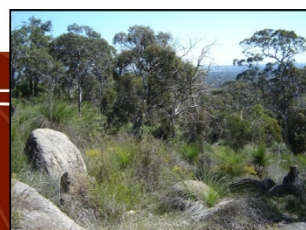


# Special Council Meeting

Agenda for Tuesday 12 June 2018



**city of  
kalamunda**

**NOTICE OF MEETING  
SPECIAL COUNCIL MEETING**

Dear Councillors

Notice is hereby given that a Special Meeting of Council will be held in the Council Chambers, Administration Centre, 2 Railway Road, Kalamunda on **Tuesday 12 June 2018 at 6.00pm.**



Rhonda Hardy  
**Chief Executive Officer**  
8 June 2018



## Core Values

- Service:** We deliver excellent service by actively engaging and listening to each other.
- Respect:** We trust and respect each other by valuing our differences, communicating openly and showing integrity in all we do.
- Diversity:** We challenge ourselves by keeping our minds open and looking for all possibilities and opportunities.
- Ethics:** We provide honest, open, equitable and responsive leadership by demonstrating high standards of ethical behaviour.

## Aspirational Values

- Creativity:** We create and innovate to improve all we do.
- Courage:** We make brave decisions and take calculated risks to lead us to a bold and bright future.
- Prosperity:** We will ensure our District has a robust economy through a mixture of industrial, commercial, service and home based enterprises
- Harmony:** We will retain our natural assets in balance with our built environment

*Our simple guiding principle will be to ensure everything we do will make Kalamunda socially, environmentally and economically sustainable.*

[www.kalamunda.wa.gov.au](http://www.kalamunda.wa.gov.au)

**city of  
kalamunda**



## INFORMATION FOR THE PUBLIC ATTENDING COUNCIL MEETINGS

Welcome to this evening's meeting. The following information is provided on the meeting and matters which may affect members of the public.

If you have any queries related to procedural matters, please contact a member of staff.

### Council Chambers – Seating Layout



### **Special Council Meetings – Procedures**

1. Council Meetings are open to the public, except for Confidential Items listed on the Agenda.
2. Members of the public who are unfamiliar with meeting proceedings are invited to seek advice prior to the meeting from a City Staff Member.
3. Members of the public are able to ask questions at a Special Council Meeting during Public Question Time on matters relating to the functions of this meeting.
4. To facilitate the smooth running of the meeting, silence is to be observed in the public gallery at all times except for Public Question Time.
5. All other arrangements are in general accordance with Council's Standing Orders, the Policies and decision of the City or Council.

### **Acknowledgement of Traditional Owners**

We wish to acknowledge the traditional custodians of the land we are meeting on, the Whadjuk Noongar people. We wish to acknowledge their Elders' past, present and future and respect their continuing culture and the contribution they make to the life of this City and this Region.

## **Emergency Procedures**

**Please view the position of the Exits, Fire Extinguishers and Outdoor Assembly Area as displayed on the wall of Council Chambers.**

**In case of an emergency follow the instructions given by City Personnel.**

**We ask that you do not move your vehicle as this could potentially block access for emergency services vehicles.**

**Please remain at the assembly point until advised it is safe to leave.**

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- 1. Official Opening**
- 2. Attendance, Apologies and Leave of Absence Previously Approved**
- 3. Public Question Time**
- 3.1. Public Question Time**

*A period of not less than 15 minutes is provided to allow questions from the gallery on matters relating to the functions of this meeting. For the purposes of Minuting, these questions and answers will be summarised.*

- 4. Petitions/Deputations**
- 5. Announcements by the Member Presiding Without Discussion**
- 6. Matters for Which the Meeting may be Closed**
- 7. Disclosure of Interest**
  - 7.1. Disclosure of Financial and Proximity Interests**
    - a. Members must disclose the nature of their interest in matter to be discussed at the meeting. (Section 5.56 of the *Local Government Act 1995*.)
    - b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Section 5.70 of the *Local Government Act 1995*.)
  - 7.2. Disclosure of Interest Affecting Impartiality**
    - a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

