



MINUTES

Special Council Meeting

Monday, 2 July 2018 at 6.31pm

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CONTENTS

1.	OFFICIAL OPENING	1
2.	ACKNOWLEDGEMENT OF COUNTRY	1
3.	RECORD OF ATTENDANCE	1
3.1	Attendance	1
3.2	Apologies	1
3.3	Approved Leave of Absence	1
4.	DISCLOSURES OF INTEREST	1
4.1	Financial	1
4.2	Proximity	1
4.3	Impartiality	1
5.	PUBLIC QUESTION TIME	1
5.1	Public Question Time	1
6.	PRESENTATIONS/DEPUTATIONS	2
6.1	Presentations	2
6.2	Deputations	2
7.	BUSINESS	3
7.1	Adoption of 2018/19 Budget	3
8.	CLOSURE	11



MINUTES OF THE SPECIAL MEETING OF COUNCIL HELD IN THE COUNCIL CHAMBER, 135 CANNING HIGHWAY EAST FREMANTLE ON MONDAY, 2 JULY 2018.

1. OFFICIAL OPENING

The Presiding Member opened the meeting at 6.31pm

2. ACKNOWLEDGEMENT OF COUNTRY

"On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place."

3. RECORD OF ATTENDANCE

3.1 Attendance

The following members were in attendance:

Mayor J O'Neill	Presiding Member
Cr C Collinson	
Cr J Harrington	
Cr A Natale	
Cr T Watkins	
Cr A White	

The following staff were in attendance:

Mr G Tuffin	Chief Executive Officer
Mr P Kiocan	Acting Executive Manager Corporate Services
Mr A Malone	Executive Manager Regulatory Services
Mr S Gallagher	Operations Manager
Ms J May	Minute Secretary

There was one member of the public in attendance.

3.2 Apologies

Cr M McPhail

3.3 Approved Leave of Absence

Cr D Nardi
Cr A McPhail

4. DISCLOSURES OF INTEREST

4.1 Financial

Nil.

4.2 Proximity

Nil.

4.3 Impartiality

Nil.

5. PUBLIC QUESTION TIME

5.1 Public Question Time

Nil.



6. PRESENTATIONS/DEPUTATIONS

6.1 Presentations

Nil.

6.2 Deputations

Nil.

7. BUSINESS

7.1 Adoption of 2018/19 Budget

File ref	F/ABT1
Prepared by	Peter Kocian, Acting Executive Manager Corporate Services
Supervised by	Gary Tuffin, Chief Executive Officer
Meeting Date	2 July 2018
Voting requirements	Absolute Majority
Documents tabled	Nil.
Attachments	1. Statutory Budget for the Year Ended 30 June 2019

Purpose

To consider and adopt the Budget for the 2018/19 financial year together with supporting schedules, including the imposition of general rates and minimum payments, adoption of fees and charges, and other consequential matters arising from the budget papers.

Executive Summary

Section 6.32 (1) of the *Local Government Act 1995* states that when adopting the annual budget a Local Government, in order to make up the budget deficiency, is to impose a general rate and minimum payment on rateable land. In adopting its annual budget, the Council must also consider its Strategic Community Plan and Corporate Business Plan under section 5.56 of the Act.

Divisions 5 and 6 of Part 6 of the *Local Government Act 1995* refer to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget.

The draft 2018/19 Budget as presented is considered to meet statutory requirements and is commended to Council for adoption.

Background

The draft 2018/19 Budget is compiled on the principles contained within the Strategic Community Plan and draft Corporate Business Plan. The draft Budget is prepared based on presentations made to elected members at the various budget workshops over the last two months.

Council endorsed the differential general rates and minimum payments at the Ordinary Meeting of 19 June 2018.

Consultation

Elected member workshops were held on the 26 April, 2 May, 9 May and 18 June.

Ratepayer submissions were invited on the proposed differential general rates and minimum payments. No submissions were received.

Statutory Environment

Section 6.2 of the *Local Government Act 1995* requires, that no later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt by ABSOLUTE MAJORITY, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

Divisions 5 and 6 of Part 6 of the *Local Government Act 1995* refer to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The draft 2018/19 Budget as presented is considered to meet statutory requirements.

Section 5.63 91) of the *Local Government Act 1995* specifically excludes the need to declare a financial interest where matters; have an interest in common to a significant number of ratepayers/electors; relate to the imposition of any rate, charge or fee; relate to a fee, reimbursement of an expense or an allowance payable to elected members.

The draft 2018/19 Budget is based on the principles contained in the Strategic Community Plan and the draft Corporate Business Plan.

Policy Implications

There are no Council Policies relevant to this matter.

Financial Implications

The draft 2018/19 Budget is a balanced budget. The process for the development of the Budget has involved the establishment of financial parameters for the 2018/19 financial year including consideration of rating income, grants, fees and charges and other income, and demands on expenditure including asset funding requirements.

