



# **MINUTES**

## **SPECIAL COUNCIL MEETING**

**TUESDAY 9 AUGUST 2011**  
**(Held at the Waroona Shire – Council Chambers)**

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**1. DECLARATION OF OPENING/ANNOUNCEMENTS**

The Chairperson declared the meeting open at 9.07 am and welcomed Councillors and Staff to the meeting.

**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED**

Cr M Walmsley	Shire President
Cr L Scott	Deputy Shire President
Cr N Dew	Councillor
Cr J Salerian	Councillor
Cr T Witney	Councillor
Cr L Snell	Councillor
Cr C Wright	Councillor
Mr I Curley	Chief Executive Officer
Mr L Tilbrook	Deputy Chief Executive Officer
Mr S Cleaver	Director Community & Planning Services
Ms T Olsson	Manager Finance Services

**APOLOGIES**

Cr C Germain	Councillor
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There were no members of the public present at the commencement of the meeting.

**LEAVE OF ABSENCE PREVIOUSLY APPROVED**

Nil.

**3. RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**

Nil

**4.1 PUBLIC QUESTION TIME**

Nil.

**4.2 PUBLIC STATEMENTS**

Nil.

**5. APPLICATIONS FOR LEAVE OF ABSENCE**

Nil.

**6. DISCLOSURES OF MEMBERS' & OFFICERS' INTERESTS**

Nil.

## 7. REPORTS OF OFFICERS AND COMMITTEES

### 7.1 DEPUTY CEO/DIRECTOR CORPORATE SERVICES

<b>7.1.1 ADOPTION OF THE COUNCIL'S ANNUAL BUDGET FOR THE 2011/12 FINANCIAL YEAR</b>	
Reporting Officer / Officer's Interest:	Laurie Tilbrook – Deputy Chief Executive Officer / Director Corporate Services / Nil
Responsible Officer / Officer's Interest	Laurie Tilbrook – Deputy Chief Executive Officer / Director Corporate Services/ Nil
Proponent:	Shire of Waroona
Landowner:	N/A
Date of Report:	4 August 2011   1/7
Previous Reference:	Nil
Statutory/Policy Implications:	A Resolution to adopt the Annual Budget and Associated fees and charges requires an Absolute Majority decision of the Council.
Strategic Implications:	Nil
Financial Implications:	The Budget has been prepared in accordance with and inclusive of all issues that relate directly or indirectly to Council Policy.
<b>Voting Requirements</b>	<b>Absolute Majority</b>

#### Introduction

Attached is a comprehensive summary of the 2011/12 draft budget as presented to the Councils Finance and Audit committee on Tuesday 2<sup>nd</sup> August 2011.

The document contains statutory Financial Statements (yellow pages) together with detailed allocation accounts by sub programme (green pages) and supporting information (gold pages).

An overall rate income increase of 6.5% is supported by capital expenditure totalling \$2,676,154.

The following notes provide details of significant budget proposals together with supporting graphs and recommendations for adoption.

Councillors should refer to note 7 (page 21) of the financial statements (yellow pages) for details of the brought forward balance of \$441,752.

## Proposal

### Total Income and Expenditure

The following chart highlights the budgeted levels of expenditure/income over the past 5 years.

	2007/08 \$	2008/09 \$	2009/10 \$	2010/11 \$	2011/12 \$
Operational Expenditure	5,060,398	5,398,382	5,747,851	6,544,264	7,142,636
Operational Income	4,947,848	5,234,297	4,787,296	5,708,854	5,830,115
Rate Revenue	2,068,046	2,302,542	2,596,404	2,761,345	2,970,056
Capital Expenditure (assets)	3,440,879	5,015,466	2,782,677	2,985,552	2,676,154
Loans raised	50,000	50,000	---	---	---
Transfers to Reserve	270,490	22,500	337,464	16,650	46,660
Transfers from Reserve	380,639	987,750	461,506	1,015,954	248,126

Please note that untied income from Alcoa is a significant component of operating income. This amount (\$200,000) equates to 7% of rates based on 2010/11 rating levels. This indicates the effect of operating costs if funds are allocated to capital expenditure and/or the possible medium to long term impact this income may have on the Councils Financial Assistance Grants.

