

19 July 2007

MINUTES

MINUTES OF A SPECIAL COUNCIL MEETING, HELD IN THE COUNCIL CHAMBERS, ON THURSDAY, 19 JULY 2007 COMMENCING AT 6.33PM.

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236. DECLARATION OF OPENING OF MEETING

The Mayor (Presiding Member) declared the meeting open.

236.1 Present

Mayor J O'Neill	Presiding Member
Cr A Ferris	
Cr D Martin	
Cr R Olson	
Cr M Rico	
Mr S Wearne	Chief Executive Officer
Mr J Roberts	Executive Manager Finance & Administration

237. WELCOME TO GALLERY AND INTRODUCTION OF ELECTED MEMBERS AND STAFF

There were no members of the public in the gallery.

238. RECORD OF APPROVED LEAVE OF ABSENCE

Nil.

239. RECORD OF APOLOGIES

Apologies were submitted on behalf of Cr Harrington and Cr Wilson (via Cr Martin).

240. PUBLIC QUESTION TIME

Nil.

241. BUSINESS

241.1 2007/2008 Budget

By John Roberts Executive Manager Finance & Admin 12 July 2007

PURPOSE

To facilitate the adoption of the annual budget for 2007/2008 financial year and authorisation of the fees and charges for the 2007/2008 financial year.

BACKGROUND

The Town of East Fremantle's 2007/2008 Draft Municipal Budget is hereby presented for consideration by Elected Members.

As in previous years, an intensive consultation process was undertaken in the preparation of the Draft Budget, with elected members and staff.

Major expenditure components of the Draft Budget were previously considered by Council at a Council meeting held on 22 May 2007 and a Finance Committee meeting on 27 June 2007, at which, direction was provided to staff as to Council's preferred expenditure priorities and rate levels (including differential rates). On this basis, the Draft Budget has been prepared.

Staff have achieved a balanced budget by including a 6.0% increase in rates, together with levying a \$46.50 service charge on residential properties for the provision of recycling waste services.

In prioritising works and services for inclusion in the Draft Budget, staff were mindful of the following factors:

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- The determined need for the project;
- Whether the project has previously been committed to (particularly in relation to projects that require Grant Funding);
- The cost of the project and possible funding sources;
- Setting expenditure levels so that rate increases were prepared to allow for a balanced budget. A 6.0% increase was required to allow staff to include the majority of items requested by Council, for the 2007/2008 Financial Year; and

When examining the budget, and considering adding projects not currently provided for, Councillors should be mindful of the following:

- Each \$35,000 of additional expenditure equates to an approximate increase in rates of 1%;
- All salaries, wages and plant costs have been fully allocated, so that eliminating any project will result in a saving of the direct cost component of the project only, with salaries, wages and plant costs (or indirect costs) required to be re-allocated elsewhere in the budget; and
- Many projects contained within the Draft Budget have previously been committed to by Council, either by resolution, or other means.

Any elected member who has any query regarding the Draft Budget is encouraged to contact the Executive Manager Finance & Administration John Roberts, prior to the Special Budget Meeting.

REPORT

Comments/Discussion

- Expenditure Budget
The Draft Budget for 2007/2008 includes the normal statutory works and services and capital expenditure items which improve the infrastructure assets of the Town with particular emphasis on footpaths, road resurfacing and drainage.
- Loan Borrowings
The major focus on future planning has been structuring Council's level of debt so that the requirement to borrow for annual infrastructure works is eliminated. This budget has been prepared by keeping to this guideline.
There is no additional borrowing suggested in this budget.
- Transfers from Reserves
Council will operate with the following Reserve Funds, following a rationalisation in previous years:
 - Plant Replacement Reserve
 - Staff Leave Reserve
 - Civic Building Reserve

The draft budget provides for the transfer from Reserves of \$81,000 to fund the replacement of plant and vehicles.

- Rates
Council at the preliminary budget meeting held on 22 May 2007 discussed the cost increases to local government in relation to the Consumer Price Index (CPI). The

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Western Australian Local Government Association (WALGA) has provided councils with a Local Government Cost Index (LGCI) as opposed to the general CPI. Please find attached information from WALGA. **ATTACHMENT**

As at the March quarter 2007 the indexes were as follows:

General CPI	3.5%
LGCI	5.38%

The LGCI is based on the cost increase to the typical goods a local authority would purchase. The Town of East Fremantle draft budget has been based on a 6% rate increase plus a service charge of \$46.50 for collection of recyclable waste. It is believed that this is a good balance between the requirement for the budget to keep up with cost increases and the need to minimise rate increases for residents.