Strategic Implications

The 2018/19 draft budget follows the general principles as detailed in the 2017 updated Strategic Community Plan.

Site Inspection

Not applicable

Comment

Estimated Surplus Brought Forward 1 July 2018

The draft 2018/19 Budget is framed on an estimated surplus brought forward from the 2017/18 financial year of circa \$782k. This amount has been adjusted from the previous estimate as the methodology for the calculation of net current assets has been changed to exclude the adding back of the Staff Leave Reserve. This has resulted in a recalculation of the carried forward surplus from 2016/17 of \$1,386,955, less \$397,173, to an adjusted amount of \$989,782. This reduction in the 17/18 opening surplus has subsequently impacted the 17/18 financial year and affected the closing position. The composition of the estimated net current asset position is detailed in Note 2 of the draft Budget. The surplus can be largely explained by an under-spend against the materials and contracts budget in the 2017/18 financial year.

Underlying Budget Principles

The following budget measures/principles have been considered when framing the draft 2018/19 Budget:

- Rate revenue is a substantial source of discretionary revenue for the Town paying for approximately 2/3 of all expenditure requirements;
- The overall objective of a rating model is to provide for the net funding requirements of the Town's services, activities, financing costs and the current and future capital requirements of the Town;
- In adopting its annual Budget, the Council must also consider its Strategic Community Plan and Corporate Business Plan;
- The proposed 2.5% increase in rate yield will derive an amount of \$7.78m (plus estimated interim rates of \$40k), which is estimated to meet the requirements of the current budget shortfall;

- The Perth CPI for the full year to March 2018 was 0.8%;
- The Local Government Cost Index will rise by 1.8% in 2018/19 on account of higher costs associated with energy and street lighting, wages and construction;
- The WA wage price index is expected to increase to 1.75% in 2018/19;
- The draft budget is a rolling budget linked to the Strategic Community Plan, draft Corporate Business Plan and draft Long Term Financial Plan;
- The draft budget provides for the same or improved level of service;
- There is a commitment to deliver on budgeted programs and asset management requirements;
- Increases in fees and charges have been capped at 1.8%;
- Commitment to cost restraint wherever possible being tied to the Local Government Cost Index;
- Commitment to achieving operational efficiencies such as plant operating costs and attainment of value for money for service contracts.

Councils are being required to demonstrate operational efficiencies when setting the level of rates. A fundamental objective for the Town should be to improve its operating surplus ratio (by increasing revenue relative to expenditure) to release more funds for investment in asset renewals and new capital. This is generally achieved by a combination of operational efficiencies, cost restraint and revenue diversification.

Draft 2018/19 Budget Details

The draft 2018/19 Budget has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. The key features of the draft 2018/19 Budget includes:

- Total rate revenue of \$7,819,800. This is comprised of \$7,779,800 in rates raised plus an estimated \$40k to be raised in interim rates. Interim rates are generated by an increase in total valuation, because of either property improvements, or additional rateable properties being developed.
- Fees and charges have generally been increased by 1.8% and are itemised in the Schedule of Fees and Charges included in the supplementary information of the draft Budget. The draft Budget provides for total fees and charges revenue of \$1.175m. The majority of fees and charges revenue is derived from commercial waste services, lease income, parking fees and building fees.
- Commercial refuse and recycling charges to remain at \$500 per annum with additional services charges at \$250 per MGB. The budgeted cost of providing waste services in 18/19 is circa \$1.6m. The cost of the waste service is made up of a combination of directly attributable costs such as waste collection costs (\$445k) and waste disposal costs (\$965k), plus indirect costs such as corporate overheads. There is an increased level of service in 18/19 with the community being provided with access to the City of Fremantle Waste Facility (additional \$90k).
- A capital works program totalling circa \$3m for investment in infrastructure, land and buildings, plant and equipment, and furniture and equipment is planned. Projects are itemised in the Capital Expenditure Program included in the Supplementary Information to the draft budget.
- Total operating and non-operating grant funding of circa \$1.3m. The majority of grant revenue is funding received for the Home and Community Care Program (\$828k). The Town

did receive an advance payment of its 2018/19 Financial Assistance Grants, which was recognised as revenue in the 2017/18 financial year.