### Capital Expenditure

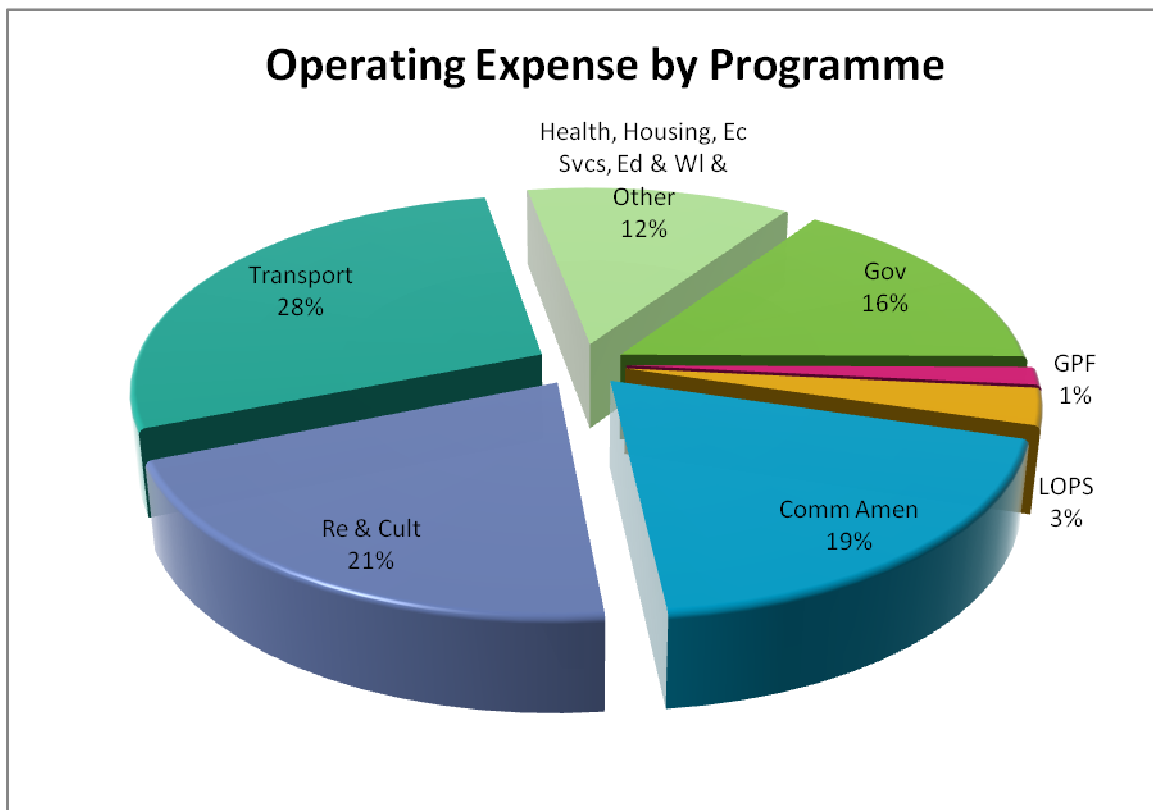
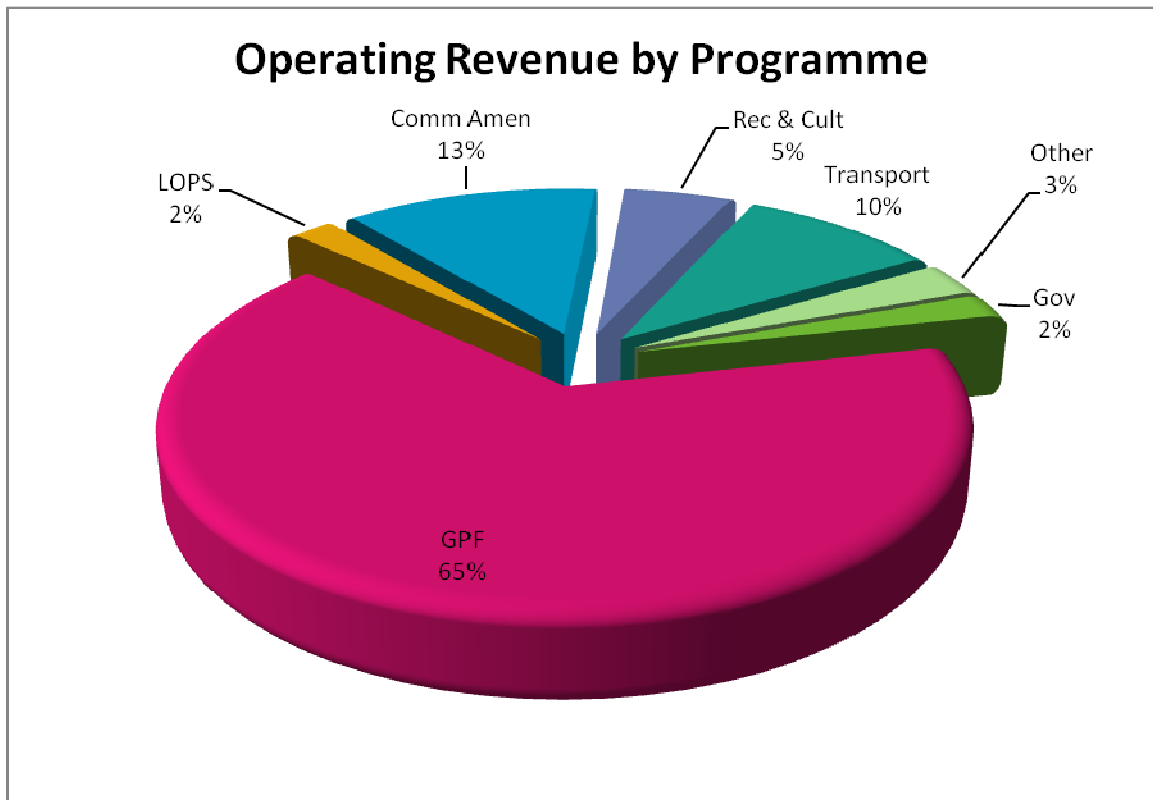
Contained within the budget document “Supporting Information” is a summary of all capital expenditure proposed for 2011/12.

