

27 May 2008

MINUTES

MINUTES OF A SPECIAL COUNCIL MEETING, HELD IN THE COUNCIL CHAMBERS, ON TUESDAY, 27 MAY 2008 COMMENCING AT 6.37PM.

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126. DECLARATION OF OPENING OF MEETING

The Mayor declared the meeting open.

126.1 Present

Mayor A Ferris	Presiding Member
Cr D Arnold	
Cr C Collinson	
Cr S Dobro	
Cr D Nardi	
Cr R Olson	
Cr M Rico	
Cr A Wilson	
Mr S Wearne	Chief Executive Officer
Mr J Roberts	Executive Manager Finance & Administration

127. ACKNOWLEDGEMENT OF COUNTRY

Mayor Ferris made the following acknowledgement:

“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.”

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

There were no members of the public in the gallery.

129. PUBLIC QUESTION TIME

Nil.

130. RECORD OF APPROVED LEAVE OF ABSENCE

Nil.

131. RECORD OF APOLOGIES

Cr de Jong

132. BUSINESS

132.1 Draft Plan for the Future 2008/09 – 2017/2018

By John Roberts, Executive Manager Finance & Administration on 23 May 2008

PURPOSE

To present a draft Plan for the Future in line with statutory requirements.

REPORT

Background

The Local Government Act 1995 (as amended) requires “a local government to plan for the future of the district”. The provisions require a local government to ensure that these plans are in accordance with any regulations made about planning for the future. The relevant Regulations are 19C and 19D of the Local Government (Administration) Regulations 1996.

The regulations prescribe as follows:

“19C Planning for the future s.5.56

- (1) *In this regulation and regulation 19D Plan for the future~ means a plan made under section 5.56.*
- (2) *A local government is to make a plan for the future of its district in respect of the period specified in the plan (being at least 2 financial years).*
- (3) *A plan for the future of a district is to set out the broad objectives of the local government for the period specified in the plan.*
- (4) *A local government is to review its current plan for the future of its district every 2 years and may modify the plan, including extending the period the plan is made in respect of.*
- (5) *A council is to consider a plan, or modifications, submitted to it and is to determine* whether or not to adopt the plan, or the modifications, as is relevant.*

**Absolute majority required.*

- (6) *If a plan, or modified plan, is adopted by the council then the plan or modified plan is to apply to the district for the period of time specified in the plan.*
- (7) *A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a plan for the future of the district, and when preparing any modifications of a plan.*
- (8) *A plan for the future of a district is to contain a description of the involvement by the electors and ratepayers in the development of the plan, and any modifications of the plan.*
- (9) *A local government is to ensure that a plan for the future made in accordance with this regulation applies in respect of each financial year after the financial year ending 30 June 2006.*

[Regulation 19C inserted in Gazette 31 Mar 2005 p.1033.]

19D Notice of plan to be given

- (1) *After a plan for the future, or modifications to a plan, are adopted under regulation 19C the local government is to give local public notice in accordance with subsection (2).*
- (2) *The local public notice is to contain*
 - (a) *notification that*
 - (i) *a plan for the future of the district has been adopted by the council and is to apply to the district for the period specified in the plan; and*
 - (ii) *details of where and when the plan may be inspected;*
 - or*
 - (b) *where a plan for the future of the district has been modified*
 - (i) *notification that the modifications to the plan have been adopted by the council and the plan as modified is to apply to the district for a the period specified in the plan; and*
 - (ii) *details of where and when the modified plan may be inspected.*

[Regulation 19D inserted in Gazette 31 Mar 2005 p. 1033-4.]

Comment

A draft Plan for the Future of the Town of East Fremantle is attached for Council's consideration. It is important to note, that the draft plan is a framework document for Council to refer to when considering its annual budgets. The document identifies discretionary funds that Council will have available each year for new operating initiatives and capital projects. Council officers have projected operating expenses and operating revenue for a ten year period and the net surplus position is then available for use on capital projects.

