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Minutes of the Special Meeting of the Yalgoo Shire Council,
held in the Council Chambers, 37 Gibbons Street, Yalgoo,
On Wednesday 25 July

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
The President declared the Special Meeting of Council open at 12:55pm

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

COUNCILLORS

Cr DE Anderson
Cr DJ Grey
Cr LJ O'Connor
Cr EC Rowe
Cr DP Morrissey
Cr L Hodder

ALSO IN ATTENDANCE

Chief Executive Officer	Mr N Mitchell
Deputy Chief Executive Officer	Mr RJ Adams

APOLOGIES

Nil

LEAVE OF ABSENCE

Cr EF Taylor

3. PURPOSE OF MEETING
To review the draft budget for the 2007/08 financial year and associated matters.

DECLARATIONS OF INTEREST

Cr EC Rowe declared an interest affecting impartiality in item 5.1.1 concerning the possible capital purchase of a water tanker, being involved in a contract water carting business.

4. PUBLIC QUESTION TIME

5. REPORTS OF OFFICERS

5.1 DEPUTY CHIEF EXECUTIVE OFFICER

5.1.1 DRAFT ANNUAL BUDGET 2007/08

File: B3-1
Author: Ron Adams, Deputy Chief Executive Officer
Interest Declared: No Interest to declare
Date: 10 July 2007
Attachments: Draft Annual Budget, Draft Healthy Community Budget, Draft Works Budget

MATTER FOR CONSIDERATION

Review of the draft budget for the 2007/08 financial year

BACKGROUND

Council has advised its preference to hold a Special Council Meeting to consider the 2007/08 draft budget. This Special Meeting is to be held on 24 July 2007, commencing at 1.00pm

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 6.2-Requires a local government to prepare an annual budget.

STRATEGIC IMPLICATIONS

Nil

POLICY IMPLICATIONS

Policy 4.9-Preparation of Annual Budget provides for Council to consider a draft budget prior to adoption.

FINANCIAL IMPLICATIONS

The budget outlines planned expenditure and revenue for 2007/08

CONSULTATION

The draft budget outline includes items and projects suggested by councillors, staff and the community.

COMMENT

CAPITAL WORKS PROGRAM

HOUSING

Proposed construction of CEO and Works Foreman residences at a total of \$600,000. It is noted that Council had a CEO residence in the 2006/07 budget but the project has not commenced.

COMMUNITY AMENITIES

Community Bus – Proposed purchase of a new community bus. Trade in of old Toyota Coaster YA415. Grants have been sourced and completed. Council's net contribution would be around \$20,000.

RECREATION AND CULTURE

Hall Toilet Refurbishment

The Town Hall toilets are programmed to have paint and minor repairs – Total cost \$8,780.

Eastern End Toilets (Railway Station)

Remove old green fibre flex and replace – Total Cost \$6,080.

Hall Stage and Interior

Paint and repairs to inside Town Hall and stage area – Total Cost \$9,200

Racecourse Fencing

Purchase of materials for race course.

The Yalgoo Jockey Club to supply the labour for installation – Total Cost \$5,000.

Toilets Western End

Refurbishment includes installation of ceiling and new shower facilities – Total Cost \$51,272.

Sporting Complex Development

Preliminary stages of new Recreation Facilities – Total Cost \$53,000.

Public Park

To establish a public park at the new public amenities – Total Cost \$40,000.

Race Course Finish Box

To upgrade the finish box at the race course – Total Cost \$10,000.

Railway Station Complex

Final completion of this project in 2007/08 –

Final payment after warranty	\$7,837
Video Conferencing Equipment	\$12,500.
Other expenses associated with the grant	\$20,668.
Total Cost	\$41,005

The meeting adjourned at 2:13pm and resumed at 2:22pm

TRANSPORTEquipment

Compressor/Welder Trailer-	\$40,000
Water Tanker-	\$70,000
Works Foreman YA899 Vehicles x 2-	\$76,000
Works Ute YA456-	\$38,000
Grader YA361-	\$350,000

Roads

Footpath for Gibbons Street –

Shire's contribution \$40,000

Grant from Country Pathways if successful \$40,000.

