



BURKE SHIRE COUNCIL

SPECIAL MEETING MINUTES

31 July 2006

Minutes of the Special Meeting of the Burke Shire Council held in the Council Chamber, Burketown on Thursday 31 July 2006.

PRESENT: Cr Annie Clarke (Mayor), Cr Ernie Camp (Deputy Mayor), Cr Ken Booth, Cr Irene Marshall, Cr Bill Olive and Mr Craig Turnour (Chief Executive Officer)

The meeting opened at 9:20am.

1. 2006/07 Budget and associated items

BUD12

The attached 2006/07 budget document and associated reports is provided for Council's consideration and adoption. The following comments are provided for information and consideration:-

1. Revenue Statement

The Revenue Statement as required by (and that complies with) Sections 518 (1) (b) and 520A of the *Local Government Act 1993* and Section 56 of the *Local Government Finance Standard 2005* is attached [as item 1 (a)]. Some key components of this include:-

- ⇒ *Revenue Policy:- In summary* Council's current revenue policy is to raise sufficient revenue to meet its obligations and provide an acceptable level of service within legal requirements and responsibilities, and its risk assessment of its duty of care. In apportioning the revenue to be raised from each sector, Council will consider the services provided in general, specific services provided and the ability to pay. Council has over the years developed an acceptable apportionment of the rate burden based on the stated principles, and it is expected this basis will generally continue. If however new activities commence which change the above, then those activities will be assessed and modified within the above principles.
- ⇒ *Borrowings:-* Council's current policy is not to borrow funds. Council continues to have no loan liabilities and ongoing interest and principal commitments.
- ⇒ *Operating capability:-* The operating capability of Council is to be maintained through the adoption of the 2006/07 budget and this Revenue Statement. No significant increase or decrease in Council's operating capability is expected.
- ⇒ *Funding of depreciation and other non-cash expenses:-* Depreciation (other than plant replacement) and other non-cash expenses are not able to be fully funded. To do so would involve Council increasing the rates and charges income to a level that would be unattainable for the ratepayers in the medium to long term. The fact the Queensland Government, through the Queensland Grants Commission, has endorsed a significant decrease in Council's Financial Assistance Grant, which is the primary income source of Council, further compounds the fact the such non cash items are not able to be fully funded.

1. Carried Forward Position as at 1 July 2006

Council in 2005/06 continued to improve its financial position, ending with an accumulated cash surplus of \$7,932,192 as at 30 June 2006 (\$245,407 of this relates to an increase in cash held in the 2005/06 year). Of the total available cash, \$4,670,921 is allocated to specific reserves for expenditure in future years as required. Details of these reserves are included in the 2006/07 budget

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document as provided. Additionally \$777,672 (creditors of \$469,913 and fully funded employees entitlements of \$307,759) relates to the meeting of Council's liabilities as at 30 June 2006. The balance of the cash surplus has been allocated for expenditure as part of the 2006/07 budget.

3. Rate and Charges

Council's current rating categories, with the criteria for such categorisation, are:

Category 1 - Urban Rates (Burketown)	All rateable parcels of land located within and around Burketown.
Category 2 - Rural Rates	All rateable parcels of rural land.
Category 3 - Urban Rates (Gregory)	All rateable parcels of land located within and around Gregory.
Category 4 - Prospecting	All rateable parcels of land located within the Shire which are mining leases and not included in mining intensity 1, 2, 3 or 4.
Category 5 - Mining Intensity 1	All rateable parcels of land within the Shire with areas involved in sample production and development, where such land involved in sample production is part only of the area included in the valuation.
Category 6 - Mining Intensity 2	All rateable parcels of land within the Shire with areas involved in sample production and development, where a separate valuation is issued for the area of the mining lease.
Category 7 - Mining Intensity 3	All rateable parcels of land within the Shire with areas involved in mining production, where such land involved in mining production is part only of the area included in the valuation.
Category 8 - Mining Intensity 4	All rateable parcels of land within the Shire with areas involved in mining production, where a separate valuation is issued for the area of the mining lease.

