



AGENDA

**Confidential Special Council Meeting
Tuesday, 2 June 2020**

ORDINARY COUNCIL MEMBERS

The Right Worshipful, the Lord Mayor Kon Vatskalis (Chair)

Alderman Paul Arnold

Alderman Andrew Arthur

Alderman Jimmy Bouhoris

Alderman Justine Glover

Alderman Gary Haslett

Alderman Robin Knox

Alderman George Lambrinidis

Alderman Simon Niblock

Alderman Mick Palmer

Alderman Peter Pangquee

Alderman Rebecca Want de Rowe

Alderman Emma Young

OFFICERS

Chief Executive Officer, Scott Waters

General Manager Innovation Growth & Development Services, Joshua Sattler

General Manager Community & Regulatory Services, Polly Banks

General Manager Government Relations & External Affairs, Melissa Reiter

General Manager Engineering & City Services, Ron Grinsell

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CONFIDENTIAL SECTION**8 CONFIDENTIAL REPORTS****8.1 2020/21 FEES AND CHARGES****Author:** Revenue Accountant**Authoriser:** Executive Manager Finance**Attachments:** 1. 2020/21 Fees and Charges (under separate cover)

Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in Section 65(2) of the <i>Local Government Act</i> and Regulation 8 of the Local Government (Administration) Regulations.
Sub-clause and Reason:	8(c)(iv) - information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

SUMMARY

Council is required to adopt fees and charges for the 2020/21 year. The purpose of this report is to request that Council adopt the fees and charges as contained in **Attachment 1** to this report, effective 1 July 2020.

RECOMMENDATIONS

1. THAT the report entitled 2020/21 Fees and Charges be received and noted.
2. THAT Council adopt the proposed fees and charges, as contained in **Attachment 1** to the Report entitled 2020/21 Fees and Charges, effective from 1 July 2020.
3. That pursuant to Section 65 (2) of the *Local Government Act*, and Regulation 8 of the Local Government (Administration) Regulations, the decision, report and attachments, be held in-confidence until 10.00am Wednesday 3 June 2020 at which time the decision, report and attachments will be made public on Council's website.

KEY ISSUES

- The majority of existing fees have been retained at 2019/20 levels, in line with Council's response to the economic challenges to the COVID-19 response.
- Some fees for Gardens Amphitheatre have been amended as a result of the management agreement with Darwin Entertainment Centre.
- The fees for Council operated public pools have increased in accordance with Council decision ORD142/20 to Report titled YMCA Pool Management mid-contract review, considered at the Ordinary Council meeting held 17 March 2020.
- Community Centre charges now include new lines for commercial usage, and in the case of Nightcliff Community Centre, the addition of a new meeting room.
- Five year and Lifetime registration terms for dogs and cats have been discontinued.
- Waste fees increased in line with Council's 2018 decision to service the leachate treatment loan via an annual increase each year over three years.

BACKGROUND

The fees and charges schedules were issued in line with the budget timetable to all responsible officers for review. Initially an “across the board” CPI based increase of 0.5% has been applied as a base factor with rounding where appropriate.

In view of the local economic impact of the national and Northern Territory response to the COVID-19 pandemic, a recommendation of staff was made to retain the majority of fees at 2019/20 levels.

The draft summary of proposed fees and charges was presented to Council for discussion at a Special Council Workshop held on 4 March 2020. The base structure of the fees remains as presented, with the dollar values subsequently adjusted to the 2019/20 levels.

DISCUSSION

Most fee lines have been retained at the 2019/20 levels. There have been some minor additions/deletions to other items to reflect community needs.

Fee lines for Gardens Amphitheatre have been adjusted as a result of negotiations with Darwin Entertainment Centre in relation to the management agreement.


Fee lines for Council operated public swimming pools were considered at the Ordinary Council meeting held 17 March 2020, resulting in a decision to increase fees by approximately 25%. It is recommended the fee increases proceed in accordance with Council's Decision in order to provide the contractor YMCA an ability to improve their operating position.

Five year and lifetime registration fees for dogs and cats were considered at the Ordinary Council meeting held 17 March 2020, resulting in a decision to withdraw these options. Registration licences already in existence for these options will be grandfathered out.

Waste charges have been increased in line with Council's Decision to service the leachate treatment loan through annual increases to include \$5.00 per tonne for commercial waste over three years. Associated with this, general waste fees increase by CPI (0.5%) rounded to the next whole dollar, and domestic additional bin charges increased by 0.5% plus \$5.00, rounded.

