



Shire of Northam
Heritage, Commerce and Lifestyle

Shire of Northam

Agenda

Special Council Meeting

29 June 2017



NOTICE PAPER
Ordinary Council Meeting
29th June 2017

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 29th June 2017 at 7:00pm.

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.

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1. DECLARATION OF OPENING

2. ATTENDANCE

Council:

Shire President
Deputy Shire President
Councillors

S B Pollard
T M Little
D G Beresford
J E Williams
J Proud
R W Tinetti
C L Davidson
U Rumjantsev
C R Antonio
D A Hughes

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

Nil.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

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 separate).

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 road program 1 January 2017
- Endorsement of the long term financial plan 15 March 2017
- Adoption of the 2017/18 fees and charges 17 May 2017
- Endorsement of the draft plant program 17 May 2017
- Endorsement of draft footpath program 17 May 2017
- Endorsement of Community Assistance Applications 17 May 2017
- Endorsement of draft building maintenance program 25 June 2017

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;

2017/18		
Ratio	LTFP	Draft Budget
Debt Service Ratio	9.57%	12.08%
Operating Surplus Ratio	4.68%	2.50%
Own Source Revenue Ratio	75.64%	73.50%

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 10 year period at 3.45% interest per annum; the debt service ratio would be approximately 8.78%.

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 deficit, this does not allow for in excess of \$600,000 of operating costs which Council will carry forward into the 2016/17 financial year. When taking this into account, the Council will return a small 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

Objective G2: Improve organisational capability and capacity.

Strategy G2.3: Operate in a financially sustainable manner.

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 incorporating a 3.5% rate increase over the 2016/17 rate revenue as presented is \$217,781.

Account/Job	Description	Reason	Amount	C/FWD, Grants
Surplus Deficit			232,635.00	
6425	POS Improvements	Additional Payment 16/17	19,651.00	- 19,651.00
04052082	Audit Fees	Inclusion Internal Audit	20,000.00	
04042112	Regional Council Expenses	Removed Provision for Equipment	1,000.00	
10302002	Consultants	Removed Developer Contribution Plan that had been duplicated	5,000.00	
13452142	Festivals and Events	Increase Wundowie Iron Festival Fun	1,000.00	
04058002	Admin Overheads	General Adjustment	146.00	
6428	Lighting Hoopers Park	Removed from Budget due to job being completed 16/17	10,000.00	- 10,000.00
11342032	Lock and Light Program	Omitted Budget in in error	19,880.00	19,880.00
04059034	Intra Maps	Omitted Budget in in error	9,352.00	9,352.00
Surplus Deficit			217,781.00	

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 minor changes to the structure of the Development and Community Services Departments to better reflect the needs of Council, they are highlighted below;

1. Health Department, Administration Assistant position removed, and the inclusion of an Environmental Sustainability Officer funded by a NRM grant received during 2016/17 for the 2017/18 year.
2. Building Department, proposed removal of the Trainee Building Surveyor replaced by a 4 day per week Development Services Officer.
3. Planning Department, removal of a Planning Officer and inclusion of a Compliance Officer.
4. Rangers Department, removal of a Ranger's Position.
5. Community Services, inclusion of a part-time Administration Assistant.
6. Swimming Pool, Removal of the Aquatics Center Manager.
7. AEIC, a new trainee has been employed.

In addition to the above there is also the inclusion of two additional Works staff in the Considerations list for the Rural Drainage crew, please refer considerations list for details. The table below represents the total increase as presented, the additional drainage crew has not been included:

Total Gross Budgeted Salaries 2016/17	7,081,977
Total Gross Budgeted Salaries 2017/18	7,105,189
Difference	23,212
Percentage increase	0.33%

With road program funding now confirmed and detailed costing completed, the following proposed road projects have been removed from the 2017/18 proposed Road Program which were previously endorsed by Council in May 2016.

Location	SLK From	SLK To
Yilgarn Avenue	2400	2800
Cecil Road	10	140
Jennapullin Road	880	2100
Spencers Brook Road	11900	14600
Spencers Brook Road	16400	17400
Mitchell Ave	1700	4100
Bryant Street	300	400
Stoke Avenue	150	270

Council has in previous years taken a responsible approach to increasing rates. The table below illustrates the Councils position over the last 4 years. The proposed 3% rate increase is in line with the parameters established within the Long Term Financial Plan.

Year	2013/14	2014/15	2015/16	2016/17	2017/18 proposed	2017/18 LTFP
% Rate Increase	5.0	5.0	3.5	2.86	3.5	3.5

Projected Surplus

A provision for the end of year tied surplus (30 June 2017) of \$6,295,090 has been incorporated into the current draft budget. This is offset with corresponding expenses for projects that are being proposed to be carried forward including an allocation of \$195,363 of untied allocated to the AEIC. 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.

The draft budget as presented indicates a surplus of \$217,781. This surplus was calculated taking into account a general increase in rates of 3.5% with a provision made for the additional \$170,000 in rates that will be raised due to the change in valuation for rural residential properties within the Shire, (being phased in second year 2/3 GRV, 1/3 UV). In regards to a general rate increase, for every one percent (1%) increase Council will yield approximately \$90,000.

Local Government Cost Index

WALGA reported that the Local Government Cost Index (LGCI) is forecasted to increase by 2.0% for the 2017/2018 financial year. Increasing from the 2016/17 actual increase of 1.0%.