Given the significant valuation increase in 2005/06, which are to apply from 30 June 2006, to ensure that the rates levied are not significantly increased at the same proportion that the valuations were, it is recommended that for 2006/07 the following rating categories apply:-

- ⇒ *Category 1 - Urban Rates (Burketown & Gregory)* - All rateable parcels of land located within the urban areas of Burketown and Gregory.
- ⇒ *Category 2A - Rural Rates 0Ha to 1,000Ha* - All rateable parcels of rural land in the Shire between 0 hectares and up to and including 1,000 hectares.
- ⇒ *Category 2B - Rural Rates 1,001Ha to 5,000Ha* - All rateable parcels of rural land in the Shire between 1,001 hectares and up to and including 5,000 hectares.
- ⇒ *Category 2C - Rural Rates 5,001Ha to 10,000Ha* - All rateable parcels of rural land in the Shire between 5,001 hectares and up to and including 10,000 hectares.
- ⇒ *Category 2D - Rural Rates 10,001Ha to 50,000Ha* - All rateable parcels of rural land in the

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Shire between 10,001 hectares and up to and including 50,000 hectares.

- ⇒ *Category 2E - Rural Rates 50,001Ha to 75,000Ha* - All rateable parcels of rural land in the Shire between 50,001 hectares and up to and including 75,000 hectares.
- ⇒ *Category 2F - Rural Rates 75,001Ha to 100,000Ha* - All rateable parcels of rural land in the Shire between 75,001 hectares and up to and including 100,000 hectares.
- ⇒ *Category 2G - Rural Rates 100,001Ha to 125,000Ha* - All rateable parcels of rural land in the Shire between 100,001 hectares and up to and including 125,000 hectares.
- ⇒ *Category 2H - Rural Rates 125,001Ha to 150,000Ha* - All rateable parcels of rural land in the Shire between 125,001 hectares and up to and including 150,000 hectares.
- ⇒ *Category 2I - Rural Rates 150,001Ha to 160,000Ha* - All rateable parcels of rural land in the Shire between 150,001 hectares and up to and including 160,000 hectares.
- ⇒ *Category 2J - Rural Rates 160,001Ha to 210,000Ha* - All rateable parcels of rural land in the Shire between 160,001 hectares and up to and including 210,000 hectares.
- ⇒ *Category 2K - Rural Rates 210,001Ha to 250,000Ha* - All rateable parcels of rural land in the Shire between 210,001 hectares and up to and including 250,000 hectares.
- ⇒ *Category 2L - Rural Rates 250,001Ha to 300,000Ha* - All rateable parcels of rural land in the Shire between 250,001 hectares and up to and including 300,000 hectares.
- ⇒ *Category 2M - Rural Rates 300,001Ha to 500,000Ha* - All rateable parcels of rural land in the Shire between 300,001 hectares and up to and including 500,000 hectares.
- ⇒ *Category 2N - Rural Rates 500,001Ha and above* - All rateable parcels of rural land in the Shire equal to or greater than 500,001 hectares.
- ⇒ *Category 3A – Rural Tourism & Commercial* - All rateable parcels of land with tourist and commercial operations in the rural sector that are not categorised under categories 2A to 2N.
- ⇒ *Category 3B – Rural Infrastructure* - All rateable parcels of land with community infrastructure services that are located in the rural areas of the Shire and that are not categorised under categories 2A to 2N.
- ⇒ *Category 4 – Prospecting* - All rateable parcels of land located within the Shire which are mining leases and not included in mining intensity 1, 2, 3 or 4.
- ⇒ *Category 5 - Mining Intensity 1* - All rateable parcels of land within the Shire with areas involved in sample production and development, where such land involved in sample production is part only of the area included in the valuation.
- ⇒ *Category 6 - Mining Intensity 2* - All rateable parcels of land within the Shire with areas involved in sample production and development, where a separate valuation is issued for the area of the mining lease.
- ⇒ *Category 7 - Mining Intensity 3* - All rateable parcels of land within the Shire with areas involved in mining production, where such land involved in mining production is part only of the area included in the valuation.
- ⇒ *Category 8 - Mining Intensity 4* - All rateable parcels of land within the Shire with areas

involved in mining production, where a separate valuation is issued for the area of the mining lease.

