



Shire of Northam
Heritage, Commerce and Lifestyle

Shire of Northam

Agenda

Special Council Meeting

9 July 2018



NOTICE PAPER

Ordinary Council Meeting

9th July 2018

President and Councillors

I inform you that a Special Council meeting will be held in the Council Chambers, located at 395 Fitzgerald Street, Northam on 9th July 2018 at 5:30pm.

Yours faithfully



Jason Whiteaker
Chief Executive Officer

DISCLAIMER

This agenda has yet to be dealt with by the Council. The Recommendations shown at the foot of each item have yet to be considered by the Council and are not to be interpreted as being the position of the Council. The minutes of the meeting held to discuss this agenda should be read to ascertain the decision of the Council.

In certain circumstances members of the public are not entitled to inspect material, which in the opinion of the Chief Executive Officer is confidential, and relates to a meeting or a part of a meeting that is likely to be closed to members of the public.

No responsibility whatsoever is implied or accepted by the Shire of Northam for any act, omission, statement or intimation occurring during Council or Committee meetings.

The Shire of Northam disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement of intimation occurring during Council or Committee meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee meeting does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or Officer of the Shire of Northam during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Northam.

The Shire of Northam advises that anyone who has any application lodged with the Shire of Northam must obtain and should only rely on WRITTEN CONFIRMATION of the outcome of the application and any conditions attaching to the decision made by the Shire of Northam in respect of the application.

The Shire of Northam advises that any plans or documents contained within this agenda may be subject to copyright law provisions (*Copyright Act 1968*, as amended) and that the express permission of the copyright owner(s) should be sought prior to their reproduction. It should be noted that copyright owners are entitled to take legal action against any persons who infringe their copyright. A reproduction of material that is protected by copyright may represent a copyright infringement.

Contents

1.	DECLARATION OF OPENING	5
2.	ATTENDANCE.....	5
2.1	APOLOGIES.....	5
2.2	APPROVED LEAVE OF ABSENCE	5
3.	DISCLOSURE OF INTERESTS.....	5
4.	ANNOUNCEMENT BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)	5
5.	PUBLIC QUESTION/STATEMENT TIME	6
5.1	PUBLIC QUESTIONS.....	6
5.2	PUBLIC STATEMENTS	6
6.	RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE	6
7.	RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS	6
7.1	PETITIONS.....	6
7.2	PRESENTATIONS.....	6
7.3	DEPUTATIONS.....	6
8.	APPLICATION FOR LEAVE OF ABSENCE.....	6
9.	CONFIRMATION OF MINUTES	6
10.	ITEMS BROUGHT FORWARD FOR THE CONVENIENCE OF THOSE IN THE PUBLIC GALLERY	6
11.	REPORTS OF COMMITTEE MEETINGS	6
12.	SPECIAL ITEMS	7
12.1	ANNUAL BUDGET OVERVIEW	7
12.2	ENDORESMENT OF THE DRAFT BUDGET.....	13
13.	MATTERS BEHIND CLOSED DOORS	18
14.	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN.....	18
15.	URGENT BUSINESS APPROVED BY PERSON PRESIDING OR BY DECISION .	18
16.	DECLARATION OF CLOSURE	18

1. DECLARATION OF OPENING

2. ATTENDANCE

Council:

President

Deputy President

Councillors

C R Antonio

M P Ryan

C L Davidson

R W Tinetti

S B Pollard

A J Mencshelyi

T M Little

J Proud

Staff:

Chief Executive Officer

Executive Manager Engineering Services

Executive Manager Development Services

Executive Manager Community Services

Executive Manager Corporate Services

Executive Assistant – CEO

J B Whiteaker

C D Kleynhans

C B Hunt

R Rayson

C Young

A C Maxwell

2.1 APOLOGIES

Councillor

J E G Williams

2.2 APPROVED LEAVE OF ABSENCE

Cr C P Della has been granted leave of absence from 9th July 2018 to 15th July 2018 (inclusive).

3. DISCLOSURE OF INTERESTS

Item Name	Item No.	Name	Type of Interest	Nature of Interest

4. ANNOUNCEMENT BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

Nil.