- Rubbish Service Charge

A service charge on residential properties of \$46.50 per annum is proposed. This charge will fully fund the cost of providing the recyclable waste collection. Commercial properties rubbish service charge will increase from \$250.00 to \$260.00 per annum.

- Councillors' Meeting Fees and Allowances

Elected members currently receive entitlements in accordance with Section 5.98(1) of the Local Government Act 1995 (as amended) and Regulations 30, 33, 33(a) and 34 of the Local Government (Administration Regulations) 1996.

Local governments have two broad choices in respect of paying these fees:

- (i) a fee per meeting
- (ii) an annual fee.

In respect of both of these options there is a prescribed minimum fee which must be paid and a prescribed maximum fee which can be paid. These minimum and maximum fees constitute the "prescribed range". Council may elect to pay any fee provided it is within that range.

The fee *per meeting* range is:

- \$ 60-\$140 per Council meeting (Councillor)
- \$120-\$280 per Council meeting (Mayor)
- \$ 30-\$ 70 per Committee meeting (Councillor and Mayor)

The total fees paid to a council member other than the Mayor for attending meetings (whether of the council or of any committee) in each year is not to exceed \$7,000. In the case of the Mayor it is not to exceed \$14,000.

The *annual fee* range is:

- \$2,400 - \$7,000 (Councillor)
- \$6,000-\$14,000 (Mayor)

Mayoral Allowance

In addition to the abovementioned entitlement, the Mayor is entitled to be paid a Mayoral allowance (which used to be called the "Annual entertainment allowance for Mayors" and is also described as an "annual local government allowance for a mayor") within the prescribed range.

The minimum annual local government allowance for a Mayor is \$600. The maximum which can be paid in the case of the Town of East Fremantle is \$12,000.

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In addition to their entitlement in regard to elected member meeting fees, a local government may decide (absolute majority required) to pay the deputy mayor of the local government an allowance of up to the prescribed percentage of the annual local government allowance to which the mayor is entitled, as above.

The prescribed percentage (i.e. maximum) is 25%.

Council has previously adopted the annual fee payment.

Based on the above information, the following allowances have been made in the 2007/08 draft budget:

Mayor Meeting Allowance	\$14,000
Annual Councillor Meeting Allowance	\$ 7,000
Mayoral Allowance	\$12,000
Deputy Mayoral Allowance	\$ 3,000

- Salaries and Wages

Salaries and wages increase/decrease in expenditure in comparison to the 2006/07 budget figures are as follows:

Administration	10.0%
Ranger Services	(6.0)%
Health	2.0%
Welfare	15.0%
Town Planning	8.0%
Building	2.0%
Public Works Staff	5.0%

Statutory Requirements

Section 6.2 of the Local Government Act 1995 requires Council to adopt the annual budget by 31 August in each year.

Section 6.36 of the Act requires that Council advertise any proposed differential rate for a period of at least 21 days prior to imposing a differential rate.

Unfortunately through an oversight this requirement was overlooked.

Whilst such advertising, over the last 12 years, has only resulted in one or two responses, with none received in the last five years, it nevertheless remains a requirement.

What is proposed to address this situation is that the budget adoption process continue essentially as planned, during the advertising period, with the necessary administrative work in respect of producing rate notices continuing, however with the budget to be formally adopted at Council's ordinary meeting of 7 August 2007, following the close of advertising.

Relevant Policies

Nil

CONCLUSION

The proposed Budget for the year ending 30 June 2008 as attached should be adopted by Council.

1. The Budget estimates of Income and Expenditure for 2007/2008 including the supporting financial statements as amended;

2. The statement of 2007/2008 rating information:

Differential General Rate

- Residential rate is 9.4438 cents in the dollar of (GRV)
- Commercial rate is 12.0147 cents in the dollar of (GRV)
- Minimum General Rate for any Residential Property is \$620.00 and any Commercial Property is \$775.00

3. Fees and Charges

That all fees and charges shown in the 2007/2008 budget be adopted and imposed for the financial year ending 30 June 2008, in accordance with Section 6.16 of the Local Government Act 1995.