## **8. Reports to Council**

### **8.1. Corporate Services Reports**

#### **8.1.1. Budget 2018/19 - Pensioner Waste Charge Discount**

*Declaration of financial / conflict of interests to be recorded prior to dealing with each item.*

|                |                             |
|----------------|-----------------------------|
| Previous Items | Nil                         |
| Directorate    | Corporate Services          |
| Business Unit  | Director Corporate Services |
| File Reference |                             |
| Applicant      | N/A                         |
| Owner          | N/A                         |
| Attachments    | Nil                         |

#### **EXECUTIVE SUMMARY**

1. The purpose of this report is to consider the Pensioner Waste Service discount (the discount) for 2018/19 and future years.
2. As part of the setting of Waste Service Fees and Charges for 2018/19, the City needs to take into account the current significant financial impacts the Pensioners discount is having upon the waste service fee, given the discount is absorbed into the standard bin user fee.
3. It is recommended that Council maintain the bin discount at the current rate of \$230 and commence a community consultation process in 2018/19 to determine the future direction for the discount.

#### **BACKGROUND**

4. The discount applied each year to the general waste charge is one of the key components which determines the annual Waste and Rubbish Charges (Charges). Other principles and assumptions included in determining the charges are:
  - a) Operating costs are set either by zero based budgeting principles or in line with CPI.
  - b) Domestic Rubbish Charges set at cost recovery plus overheads and contributions to Reserves.
  - c) Fees and Charges based upon statutory requirements or cost recovery indexed by CPI.
  - d) Salaries and Wages increases set in accordance with Enterprise Bargaining Agreements or contract market rates.

In writing this paper, it is assumed that point a) to d) are constant and do not change.

5. The discount is only applied to properties where the owner/s have a Centrelink issued Pensioner Concession Card and have been an Owner and Occupier as at 1 July in the Financial Year.

A pensioner can be a Disability, New Start, Veteran or Single Parent pensioner. Properties where the owner has a Commonwealth Seniors Health Card or a State Seniors Card or is a Self-Funded Retiree, are ineligible for the discount.

6. An extract from the data base undertaken on the 14 May 2018 shows the following make-up of the waste and recycling service count.

| <b>Bin Type</b>                           | <b>Service Count</b> |
|---|----------------------|
| 01 - Residential Standard                 | 18,351               |
| 03 - Residential Pensioner                | 3,584                |
| 04 - Residential Additional               | 275                  |
| 05 - Residential Additional Pensioner     | 1                    |
| 06 - Recycle Additional                   | 110                  |
| 09 - Residential Other - No MGB           | 3                    |
| 10 - Residential Multi Unit - No MGB      | 55                   |
| 12 - Res Multi Unit Pensioner - No MGB    | 2                    |
| 69 - No Access to Skip Bin                | 154                  |
| <b>Total Residential Services</b>         | <b>22,535</b>        |
| 50 - Commercial/Industrial Waste/Recycle  | 329                  |
| 51 - Additional Commercial/Recycle        | 40                   |
| <b>Total Commercial Services</b>          | <b>369</b>           |
| <b>Total Service Count as at 14/05/18</b> | <b>22,904</b>        |

The Waste Charge model is designed in such a way, that the discount is absorbed by increasing the rate payable by the other users of which the main one being the Residential Standard Bin user.

This discount which was historically calculated at 50% of the Residential Full-Service Charge was capped in 2015/16 at a maximum of \$230 per property.

7. The standard bin charge for 2017/18 was \$531 and the pensioner charge after discount was \$301.

In effect, 3,584 eligible pensioners access this discount, at the present time, which equates to \$824,320 being absorbed by other users.

For simplicity's sake, if this was related to the Residential Standard bin charge only, it would mean that for every \$531 charge, \$45 relates to the payment for the discount given to the Pensioner category. This equates to 8.5% of the current residential bin charge.



8. The table below, shows the rebates applied over the last five years and for comparative purposes, projections for 2018/19 at the original capped amount of \$230.

As can be observed from this table, as the population ages, the number of ratepayers becoming eligible pensioners increases at a significant rate. The continuance of the capped rebate will place an increasing burden on the other ratepayers/residents.

