



Shire of Northam
Heritage, Commerce and Lifestyle

Shire of Northam

Agenda

Special Council Meeting

24 July 2019



NOTICE PAPER
Special Council Meeting
24 July 2019

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 24 July 2019 at 5:00pm.

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

C R Antonio
 M P Ryan
 J E G Williams
 C L Davidson
 R W Tinetti
 S B Pollard
 A J Mencshelyi
 T M Little
 J Proud
 C P Della

Staff:

Chief Executive Officer	J B Whiteaker
Executive Manager Engineering Services	C D Kleynhans
A/Executive Manager Development Services	C B Hunt
Executive Manager Community Services	R Rayson
Executive Manager Corporate Services	C Young
Executive Assistant – CEO	A C McCall

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 TIME

5.1 PUBLIC QUESTIONS

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

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:	N/A
Owner:	N/A
Applicant:	N/A
File Reference:	8.2.8.1
Reporting Officer:	Colin Young Executive Manager Corporate Service
Responsible Officer:	Colin Young Executive Manager Corporate Service
Officer Declaration of Interest:	Nil.
Voting Requirement:	Simple Majority
Press release to be issued:	No

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 the long term financial plan 23 Jan 2019
- Endorsement of draft 2 year road program 15 May 2019
- Endorsement of draft 2 Year footpath program 15 May 2019
- Endorsement of Community Assistance Applications 15 May 2019
- Endorsement of draft building maintenance program 15 May 2019
- Adoption of the 2019/20 fees and charges 19 June 2019
- Endorsement of the draft plant program 19 June 2019

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 resources 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;

2019/20		
Ratio	LTFP	Draft Budget
Debt Service Ratio	8.46%	7.35%
Operating Surplus Ratio	-0.2%	-0.02%
Own Source Revenue Ratio	74.16%	70%

The draft budget as presented includes additional debt that is proposed to be taken (Northam Aquatic Facility) for a six month period, if this debt was held for the entire year and taken over a 20 year period at 3.50% interest per annum; the debt service ratio would be approximately 6.01%. However if we then eliminated the one of loss associated with sale of land the ratio would improve to 7.63%

It is also noted that the operating result has been impacted by the loss on the sale of the Wellington Street lots, which Council made an informed decision on in order to promote economic development within the community. If these were eliminated the operating surplus it would improve the ratio to in excess of 0.05%

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 \$410,720 of operating costs which Council will carry forward into the 2019/20 financial year. When taking this into account, the Council will return an 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 and are presented in the table below; the current surplus calculated does not include an increase over the 2018/19 rate revenue, the surplus as presented is \$23,101.

Account/Job	Description	Reason	Amount	C/FWD, Grants etc.
Surplus			112,001	
04049005	CEO Vehicle Trade	Increased trade	10000	
05067034	Smith Road Water Tank	Missed Draft, 50% Grant	-9800	4900
5250	Rec Centre Roof Access Points	Missed Draft, Offset Trans Reserve	-10648	10648
6345	Old Town Administration Building	Added Rates Charge	-5000	
6155	Bakers Hill Pavilion	Added Annual Floor Cleaning	-1000	
05062112	Fire Prevention Other Costs	Added CBFBO/Depty Honorarium	-13000	
04041012	Salaries Governance		-29748	29748
04041012	Superannuation Governance	CEO LSL, transferred Reserve	-2826	2826
3751	Newman St	Removed C/fwd as completed	17150	-17150
1903	Buildings Rec Centre	Added, Missed in error	-75000	
Surplus			23,101	

Wages & Salaries

There has been a provision included within the budget for a general 2% increase in salaries across the organisation. The additional 0.6% increase is represented by a range of salary adjustments to staff throughout the year. These adjustments (0.6% equates to approximately \$45,000) were for a range of reasons including the perceived need to increase a number of professional position salaries to attract individuals to vacant positions. This was after assessment of the market. It also included performance based increases to a

number of staff and in once instance the removal of a Council provided motor vehicle replaced with a vehicle allowance.

Total Gross Budgeted Salaries 2019/20	7,739,379
Total Gross Budgeted Salaries 2018/19	7,542,855
Difference	196,524
Percentage increase	2.6%

Rates

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 Long Term Financial Plan has a proposed rate increase for the 2019/20 financial year of 3.5%.

