preserve habitats and manage dieback in three important bushland areas:

- Forrestdale Lake Nature Reserve
- Bungendore Park
- Armadale Settlers Common Reserve

As a result of a recent report, the Council has allocated further funding for:

- Feral Animal Control
- Salvage of Habitat Trees
- Maintenance of Habitat boxes
- Unauthorised Access Strategy and Infrastructure
- Mapping of Habitat Trees in Bungendore Park

- Additional Dieback Allocation
- Armadale Settlers Common (ASC) – Habitat Tree re-mapping
- ASC – Reptile Fauna Survey, Small mammal, feral animal and avian fauna
- Bungendore – Small Mammal Monitoring

### ***City Planning***

The City has expanded its City Planning resourcing to focus on f key elements of the Centre Activity Centre Structure Plans for Armadale Regional Centre and the proposed Kelmscott District Centre Plan. The City will also be partnering with State Government on strategic planning projects such as the Perth and Peel \$3.5 million and catalysing projects “Metronet” and the Byford metro rail extension. This will involve planning for land use change, urban development and densification, with particular focussing on new initiatives in developer-landowner-liaison and community consultation.

The City is also engaging with State Government transfers of planning-development approval functions for currently excised Re-Development Areas (MRA) in outer metro locations back to Local Governments, a process called “normalisation”. The City has six (6) Re-Development Areas excised from its Planning Scheme with the first normalisation (Wungong Urban Water Project) to occur by 30 June 2020.

### ***Public Access Ways (PAWs)***

Following a review of unauthorised vehicular access to public reserves, a list of eight reserves that were subject to the highest amount of unauthorised access activity and damage were put forward for upgrade works to fencing.

- Kootingle Reserve
- Morgan Park
- Bob Blackburn
- Toongabby Park (Wilcanna)

- Westfield Heron Reserve
- Grovelands Park
- Bernice Hargrave Reserve

In addition, the PAWs and Recreation Reserves between Ypres Road and Redtingle Park in Camillo will also feature works to address access including U rails, entrance post and fencing.

### ***Abandoned buildings***

The City periodically received requests from residents to deal with abandoned buildings in residential areas. The City collaborates with property owners and government agencies to manage this issue, and will in certain circumstances take proactive steps to rectify the problem. The Council has increased the budget allocation to provide a greater capacity to deal with the number of requests from residents.

### ***Verge Management***

The City often receives requests from residents to assist with the management and maintenance of unattended verges and open spaces fronting residential properties. The City has adopted a new level of service for the maintenance of unkempt verges, with the proposed funding to be provided through a reallocation of existing funds and contracts to “in-house” verge maintenance services. The report to the Technical Services Committee on 6 March 2019 refers.

### **Reduction in Workforce Plan numbers :**

A decision taken to reduce workforce numbers from 17 to 10 in years for the 2018/19 and 2019/20 budgets. This will result in the following cost savings :-

- \$728,000 in 2018/19, and
- \$784,000 every year from 2019/20 onwards.

### **5.0 Decisions taken having an Indirect impact on the rates required:-**

Other decisions taken by Council have also contributed to keeping the required rates to a minimum indirectly. These include :-

Public Open Space Land Sales Strategy

The City has been implementing its Public Open Space Strategy to dispose of surplus former Recreation Reserves to fund the upgrade of Parks and Reserves on a Precinct basis. In 2006, the City achieved a landmark decision when the Minister for Planning and Lands granted the City permission to its proposal to use 30% of the funds from these sales for Strategic Recreation Initiatives. This Strategy has since its inception, realized over \$5m worth of non-rate funded Park and Reserve improvements throughout the City and \$2m allocated to the Armadale Aquatic Centre redevelopment. The City is looking to finalise two remaining land sales and link remaining funds towards upcoming projects to complete the Strategy.

New Developer Contribution Scheme

The City established a new Developer Contribution Scheme for the Anstey/Keane Urban Precinct in Forrestdale and recently entered legal agreement with the major developers to ensure the timely delivery and funding of community and road infrastructure to serve this new growth area. The Scheme is estimated to generate over \$10m over the next 10-15 years.

Appendix G

Statement of Rating Objects & Reasons

**6.0 Rates Required**

The 2019/20 Annual Budget proposes total expenditure of \$147M with the required rates funding 48% of the total expenditure.