5. PUBLIC QUESTION/STATEMENT TIME

5.1 PUBLIC QUESTIONS

5.2 PUBLIC STATEMENTS

6. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil.

7. RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS

7.1 PETITIONS

Nil.

7.2 PRESENTATIONS

Nil.

7.3 DEPUTATIONS

Nil.

8. APPLICATION FOR LEAVE OF ABSENCE

Nil.

9. CONFIRMATION OF MINUTES

Nil.

10. ITEMS BROUGHT FORWARD FOR THE CONVENIENCE OF THOSE IN THE PUBLIC GALLERY

11. REPORTS OF COMMITTEE MEETINGS

Nil.

12. SPECIAL ITEMS

12.1 ANNUAL BUDGET OVERVIEW

Address:	Shire of Northam
Owner:	Shire of Northam
File Reference:	8.2.8.1
Reporting Officer:	Colin Young Executive Manager Corporate Service
Responsible Officer:	Colin Young Executive Manager Corporate Service
Voting Requirement	Simple Majority

BRIEF

To provide information to Elected Members in relation to the budget process and influencing factors.

ATTACHMENTS

Attachment 1: Draft Budget (supplied as a separate attachment to this agenda and minutes).

BACKGROUND / DETAILS

The development of the draft budget as presented is the culmination of many months preparatory work undertaken by each individual Department under the guidance of the Executive Manager Corporate Services, Mr Colin Young. The budget process to date has included the following key elements;

- Endorsement of draft 2 year road program 1 January 2017
- Endorsement of the long term financial plan 15 March 2017
- Adoption of the 2017/18 fees and charges 16 May 2018
- Endorsement of the draft plant program 21 June 2018
- Endorsement of draft footpath program 21 June 2018
- Endorsement of Community Assistance Applications 16 May 2018
- Endorsement of draft building maintenance program 21 June 2018

The budget document has very much been guided by a number of key planning documents including;

- Strategic Community Plan;
- Corporate Business Plan; and
- Long term Financial Plan

The staff have also been through a rigorous assessment process to ensure that the departmental and individual item draft budget allocations both reflect the intent of the Councils planning documents and ensure sufficient resource to meet the established objectives.

As Elected Members would be aware, the Long Term Financial Plan reports on a number of key performance indicators, which are reflective of the Local Government Act 1995 requirements. The following information provides an indication as to how the Council is performing against a number of the key indicators;

2018/19		
Ratio	LTFP	Draft Budget
Debt Service Ratio	10.64%	13.26%
Operating Surplus Ratio	3.60%	0.19%
Own Source Revenue Ratio	75.86%	73.10%

The draft budget as presented does not include any repayments for the additional debt that is proposed to be taken, if this debt was held for the entire year and taken over a 15 year period at 3.50% interest per annum; the debt service ratio would be approximately 7.83%.

Debt Service Ratio

Measures the Council's ability to service debt out of its uncommitted or general purpose funds available for its operations. Councils with a higher proportion of revenue from rates can also effectively operate at lower debt service ratios as they are more able to generate income (through rate increases) to cope with the debt burden.

If Ratio > 10	accepted as reasonable.
If Ratio > 5 and <10	exercise caution around debt management.
If Ratio <5	debt management may be an issue and needs to be considered in context of overall financial position.

Operating Surplus Ratio

Effectively highlights the scale / extent of any operating surplus or deficit in relation to the overall size of the local government. A sustained period of deficits will erode that local government's ability to maintain both its operational service level and asset base.

If Ratio > 0.15	strong operating surplus which gives flexibility in relation to future operational service levels and asset base.
If Ratio > 0.00 and < 0.15	should closely monitor with improvements made where possible to increase capacity to give flexibility

in relation to future operational service levels and asset base.
If Ratio ≤ 0.00 experiencing an operating deficit.

It is worth noting that while the draft budget indicates a small operating surplus, this does not allow for in excess of \$340,000 of operating costs which Council will carry forward into the 2018/19 financial year. When taking this into account, the Council will return a greater operating surplus.