4. Administration Fee (payment by instalments)

That an administration charge of \$46.50 be imposed where payment of a rate or service charge is made by instalments except that eligible pensioners will be excluded from paying the charge as per Section 6.45(3) of the Local Government Act, 1995.

An administration fee of \$50 be imposed for all other special payment arrangements.

5. Payment of Rates by Instalments

The Town, in accordance with Section 6.45 of the Local Government Act 1995 offers the following payment options for the payment of rates:-

- One instalment
 - Payment in full within 35 days of the issue date of the annual rate notice.
- Two instalments
 - The first instalment of 50% of the total current rates plus the total outstanding arrears payable within 35 days of the issue date of the annual rate notice.
 - The second instalment of 50% of the total current rates payable by 14 November 2007
- Four Instalments
 - The first instalment of 25% of the total current rates plus the total outstanding arrears payable within 35 days of the issue date of the annual rate notice.
 - The second instalment of 25% of the total current rates payable by 14 November 2007.
 - The third instalment of 25% of the total current rates payable by 15 January 2008.
 - The fourth instalment of 25% of the total current rates payable by 18 March 2008.

The above instalment option is subject to an administration fee of \$15.00 for each of the instalments two, three and four, together with an interest charge of 5.5% per annum calculated on a simple interest basis as follows:

- 75% of the total current general rate calculated 35 days from the issue date of the annual rate notice to the date upon which the second instalment is due;
- 50% of the total general rate calculated from the due date of the second instalment to the due date of the third instalment; and
- 25% of the total general rate calculated from the due date of the third instalment to the due date of the fourth and final instalment.

6. Rubbish Service Charge

In accordance with Section 112 of the Health Act 1911 (as amended):

- the rubbish collection fee for residential properties be set at \$46.50 per annum.

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- the rubbish collection fee for commercial properties be set at \$260.00 per annum.
7. Interest Charges on Outstanding Rates
The interest to be imposed on all current and arrears of all rates for the 2007/2008 financial year is the rate of 11% per annum calculated on a simple interest basis. Such interest will be imposed on amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until such instalment is paid.
 8. Interest Charges on Outstanding Debts
The interest to be imposed on all current and arrears of non rate debtors for the 2007/2008 financial year is the rate of 11% per annum (calculated on a simple interest basis) on amounts that remain unpaid 35 days from the issue date of the original invoice or notice of debt.
 9. Concessions and Discounts
Under Policy 117 Council provides a concession to ratepayers who use the Leeuwin car park and boat ramp facility. There are currently 69 ratepayers utilising the concession.

Charges

It is proposed the car park charges be as follows:

One hour	\$2.00 (inc GST)
Two hours	\$4.00
Three hours	\$6.00
Four hours to a maximum of 24 hours	\$8.00

In order to provide a concession the Local Government Act (Section 6.12) requires that Council must resolve by an absolute majority at the time of the budget adoption to provide the concession.

The amount of concession to be granted is difficult to estimate as this is dependent on the number of times the car park/boat ramp is used by the ratepayer. However by way of an example, if the 69 ratepayers referred to above used the car park/boat ramp one (1) day a week from October to April (26 weeks) for a 4 hour period, this would equate to \$13,814 or \$200.20 per person.

RECOMMENDATION

That the following 2007/08 draft Budget be adopted in principle and confirmed at Council's Meeting of 7 August 2007, if no public responses to the advertising of the differential rate are received:

1. The Budget estimates of Income and Expenditure included within the 2007/2008 Draft Budget as attached to and forming part of the budget document be adopted.
2. The Schedule of Fees and Charges included and forming part of the notes to the 2006/07 budget be adopted.
3. In accordance with Section 112 of the Health Act 1911 (as amended):
 - the rubbish collection fee for residential properties be set at \$46.50 per annum.
 - the rubbish collection fee for commercial properties be set at \$260.00 per annum.
4. The following rates be imposed on rateable land within the district. Differential general rates for rateable land within the district are as follows:
 - Residential rate is 9.4438 cents in the dollar of (GRV)
 - Commercial rate is 12.0147 cents in the dollar of (GRV)
 - Minimum General Rate for
 - any Residential Property is \$620.00
 - any Commercial Property is \$775.00