- Council has established various reserve accounts to which monies are set aside at the discretion of the Council to fund future service delivery requirements. These reserve accounts are itemised in note 7 of the draft 2018/19 Budget. The Town is budgeting for \$1.21m in closing reserve balances. Some restructuring of Reserve Accounts has occurred following budget discussions with Council, namely:
 - The following Reserves have been renamed and the Reserve Purpose amended accordingly; Vehicle, Plant and Equipment Reserve (previously Plant Replacement Reserve); Non-Current Leave Entitlements Reserve (previously Staff Leave Reserve); Strategic Asset Management Reserve (previously Strategic Plan and Infrastructure Reserve);
 - The Office Equipment Reserve, Legal Funds Reserve and Civic Buildings Reserve are recommended for closure with balances to be transferred to the Strategic Asset Management Reserve;
 - It is recommended that 100% of interest on reserve investments (\$60k) be transferred to the Strategic Asset Management Reserve as arguably this is the Town's most important Reserve with a significant future funding requirement for projects;
 - The purpose/balance of the Leave Entitlements Reserve has been amended to reflect the non-current portion of leave liability only. Current leave provisions are already provided for in the Budget and form part of the net current asset calculation, so it is a fully funded balance sheet item.
- Whilst not explicitly included in the draft Budget, as it is a balance sheet item only, the Town does administer the collection of the Emergency Services Levy on behalf of the Government of Western Australia. The Town has been advised of the new rates as follows:

ESL Category	ESL Rate (Per \$GRV)	Minimum and Maximum ESL Charges By Property Use			
		Residential, Farming and Vacant Land		Commercial, Industrial and Miscellaneous	
		Minimum	Maximum	Minimum	Maximum
1	\$0.014486	\$82	\$430	\$82	\$245,000
2	\$0.010864	\$82	\$322	\$82	\$183,000
3	\$0.007243	\$82	\$214	\$82	\$122,000
4	\$0.005070	\$82	\$150	\$82	\$85,000
5	Fixed Charge \$82	\$82	\$82	\$82	\$82
Mining Tenements	Fixed Charge \$82	\$82	\$82	\$82	\$82



OFFICER RECOMMENDATION/COUNCIL RESOLUTION 010718

Moved Cr White, seconded Cr Natale

PART A – MUNICIPAL FUND BUDGET FOR 2018/19

That Council:

1. pursuant to the provisions of section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, the Council **ADOPTS** the Municipal Fund Budget as contained as attachment 1 of this agenda and the minutes, for the Town of East Fremantle for the 2018/19 financial year which includes the following:
 - a) Statement of Comprehensive Income by Nature and Type on page 2 showing a net result for 2018/19 of (\$1,552,098)
 - b) Statement of Comprehensive Income by Program on page 4 showing a net result for 2018/19 of (\$1,552,098)
 - c) Statement of Cash Flows on page 6 showing cash and cash equivalents at the end of the year of \$2,473,318
 - d) Rate Setting Statement on page 7 showing an amount to be raised from rates of \$7,819,800
 - e) Notes to and Forming Part of the Budget
 - f) Transfers to/from Reserve Accounts as detailed in Note 7
 - g) Budget program schedules and other Supplementary Information

PART B – GENERAL AND MINIMUM RATES, INSTALMENT PAYMENT ARRANGEMENTS AND CONCESSIONS

That Council:

1. for the purpose of yielding the deficiency disclosed by the Municipal Fund Budget adopted as Part A above, Council pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995* **IMPOSES** the following differential general rates and minimum payments on Gross Rental Values:

1.1 General Rates

GRV Residential	6.831 cents in the dollar
GRV Commercial	10.3738 cents in the dollar

1.2 Minimum Payments

GRV Residential	\$1,080
GRV Commercial	\$1,615

2. pursuant to section 6.45 of the *Local Government Act 1995* and regulation 64 (2) of the *Local Government (Financial Management) Regulations 1996*, Council **OFFERS** the following due dates for the payment of rates in full by two and four instalments:



Two Instalments:

Full Payment and instalment due date	31 August 2018
2 nd quarterly instalment date	4 January 2019

Four Instalments:

Full Payment and instalment due date	31 August 2018
2 nd quarterly instalment date	31 October 2018
3 rd quarterly instalment date	4 January 2019
4 th quarterly instalment date	4 March 2019

3. pursuant to section 6.45 of the *Local Government Act 1995* and regulation 67 of the *Local Government (Financial Management) Regulations 1996*, Council IMPOSES an instalment administration charge where the owner has elected to pay rates and service charges through an instalment option of \$16.50 for each instalment after the initial instalment is paid (excluding eligible pensioners).
4. pursuant to section 6.45 of the *Local Government Act 1995* and regulation 68 of the *Local Government (Financial Management) Regulations 1996*, Council IMPOSES an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option (excluding eligible pensioners).
5. pursuant to section 6.51 (1) and subject to section 6.51 (4) of the *Local Government Act 1995* and regulation 70 of the *Local Government (Financial Management) Regulations 1996*, Council IMPOSES an interest rate of 11% for rates and service charges and costs of proceedings to recover such charges that remains unpaid after becoming due and payable (excluding eligible pensioners).
6. in accordance with the provisions of section 6.49 of the *Local Government Act 1995*, AUTHORISES the Chief Executive Officer to enter into special payment arrangements with ratepayers for the payment of general rates, emergency services levy, refuse charges and private swimming pool inspection fees during the 2018/19 financial year.