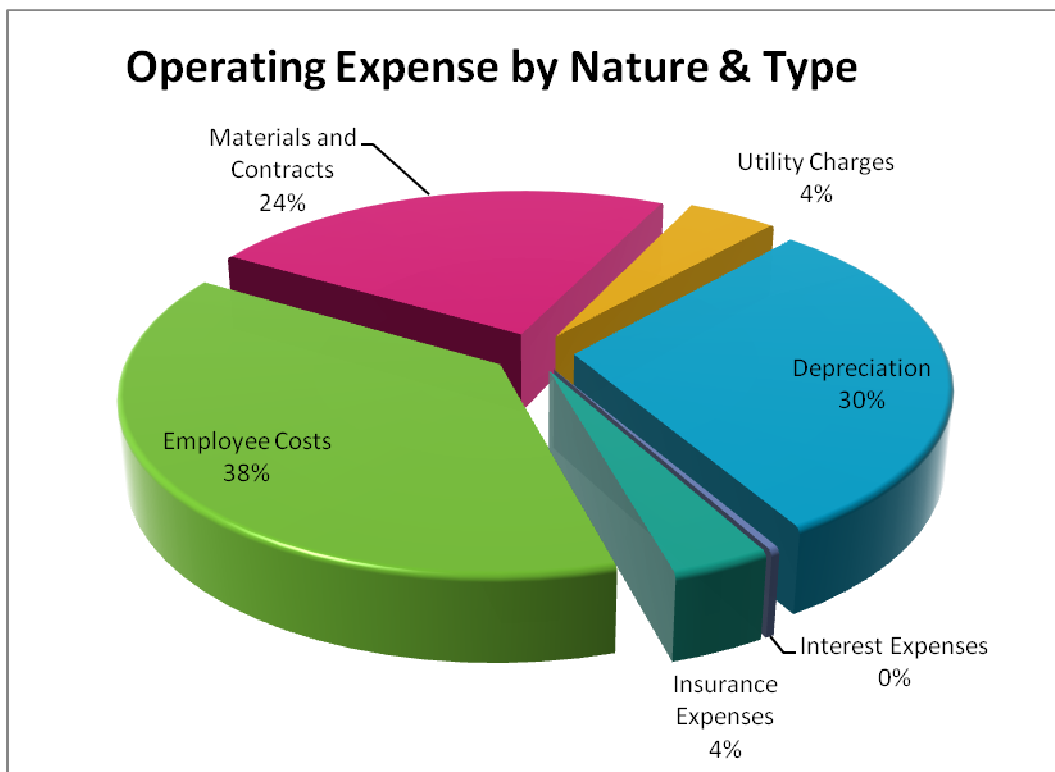
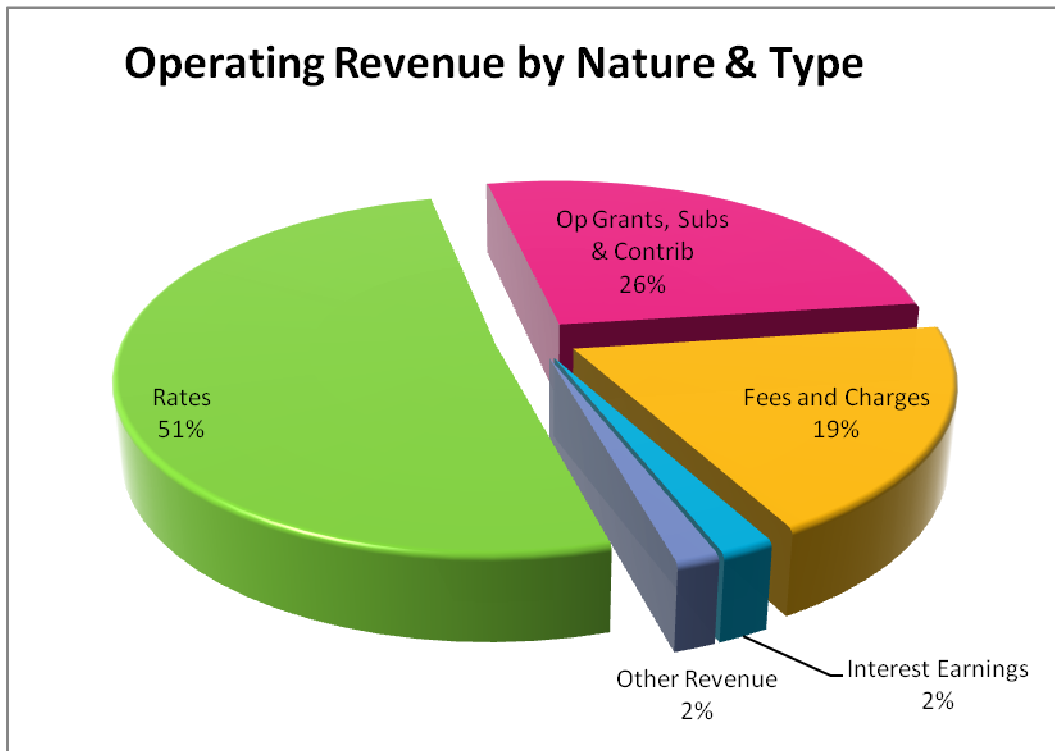
In addition to a detailed list of capital expenditure a further document is provided which details significant projects and relevant funding sources with the balance representing general revenue.