Grids Upgrade – Grids to be upgraded – Yalgoo Ninghan, Morawa and North Roads

Total Cost of Materials \$61,845.

Regional Roads Group

2.5km of reshape and reform on Yalgoo-Ninghan Road \$79,750.

4.0km of reshape and reform on Yalgoo-Ninghan Road \$117,819

Roads to Recovery

5.0km of seal on Yalgoo-Ninghan Road \$132,000.

5.0km of seal on Yalgoo-Morawa Road \$130,000.

8.0km of seal on Yalgoo-Ninghan Road \$158,590.

Shire of Yalgoo

Preparation of 6.5km on Yalgoo-Ninghan Road \$130,000.

Preparation of 5km on Yalgoo-Morawa Road \$100,000.

Cr L O'Connor left the meeting at 3:06pm and returned at 3:10pm

ECONOMIC SERVICES

Caravan Park reticulation upgrade is programmed for 2007/08 – Total Cost \$5,000

Caravan Park extra building for accommodation – Total Cost \$100,000

ADMINISTRATION

Replacement of CEO Vehicle – Total Cost \$52,220

Replacement of carpet in administration area – Total Cost \$10,000.

Office chairs replacement – Total Cost \$4,500

Replacement of telephone system in administration – Total Cost \$12,000

The meeting adjourned at 3:50pm and resumed at 4:02pm with the exception of Cr L O'Connor

Cr O'Connor rejoined the meeting at 4:05pm

LOANS

Repayments of Loan Principal will be made during 2007/08

STAFF HOUSING

Loan 50	18A and B Shamrock Street	\$3,344
Loan 51	18A and B Shamrock Street	\$31,349
Loan 53	19A and B Stanley Street	\$7,561
Loan 55	18C and D Shamrock Street	\$9,293

OTHER HOUSING

Loan 52	28A and B Selwyn Street	\$3,472
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COMMUNITY AMENITIES

Loan 54	Public Toilets	\$3,921
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PLANT

Loan 50	Plant	\$10,033
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RESERVES

Transfers to reserves are expected to total \$910,000 include.

Building Reserve	\$350,000
Loan 52 28A and B Selwyn St	\$100,000
Sporting Complex Reserve	\$50,000
Railway Station Maintenance Reserve	\$30,000
Plant Reserve	\$300,000
Golden Grove Road Reserve	\$50,000
Community Bus Reserve	\$20,000
Leave Reserve	\$10,000

RESTRICTED ASSETS

This item refers to funds received that are reserved for the development of specific assets or projects. These funds are accounted for separately and invested to ensure they are not absorbed within normal operating requirements.

1. Main Roads Regional Roads Group	\$78,546
2. Roads to Recovery	\$266,153
3. FESA Operating Grant	\$14,604

Revenue and Expenditure Explanatory Information:

This area of the budget primarily represents the operating expenditure and revenue for the coming year and will be discussed by programme.

GENERAL PURPOSE FUNDING

The total rate revenue has increased to \$832,311

The rate in the dollar has been calculated using the Local Government Cost Index as per Council Policy. Rates will increase by 5.83% which is 1.63 percentage points higher than the rate increase for 2006/07.

Grants Commission funding has increased to \$1,477,387 an increase of 4.5%, however this may change when fund allocation are announced.

GOVERNANCE

Operating expenditure for the general Governance area has not increased or decreased in 2007/08 compared to the previous financial year. However with Council reducing its members to seven there is no significant saving achieved.

LAW ORDER AND PUBLIC SAFETY

Fire Prevention

There is a carryover operating grant from the 2005/06 year therefore there is no operating grant money on the income side. This is an area that requires some attention and this will be achieved in 2007/08. Expenses for fire control will remain about the same and have only been increased in the budget by the CPI.

ANIMAL CONTROL

Animal Control is only expected to increase marginally from 2007/08, with administration working on implementing the Local Laws adopted by Council. Council employs an outside contractor to carry out these duties. The contractor generally plans one visit per month.

