

Ordinary Council Meeting

Minutes for 25 February 2013

UNCONFIRMED



**shire of
kalamunda**

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MINUTES

1.0 OFFICIAL OPENING

1.1 The Chairman opened the meeting at 6.35pm and welcomed Councillors, Staff and Members of the Public Gallery.

2.0 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

2.1 Attendance

Councillors

Sue Bilich	(Chairman) (Shire President)	North Ward
Margaret Thomas		North Ward
Noreen Townsend		South West Ward
Justin Whitten		South West Ward
Geoff Stallard		South East Ward
Frank Lindsey		South East Ward
John Giardina		South East Ward
Bob Emery		North West Ward
Dylan O'Connor		North West Ward

Members of Staff

Rhonda Hardy	Acting Chief Executive Officer
Clayton Higham	Director Development & Infrastructure Services
Darrell Forrest	Manager Governance
Sam Assaad	Manager Infrastructure Operations
Andrew Fowler-Tutt	Manager Development Services
Rajesh Malde	Manager Financial Services
Peter Hayes	Internal Auditor
Warwick Carter	Manager Economic Property & Procurement Services
Michelle Clark	Executive Assistant
Meri Comber	Governance Officer

Members of the Public 8

Members of the Press Nil

2.2 Apologies

Councillors

Martyn Cresswell	North West Ward
Allan Morton	South West Ward

2.3 Leave of Absence Previously Approved Nil

3.0 PUBLIC QUESTION TIME

A period of not less than 15 minutes is provided to allow questions from the gallery on matters relating to the functions of Council. For the purposes of Minuting, these questions and answers are summarised.

Questions Tabled at Public Question Time 17 December 2012

3.1 Clive Garnham – Aged Care Accommodation

Q.1 I direct my question through the chair to Councillor Margaret Thomas. At the Ordinary Council Meeting on 15 August 2011, the following motion was passed by Council:

“That the Shire of Kalamunda, noting its documented need for Aged Care facilities as set out in the Shire's *Aged Accommodation Strategy*, which shows a shortfall of 421 Nursing Home beds over the next 15 years, request the Shire President write separately to the Premier, the Minister for Health, the Treasurer, the Minister for Planning and the Leader of the Opposition, expressing its concerns:

(iv) that the Minister for Planning and officers of the Department of Planning are being unduly swayed by a campaign of deliberate misinformation by a single issue lobby group.”

Can Margaret Thomas state who the single issue lobby group was? Can she also state what the deliberate misinformation was to which she was referring to?

Q.2 Could the Chair please request that Cr Stallard list some of the positive benefits to the ratepayers of Kalamunda that he expects to achieve by debating a motion to express disappointment in the Minister Day's decision to reject Amendment 18?

A. These questions refer to opinions or views of individual councillors and are not related directly to the affairs of the local government (Shire of Kalamunda). Therefore, as provided in Regulation 4 (a) of the *Local Government (Administration) Regulations 1996*, these questions will not be responded to.

3.2 Jane Genovese – Aged Care Accommodation

Q.1 Why has Councillor Geoff Stallard put forward a motion for the council to express extreme disappointment in Minister for Planning John Day's decision regarding Amendment 18?

Q.2 Is Geoff Stallard aware of the fact that the site (32 Gavour Road, Wattle Grove) is not able to be serviced by reticulated sewerage and that the Western Australian Planning Commission said it was an inappropriate location for an aged care facility?

Q.3 Has Geoff Stallard read the Minister for Planning's public statement in relation to Amendment 18 in which he states “.... All issues considered, the only proper decision is to not approve the Amendment. To do otherwise would be to continue a false expectation regarding the community's desire for additional residential aged care facilities on this particular site”?

- Q.4 Given the site has been deemed to be not appropriate and even unable to deliver aged care services to the elderly in this Shire, who is Geoff Stallard representing when he puts forth such a motion?
- Q.5 At the Ordinary Council Meeting on 15 August 2011, the following motion was passed by Council:

“That the Shire of Kalamunda, noting its documented need for Aged Care facilities as set out in the Shire's *Aged Accommodation Strategy*, which shows a shortfall of 421 Nursing Home beds over the next 15 years, request the Shire President write separately to the Premier, the Minister for Health, the Treasurer, the Minister for Planning and the Leader of the Opposition, expressing its concerns:

- (iv) that the Minister for Planning and officers of the Department of Planning are being unduly swayed by a campaign of deliberate misinformation by a single issue lobby group.”

Can Councillor Margaret Thomas who put forth the motion state who the single issue lobby group was to which she was referring to? Can Councillor Margaret Thomas state what the deliberate misinformation was to which she was referring to?

- A. These questions refer to opinions or views of individual councillors and are not related directly to the affairs of the local government (Shire of Kalamunda). Therefore, as provided in Regulation 4 (a) of the *Local Government (Administration) Regulations 1996*, these questions will not be responded to.

Questions Tabled at Public Question Time 25 February 2013

Four written questions were submitted to the meeting and circulated to Councillors and staff. The Shire President suggested that the answers could be taken on notice; however Director Development & Infrastructure Services felt that they could be answered, in part, at this meeting.