Other major items of discretionary expenditure which are not classified as capital but included within the “operating” component of the budget include:

Conduct UV Revaluation	\$22,000
Preparation of Community Strategic Plan	\$60,000
Conduct of 2011 Local Government Election	\$14,000
Contribution to operations of Community Centre	\$51,200
Playgroup building – roof restoration	\$2,585
Preston Beach – dune stabilisation	\$7,000
Preston Beach Townsite Strategy	\$40,000
Review of Municipal Heritage Inventory	\$15,000
Doctors Rent Subsidy	\$13,520
Allowance for legal fees	\$20,000
Replace saltwater chlorinators	\$3,500
Rebuild front fence Landcare Centre	\$2,640
Visitors Centre – repaint interior and reseal floor	\$4,600
Business Enhancement Grants	\$16,000

The following graphs are provided to assist understanding of the budget.

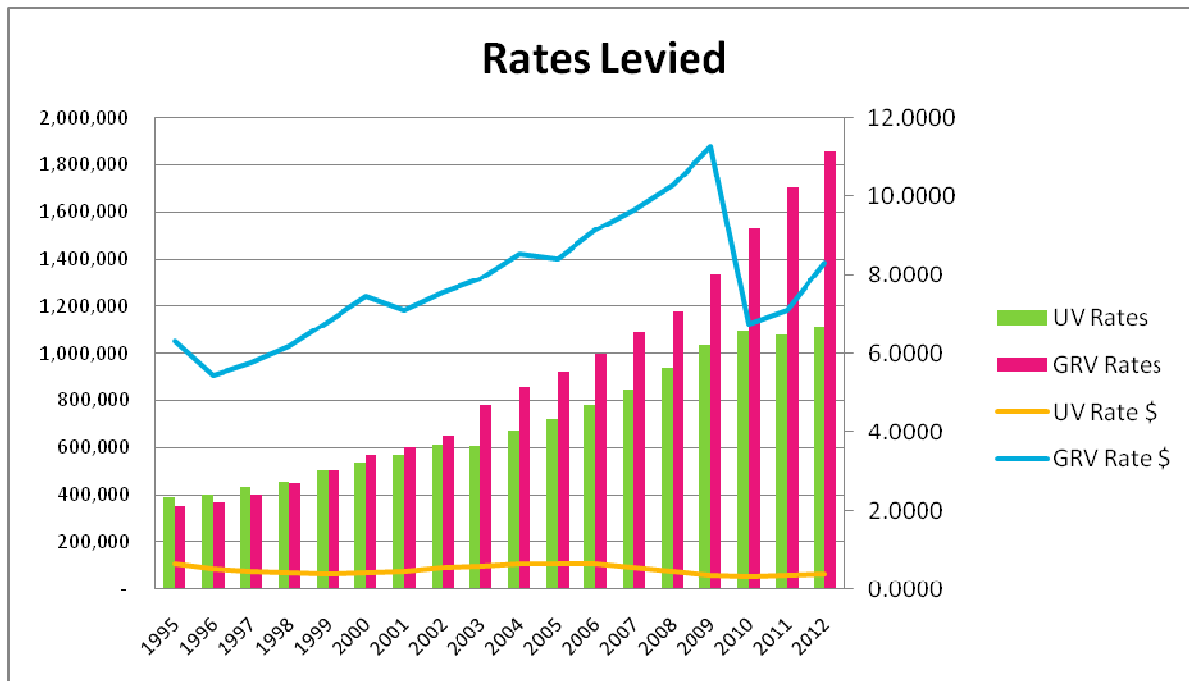




Rating

The 2011/12 draft budget contains an overall rate income increase of 6.5%. There are however significant variations to individual assessments due to the change in rating principal (from 5% to 3%) for GRV vacant land.

The following chart indicates the Councils rating formulae over the past 15 years. This information is provided in great detail, including the proposed 2011/12 model as a separate document (pink pages).



Loan Liability

No loans are proposed for 2011/12.

Total loan liability as at 30<sup>th</sup> June 2012 is forecast at \$324,958 compared with an actual balance of \$372,879 as at 30<sup>th</sup> June 2011 and \$428,023 at 30<sup>th</sup> June 2009. Of this balance \$50,048 relates to Self Supporting Loans.

Overall debt levels are well within manageable levels, however it is likely that loan funding may be a requirement associated with long term strategic objectives especially with large infrastructure projects. This is to ensure that current ratepayers are not funding the acquisition of assets that will also be of benefit to future ratepayers.