Figures show that the Perth CPI also increased by 1.0% for the twelve months to March 2017. 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 \$56,940. The follow capital and cell development works have also been included in the budget;

- Cell Development Inkpen \$142,560
- Drainage Works Old Quarry C/Fwd \$100,000

RECOMMENDATION

That Council receives the budget overview as presented, endorsing the removal of the following projects from the draft road program as referred to budget by Council In January 2017;

- a. Yilgran Avenue**
- b. Cecil Road**
- c. Jennapullin Road**
- d. Spencers Brook Road (SLK 11900 to 14600)**
- e. Spencers Brook Road (SLK 16800 to 17400)**
- f. Mitchell Ave**
- g. Bryant Street**
- h. Stoke Avenue**

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 2017/18 annual budget.

ATTACHMENTS

Attachment 1: Considerations List, supplied to Elected Members as a separate attachment to this agenda/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

Objective G2: Improve organisational capability and capacity.

Strategy G2.3: Operate in a financially sustainable manner.

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;

Consultants

This item was raised by a Councillor for discussion and clarification, consultant fees relate to the items disclosed in the table presented below;

Consultant Fees Governance	
	\$
HR Consultants	5,000.00
Crime Prevention Plan	5,000.00
Branding Marketing Northam	20,000.00
Business Case	10,000.00
Reconciliation Action Plan C/fwd	5,000.00
Community Plan C/fwd	10,000.00
Business Case CBD C/fwd	60,000.00
Urban Renewal planning C/fwd	30,000.00
Strategic Community Plan C/fwd	20,000.00
Perceptions Survey Staff C/fwd	10,000.00
Total	175,000.00
Consultant Fees Planning	
Review Town Centre Parking Strategy	10,000
Update Community Infrastructure Plan	10,000
Review Developer Contribution Plan	10,000
Review TPS #6 LPS	30,000
Omnibus Amendment	5,000
Miscellaneous	5,000
Total	70,000

Avon River, Investigations Environmental Works, \$10,000

The Environmental Sustainability Officer will have a report carried out on the river with the aim of developing a program of vegetation and water rehabilitation.



Neighbouring Shires Rate in the Dollar Comparison

GRV Rated Properties 16/17								
								Average Revenue per Property
		Properties	Rate Dollar	Minimun	Waste	Rateable Value	Rate Revenue	
Notham	Residential	4837	9.298	890	247	59537089	5944233	1229
	Commercial	309	10.285	890	247	13164597	1380268	4467
Cunderdin		510	9.7551	642	301	4603702	497671	976
Goomalling		430	12.23	940	N/A	1724663	383359	892
Toodyay	General	502	12.62	1265	230	5939508	818106	1630
	Commercial	38	15.04	1265	250	1272357	194280	5113
	Commercial Industrial	10	13.78	1265	N/A	193636	26683	2668
	Rural	2	12.62	1265	N/A	24752	3168	1584
Mundaring		11502	7.7868	790	465	219679369	17212644	1496
York		1961	11.673	1480	200	23735550	3159403	1611
UV Rated Properties 16/17								
								Average Revenue per Property
		Properties	Rate Dollar	Minimun		Rateable Value	Rate Revenue	
Northam	Rural Local	444	0.584	890		139643202	843270	1899
	Rural Regional	330	0.484	890		127639339	652947	1979
	Rural Small Holdings	83	0.6974	890		15808000	110539	1332
Goomalling	General	293	0.7373	1090		157821094	1197926	4088
	Rural							
	Special Rural Zone 2	18	1.23	1090		1851500	23041	1280
		69	0.62	1090		20646500	133539	1935
Cunderdin	Mining	1	0.09566	642		17928	642	642
	General	377	0.09566	642		143593400	1393545	3696
Toodyay	General	1933	1.0167	1265		279756535	3070478	1588
	UV							
	Morangup	363	0.907	1265		70417000	624773	1721
	UV Rural	230	0.9189	1265		150612000	1383974	6017
Mundaring	UV Rural	238	0.4841	998		158485000	767226	3224
York		654	0.8873	1480		241289671	2270807	3472

Chamber of Commerce

The following information was requested by an Elected Member, the Northam Chamber of Commerce has 95 registered Members.

Footpath Minson Avenue

A request was received from an elected Member to include for consideration a footpath from Grey Street to Gordon Place on the south side of Minson Avenue.

National Ballooning Championships

Total estimated Visitors during the 2015 Championships was 5,000 with an estimated total economic benefit of \$2,232,000, State Wide. Tourism WA have informed Staff that a Cost Benefit Analysis will be carried out after this year's event to assert the economic benefit from the Championship's.

Staff are suggesting that the Council assess the items listed within this report and make a determination if the information provided warrants any further action in relation to amending the draft budget document.

Once this has been completed Council will need to make an assessment of the items on the consideration list and determine which of these will and will not be included in the final budget document.

At the completion of the above process, the Council will be in a position to endorse its draft budget, in the context of the impact this will have on rate revenues. Once the Council has adopted the draft budget staff will finalise rate modelling, advertise the rates as required by the Local Government Act 1995 and present a final report to Council in August for adoption.

(The total rates increase percentage will be calculated by dividing the projected 16/17 rate requirement by the actual rates levied at June 30, 2016 plus interim rates raised during 2016/17 and the \$170,000 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 2017/18 Draft Budget as presented with the following adjustments;

- 1. Including the following items from the considerations list presented;**
- 2. Exclude the following items from the presented draft budget;**
- 3. Authorise staff 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