The proposed 2020/21 Fees and Charges Booklet is included with this report (**Attachment 1**). The version of the Booklet that ultimately appears on Council's website will be provided in a format more suited to public viewing, as previously recommended by Elected Members.

Items listed in **BOLD** in the 2020/21 Fees and Charges Booklet indicates the item attracts GST and that the fee is inclusive of GST.

Items listed with a  symbol indicate the item is exempt from GST per Australian Taxation Office determination. The numeric code preceded by a “T” in the CoD Code column refers to an internal administrative code to ensure that receipted fees are processed to the correct General Ledger account.

STRATEGIC ENVIRONMENT

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the ‘Darwin 2030 City for People. City of Colour. Strategic Plan’:

Goal

6 Governance Framework

Outcome

6.3 Decision Making and Management

LEGISLATIVE/POLICY

Fees and Charges have been developed, reviewed and proposed in line with City of Darwin Policy No. 019 – Fees and Charges.

CONSULTATION

This report was considered by the Strategic Direction Group on 20 February 2020 and subsequently referred to a Special Council Workshop on 4 March 2020 for consideration.

Appropriate officers responsible for fees and charges in each department were consulted.

Internal

In preparing this report, the following City of Darwin officers were consulted:

- All appropriate officers responsible for fee lines.

External

- Nil

BUDGET/RESOURCE IMPLICATIONS

For all fees and charges other than waste and parking, the financial impact on revenue is minimal.

RISK

N/A

LEGAL

N/A

ARTS, CULTURE & ENVIRONMENT

N/A

8.2 DRAFT 2020/21 MUNICIPAL PLAN AND ANNUAL BUDGET**Common No.:** 2100136**Author:** Executive Manager Governance, Strategy & Performance**Authoriser:** General Manager Government Relations & External Affairs**Attachments:** 1. 2020/21 Draft Municipal Plan and Annual Budget (under separate cover)

Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in Section 65(2) of the <i>Local Government Act</i> and Regulation 8 of the Local Government (Administration) Regulations.
Sub-clause and Reason:	8(c)(iv) - information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

SUMMARY

The purpose of this report is to endorse the City of Darwin Draft 2020/21 Municipal Plan (DMP), which incorporates the proposed 2020/21 Annual Budget, for public consultation.

RECOMMENDATIONS

1. THAT the report entitled Draft 2020/21 Municipal Plan and Annual Budget be received and noted.
2. THAT pursuant to Section 103 of the *Local Government Act*, the staffing plan approved by Council for the 2020/21 financial year be based on a total budget for employee costs of \$35.53M and an approved establishment full time equivalent (FTE) of 355 staff, noting that short-term projects may temporarily change the number of staff actually employed.
3. THAT Council endorse the Draft 2020/21 Municipal Plan incorporating the proposed 2020/21 Annual Budget at **Attachment 1** to this report, for the purpose of public consultation.
4. That pursuant to Section 65 (2) of the *Local Government Act*, and Regulation 8 of the Local Government (Administration) Regulations, the decision, report and attachments, be held in-confidence until 10.00am Wednesday 3 June 2020 at which time the decision, report and attachments will be made public on Council's website.

KEY ISSUES

- The DMP (**Attachment 1**) details Council's Annual Budget and Service Delivery Plan for 2020/21.
- General rates in this budget are not proposed to increase and remain at 2019/20 levels.
- The capital works program builds on the previous year's unprecedented budget of \$53.07M and totals \$57.17M. \$25.0M is budgeted for the Casuarina Pool Redevelopment Project.
- The DMP will be available for public consultation for a period of not less than 21 days as prescribed by the Act. Consultation commences at midday Wednesday 3 June 2020 and concludes at 5.00pm on Friday 26 June 2020 (23 days).
- Public feedback will be considered and presented with the final 2020/21 Municipal Plan and Annual Budget for adoption at a Special Ordinary Meeting scheduled for Tuesday 7 July 2020.

BACKGROUND

Section 22 of the *Local Government Act 2008* (the Act) states that each Council must have a plan for its area. For municipal councils it is to be called a Municipal Plan. The Municipal Plan must be adopted by Council between 1 April and 31 July each year and undergo a minimum of 21 days public consultation. Development of the plan must be in accordance with the requirements of the Act.

DISCUSSION

Overview

The 2020/21 DMP sets out the deliverables and projects that the City of Darwin proposes to deliver for the community to achieve the Strategic Directions of the Darwin 2030 – *City for People. City of Colour* Strategic Plan.