ATTACHMENT

The major capital projects included within the plan are provision for funding of the following:

- Roadworks program
- Footpath improvements
- Kerbing replacement
- Street Tree replacement
- Drainage improvements
- Parks, gardens and playground improvement
- Plant & light vehicle replacement
- Civic buildings construction/improvements

It is important to note that all values contained in the Plan are at 2008 values with no provision for inflation. The Plan will be reviewed every two years and as a result estimates will be revised, in response to actual inflation and other price variations beyond the control of Council. Revenue has not been increased other than by a notional amount for improvements to rateable properties.

Highlights of the Plan

The following are the major areas identified in the Plan which place Council in a position where it will be financially sustainable for the future.

- Elimination of all current debt by 2015.
- Funding of future infrastructure works from Council's own resources and grant funding.
- Provision of a vehicle and plant replacement program provided through annual cash reserve transfers from Council's own resource funding.
- A major cash pool dedicated to the refurbishment, replacement, and construction of civic buildings.

The Executive Manager of Finance and Administration believes it is appropriate for Council to borrow money for major infrastructure projects such as a new hall or building, capital works that are seen to recur every five to twenty years, but not for operating items.

The Plan for the Future eliminates any need for borrowing over the next ten years however does not rule this out as a funding strategy as there are civic buildings that may require such funding, ie the Town Hall & Old Police Station. The draft plan identifies funds to be transferred to a civic building reserve fund to support the 10 year strategic building management plan that has been developed.

It is recognised that IT expenditure is a significant investment and that an annual allocation to a reserve is included to provide for future upgrades.

15 year footpath and a 5 year road management plans have been developed to prioritise and quantify future expenditure requirements.

The Plan for the Future is a discussion document to be received by Council and then advertised to the local community. The basis of the Plan is to be utilised for Council to consider when preparing an annual budgets.



Statutory Requirement

Local Government Act 1995 (as amended) Section 5.56.
Local Government (Administration) Regulations 1996, Regulations and 19C and 19D.

Relevant Council Policies

N/A

Strategic Plan Implications

The draft Plan for the Future is to be utilised as one of Council's strategic planning documents.

Financial/Resource/Budget Implications

The draft Plan for the Future sets up Council's financial parameters for the next ten years. The Plan is to be used as a reference document when considering the annual budget.

CONCLUSION

The attached draft Plan for the Future is a framework document and requires Council's consideration.

RECOMMENDATION

That Council:

1. receive the draft Plan for the Future for the Town of East Fremantle, for the period 2008/2009-2017/2018.
2. advertise the Plan for the Future in accordance with local public notice statutory requirements.

In the course of discussion on the Plan, some minor amendments were suggested which included replacing the Mission Statement, Vision, Strategic Direction and Core Values with those given in the proposed Strategic Plan and adjusting allocations for street trees in the Affordability Summary to better reflect actual expenditure.

Cr Arnold – Cr Wilson

That Council:

1. **receive the draft Plan for the Future for the Town of East Fremantle, for the period 2008/2009-2017/2018.**
2. **advertise the Plan for the Future, as amended, in accordance with local public notice statutory requirements.**

CARRIED

132.2

2008/2009 Draft Budget

By John Roberts, Executive Manager Finance & Administration on 23 May 2008

PURPOSE

To present to Council the major components of the 2008/2009 Municipal Budget for the purpose of receiving direction for officers in regard to the development of the municipal budget and to prioritise major works and/or services that have been requested for inclusion in the 2008/09 budget.

It is important to note that the aim of the preliminary budget report is to familiarise Councillors with budget requests, and to enable Council to delete, include and/or prioritise items, so that officers can finalise costings prior to the preparation of the final 2008/09 Budget which will be presented for adoption at a Special Council Meeting on 9 July 2008.

REPORT

Background

The preparation of the draft 2008/2009 Municipal Budget has been based on historic data, and submissions from elected members, Council officers and community groups.