Year	2015/16	2016/17	2017/18	2018/19	2019/20 LTFP
% Rate Increase	3.5	2.86	3.51	2.52	3.5

Projected Surplus

A provision for the end of year tied surplus (30 June 2019) of \$4,593,608 has been incorporated into the current draft budget. This is offset with corresponding expenses for projects that are being carried forward into the 19/20 budget. It includes an allocation of \$45,119 of untied for additional expenditure associated with the Northam Aquatic Facility, as per the table presented below;

Additional Expenditure Northam Aquatic Facility	
Legal Costs (drafting of contract)	10,336
Procurement	11,349
Cleaning of Drainage (adjacent to site)	8,600
Other (Small Items)	687
Additional Site Visits Project Management	14,147
Total	45,119

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 \$111,101. This surplus was calculated taking into account an allocation for interim rates of \$60,000 relating to development; and 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 \$101,151 of additional revenue.

Local Government Cost Index

WALGA reported that the Local Government Cost Index (LGCI) remains steady at 1.8% for the 2019/20 financial year. That being a decrease slightly from the previous estimated increase of 2.0%.

Figures show that the Perth CPI increased by 1.25% for the twelve months to March 2019. 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 accurate measure of inflation for Council.

RECOMMENDATION

That Council receives the budget overview as presented.

12.2 ENDORESMENT OF THE DRAFT BUDGET

Address:	N/A
Owner:	N/A
Applicant:	N/A
File Reference:	8.2.8.1
Reporting Officer:	Colin Young Executive Manager Corporate Service
Responsible Officer:	Colin Young Executive Manager Corporate Service
Officer Declaration of Interest:	Nil.
Voting Requirement:	Simple Majority
Press release to be issued:	No

BRIEF

For Council to give consideration to matters raised by Elected Members and the presented consideration list for incorporation into the 2019/20 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;

Signage

It was requested from an Elected Member that a discussion would be beneficial around signage including the allocations for Wayfound 35k, the tower GEH 10k and BKB signage requirements.

Elective Members Band

This item was raised by an Elected Member to be disclosed as to where Elected Members sit within the Salaries and Allowances Tribunal band 2 for Elected Members.

Elected Members Prescribed Attendance Fees, Band 2						
	Council Member			Shire President		
	Minimum	Actual	Maximum	Minimum	Actual	Maximum
Meeting Fees	14,865	19,750	23,230	14,865	23,600	31,149
% of Maximum		58%			54%	
Presidential Allowance				15,377	45,000	63,354
% of Maximum					62%	
Deputy President Allowance (25% of Presidents allowance)					11,250	

Elected Members currently receive the maximum telecommunications allowance of \$3,500 per annum.

Roads not Included in the Draft Budget

The following is a list of roads that are not included in the Draft Budget that were included in the proposed Draft Roads Program adopted by council on the 15 May 2019.

Roads Removed from Roads Program	
Name	Materials
Lyon Street (0-600)	\$115,254
Oliver Street (0-410)	\$262,302
Forrest Street (420-720)	\$138,386
Harvey Road (0-470)	\$ 33,697

Remaining of the River Town Pool Dredging Reserve to The River Management Reserve

Staff are suggesting the renaming and repurposing of the River Dredging Reserve to widen the scope of works that can be funded. The purpose is recommended to be changed from **Provision for dredging and maintenance of the River Town Pool** to **Provision for maintaining, rehabilitation and dredging of the Town Pool and River including the River Banks**.

Percentage Increase Rates

The total rates increase percentage will be calculated by dividing the projected 2019/20 rate requirement by the actual rates levied at June 30, 2018 plus interim rates raised during 2018/19 \$202,323.

RECOMMENDATION

That Council suspends Standing Orders 8.5 and 8.9 to allow further discussion pertaining to the Budget content.

RECOMMENDATION

That Council resumes Standing Orders 8.5 and 8.9 to allow formal debate pertaining to the Budget content.

RECOMMENDATION

That Council endorse the 2019/20 Draft Budget as presented with the following adjustments:

- 1. Including the following items from the considerations list presented;**
- 2. Rename the River Town Pool Dredging Reserve to the River Management Reserve with the purpose being; Provision for maintaining, rehabilitation and dredging of the Town Pool and River including the River Banks**
- 3. 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 DECISION

Nil.

16. DECLARATION OF CLOSURE