This year's Municipal Plan and Budget has been developed considering the need of our people and economy to recover and prosper from Coronavirus (COVID-19). City of Darwin's strong financial position ensures Council is focussed on *Supporting our People. Supporting our City.* the theme of the 2020/21 Municipal Plan.

Our commitment to supporting our people is demonstrated by Council's decision to retain General Rates at previous 2019/20 levels. There will be no increase in general rates in 2020/21. \$7.0M total in stimulus packages will directly benefit ratepayers and residents of the City of Darwin. (\$4.0M is allocated to support commercial and residential ratepayers and \$3.0M will deliver key projects across each Ward in the Darwin municipality)

The 2020/21 Municipal Plan supports our city with a focus on rebuilding our local economy. This is an asset and infrastructure budget with a proposed \$25.0M budgeted to redevelop the Casuarina Pool. Other major projects in 2020/21 include:

- \$1.6M Streetscape beautification projects
- \$2.2M Stormwater upgrades and reconstruction
- \$1.7M Chinatown Car Park
- \$10.5M Velodrome
- \$15.5M Shoal Bay Waste Management Facility

The operational service delivery program is largely unchanged, however efficiency savings of more than 1% have been identified across the entire operational budget.

Staff Plan

Section 103 of the Local Government Act requires that the Chief Executive Officer be responsible for the appointment of staff in accordance with a staffing plan approved by the Council. The DMP is based on a total budget for employee costs of \$35.53M and an approved establishment full time equivalent (FTE) of 355 staff, noting that short-term projects may temporarily change the number of staff actually employed, but not the approved FTE.

2020/21 Annual Budget Financial Overview

Council's 2020/21 draft Annual Budget is balanced as per the requirements of section 127(3) of the Local Government Act 2008. The way Council measures this compliance is through its Statement of Cashflows. This statement reports all cash items including capital and treasury transactions and excludes non-cash items such as depreciation.

Council's financial statements, in addition to the statement of Cashflows, include the Statement of Income and the Statement of Financial Position.

- The Statement of Income for the 2020/21 financial year proposes total Income of \$106.8M, and total Expenditure of \$121.0M, together producing a net operating position of \$14.2M

deficit. The net deficit position of \$1.47M is then achieved with the addition of \$12.7M of Capital Grants & Contributions.

The net operating deficit is primarily due to Depreciation of \$32.9M, which is not funded by Rates. Depreciation is the non-cash allocation of the wear and tear of Councils assets, each year over the life of the assets. Council has a total asset base of \$1.0B.

Significant focus was placed on creating efficiency and effectiveness savings through all areas of Council activities. In addition to the reductions made by budget managers, extra efficiency savings of 1.2% were applied across both Employee Costs and Materials, Contracts & Other Expenses. This work was a key contributor in Council being able to hold Rates and Fees & Charges to mostly zero movement whilst maintaining current delivery standards.

Key financial assumptions and inputs delivered in this budget include:

- General Rates increase of 0%
- Small increase in the Waste Levy
- Fees and Charges remain static, with minor exceptions
- Decrease in Interest earnings
- Employee Costs held static
- Minimal overall movement in the Materials, Contracts & Other Expenses category
- Increase in Capital Grants funding
- Sale of Land proceeds anticipated from the Cavanagh carpark placed in Reserve
- Using loan borrowings for part of the Casuarina Public Swimming Pool project.

The budget proposes an allocation of Rates waivers for Hardship, of up to \$4M, being funded by the Northern Territory Government, (NTG), Grant. There is also a budgeted Grant of \$12.5M being a contribution toward the upgrading of the Casuarina Public Swimming Pool. The remainder of the \$25M project is funded by borrowings of \$12.5M.

Council will deliver a significant \$57.1 Capital Works program.

The program funded from a mix of:

- ✓ Rates \$10.3M
- ✓ Reserves \$21.7M
- ✓ Borrowings \$12.5M
- ✓ Contributions \$144,000
- ✓ Grants \$12.6M

Council uses a range of financial Key Performance Indicators, (KPI's), to measure its financial sustainability. These include:

- The % of **Rate Debtors** is project to be above its target of <5% at 7.6%. This is due to the current economic climate and the proposed allowance for Rates waivers of \$4M, which are met by the NTG Grant.
- The **Debt Servicing Ratio** of 2.7% is well within the target of 5%.
- The **Liquidity Ratio** which measures Council's ability to pay its debts after all restricted reserves. This is 1.66:1, against a target of >1.00:1.
- The **Asset Sustainability Ratio** measures the level of depreciation being spent on renewing assets. In previous years this ratio has fallen close to or short of the target of > 50%, however the 2020/21 position is 95.5%.