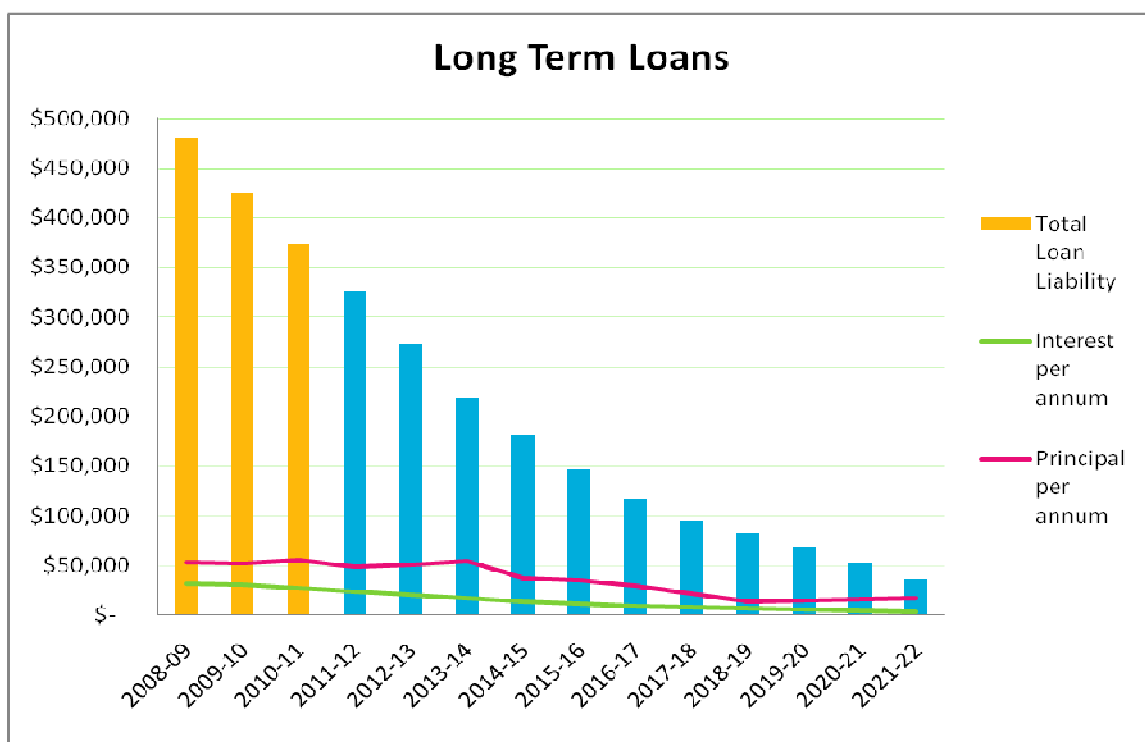
It is recommended that when developing long term plans that the Council also considers the adoption of a Debt Management Strategy which will provide guidance to staff and ensure that debt levels are contained within set guidelines.



Ratios – Total loan repayments (ie. principal and interest) as a percentage of rate income is provided as follows:

2004/05	Actual	9.40%
2005/06	Actual	7.20%
2006/07	Actual	5.20%
2007/08	Actual	3.79%
2008/09	Actual	3.57%
2009/10	Actual	3.14%
2010/11	Actual	2.52%
2011/12	Forecast	2.42%

Further details of the Councils loan liability by individual loan are contained with note 5(a) of the Financial Statements (yellow pages)



Road Construction

Details of the 2010/11 program are contained within the “Supporting Information” (gold pages).

Recreation and Aquatic Centre

Operational expenses at the Recreation Centre have been forecast to remain at a similar level to the previous financial year. This is despite a substantial increase in depreciation expenses. Operational income has been forecast to decrease slightly.

The forecast operational loss for 2011/12 is \$433,392. This figure includes a \$100,000 Alcoa operating contribution with the net deficit representing 14.6% of forecast rates.

Contributions and donations

The 2011/12 budget contains the following contributions, donations and subsidies which can be considered discretionary.