**Increasing Cost of Pensioner Rebates - Kalamunda**

| <b>Year</b>                   | <b>Discount Value</b> | <b>Property Count</b> | <b>\$ Impact</b>  |
|-------------------------------|-----------------------|-----------------------|-------------------|
| 2013/2014                     | \$200.00              | 3,143                 | \$ 628,600        |
| 2014/2015                     | \$230.00              | 3,224                 | \$ 741,520        |
| 2015/2016                     | \$230.00              | 3,459                 | \$ 795,570        |
| 2016/2017                     | \$230.00              | 3,499                 | \$ 804,770        |
| 2017/2018                     | \$ 230.00             | 3,538                 | \$ 813,740        |
| <b>2018/2019 – projected*</b> | <b>\$230.00</b>       | <b>3,645</b>          | <b>\$ 838,431</b> |

*\*Projected calculated using the average increase over the past five years data.*

9. The City through the Rate’s Group Association requested similar information from other Councils. A total of 18 Councils replied and results are shown in the Confidential Memo provided to Councillors as Table 1, showing estimated impact on the budgets.

Some Councils roll their waste charge into the rates to enable the pensioner to benefit from the State Government pensioner rebate however with the introduction of rebate capping in 2016/17 to a maximum of \$750, the benefits are minimal as observed from the table shown in the Confidential Memo as Table 2.

The City did consider the above model however it was abandoned in light of the fact that:

- a) It would generate significant waste charge to properties with high Gross Rental Values and which was not seen to be equitable; and
- b) With the State rebate capping in place, the benefit for pensioners would be minimal as most of it would be offset by the Rates levied.

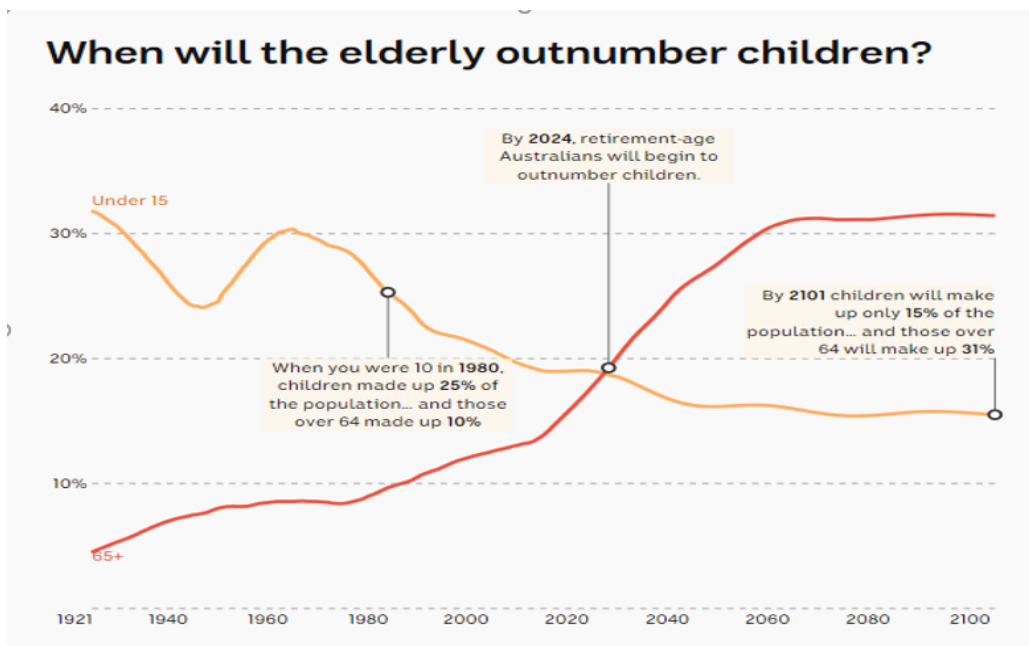
The Table 2 in effect needs to be ignored as it transfers the liability to the State Government, if any, and would have minimal benefit to the pensioner.

From our own research the City has been unable to find other Metro Councils that give a pensioner bin discount.

Therefore, as can be observed from Table 1, the City of Kalamunda provides a very generous discount to its pensioners.