The format for considering the budget proposals will be presented as follows;

- Financial Summary
- Schedule of Capital Projects
- Schedule of Fees & Charges
- Plant Replacement Schedule
- Rating Information
- Loan Borrowings and Repayment Summary
- Schedule of Reserve Funds

The 2008/2009 draft budget has been based on the draft Plan for the Future that has been presented to Council at the 27 May 2008 meeting.

The 2008/09 operating budget has been developed after undertaking a detailed review of operating expenditure.

The consumer price index for Western Australia for the March quarter ending 31 March 2008 was 4.3%. The 2008/09 State Budget CPI increase has been forecast at 3.25%, and the wage increase forecast at 5.25% for 2008/09. The Local Government Cost Index based on Perth CPI and the WA Construction index reveals an increase of costs of 5.0% in the year to 31 March 2008.

Operating activity levels have been reviewed in the preparation of this budget and amended as required, with associated costs being increased by 4.5% on 2007/08 amounts.

Costs associated with Salaries & Wages have been increased by 6% due to a need to maintain competitiveness in the current tight employment market.

1. FINANCIAL SUMMARY

ATTACHMENT 1

The following is a schedule of estimated operating costs, capital expenditure, revenue from grants, and transfers to/from reserves to provide an estimated budget surplus/deficit. The initial draft budget has been compiled to achieve a balanced position. This has meant a number of submitted capital expenditure have not been included at this stage, the total cost of these projects is \$363,000. Council will need to determine projects for inclusion in the 2008/09 budget.

2. SCHEDULE OF CAPITAL PROJECTS

ATTACHMENT 2

Attached is a schedule of capital projects which details all major items that have been prioritised for consideration in the 2008/2009 Municipal Budget.

In respect to the schedule of capital projects, referring back to the Plan for the Future, the total capital expenditure allowed for was approximately \$700,000.

3. SCHEDULE OF FEES & CHARGES

ATTACHMENT 3

A review has taken place of the schedule of fees & charges. Where Council has discretion in increasing fees & charges this is by 4.5%. The exception to this is the mooring pens lease fees. These have been increased after a market comparison with other local mooring pens. As a consequence of the boom economy mooring pens are a scarce commodity and it is a good time to adjust the fees to market level. A large number of fees are statutory in nature and will be increased in line with legislation,

some of these increases are not yet available but will be included in the final document.

4. PLANT REPLACEMENT SCHEDULE ATTACHMENT 4

The Ten (10) year Plant Replacement Schedule.

5. RATING INFORMATION ATTACHMENT 5

The starting point for consideration of rate increases is the consumer price index figure, which for the March quarter ending 31 March 2008, was 3.5% for Perth Western Australia. As previously mentioned the Local Government Index was 5.38%. Please find attached a number of rate models which include a summary of the amounts to be raised from rates with various percentage rate increases. Also included is a schedule showing the impact on selected properties for rate increases of 5% and 7%.

The cost of Residential waste and recycling collections has been included in Rate revenue. This allows pensioners rebates to be applied to the combined amount. The rebate is only available on rates not on separate service charges.

6. LOAN BORROWINGS AND REPAYMENT SCHEDULE ATTACHMENT 6

Loan borrowings and 2008/09 repayment schedule.

The Plan for the Future indicated that a prudent approach by Council would require not undertaking any further borrowings and as a consequence of this strategy the Town of East Fremantle would be debt free by 30 June 2015.

The 2008/2009 draft Budget does not include any new loan borrowing.

7. SCHEDULE OF RESERVE FUNDS ATTACHMENT 7

Council as at 30 June 2008 will have the following reserves:

- 1) Plant Replacement Reserve
- 2) Leave Reserve
- 3) Office equipment Reserve
- 4) Civic Buildings Reserve

CONCLUSION

I would like to reiterate that this preliminary Budget Meeting is designed to familiarise Council with submissions received during the 2008/2009 Budget process and to obtain direction for officers with respect to the inclusion of items and increase in rates, if any.

At the Budget Adoption meeting scheduled to be held on 9 July 2007 the complete operating and capital budget will be presented showing all statutory financial schedules together with management schedules and accompanying budget compilation detail.