Own Source Revenue Ratio

Measures the local government's ability to cover operating expenses from own source revenue. The higher the ratio, the more self-reliant the local government is. Allows greater flexibility as less external funds are required for operational purposes.

If Ratio > 0.9 satisfactory.
If Ratio > 0.6 and < 0.9 will need to improve if it hopes to maintain and improve the current service levels of its asset base.
If Ratio < 0.6 needs to examine the level of its own source revenue given current levels of operating expenses.

CONSIDERATIONS

Strategic Community / Corporate Business Plan
Theme Area 6: Governance & Leadership.

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

Financial / Resource Implications
Refer to Attachment 1.

Legislative Compliance
Nil.

Policy Implications
Nil.

Stake Holder Engagement / Consultation
Consultation has occurred with Councillors and staff.

Risk Implications
Nil.

OFFICER'S COMMENT

The following changes have been carried out to the draft budget since the Budget Workshops, they are presented in the table below; the current surplus calculated does not include an increase over the 2017/18 rate revenue, the surplus as presented is \$217,616.

Account/Job	Description	Reason	Amount	C/FWD, Grants etc.
Surplus			230,504.00	
5530	Hazard Inspection Contract	Omitted Budget in error	- 12,000.00	
5520	Hazard Reduction Ranger (Recoupable Expenses)	Omitted Budget in error	- 6,000.00	
05063053	Legal expense recovery	Increase to revenue		6,000.00
07143073	Reimbursement, Environmental Sustainability Officer	Grant Payment NRM contribution towards the Environmental Sustainability Officer		25,000.00
10312032	Cemetery Maintenance	Omitted budget in error, cemetery contract	- 44,000.00	
05067024	Light Tanker Fire Appliance Irishtown BFB	BFB Light Tanker (Irishtown), plus revenue	- 169,800.00	169,800.00
11341002	Rec centre Salaries	Correction	13,072.00	
1303	Rubbish Site Maintenance	Old Quarry Maintenance, weigh bridge	- 35,000.00	
1503	Rehabilitation Investigation Old tip Site	Rehabilitation Investigation Old Tip Site		35,000.00
10253053	Reimbursements Scrap Metal	Omitted budget in error, transferred to reserve	- 20,000.00	20,000.00
5140	Removed Seat Henry Street from budget	C/fwd in error	5,000.00	
05063063	BFB ESL Grant	Grant prepaid added C/fwd	44,440.00	- 44,440.00
05083003	SES ESL Grant	Grant prepaid added C/fwd	8,895.00	- 8,895.00
Amended Surplus			217,576.00	

Wages & Salaries

There has been a provision included within the budget for a general 2% increase in salaries across the organisation. In addition, there has been three new positions for the BKB Centre costing Council an additional \$107,400, the club development officer has also been removed due to the loss of funding.

The Table below represents the total increase as presented, after excluding the additional staff associated with the BKB Centre the percentage increase is 2.2%.

Total Gross Budgeted Salaries 2017/18	7,199,119
Total Gross Budgeted Salaries 2018/19	7,468,433
Difference	269,314
Percentage increase	3.7%

Rates

Council has in previous years taken a responsible approach to increasing rates. The table below illustrates the Council's position over the last 4 years. The proposed 2.5% rate increase is in line with the parameters established within the Long Term Financial Plan.

Year	2014/15	2015/16	2016/17	2017/18	2018/19 proposed	2018/19 LTFP
% Rate Increase	5.0	3.5	2.86	3.51	2.5	3.5

Projected Surplus

A provision for the end of year tied surplus (30 June 2018) of \$4,870,374 has been incorporated into the current draft budget. This is offset with corresponding expenses for projects that are being carried forward into the 18/19 budget including an allocation of \$220,000 of untied for the purchase of lot 1, GEH from the Department of Education. A calculation of any residual (additional untied) surplus will be undertaken with a separate report to be provided to Council recommending how these funds can be allocated in accordance with Council policy.

The draft budget as presented indicates a surplus of \$217,576. This surplus was calculated taking into account additional revenue of \$120,000 associated with the final year of phasing in rates for those properties **that's valuations changed from UV to GRV (fully rated GRV 2018/19)**, it also includes an allocation for interim rates of \$170,000 relating to development; no general rate increase has been factored in at this stage. In regards to a general rate increase, for every one percent (1%) increase Council will yield approximately \$95,468 of additional revenue.