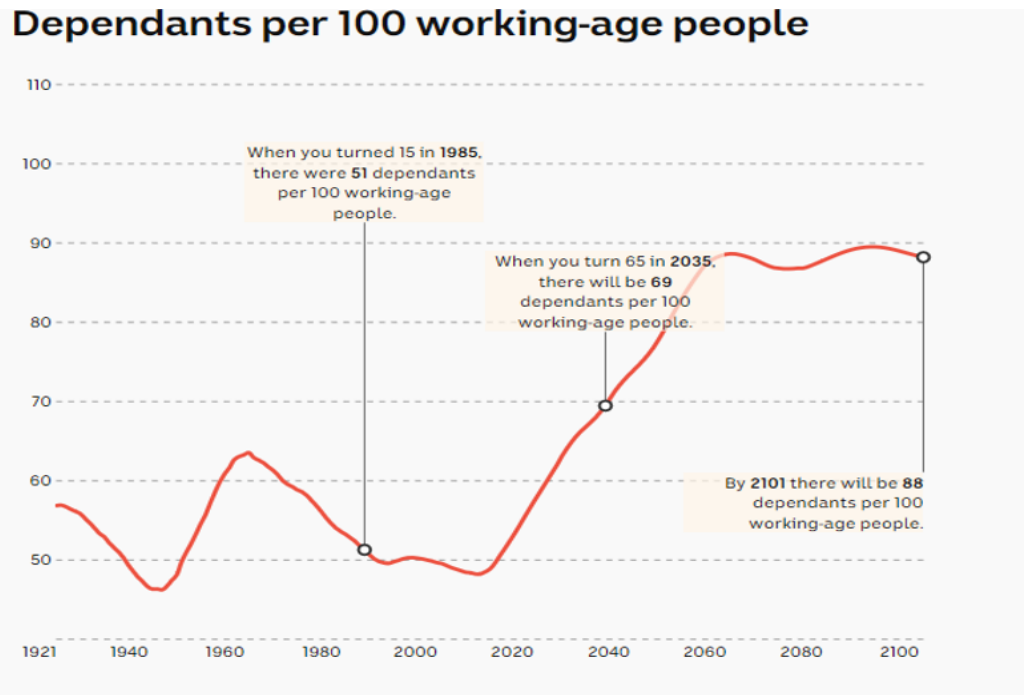
**DETAILS**

- 10. The pensioner discount rationale for the development of the proposed Waste Charges for inclusion within the 2018/19 Budget were presented to Council at its Budget workshops held on 21 and 29 May 2018.
- 11. Statistics sourced from the Australian Historical Population Statistic, 2014 provides some context on the nation’s ageing population and the likely impacts on the City of Kalamunda.