<b>Particulars</b>	<b>Budget Estimate</b>
<b>EXPENDITURE</b>	
<i>Operating Expenditure</i>	
- Employee Costs	\$36,749,000
- Materials & Contracts	\$45,940,000
- Utility Charges	\$2,435,000
- Interest	\$1,795,000
- Insurance	\$1,129,610
<i>Non-Operating Expenditure</i>	
- Capital Works	\$42,321,000
- Loan Repayments	\$7,752,000
- Transfers to Reserve/Trust	\$8,612,000
<b>Total Expenditures</b>	<b>\$146,733,610</b>
<b>REVENUE (Excluding Rates)</b>	
- Grants & Contributions	\$36,377,000
- Fees & Charges	\$25,950,000
- Interest Earnings	\$1,909,000
- Other	\$1,146,510
- Loans	\$6,769,000
- Transfers from Reserve/Trust	\$4,072,000
<b>Total Non-Rate Revenues</b>	<b>\$76,223,510</b>
<b>Rates Required*</b>	<b>\$70,510,100</b>

\*Includes Special Area Rates of \$480,000

### 7.0 Household Rates

The following Table shows by suburb, the average rates per household for the current 2018/19 year as compared to the proposed rates for 2019/20.

2019/20- Rate Group 2 - Residential Improved - Proposed Rates					
Suburb	Number of Properties	Average Rates 2018/19	Average Proposed 2019/20 Rates	\$Diff	%Diff
KARRAGULLEN	110	2,244	2,283	39	1.73%
BEDFORDALE	994	2,075	2,112	37	1.76%
WUNGONG	116	1,931	1,965	34	1.76%
ROLEYSTONE	2,522	1,831	1,863	32	1.72%
HAYNES	605	1,798	1,829	31	1.72%
PIARA WATERS	4,142	1,794	1,825	31	1.73%
HARRISDALE	3,618	1,775	1,806	31	1.75%
MOUNT NASURA	1,237	1,704	1,734	30	1.76%
FORRESTDALE	377	1,699	1,728	29	1.73%
HILBERT	1,235	1,677	1,706	29	1.73%
MOUNT RICHON	742	1,671	1,700	29	1.74%
CHAMPION LAKES	460	1,606	1,634	28	1.74%
SEVILLE GROVE	3,853	1,487	1,513	26	1.75%
KELMSCOTT	4,320	1,428	1,453	25	1.74%
BROOKDALE	1,013	1,371	1,395	24	1.77%
CAMILLO	1,801	1,341	1,364	23	1.75%
ARMADALE	5,898	1,296	1,318	22	1.72%
All Properties	33,043	1,581	1,608	27	1.72%

### 8.0 Annual Rubbish Charge

Although the proposed annual rubbish charge is separate to rates, most ratepayers when they receive their annual rates notice understandably focus on the total due 'bottom-line' and how it compares to the previous year. In this regard, the proposed 2019/20 annual rubbish charge will only increase by \$6.00, from \$377.50 to \$383.50, a 1.6% increase.

### 9.0 Benchmarking of Council Performance

For the last three financial years the City has been in active participant in the *Australasian LG Performance Excellence Program*. This program, developed by Price Waterhouse Cooper (PwC) collates benchmarking data from 130 Councils across Australia and New Zealand participated. In WA, 28 Councils participated.

The program measures and benchmarks (50) metrics and hereunder is a 'snapshot' of how Armadale has fared in the most recent year of the program on the more important metrics, i.e.

Metric FY 18	WA Survey Result	WA Survey Result (Metro)	Armadale Result
<b>City Workforce</b>			
FTE's per 1,000 residents	5.2	4.8	4.5
Remuneration as a % of expenses	39%	40%	40%
span of control (other staff per manager)	3.7	3.7	3.4
lost days due to injury incidents per 100 employees	62	60	47
<b>Corporate</b>			
corporate services staff per 100 employees	13.4	13.3	11.2
customer service staff per 100 employees	1.3	3.7	1.5
Finance staff per 100 employees	4.2	4	3.9
ICT staff per 100 employees	3.3	3.5	2.9
Customer service FTE per 10,000 residents	1.3	1.3	0.7
<b>Major Services: Cost per 10,000 residents</b>			
Roads and verges	\$2.60M	\$2.30M	\$2.60M
Waste Services	\$1.40M	\$1.40M	\$1.50M
Parks and Gardens	\$1.35M	\$0.90M	\$1.05M
Sports Grounds/Venues	\$0.80M	\$0.50M	\$0.45M
Other Community Amenities	\$0.45M	\$0.70M	\$0.56M
Public Libraries	\$0.40M	\$0.40M	\$0.45M
Drainage	\$0.30M	\$0.30M	\$0.45M

Whilst the metrics provide an insight into comparable facets of Local Government operations, it is not necessarily indicative of efficiencies in operations. Rather, it often reflects the characteristics of a Local Government. However, it is important that Local

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Governments explore their cost of services with other similar organisations, to satisfy Council and the Community that services are being provided efficiently and effectively.

The Local Government Performance Excellence program will continue to evolve with plans for additional metrics and greater participation from Local Government across Australia.

**R S Tame**  
**Chief Executive Officer**