HEALTH

The Shire of Yalgoo has continued to be a member of the Northern Wheatbelt Health Scheme in partnership with the Shire of Morawa and the Shire of Mingenew.

There has been a minor increase in operating expenses for this scheme for the 2007/08 year.

EDUCATION AND WELFARE

There are no significant changes expected in this area in 2007/08.

HOUSING

I091005 – Should all of Councils Properties have full occupancy then the rent yield would be \$21,000. However as circumstances change this may reduce the actual income achievable.

E09100 – There is a significant allowance for repairs to staff housing. The amount of \$113,575 is very high. This amount represents what is required to fix all Shire owned properties. As staff housing has only had minimal amounts spent in the previous five years, this year's expense represents a true cost to get all properties back to a reasonable state. All other expenses for staff housing are reasonable expected charges.

E092 – Other Housing

The income from Joint Venture at 28a & 28b Selwyn St will continue to be calculated at the current formula. Currently both premises are rented at \$125 per week. An allowance in Capital Expenditure of \$100,000 has been included to pay out Loan 52 should Council be successful in returning the property to Homeswest. Should council be successful in returning these properties, part of our contract is to return the properties in a "fit state". Both properties require extensive work to meet this obligation.

Community Amenities

I101005 – Income will be about the same as 2006/07.

E101005 – There will be no significant increase in 2007/08 for handling of refuse.

E106005 – An allowance of \$12,000 for the town planning scheme has been carried over from 2006/07. The construction of this has begun and the costs associated should be the same as 2006/07.

I107005 – Cemetery fees have been increased to represent a more accurate cost of plant and staff time. On the chance that a burial will occur and more reasonable charge has been established.

E107005 – Expenses have increased in the cemetery, mainly due to the project of the front and boundary fences being installed and any associated costs to finish the gates and entrance.

E107010 – The public amenities require some maintenance repairs such as painting of doors and external pillars. Cleaning and general items are not expected to increase.

E107015 – The community bus YA415 requires an annual road worthy certificate. There is approximately \$2,000 worth of repairs to pass its inspection. If a grant is awarded then the cost of these services will be reduced.

E107020 – Youth Centre

A boundary fence has been included as part of the lease agreement with Mardu Council. There are no significant additions required to the house and shed. A small garden is to be constructed, financed by a grant from the Office of Crime Prevention.

E107020 – Vacant Land Development

Council has resolved to have all it's UCL (unallocated crown land) heritage surveyed. This initiative will allow any development to progress a little bit faster.

Recreation & Culture

I111005 – Hall hire

There will be no significant increase in the amount of income that can be achieved for the town hall.

E111005 – Town Hall

The hall requires general maintenance and repairs, including some capital work. A significant cost will occur in the future when upgrading facilities at this site for example, disability amenities.

E113005 – Public Parks and Gardens

A better distribution of the gardener's time will result in a small cost increase. Generally there will be no significant increase in this area. With better watering facilities and watering techniques some savings may occur.

E113010 – Complex Grounds

A slight increase in costs associated with maintenance and upkeep of the grounds. Water piping for the stables area and garden will be gradually repaired and mapped for future use.

E113015 – Complex Building

There are no significant cost increases for the Complex building. A reserve for maintenance to the Railway Station is to be established for future repairs to the building.

E113020 – Paynes Find Complex

There are some planned maintenance items to be carried out.

E113025 – Tennis Courts

Only general maintenance and repairs are programmed for this financial year. This is the proposed site for re-development.

E114 – TV & Radio Broadcasting

No significant changes in expense for broadcasting.

E115 – Library

No significant changes from previous year.

I117 – Other Heritage

Museum and Chapel expenses are expected to change slightly. Higher employee cost as yards and cleaning should be maintained at a higher level.

I12 – Transport

Income is expected from the following sources.