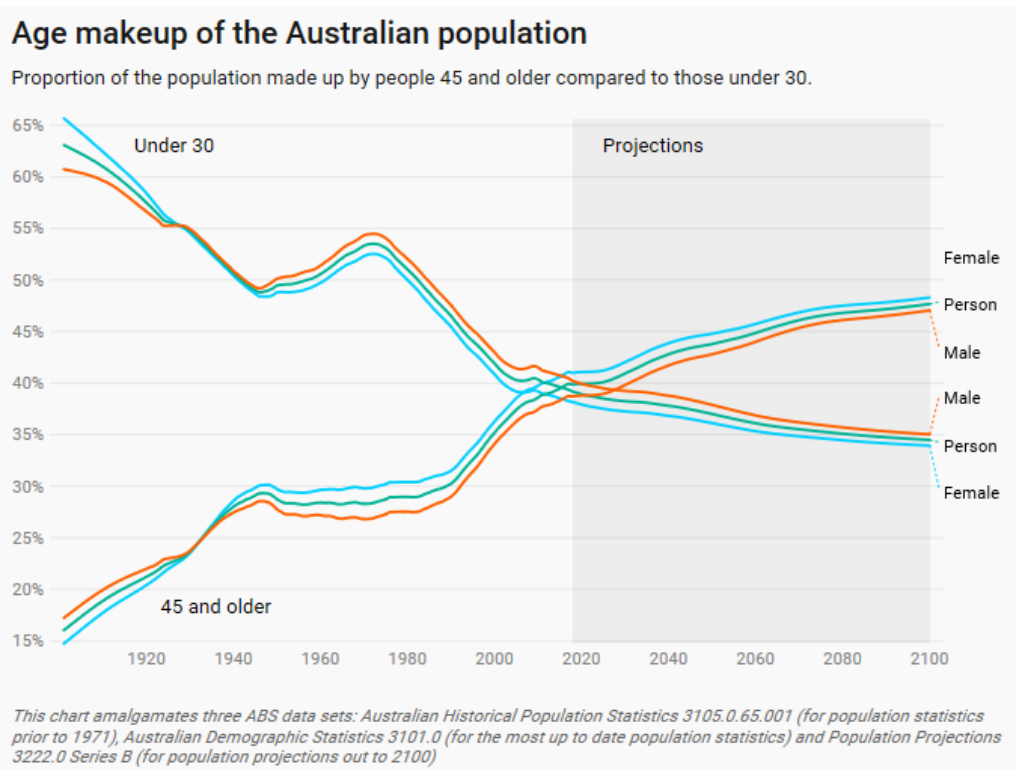


Excerpts from the source provide the following information:

- a) Fertility rate at 2016 was 1.8 as compared to the replenishment level required which is at 2.1 which has not met this level since 1976;
- b) The nation is rapidly reaching a situation whereby people over 64 are outnumbering those under 15;
- c) Demographics which depends on births, deaths and net migration shows that the critical turning point could be as early as 2024; and
- d) Peak child (whereby children <14 stop increasing) is forecasted at 2025



The above chart from the same source states that there will be 69 dependants for every 100 working age people by 2035.

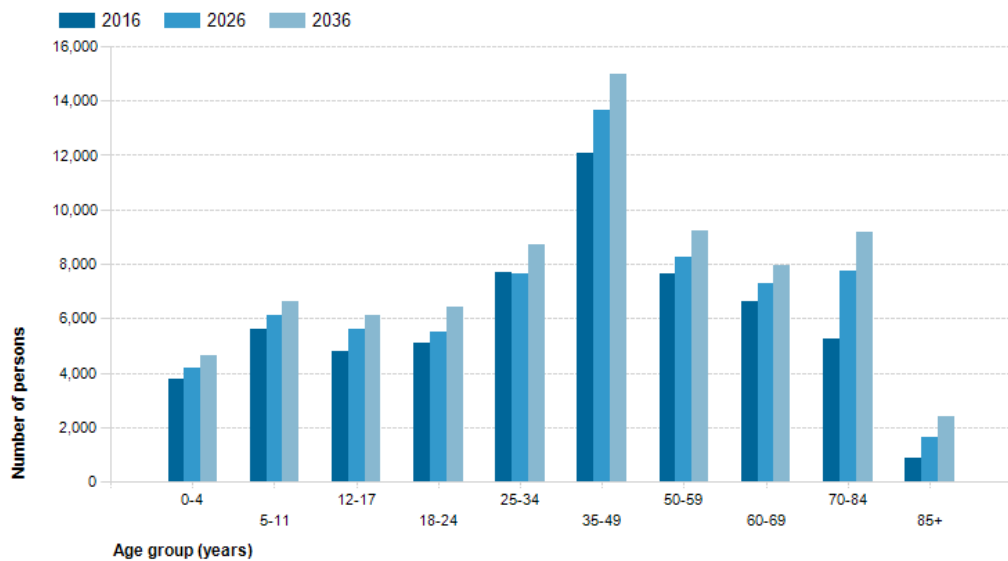


The above chart shows that by 2030's, the critical point will be reached whereby over 45's surpasses under 30's population.

12. City of Kalamunda – Forecast Demographic Chart

Forecast age structure - Service age groups

Shire of Kalamunda - Total persons



Population and household forecasts, 2016 to 2036, prepared by .id the population experts, September 2017.



Shire of Kalamunda

Population and age structure

Share Export

“ Between 2016 and 2026, the age structure category with the greatest increase in persons in the Shire of Kalamunda is 'Seniors (70 to 84)'. ”

The above chart which is an extract from Profile.id demographic resources for which the City of Kalamunda subscribes to in essence is a forecast of the City’s own demographic profiles. This shows that approximately 20,000 (33%) of the total population consisting of over 6000 properties made up of seniors and pensioners represents in excess of 25% of the City’s rating database. A total of 3584 properties were made up of full pensioners or 15% of the total rating database.

13. In light of the above, information, the Council was provided three possible scenarios using projected pensioner claimants increasing from a low of 3% in the initial years, being 2018/19 to 2019/20 to 5% up to 2023/24 and then 7% from there onwards in line with the profiles noted in the charts above.