		\$
0212	Presentations & Donations	1,850
1462	Youth Council	2,500
1632	Annual Donation – Senior Citizens	500
5292	Volunteer Functions	2,200
3102	Historical Society Donation	500
3152	Arts/Youth Development Grants	5,600
4152	Lake Clifton Building License Rebates	3,100
2512	Peel Region Leaders Forum	10,000
2532	Donations (as approved)	6,000
2582	Peron Naturaliste Partnership	4,000
2562	Peel Heritage Advisory Council	2,000
	<b>Total</b>	<b>38,250</b>

Salaries and Wages

		\$	
Total Salaries & Wages	2006/07	1,882,232	Actual
Total Salaries & Wages	2007/08	2,108,283	Actual
Total Salaries & Wages	2008/09	2,351,544	Actual
Total Salaries & Wages	2009/10	2,400,209	Actual
Total Salaries & Wages	2010/11	2,481,512	Actual
Total Salaries & Wages	2011/12	2,590,379	Forecast

### General Purpose Grants

An increase of 2.6% has occurred in the General Purpose Grant (10% in 10/11) and a decrease of 6.6% (increase of 17.25% in 10/11) in the general purpose road grant.

This compares to an increase in allocation to the State of 5%.

	2007/08	2008/09	2009/10	2010/11	2011/12
	\$	\$	\$	\$	\$
General Purpose	557,660	601,599	635,915	685,793	703,888
General Purpose Roads	283,033	310,502	312,715	348,702	351,738

Note: that the adopted budget does not reflect the exact figures as above due to an early payment (in the previous financial year) of the 1<sup>st</sup> quarterly instalment.

### Refuse Site Management

It is proposed to increase the annual Refuse/Recycling charge from \$201 to \$207.

This charge now includes townsite street bin collections.

This area of the Councils operations is likely to require significant capital expenditure in the long term and therefore the need to maintain healthy Reserve Accounts. There is only a small allocation to Reserve proposed in 2011/12 (\$20,000).

### Reserve Accounts

The following are reserve account balances as at 30 June 2011.

Sporting Reserve	\$70,949
Building Asset Maintenance Reserve	\$46,206
Drakesbrook Weir Development Reserve	\$60,316
Rec Centre Building Maintenance Reserve	\$84,299
Preston Volunteer Rangers	\$27,447
Emergency Assistance Reserve	\$13,776
Works Depot Redevelopment Reserve	\$26,491
Industrial Land Reserve	\$181,192
Information Technology Reserve	\$21,205
Plant Reserve	\$452,812
Footpath Construction Reserve	\$23,488
Long Service Leave Reserve	\$84,192
Strategic Planning Reserve	\$20,000
Waste Management Reserve	\$172,422
Admin Centre Reserve	\$182,811
Hamel Hall Amenities Reserve	\$36,439
<b>TOTAL</b>	<b><u>\$1,504,046</u></b>

This compares with a balance of \$2,112,783 in 2010/11.

The forecast balance at 30<sup>th</sup> June 2012 is \$1,302,578. This decrease in funds is represented by the completion of two major projects being the Administration Centre and Drakesbrook Weir Upgrades.



Attention will need to be made to future reserve account allocation particularly in regard to major projects and/or projects associated with the development of a Community Strategic Plan.

### Surplus Brought Forward

The surplus carried forward to 2011/12 of \$441,752 consists of

Cash	\$424,012
Receivables	\$294,164
Inventories	<u>\$ 13,744</u>
	\$731,920
less payables and provisions	<u>\$227,608</u>
	\$504,312
less unspent grants	<u>\$ 62,560</u>
	\$441,752

These funds are “restricted” cash and whilst they provide a short term cash flow benefit they are to be utilised for the purpose intended.

### Resource Sharing Initiatives – Shires of Murray and Boddington

The budget provides for on-going resource sharing initiatives with adjoining Councils, both long term and short term.

Estimate of costs for 2011/12 are as follows:

Information Technology (ongoing)	\$22,000
Asset Management (ongoing)	\$20,000
Human Resources Assistance	\$ 5,000
Local Laws / Media	\$23,000

### Community Consultation

As per Council Policy normal procedures in relation to budget preparation including inviting submissions on long term financial plans, newspaper advertising, website advertising and mail outs.

### Officer's Comments

Councillors must be mindful that the 2011/12 budget does contain a decreased operating surplus over the previous financial year. This has the effect of placing greater reliance of grant funding to fund capital works.

Once again this highlights the need for long term planning to ensure operating surplus/deficits are managed.