- Regional Roads Group for Yalgoo Ninghan Road \$53,167
- Main Roads direct grant \$79,127
- Roads to Recovery \$262,000
- Country Pathways grant \$40,000
- Flood Damage (Cyclone Clair 2005) \$109,015
- Oxiana contribution to road maintenance \$60,000

Expenses

No real significant change in expenses from 2006/07 actual figure to what is programmed for 2007/08. There are some carry over funds from 2006/07 that will need to be expended. The Yalgoo Ninghan Road now collects enough points to qualify for its road funding through Regional Roads Group. This will have an effect on the Yalgoo Morawa Road as the Shire can no longer split its minimum payment over the two roads. The sealing program for the Yalgoo Ninghan Road is due to start mid to late July 2007. The supplementary grant from Roads to Recovery for the Yalgoo Ninghan Road will be carried over to the 2008/09 year. General maintenance grading and minor repairs have no significant increase for the 2007/08 year. Completion of flood damage repairs and acquittals are to be completed by August 2007.

E126

All airstrips controlled by the Shire including maintenance grading to emergency strips will continue in 2007/08. There will be a slight increase in insurance costs to cover fencing and terminal.

Economic Services**I131 – Police Licensing**

The income from licensing is not expected to change. The Shire will be having online service installed during January 2008.

E131 – Rural Services

No change to noxious weed spraying should it be required. There is no expected change in the contribution to MRVC.

Tourist & Promotion**I132005 – Caravan Park**

Should Council wish to continue with the Yalgoo Store booking clients and collecting fees, then the fee of \$3,000 charged to the store will remain unchanged.

E132005 – Caravan Park Expenditure

The caravan park will continue to cost council around \$40,000pa to maintain the service.

Healthy Community Project

All income for 2007/08 from Lotterywest, FACSIA and Oxiana has been approved. Refer to budget notes on HCP for breakdown of income and expenses. The Project's life will expire on 30 June 2008. Should Council wish to continue this project in future years then other sources of income need to be sought.

E132018 – Tourism Signage

There will be some signage replacements and maintenance management on the town entry statements. The Council website will be upgraded to make it more interactive and easier for Council staff to make inclusions and changes.

Other Property & Services**I41 – Private Works**

Occasionally the Shire completes private works. The income in the budget is nominal and could be more or less depending on what enquiry and what private work can be carried out. As it is difficult to know what work the Shire may get, expenses have been matched to 2006/07.

Public Works Overheads**Salaries & Wages**

These comments also relate to administration staff and will not be repeated in the Administration section.

The introduction of the Workplace Relations Amendment (Work Choices) Act 2005 on 27 March 2006 has removed the process of national wage decisions. The effect is that no annual adjustments to the pay rates of federal awards will occur. As local government employees are employed under the federal Local Government Officers (Western Australia) Award 1999 and Municipal Employees (Western Australia) Award 1999, an alternative mechanism must be adopted to ensure employees' real rates of pay are not eroded by the impact of inflationary cost pressures.

Although the legislation provides for an Australian Fair Pay Commission (AFPC) that is responsible for setting minimum entitlements such as the federal minimum wage, a maximum 38 hour working week and 4 weeks annual leave, their role does not extend to varying federal award rates. Additionally, last year the AFPC's wage decision was not announced until 26 October 2006 and was to take effect on 1 December 2006. Obviously the timing of their decision was well into the 2006/07 financial year and therefore could not be taken into account in budget deliberations.

As employees will no longer be protected by a national wage case decision it is up to employers to determine an equitable and justifiable approach to altering rates of pay. The process for the 2007/08 Budget is consistent with that adopted for 2006/07 and that is to increase all steps within levels of the Local Government Officers' Award and Municipal Employees' Union Award by the change in the Perth Consumer Price Index (CPI) for the twelve months from March 2006 to March 2007. This equates to an increase of 3.5%. This increase has been applied to all employees.

In addition to the above, the calculation of salaries and wages proposed for the 2007/08 financial year includes:

- Increases within salary levels as a result of the annual staff performance reviews required by the Local Government Officers (WA) Award.
- Allowance for higher duties where staff relieve senior officers during periods of leave.

All other public work overheads are not expected to increase significantly in 2007/08.

E144 – Plant Cost Overheads**E144005 – Fuel & Oil**

This is the major cost to operate plant & equipment. In 2006/07 fuel was budgeted at \$1.85 cents per litre. Fuel prices were not stable at that time nor are they in today's climate. The fuel calculation is based on last year's budget plus CPI increase. Savings are expected to be made in this area, however unlikely. Most of the plant costs are not expected to increase.