Council for the previous financial year (2005/06) increased the rates, fees and charges by 2.5% (being the CPI increase in the preceding 12 months). The increase was capped at 5% for those properties where the valuation had increased by more than 5%. The CPI for the 12 months to 30 June 2006 for Queensland (Brisbane) is 3.2% and this has been used as the indicative basis for an increase in the 2006/07 rates, fees & charges.

Based upon discussions at the Special Meeting on 6 July 2006 a review of the rating categories has been undertaken as with the revaluations undertaken in October 2005, and to apply from 30 June 2006, unless changes are made to the rating categories or the capping remains, then certain assessments will incur significant increases in their general rates.

With the changes to the rating categories, and also to manage any negative impact from rates increase arising from the valuations, the rate in the \$ for all categories have also been reviewed and in most cases significantly reduced.

Based upon this review, the proposed rates in the \$ applicable to the rating categories for the 2006/07 year are as follows:-

Rating Category	Description	Cents/\$
1	Urban – Burketown & Gregory	10.00
2A	Rural – From 0Ha and up to and including 1,000Ha	1.00
2B	Rural – From 1,001Ha and up to and including 5,000Ha	1.00
2C	Rural – From 5,001Ha and up to and including 10,000Ha	2.00
2D	Rural – From 10,001Ha and up to and including 50,000Ha	0.80
2E	Rural – From 50,001Ha and up to and including 75,000Ha	3.00
2F	Rural – From 75,001Ha and up to and including 100,000Ha	0.80
2G	Rural – From 100,001Ha and up to and including 125,000Ha	0.90
2H	Rural – From 125,001Ha and up to and including 150,000Ha	0.50
2I	Rural – From 150,001Ha and up to and including 160,000Ha	1.00
2J	Rural – From 160,001Ha and up to and including 210,000Ha	0.40
2K	Rural – From 210,001Ha and up to and including 250,000Ha	0.85
2L	Rural – From 250,001Ha and up to and including 300,000Ha	0.40
2M	Rural – From 300,001Ha and up to and including 500,000Ha	1.80
2N	Rural – 500,001Ha and above	1.10
3A	Rural Tourism & Commercial	100.00
3B	Rural Infrastructure	100.00
4	Rateable Prospecting	10.00
5	Rateable Mining Intensity 1	30.00
6	Rateable Mining Intensity 2	333.33
7	Rateable Mining Intensity 3	52.50
8	Rateable Mining Intensity 4	666.66

The minimum rate for 2005/06 was \$548.00. The reason for a minimum general rate is to apply a minimum contribution required from a property owner so that Council is able to provide services to an appropriate level. The minimum rate generally applies to low valued properties in Burketown & Gregory.

The recent revaluation produced a minimum valuation of a property in Burketown of \$1,800 (although most are from \$2,100) and in Gregory of \$8,100. Based upon the 2005/06 rate in the \$, the general rate payable for such properties, assuming that there was no capping and no minimum rate, would be \$1,001.16 for Gregory and \$435.24 for Burketown.

It is argued, and the budget incorporates this, that the minimum rate should be increased to \$700.00 for 2006/07 as to an extent this would increase (only minor though) the relatively low general rates (when compared to those collected from rural properties) collected from Burketown and Gregory properties to fund Council's services.

The budget incorporates the interest payable on overdue rates and charges to remain at 8% (increased in 2004/05 and 2005/06 to 8% from 6% in 2003/04 and 11% in 2002/03) so as to better reflect the current interest market rates.

Other fees and charges, including those for water, sewerage and garbage services, are set to rise as discussed at the Special Meeting held on 6 July 2006.