Local Government Cost Index

WALGA reported that the Local Government Cost Index (LGCI) remains steady at 1.8% for the 2018/19 financial year. Decreasing slightly from the 2017/18 estimated increase of 1.9%.

Figures show that the Perth CPI increased by 1.0% for the twelve months to March 2018. This is however a general measure of inflation, and is not specific to the cost increases faced by local governments in providing services to their local communities. The LGCI as presented above is specific to local government and therefore a more valuable measure of inflation for Council.

Debt Retirement 2014/15

As Council is aware, the Council retired in excess of \$1,000,000 in debt during the 2014/15 financial year. This represented a saving in interest and principal repayments of approximately \$258,965. Given the Council Long Term Financial Plan identifies the need to leverage additional debt in future year's staff have identified these savings as a transfer to the Recreation and Community Facilities Reserve \$158,965 and \$100,000 to the Plant Reserve. This has been done to protect Council from over committing to operational requirements at the risk of impacting its ability to leverage required debt moving forward.

Waste Services

Staff have identified that Waste Services as listed in Sanitation - Household Refuse should be a cost neutral service. Future rehabilitation and development requirements at the rubbish site will potentially require significant funds, hence transferring funds to reserve is being recommended. With this in mind the draft budget incorporates a transfer to the Refuse Site Reserve of \$180,000.

RECOMMENDATION

That Council receives the budget overview as presented.

12.2 ENDORESMENT OF THE DRAFT BUDGET

Address:	Shire of Northam
Owner:	Shire of Northam
File Reference:	8.2.8.1
Reporting Officer:	Colin Young Executive Manager Corporate Service
Responsible Officer:	Colin Young Executive Manager Corporate Service
Voting Requirement	Simple Majority

BRIEF

For Council to give consideration to matters raised by Elected Members and the presented consideration list for incorporation into the 2018/19 annual budget.

ATTACHMENTS

- Attachment 1: Considerations List (provided as a separate attachment to this agenda/minutes).
- Attachment 2: Executive Officers Report Regionals Capital Alliance (provided as a separate confidential attachment to this agenda and minutes).

BACKGROUND / DETAILS

All Elected Members were provided with the opportunity to attend small workshops to allow the Council Finance team to provide an outline of the budget document as presented, answer questions, and provide clarifications. These workshops were well attended and the feedback received from Elected Members has been positive.

The budget document consisted of the draft budget and a list of items for consideration. At the budget workshops Elected Members were provided the opportunity to raise/identify issues they felt warranted further detailed discussion or debate at the Budget Meeting.

CONSIDERATIONS

Strategic Community / Corporate Business Plan
Theme Area 6: Governance & Leadership.

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

The budget has been developed in accordance with the broad parameters established in the range of Council planning documents.

Financial / Resource Implications
Budget Endorsement.

Legislative Compliance
Nil.

Policy Implications
Nil

Stakeholder Engagement / Consultation
Consultation has occurred with Councillors and Staff.

Risk Implications
Nil.

OFFICER'S COMMENT

As a result of the assessments by staff and the workshops held with Elected Members the following information is provided for discussion;

Wundowie Football Oval Goal Posts

A request was received from an elected member for new football goal posts to be installed at the Wundowie Oval, they are estimated to cost \$8,000.

Regionals Capitals Alliance

This item was raised by an elected member to be discussed as to whether or whether not council wanted to remain part of the alliance and why the budgeted fee had increased to \$13,500 from \$12,000 (the 17/18 actual cost was \$8,500) Council staff note the following;

The increase in fees was endorsed at the last Regional Capitals meeting, it is in recognition that the previous budget was subsidised from accumulated surpluses (providing a benefit to the Shire of Northam as it was not part of the accumulation of the surplus).

Attached is the last executive officers report to the alliance. It appears as though the Alliance is starting to get traction with the State Government with a range of Ministers and Directors General attending the meetings so far this year. This provides an intangible benefit for the Shire of Northam to at least be party to discussions with Senior Government representatives.