Administration**E145005 – Salaries & Wages**

See Plant OP Cost.

E145086 – Accounting

The budget figure has increased from 2007/08. Allowances have been made for an increase in some outsourced work. for example BAS, FBT. With UHY Haines Norton keeping the accounts and statutory requirements up to date, administration staff are able to get the Shire up to date in other areas such as local laws, policy manual etc. It is expected that this would be reduced in 2008/09 as the Shire completes its process and requirements under the Local Government Act 1995.

VOTING REQUIREMENT

Simple majority

OFFICER RECOMMENDATION/COUNCIL DECISION

S07-0701 Draft Budget 2007/08 – Review**Moved Cr EC Rowe, Seconded Cr LJ O'Connor****That Council consider the draft budget with a view to making reductions in expenditure or increases in income to provide a balanced budget.****Motion put and carried 6/0**

NOTE – The draft budget for 2007/08 was reviewed noting an initial deficit of \$499,795. Estimated savings of \$500,080 were identified. The draft will be further reviewed and fine tuned prior to presentation for adoption at the Ordinary Meeting of Council to be held on 30 August 2007.

5.1.2 DIFFERENTIAL RATING 2007/08

File: R4
Author: Ron Adams, Deputy Chief Executive Officer
Interest Declared: Nil
Date: 6 July 2007

MATTER FOR CONSIDERATION

Determination of the rate in the dollar and the minimum rates for the various differential and specified area rate categories for the 2007/08 financial year.

BACKGROUND

Council has adopted a differential rating strategy and currently has four rating categories being residential, pastoral, mining, exploration/prospecting.

The annual differential rating proposal is to be advertised for public comment for a period of 21 days prior to its adoption by Council. Should Council adopt these differential rates at the Special Meeting on 24 July 2007, the intention is to advertise the proposed rates in the local papers during the week ending 27 July 2007. Submissions from ratepayers would be invited to be received up to 13 August 2007. If any submissions are received, Council are required to consider them. This would mean a special meeting would be required to consider any submissions. If there are no submissions received then approval will be sought from the Minister.

As Council has a differential rate that is more than twice the lowest differential rate imposed, the approval of the Minister for Local Government and Regional Development must be obtained before these rates are formally adopted by Council. The approval of the Minister will be sought towards the end of the public consultation phase in order to obtain feedback prior to the Ordinary Meeting on 30 August 2007.

Once council has advertised for the required time, and processed any submissions from ratepayers and Ministerial approval has been granted, Council can then adopt the budget. As required by the Local Government Act 1995 the budget must be adopted by August 31.

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 6.32—States that a local government, in order to make up the budget deficiency, is to impose a general rate on rateable land that may be imposed uniformly or differentially.

Section 6.33(1)—Provides that a local government may impose differential general rates according to a number of characteristics.

Section 6.33(2)—States that a local government cannot, without the approval of the Minister, impose a differential general rate that is more than twice the lowest differential general rate imposed.

Section 6.34—States that a local government cannot without the approval of the Minister raise an amount of general rates that exceeds 110% of the budget deficiency or is less than 90% of the budget deficiency.

Section 6.35—States a local government may impose a minimum rate that is greater than the general rate that would be applied for the land and outlines the requirements for this minimum rate.

Section 6.36—Requires that a local government before imposing any differential general rates provides at least 21 days local public notice of its intention to do so.

POLICY IMPLICATIONS

Policy 4.9 Preparation of Budget – outlines the steps and timetable leading to the adoption of the Budget.

Policy 4.8 Rates Calculation – outlines the steps for staff to prepare a draft budget using Local Government Cost Index (LGCI).

FINANCIAL IMPLICATIONS

After taking into consideration all other sources of income, Council is required to raise sufficient rates to meet its total expenditure. However, it is allowed to adopt a budget that has a deficit that does not exceed 10% of its rates revenue.

For the 2007/08 draft Budget it is proposed a total of \$832,311 be raised from property and UV area rates. If this amount was raised a balanced budget could be achieved after consideration of projects under consideration.