The three scenarios were applicable from 2018/19 onwards were:

- a) Option 1 - Leave the cap at \$230;
- b) Option 2 - Reduce the cap by \$30 to \$200; and
- c) Option 3 – Apply a ceiling limit of amount claimable to a maximum of \$700,000.

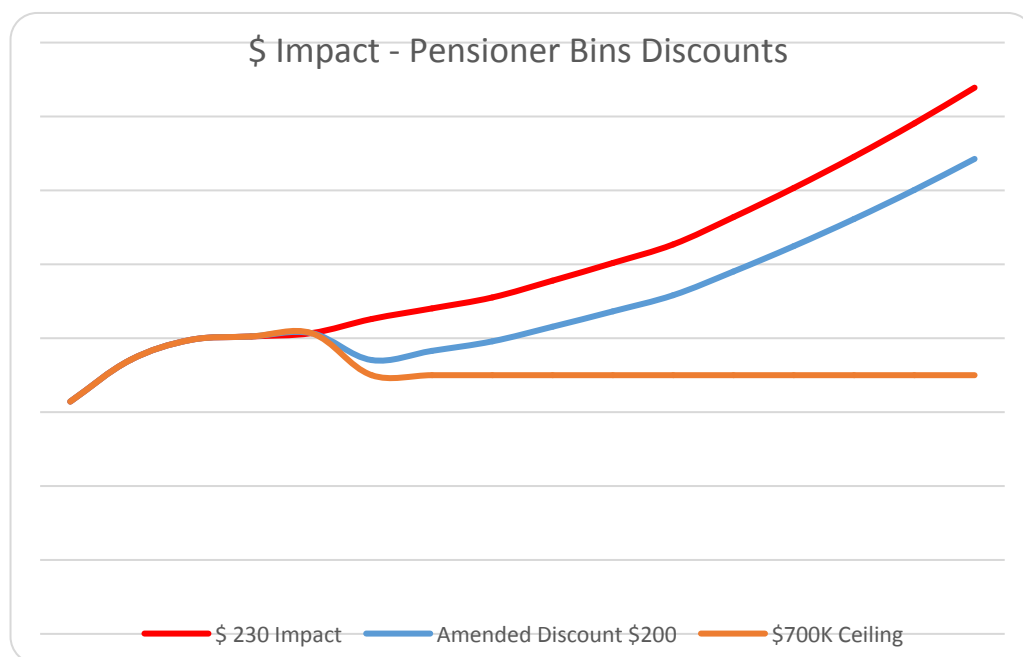
As observed from the graph below, Option 1 will result in a growing burden to the rest of the ratepayers/residents; Option 2 provides temporary relief for three years before it reaches back to pre-2017/18 levels again; and finally the ceiling which limits the amount claimable each year on a decreasing scale for

the pensioner category and is a defined amount that the other users will bear in the outer years.

There was a fourth option discussed which was to completely remove the discount however this was considered to have a significant financial impact upon pensioners.

The preferred option was either Option 1 or Option 3 which involved the development of a community consultation programme in 2018/19 that would assist the City in how best to manage the impact of the discount moving forward.

The results of the three Options are shown below in graph form:



## STATUTORY AND LEGAL CONSIDERATIONS

14. Section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, enables Local Government to set fees for Waste Services.

Section 6.2 of the *Local Government Act 1995* requires a local government to adopt its budget prior to 31 August each year.

Divisions 5 and 6 of Part 6 of the *Local Government Act 1995* refers to the setting of budgets and the raising of rates and fees and charges. The 2018/19 Budget will be presented to meet these statutory obligations.

## POLICY CONSIDERATIONS

15. The Budget is developed based on the principles contained in the *Kalamunda Accountable: Long Term Financial Plan to 2028*.

## COMMUNITY ENGAGEMENT REQUIREMENTS

### Internal Referrals

16. Councillors, Waste Operations and the Executive staff have been consulted using multiple briefings and modelling scenarios.

### External Referrals

17. The Rates Association Group of Western Australia was contacted in relation to providing the City with their own current arrangement in relation to the provision of pensioner discount to enable the City to effectively benchmark the discount.