It is anticipated that general budget discussion will be held with a view to giving final direction to staff in respect to priority of items so that final costings can be carried out.

I invite all elected members to contact me if requiring any additional Budget information. My mobile number is 0403 455 077.

RECOMMENDATION

That Council receive and consider the report.

Cr Collinson – Cr Dobro

That the 2008/09 Budget report be received.

CARRIED

132.3 **2008/2009 Budget – Differential Rates**
By John Roberts, Executive Manager Finance and Administration 23 May 2008

PURPOSE

To endorse a differential rate for commercial and residential properties for necessary advertising purposes.

BACKGROUND

Work is underway to produce a final draft of the 2008/2009 Budget for the consideration of the Council.

REPORT

Differential Rates

Council currently levies differential rates for its residential and commercial properties. The purpose of imposing a differential rate is to obtain a fairer rate distribution and reduce the burden on residential areas by moving a minor percentage of the rates from the residential sector to the commercial sector. It is considered this differential should be maintained.

Council has been applying a differential rate for almost 10 years and since his appointment in 1999 the Chief Executive Officer can only recall one or two complaints early in that period, however none since. No responses were received in 2007/2008.

Council levied the following rates in 2007/2008:

	Rate in Dollar	Minimum Rate
• Residential	9.4438	\$620.00
• Commercial	12.0147	\$775.00

In order that a differential rate be applied, it is a requirement under Section 6.36 of the Local Government Act 1995 to advertise the rate for 21 days. It is also necessary to explain the objects and reasons for levying a differential rate. This advertising should take place as soon as possible in order to not impede the budget process. Council is not bound to adopt the advertised rate; in fact the intent is to adopt a rate only after any submissions received are considered.

Even if the advertised rate is not adopted, and a different rate (or even no rate) adopted, no further advertising is required.

At the Council meeting held 18 March 2008, consideration was given to levels of rate increases required to maintain current levels of service delivery to the community. In respect to the rate increases for 2008/09, it is proposed that there be an increase to keep up with cost increases in line with the WALGA Local Government Cost Index. This was indicated as 5.0% for the quarter ending 31 March 2008. The Perth CPI all groups to 31 March 2008 was 4.3%.

As a consequence of these deliberations Council staff are preparing the 2008/09 budget on a 6.0% rate increase.

The differential rates proposed for 2008/09 are as follows:

	Rate in Dollar	Minimum Rate
• Residential	7.5700	\$650.00
• Commercial	10.4939	\$800.00

It is apparent that the proposed Rates in the Dollar are lower in 2008/09 than 2007/08. This is due to the Valuer General revaluation that occurs every 3 years and will take

effect from 1 July 2008. In order to calculate the required rate revenue it is necessary to reduce the Rate in the Dollar that is multiplied against an increased Rental Value base.

RECOMMENDATION

That:

1. differential rates be imposed for commercial and residential properties for the 2008/09 financial year for the Town of East Fremantle and be adopted for advertising purposes as follows :

	Rate in Dollar	Minimum Rate
• Residential	7.5700	\$650.00
• Commercial	10.4939	\$800.00

2. local public notice of intention to levy the above differential rates be advertised for a minimum of 21 days.

Cr Dobro – Cr Olson

That:

1. **differential rates be imposed for commercial and residential properties for the 2008/09 financial year for the Town of East Fremantle and be adopted for advertising purposes as follows :**

	Rate in Dollar	Minimum Rate
• Residential	7.5700	\$650.00
• Commercial	10.4939	\$800.00

2. **local public notice of intention to levy the above differential rates be advertised for a minimum of 21 days.** CARRIED

133. CLOSURE OF MEETING

There being no further business, the meeting closed at 9.27pm.

*I hereby certify that the Minutes of the special meeting of the **Council** of the Town of East Fremantle, held on **27 May 2008**, Minute Book reference **126. to 133.** were confirmed at the meeting of the Council on*

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Presiding Member