PART C – EMERGENCY SERVICES LEVY

That Council:

1. in accordance with the provisions of sections 36B and 36L of the *Fire and Emergency Services Authority of Western Australia Act 1998*, IMPOSES the 2018/19 Emergency Services Levy Rates and Minimum and Maximum Payments on land as follows:

ESL Category	ESL Rate (Per \$GRV)	Minimum and Maximum ESL Charges By Property Use			
		Residential, Farming and Vacant Land		Commercial, Industrial and Miscellaneous	
		Minimum	Maximum	Minimum	Maximum
1	\$0.014486	\$82	\$430	\$82	\$245,000
2	\$0.010864	\$82	\$322	\$82	\$183,000
3	\$0.007243	\$82	\$214	\$82	\$122,000
4	\$0.005070	\$82	\$150	\$82	\$85,000
5	Fixed Charge \$82	\$82	\$82	\$82	\$82
Mining Tenements	Fixed Charge \$82	\$82	\$82	\$82	\$82

2. in accordance with the provisions of section 36S of the *Fire and Emergency Services Authority of Western Australia 1998*, IMPOSES interest on all current and arrears amounts of emergency services levy at the rate of 11% per annum which remain unpaid after the due date (excluding eligible pensioners).

PART D – RESERVE FUNDS

That Council:

1. pursuant to section 6.11 of the *Local Government Act 1995*, that Council establish the Reserves as detailed in note 7 of the draft 2018/19 Budget, with \$153,012 budgeted to be transferred to Reserves and \$1,020,289 budgeted to be transferred from Reserves.
2. resolve to transfer 100% of interest earnings from the investment of Reserves into the Strategic Asset Management Reserve.

PART E – GENERAL FEES AND CHARGES FOR 2018/19

That Council:

1. pursuant to section 6.16 of the *Local Government Act 1995*, Council ADOPTS the Schedule of Fees and Charges as included in the Supplementary Information of the draft 2018/19 Budget as contained as attachment 1 of this agenda and the minutes.

PART F – OTHER STATUTORY FEES AND CHARGES FOR 2018/19

That Council:

1. pursuant to section 245A (8) of the *Local Government (Miscellaneous Provisions) Act 1960* and regulation 53 of the Building Regulations 2012, Council IMPOSES a private swimming pool four yearly inspection fee of \$57.60 inclusive of GST for each property where a private swimming pool is located, charged at \$14.40 per annum.

2. pursuant to section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, Council IMPOSES the following charges for the removal and deposit of commercial waste:

Description	Fee
240l MGB	\$250.00
240l Recycle Bin	\$250.00

PART G – MATERIAL VARIANCE REPORTING FOR 2018/19

That Council:

1. in accordance with regulation 34 (5) of the *Local Government (Financial Management) Regulations 1996*, and AASB 1031 Materiality, the level to be used in statements of financial activity in 2018/19 for reporting material variances shall be:
 - a) 10% of the amended budget; or
 - b) \$10,000 of the amended budget.

whichever is greater. In addition, that the material variance limit be applied to total revenue and expenditure for each Nature and Type classification and capital income and expenditure in the Statement of Financial Activity.

PART H – FINANCIAL ASSISTANCE GRANTS TO LOCAL GOVERNMENT

That Council:

1. acknowledges the importance of Federal funding through the Financial Assistance Grants Program for the continued delivery of services and infrastructure;
2. acknowledges the receipt of \$223,668 in Financial Assistance Grants in 2018/19;
3. will ensure that the federal funding, and other funding provided by the Federal Government under relevant grant programs, is appropriately identified as Commonwealth grant funding in Council publications, including annual reports.

PART I – COUNCIL CONCEPT FORUMS

That Council:

1. requests that the following capital expenditure items be brought to Council Forums in 2018/19 for discussion prior to expenditure being incurred:
 - Foreshore Carpark Infrastructure – Site and Landscape Plan.
 - Light Fleet Plant Replacement – Assessment of Electric Vehicle options.

(CARRIED UNANIMOUSLY) / ABSOLUTE MAJORITY



Elected members requested that staff, particularly the Acting Executive Manager Corporate Services, Peter Kocian, be thanked for their efforts in preparing a comprehensive 2018/2019 Budget for the Town.

8. CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 6.37pm.

I hereby certify that the Minutes of the special meeting of the Council of the Town of East Fremantle, held on 2 July 2018, Minute Book reference 1. to 8. were confirmed at the meeting of the Council on

17 JULY 2018

A handwritten signature in dark ink, appearing to read 'D. Kocian', written over a horizontal line.

Presiding Member