In respect of Gregory water rates it is recommended that the current policy be maintained (with an increase of the CPI applied) until the new water infrastructure is in service. The current policy is that the water charges as levied on Gregory properties that have a main running by their property and that a 50% concession to be provided until the new water supply infrastructure is operational (refer resolution 02.050120).

4. Rates & Charges – Payment by Instalments

It is recommended that the same policy that applied to the previous financial year be adopted for 2006/07. This policy is as follows:- The payment of the rates and charges fall due within 30 days after the rate notice is issued and to allow for those ratepayers that wish to pay by instalment, the rates & charges must be paid in full by 31 May 2007 so as to avoid the interest penalty.

5. Capital Expenditure

It is planned to continue to undertake significant capital expenditure, and therefore investments in community assets, during 2006/07. The proposed capital expenditure in the 2006/07 budget totals \$9,241,535.

6. National Competition Policy Matters – Community Service Obligations, Cross Subsidy Policy and Dividend Policy

As part of the National Competition Policy Financial Incentive Package Council is required to resolve annually as part of its budget process their policy in respect of community service obligation, cross subsidy policy and dividend policy.

The community service obligation and cross subsidy are contributions/subsidies that Council makes to many of its services that aren't self funding. This is basically everything except works funded 100% by external grants/subsidies, works for Main Roads and recoverable/private works. The dividend policy is basically how Council will allocate dividends (profits) from its activities to its nominated business activities, which are Other Roads; Plant & Equipment; Private Works; and Water & Sewerage.

6.1 Community Service Obligations and Cross Subsidy Policy

Council recognises that the cost of most of its services are not recovered through grants, rates, charges and fees. The Community Service Obligation and Cross Subsidy Policy is to provide funding to those services that meet the needs of the residents of, and the visitors to, the Burke Shire. Council intends to provide community service obligations and cross subsidies to many of its activities during this financial year. These activities are those that are shown as deficit in funding in the 2006/07 budget document.

6.2 Dividend Policy

Given the lack of any significant profits and/or surpluses in its activities Council does not see

the need to implement a Dividend Policy in 2006/07.

It is also noted that section 519 (3) of the *Local Government Act 1993* provides that where Council sees the need to reallocate funds, a local government may, by resolution, amend its budget for a financial year at any time before the year ends.

Council Policy

As discussed in the report.

Legal Implications

Part 4 (Budget) of Chapter 7 of the *Local Government Act 1993* and Part 5 (Budget and Revenue Statement) of the *Local Government Finance Standard 2005* apply.

Additionally section 518 (2) of the *Local Government Act 1993* provides that the budget must be adopted (a) after 31 May before the financial year: and (b) before (i) 1 September in the financial year; or (ii) a later date fixed by the Minister. Council therefore has, unless permission is obtained from the Minister, until 1 September 2006 to adopt the 2006/07 budget.

Financial Implications

As discussed in the report.

Moved: Cr Camp

Seconded: Cr Marshall

- (i) That the Revenue Statement as included in the report be adopted for 2006/07;**
- (ii) That the community service obligation, cross subsidy and dividend policies as included in the report be adopted for 2006/07;**
- (iii) That the 2006/07 budget as presented be adopted;**
- (iv) That the rates and charges incorporated in the 2006/07 budget document as presented be levied;**
- (v) That capping of increases in the general rates not be applied for 2006/07;**
- (vi) That the payment of the rates and charges fall due within 30 days after the rate notice is issued;**
- (vii) That a discount of 15% is to apply for payments received by the due date of 30 days after the issue date of the notice;**
- (viii) That to allow for those ratepayers that wish to pay by instalment, the rates & charges must be paid in full by 31 May 2007 so as to avoid the interest penalty; and**
- (ix) That an interest rate of 8% is to apply to all overdue current rates and charges as at 1 June 2006 and that this is backdated to the due date of the payment of the rates and charges.**

CARRIED 01.060731

The meeting closed at 12:52pm.