The draft Annual Budget projects a total closing balance of Reserves of \$71.8M, being \$43.3M externally restricted and \$28.5M internally restricted. Significant movements in the Reserves include:

- CBD Car Parking Shortfall – Rate Levy Income; Budget decrease is for the Chinatown carpark works and the Disability Parking project in the CBD. These costs are partially offset by Rates and interest revenue.
- DEC Air Conditioning Replacement; With the completion of the air-conditioning work this reserve has now been finalised.
- Unspent Grants; The opening balance assumes that there will be no further unspent grants as at 30 June 2020. The budget decrease relates to the Velodrome upgrade project and COVID-19 stimulus.
- Asset Replacement & Refurbishment; Budget decrease relates to funding of various projects from the Capital Works program and repayments from Waste for the internal loan. The largest single draw is the contribution of \$1.1M for stormwater capital works.
- Carry Forward; This reserve holds funds to be used for future projects that have been identified as delayed in 2019/20. Projects can be delayed as they span multiple years or will not be completed in the current year.
- Disaster Contingency; The balance of this reserve has increased by \$1M to a new total of \$2M.
- Nightcliff Community Hall; Budget decrease is for the Nightcliff Community Centre firewall.
- Public Art; The budget assumes the depletion of the reserve as per the 2019/20 capital program.
- Sale of Land; The budget increase is the proceeds from the sale of the Cavanagh carpark site. The funds are earmarked for large construction projects designed to enhance and complement the Civic and State Square Masterplan and centralise key council services, including Ranger and Customer Services and its Darwin City Library into a central CBD location.
- Street Lighting; The projected depletion of this reserve results from the budgeted works as per the capital program.

Public Consultation

The DMP will be exhibited for public consultation for no less than 21 days as prescribed by the Local Government Act. Consultation commences at midday on Wednesday 3 June 2020 and concludes at 5.00pm on Friday 26 June 2020 (23 days). Following the required period of public consultation, all feedback will be presented to Council for consideration with the final Municipal Plan and Annual Budget at a Special Ordinary Meeting to be held on 7 July 2020.

STRATEGIC ENVIRONMENT

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':

Goal

6 Governance Framework

Outcome

6.1 Vision and Culture

Key Strategies

5.3.1 Demonstrate good corporate practice and ethical behaviour

LEGISLATIVE/POLICY

The Council must adopt a legally compliant budget. The timetable and processes are established to achieve this. The adoption of a budget and rating is a decision that the Council cannot delegate.

A “balanced” draft budget is presented in terms of Part 10.5, Section 127(3) of the Local Government Act.

All budgets include a risk of variability, which Council addresses by taking a prudent approach.

The Local Government Act requires the Municipal Plan to contain the following items:

- A service delivery plan for the period of the plan; and
- Indicators for judging the standard of the Council’s performance.
- Council’s Budget.

The Municipal Plan must also contain or incorporate by reference:

- Any long-term community or strategic plans relevant to the period of the plan;
- The Council’s Long-Term Financial Plan;
- The Council’s most recent assessments of:
 - Constitutional arrangements for representation for the Council’s area;
 - Opportunities and challenges for local government service delivery in the Council’s area;
 - Possible changes to the regulatory and administrative framework for delivering services in the Council’s area; and
 - Whether possibilities exist for improving local government service delivery by co-operation with other councils, government agencies or other organisations.

The 2020/21 DMP, **Attachment 1**, complies with these requirements.

CONSULTATION

Internal

In preparing the Draft 2020/21 Municipal Plan and Annual Budget, Elected Members and the following City of Darwin officers were consulted:

- Senior Leadership Group
- Strategic Directions Group
- Executive Manager Finance
- Management Accountant

External

- Nil

BUDGET/RESOURCE IMPLICATIONS

The report relates entirely to budget and resource implications.

The Long-Term Financial Plan has been used as a reference document to assist the development of the annual budget.

RISK

There is a risk that if the recommendations contained within this report are not supported that Council will not comply with the Local Government Act 2008 to adopt a budget by 31 July.

Council relies on rates income to deliver its services. The current economic conditions in the community (primarily as a result of COVID-19) poses a risk to Council's Rates Income. This risk is mitigated through a provision for Rate waivers and can be offset by the funds Council held in its Reserves.

LEGAL

Nil

ARTS, CULTURE & ENVIRONMENT

Environmental and social implications are considered in relation to adoption of policies and implementation of services in accordance with the DMP.