Updating and formatting of the Strategic Plan will be essential to the ultimate completion of a “Long Term Financial Plan” which would also be supported by an Asset Management Strategy and Forward Capital Works Plan.

The management of these plans will be essential to ensure the long term viability of the Council and will determine levels of expenditure required for Asset preservation together with being a prerequisite for Government funding.

This planning would also take into account the Councils low debt which is well within manageable levels. Also favourable for future planning is the Councils overall rate income which represents 50% of operating income (inclusive of operating grants).

Government Grants and Contributions – The budget is prepared on the expectation that predicted funding (grants etc) will be successful (ie. confirmation has been received). This is important as the Council does not have fall back funds to compensate for the non receipt of grants which may result in deferment of projects.

Consideration of Loan Funding – It is not unreasonable to consider an appropriate level of loan funding for significant Community Infrastructure Projects, however, debt levels should be managed in accordance with Long Term Planning and relevant policies.

Reserve Accounts – It is normal prudent financial management to commence an allocated to Reserve accounts (usually 3 years in advance) to part fund Capital and significant projects. These accounts are designed to reduce reliance on general revenue and would form an essential component of a financial plan.

**COUNCIL RESOLUTION****SCM11/08/088****Moved: Cr Wright****Seconded: Cr Scott****1. Adoption of 2011/12 Municipal Fund Budget**

That the 2011/12 Municipal Fund Budget as presented be adopted and the following Rates & Charges be imposed:

<b>General Rate:</b>	<b>8.2933 cents in the dollar on Gross Rental Values</b>
	<b>0.4164 cents in the dollar on Unimproved Values</b>
<b>Minimum Rate</b>	<b>\$700 – Gross Rental Values</b>
	<b>\$680 – Unimproved Values</b>
<b>Payment Instalment Interest</b>	<b>5.5%</b>
<b>Payment Instalment Charge</b>	<b>\$9 per instalment</b>
<b>Interest on overdue rates</b>	<b>11%</b>

Instalments to be offered in two (2) options:

- i. **Payment by two (2) instalments**
- ii. **Payment by four (4) instalments**

**2. Adoption of Trust Fund Budget**

That the Trust Fund Budget for 2011/12 financial year as presented, be adopted.

**3. Adoption of Refuse Removal Charges**

- i. **Refuse removal charge - \$207 per annum per 240L mobile bin and recycling service; and**
- ii. **Refuse removal - Bulk Bins/per annum:**

<b>1.5m<sup>3</sup> once per week</b>	<b>\$1,350</b>
<b>3.0m<sup>3</sup> once per week</b>	<b>\$1,850</b>
<b>4.5m<sup>3</sup> once per week</b>	<b>\$3,130</b>

**4. Adoption of Fees & Charges**

That the Schedule of Fees & Charges for the 2011/12 Financial year as presented be adopted.

**5. Early payment incentive**

That a \$650 cash prize be offered as an incentive for early payment of rates in accordance with Council Policy 3.11.

**6. Material Variance Policy**  
That for the purpose of preparing monthly financial statements and when dealing with the Council's Balance Sheet, Operating Statement & Statement of Cash flows, the materiality factor for highlighting variances (budget to actual) shall be:

- 10% with a minimum of \$20,000. It is acknowledged that the use of this policy is a guide only and that materiality is a matter of professional judgement influenced by characteristics of the Council and the perceptions of use of the financial reports.

**CARRIED BY ABSOLUTE MAJORITY 7/0**

**8. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN, OR FOR CONSIDERATION AT NEXT MEETING**  
Nil.

**9. NEW BUSINESS OF AN URGENT NATURE/REPORTS & INFORMATION**

**9.1 ELECTED MEMBERS**  
Nil.

**9.2 OFFICERS**  
Nil.

**10. CLOSURE OF MEETING**

There being no further business the Chairperson closed the meeting the time being 9.22 am.

I CERTIFY THAT THESE MINUTES WERE CONFIRMED AT THE ORDINARY COUNCIL MEETING HELD 23 AUGUST 2011 AS BEING A TRUE AND CORRECT RECORD OF PROCEEDINGS.

.....  
PRESIDING MEMBER

.....  
DATE