## FINANCIAL CONSIDERATIONS

18. The Waste Charge for the City of Kalamunda ratepayers and residents is becoming a significant percentage of the overall rates bill that ratepayers receive annually.

This is due to a multitude of reasons, with some inputs beyond the control of the City, such as the landfill levy which has increased significantly in the past few years and the fees imposed by the EMRC for disposal of waste at the Red Hill Landfill Facility.

The discount, however is the Council's own initiative to assist a vulnerable population financially, although the amount of the discount is growing at a rate which is not sustainable as noted in the projections above in point 13.

Financial modelling that rolls the waste charge into the rates brings out poor outcomes as it financially penalises properties with high GRV's and is not seen to be equitable. With the State Government imposing its own cap of \$750 from 2016/17, any benefit that would be applicable to the waste charge component that the pensioner would get would be minimal.

19. As per the Special Council Meeting (SCM) held on the 29 May 2018, Budget 2018/19 Consideration of Waste Service Charges, *File Reference HE-RLW-004*, a charge of \$539 would be applicable for the Standard Rubbish Bin if Option 1 were to apply.

If, however, Option 2 is chosen, this would result in a further reduction of the Standard Rubbish Bin by \$9 to \$530 which is matching the current standard bin charge bar lower by \$1.

If Option 3 were to be chosen, the standard bin charge would be \$528 or a reduction of \$11 from the proposed charge.

If it is removed completely, the standard bin charge would drop to \$497 or a reduction of \$42 from the proposed charge.

## STRATEGIC COMMUNITY PLAN

### Strategic Planning Alignment

20. *Kalamunda Advancing Strategic Community Plan to 2027*

#### Priority 4: Kalamunda Leads

**Objective 4.1** - To provide leadership through transparent governance.

**Strategy 4.1.1** – Provide good governance.

## SUSTAINABILITY

### Social Implications

21. The changes to the discount affects two distinct population demographics who face different financial pressures. The discount amounts provide benefit to the pensioners that are subsidised by the remaining ratepayers/residents. As pensioners increase in numbers, the cost to the other users increases accordingly. A sustainable discount which is acceptable to both categories would be an ideal position for the City to aim for.

### Economic Implications

22. The proposed 2018/19 discount impacts on the consumption capacities for two different demographic groups. One is positive, while the other which is subsidising the pensioners has a negative effect.

### Environmental Implications

23. Nil.

## RISK MANAGEMENT CONSIDERATIONS

|     |  |                    |               |
|-----|--|--------------------|---------------|
| 24. | <b>Risk:</b> That the pensioner bin discount be left at the current capped rate will become increasing un-sustainable.   |                    |               |
|     | <b>Likelihood</b>  | <b>Consequence</b> | <b>Rating</b> |
|     | Likely   | Major              | Extreme       |
|     | <b>Action/Strategy</b>   |                    |               |
|     | The Council takes a proactive approach to limit the exposure and make it sustainable.  |                    |               |
|     | <b>Risk:</b> Complete removal of the pensioner bin discount would result in a financial hardship for pensioners.   |                    |               |
|     | <b>Likelihood</b>  | <b>Consequence</b> | <b>Rating</b> |
|     | Likely   | Major              | Extreme       |
|     | <b>Action/Strategy</b>   |                    |               |
|     | The Council takes a proactive approach to limit the exposure and make it sustainable. A community consultation process be undertaken in 2018/19 to ensure all stakeholders views are received before a long-term decision is made. |                    |               |

## **OFFICER COMMENT**

25. From the population projections shown above, it is evident that the number of pensioners who will become eligible for the bin discount will keep on increasing reaching a critical point around 2024-2025. This paper provides some context on the increasing exposure of the bin discount to the other users.

The City is focused on establishing a fees and charges regime that is equitable both now and into the future.

The development of an effective community consultation process will provide the City with a solid foundation on which to base its future fees and charges.

|   |
|---|
| <b>Voting Requirements: Absolute Majority</b> |
|---|

## **RECOMMENDATION**

That Council:

1. APPROVES the pensioner waste charge discount to remain at \$230 for the 2018/19 Waste Service Fees and Charges.
2. REQUEST the Chief Executive Officer to undertake a community consultation process to establish community views in relation to the pensioner waste charge discount.



**9. Meeting Closed to the Public**

**10. Closure**