STRATEGIC IMPLICATIONS

Nil

COMMENT

Determining the Percentage Increase for Property Rates

Factors such as the growth of the Shire, need for additional resources to meet growth demands, the rising cost of labour and materials, previous rate increases approved and a perception of the affordability of a reasonable rate increase are some of the factors taken into account when considering the percentage by which rates in the dollar and minimum rates have to be increased.

Last year it was proposed to Council that the basis for determining increases to rates should be the Local Government Cost Index (LGCI) as this provides a better representation of the cost of goods consumed by local government than the basket of goods used to compile the Consumer Price Index (CPI). It is argued CPI provides a good estimate of a household's expectation of the price changes (increases) to the goods and services they consume but it does not provide a good estimate of the cost pressures faced by local government.

The LGCI provides an imposed measure as in addition to taking into account household expenditure it takes into account some of the other areas that local government are involved such as road construction and maintenance and the materials that are used in these activities. It does this by taking 70% of CPI and 30% of the General Construction Index which measures changes in general construction activity costs.

For the twelve month period from March 2006 to March 2007, Perth's CPI was determined to be 3.52% and the General Construction Index was 9.7%. As a result the LGCI was calculated to be 5.38% $((0.7 * 3.52\% + (0.3 * 9.71\%))$.

The principal of adopting a rate increase greater than CPI on the basis that the CPI basket of goods is not representative of the services provided by a local government has been proposed to Council previously. For 2006/07 Council accepted a rate increase of 6% compared to CPI of 4.2% and similarly in 2005/06 Council accepted a rate increase of 4.5% compared to CPI of 3.4%. This rationale is considered to be prudent financial management and is also supported by the WA Local Government Association (WALGA) as a means of ensuring the financial sustainability of local government.

Consequently it is proposed the rate increase for 2007/08 be 5.83%. This increase is 1.86 percentage points higher than CPI and allows the Shire to meet increases in labour costs, additional staff and materials.

Determining the Yield from Property Rates

The first model run was the base model of 2006/07 if rates were uncharged. This would yield \$785,119 of which \$764,419 would be UV Properties.

The second model run was to use the rates in the dollar for 2006/07 and increment them by the proposed rate increase percentage for 2007/08. The results of this model provide the rate yield target for the Shire's budget. Knowing this amount allows a balanced (or close to balanced) budget to be formulated. This model provided a rate yield of \$832,311 from 575 assessments. Of this total \$807,656 is obtained from UV properties.

VOTING REQUIREMENT

Simple Majority

OFFICER RECOMMENDATION

That Council advise its intention in accordance with Section 6.36 of the Local Government Act 1995 to adopt for advertising purposes the following rates in the dollar and minimum rates for the differential rating categories specified for the 2007/08 financial year.

Rate Category	Basis	2007/08 Rate in \$	2007/08 Minimum
Town Improved	GRV	7.0480	200
Town Vacant	GRV	7.0600	460
Pastoral	UV	7.2800	200
Mining	UV	22.7600	200
Exploration/Prospecting	UV	12.1700	200

COUNCIL DECISION

S07-0702 Differential Rating 2007/08

Moved Cr DP Morrissey, Seconded Cr DJ Grey

That Council advise its intention in accordance with Section 6.36 of the Local Government Act 1995 to adopt for advertising purposes the following rates in the dollar and minimum rates for the differential rating categories specified for the 2007/08 financial year.

Rate Category	Basis	2007/08 Rate in \$	2007/08 Minimum
Town Improved	GRV	7.0480	210
Town Vacant	GRV	7.0600	485
Pastoral	UV	7.2800	210
Mining	UV	22.7600	210
Exploration/Prospecting	UV	12.1700	210

Motion put and carried 6/0

REASON FOR VARIATION

Correction to Minimum Rates because 2006/07 figures were used in error.

4. MEETING CLOSURE

The President declared the meeting closed at 5:30pm

DECLARATION

These minutes were confirmed by Council at the Ordinary meeting held on _____

Signed _____

Person presiding at the meeting at which these minutes were confirmed