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5. Payment by Instalments
The following options for payment of rates will be available:
 - (a) single payment within 35 days of rate notice issue;
 - (b) two instalments; and
 - (c) four instalments.
6. Interest Charges on Outstanding Rates
The interest rate to be imposed on all current and arrears of all rates for the 2007/2008 financial year is the rate of 11% per annum calculated on a simple interest basis on amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until such instalment is paid.
7. Interest Charges on Outstanding Debts
The interest rate to be imposed on all current and arrears of non rate debtors for the 2007/2008 financial year is the rate of 11% per annum (calculated on a simple interest basis) on amounts that remain unpaid 35 days from the issue date of the original invoice or notice of debt.
8. Council approve the concession for the use of the Leeuwin car park and boat ramp facility for the 2007/2008 financial year for East Fremantle ratepayers.
9. The following elected member meeting fees and allowances be endorsed:

Mayor annual meeting allowance	\$14,000
Councillor annual meeting allowance	\$ 7,000
Mayoral allowance	\$12,000
Deputy Mayoral allowance	\$ 3,000

Absolute Majority Resolution Required

General discussion took place.

(A) Cr Olson – Cr Ferris

That the following 2007/08 budget provisions be adopted:

1. **The Budget estimates of Income and Expenditure included within the 2007/2008 Draft Budget as attached to and forming part of the budget document (excluding the Differential General Rates).**
2. **The Schedule of Fees and Charges included and forming part of the notes to the 2007/08 budget.**
3. **In accordance with Part III of the Health Act 1911 (as amended):**
 - **the rubbish collection fee for residential properties be set at \$46.50 per annum.**
 - **the rubbish collection fee for commercial properties be set at \$260.00 per annum.**
4. **Payment by Instalments**
The following options for payment of rates:
 - (a) single payment within 35 days of rate notice issue;**
 - (b) two instalments; and**
 - (c) four instalments.**
5. **Interest Charges on Outstanding Rates**
The interest rate to be imposed on all current and arrears of all rates for the 2007/2008 financial year is the rate of 11% per annum calculated on a simple interest basis on amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until such instalment is paid.

6. Interest Charges on Outstanding Debts

The interest rate to be imposed on all current and arrears of non rate debtors for the 2007/2008 financial year is the rate of 11% per annum (calculated on a simple interest basis) on amounts that remain unpaid 35 days from the issue date of the original invoice or notice of debt.

7. Council approve the concession for the use of the Leeuwin car park and boat ramp facility for the 2007/2008 financial year for East Fremantle ratepayers.

8. The following elected member meeting fees and allowances:

Mayor annual meeting allowance	\$14,000
Councillor annual meeting allowance	\$ 7,000
Mayoral allowance	\$12,000
Deputy Mayoral allowance	\$ 3,000

9. The imposition of the following differential rates be agreed to in principle and considered adopted as of 7 August 2007 if no public responses to their advertising are received:

Differential general rates for rateable land within the district are as follows:

- Residential rate is 9.4438 cents in the dollar of (GRV)
- Commercial rate is 12.0147 cents in the dollar of (GRV)
- Minimum General Rate for - any Residential Property is \$620.00
- any Commercial Property is \$775.00

If any public responses to the advertising are received these will be considered at Council's Meeting of 7 August 2007.

CARRIED UNANIMOUSLY
ABSOLUTE MAJORITY

The Mayor stated his appreciation of the budget in the context of the size of Council and the works proposed and reiterated Council's objective of being debt free by 2015.

(B) Mayor O'Neill – Cr Olson

That a vote of thanks and gratitude be conveyed to Mr John Roberts and the Finance Department and the Chief Executive Officer and other relevant staff for their efforts in formulating the 2007/2008 budget. CARRIED UNANIMOUSLY

242. CLOSURE OF MEETING

There being no further business, the meeting closed at 6.48pm.

I hereby certify that the Minutes of the special meeting of the Council of the Town of East Fremantle, held on 19 July 2007, Minute Book reference 236. to 242. were confirmed at the meeting of the Council on

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Presiding Member