In addition to the intangible, there are some direct benefits, for example, the recent meeting in Kalgoorlie provided an opportunity to meet with the CEO's

of Verve, Synergy and Western Power to discuss a possible sustainable energy project across the Capitals, this discussion will be ongoing. The last meeting also saw a presentation for the Director General of Department of Communities, who presented a proposed new centralised regional model for community services. Interestingly there was a focus on the South West, great Southern, Goldfields and Pilbara, however no mention of Wheatbelt. As a result of that presentation a meeting is being arranged (by the Regional Capitals Exec Officer) with the Director General to discuss ensuring the model is applied as a matter of priority for Northam and the Wheatbelt. Also as part of the last meeting the CEO is in the process of commencing discussions with a hotel/resort company who are building in a number of the regional capitals (Kalgoorlie & Broome) and have indicated a desire to further develop a presence in other regions - Northam has been put forward.

The regional capitals alliance is viewed as an opportunity to bring Northam into focus and ensure that it is being discussed in the same conversations that key government agencies and senior officers are having about the regions. The Chief Executive Officer would recommend that Council remains a member. (details and appendices included draft budget agenda)

Neighbouring Shires Rate in the Dollar Comparison

GRV Rated Properties 17/18								
		Properties	Rate Dollar	Minimum	Waste	Rateable Value	Rate Revenue	Average Revenue per Property
Notham	Residential	4916	9.6004	905	250	62876920	6427777	1308
	Commercial	310	10.58	905	250	13472104	1451664	4683
Cunderdin		507	8.17	671	237	5719178	519945	1026
Goomalling		429	10.5	920	N/A	3037434	372786	869
Toodyay	General	731	12.07	1290	230	8641984	1170324	1601
	Commercial	35	15.27	1290	250	1234501	190209	5435
	Commercial Industrial	31	12.07	1290	N/A	458386	62836	2027
	Rural	1553	11.15	1290	N/A	17961215	2285308	1472
Mundaring		15277	8.01	816	477	327929539	26356833	1725
York		1966	11.849	1080	200	22177900	3221859	1639
UV Rated Properties 16/17								
		Properties	Rate Dollar	Minimum		Rateable Value	Rate Revenue	Average Revenue per Property
Northam	Rural Local	439	0.5949	905		141102029	862299	1964
	Rural Regional	331	0.521	905		127629400	703341	2125
	Rural Small Holdings	91	0.7404	905		16029000	118735	1305
Goomalling	General	293	0.71	1135		173720671	1275571	4353
	Rural Special	18	1.29	1135		1690500	22400	1244
	Rural Zone 2	70	0.65	1100		21220500	143934	2056
Cunderdin	Mining	1	0.9261	671		17928	642	642
	General	380	0.9261	671		154628600	1457154	3835
Toodyay	General UV	565	1.067	1290		106490571	1206857	2136
	UV Rural	180	0.8871	1290		149741000	1328352	7380
Mundaring	UV Rural	244	0.539772	1031		148145435	803494	3293
York		653	0.9006	1430		205893992	2316171	3547

(The total rates increase percentage will be calculated by dividing the projected 2018/19 rate requirement by the actual rates levied at June 30, 2017)

plus interim rates raised during 2017/18 \$30,000 and the \$90,000 to be raised from the reclassification of UV rated properties to GRV rated properties).

RECOMMENDATION

That Council suspends Standing Orders 9.1 to 9.3 to allow further discussion pertaining to the budget content.

RECOMMENDATION

That Council resumes Standing Orders 9.1 to 9.3 to allow formal debate pertaining to the budget content.

RECOMMENDATION

That Council endorse the 2018/19 Draft Budget as presented with the following adjustments:

1. Including the following items from the considerations list presented;
2. Authorise the Chief Executive Officer to advertise the proposed differential rating based on an estimated total rates levied increase of approximately _____%.

13. MATTERS BEHIND CLOSED DOORS

Nil.

14. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

15. URGENT BUSINESS APPROVED BY PERSON PRESIDING OR BY DECISION

Nil.

16. DECLARATION OF CLOSURE