Jane Genovese – Aged Care Accommodation

- Q.1 At the Ordinary Council Meeting on 15 August 2011, the Shire adopted the Resolution that the Shire President would write to the Premier and a number of other politicians expressing its concerns about issues relating to Amendment 18 (the rezoning of 32 Gavour Road, Wattle Grove). Point 11.1.4 of the Resolution states that “the Minister for Planning and officers of the Department of Planning are being unduly swayed by a campaign of deliberate misinformation by a single issue lobby group”. Can the Shire provide information and evidence to support this particular point, specifically what the deliberate misinformation was?
- A. Director Development & Infrastructure Services did not believe that the Shire was swayed, the issue was dealt with on its merits.
- Q.2 Has the Shire obtained and read a copy of the Western Australian Planning Commission's Officer's Report to the Statutory Planning Committee in relation to Amendment 18? If not, do they intend to do so?

- A. Director Development & Infrastructure Services confirmed that he had read Amendment 18.
- Q.3 The Western Australian Planning Commission's Officer's report for the rezoning of 32 Gavour Road, Wattle Grove (ie Amendment 18) states that it was "highly questionable" that the Shire chose to focus on rezoning a small rural landholding isolated from essential services and infrastructure to facilitate an urban use, when the Sub-Regional strategy identified 200ha of undeveloped urban zoned land in the Shire of Kalamunda. Can the Shire provide an explanation of the planning principles that led it to focus on pursuing 32 Gavour Road, Wattle Grove?
- A. Director Development & Infrastructure Services indicated that the Shire did not focus on Gavour Road; principles are contained within the Local Planning Strategy.
- Q4. The WAPC planning officer's report also states that "the Council's engagement with the community appears to be dismissive of the objections raised to the proposal without proper justification". Can the Shire of Kalamunda acknowledge this independent assessment that the Council has failed to provide adequate detail and reasoning for why the concerns of Wattle Grove residents should be dismissed?
- A. The Officer's Report did not fail to provide detailed and adequate reasoning.

4.0 PETITIONS/DEPUTATIONS

4.1 Nil.

5.0 APPLICATIONS FOR LEAVE OF ABSENCE

5.1 Nil.

6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

6.1 RESOLVED OCM 01/2013

The words "Regulations 1996 (Regulation 12)" be removed from Resolution OCM 188/2012, Item 10.2.10, from the 17 December 2012 Minutes, following which the Minutes of the Ordinary Council Meeting held on 17 December 2012 are confirmed as a true and accurate record of the proceedings.

Moved: **Cr Bob Emery**

Seconded: **Cr Geoff Stallard**

Vote: **CARRIED UNANIMOUSLY (9/0)**

7.0 ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION

7.1 The Shire President had had a meeting with Minister John Day and \$1 million has been promised for the Kostera Oval project should the State Liberal Party be re-elected.

7.2 The Shire President reported that during the week she and the Acting Chief Executive Officer had signed a Memorandum of Understanding with the Shire of Wandering for Building and Health Services.

8.0 MATTERS FOR WHICH MEETING MAY BE CLOSED

8.1 **D&I 14. Preferred Tenderer – Wattle Grove Nature Playspace Cell 9**
(Confidential Attachment 1) Provided under separate cover.
Reason for confidentiality. *Local Government Act 1995 S5.23 (2) (c) – “a contract entered into, or which may be entered into, by the local government which relates to a matter to be discussed at the meeting”.*

8.2 **D&I 15. CONFIDENTIAL ITEM - Restructure of Technical Services and Infrastructure Operations Business Units**
Reason for confidentiality. *Local Government Act 1995 S5.23 (2) (a) – “a matter affecting an employee or employees”.*

8.3 **CEO 10.3.6 Chief Executive Officer – Recruitment Process**
(Confidential Attachment 1) Provided under separate cover.
Reason for Confidentiality – *Local Government Act 1995: Section 5.23 (2) (c), “a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting”.*

(Confidential Attachment 2) Provided under separate cover.

Reason for Confidentiality – *Local Government Act 1995: Section 5.23 (2) (c), “a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting”.*

9.0 DISCLOSURE OF INTERESTS

9.1 Disclosure of Financial and Proximity Interests

- a. Members must disclose the nature of their interest in matters to be discussed at the meeting. (Sections 5.60B and 5.65 of the *Local Government Act 1995*.)
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the *Local Government Act 1995*.)

9.1.1 Clayton Higham and Rhonda Hardy declared a Disclosure of Financial interest with regard to Item 10.3.1 as the leave arrangements impact on their positions.

9.2 **Disclosure of Interest Affecting Impartiality**

- a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

9.1.2 Nil.

10.0 REPORTS TO COUNCIL

Please Note: declaration of financial/conflict of interests to be recorded prior to dealing with each item.

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

10.1 Development & Infrastructure Services Committee Report

10.1.1 Adoption of Development & Infrastructure Services Committee Report

RESOLVED OCM 02/2013

Voting Requirements: Simple Majority

That the recommendations contained in the Development & Infrastructure Services Committee Report of 11 February 2013 be adopted.

Moved: **Cr Justin Whitten**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY (9/0)**

10.1.2 D&I 01 Amendment to Local Planning Scheme No. 3 – Modifications to the Site Requirements Table D&I 97 Delegation and Authorisations – *Building Act 2011*

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Adopts the following varied delegation and authorisations as shown in BLD 1 - Delegation – Building Services (Attachment 1).

Initiates the amendment to Local Planning Scheme No. 3, in accordance with the following:

<p>PLANNING AND DEVELOPMENT ACT 2005 RESOLUTION DECIDING TO AMEND A LOCAL PLANNING SCHEME SHIRE OF KALAMUNDA LOCAL PLANNING SCHEME NO. 3 AMENDMENT NO.</p>
--

Resolved that Council, in pursuance of Part 5 of the *Planning and Development Act 2005*, amends the above Local Planning Scheme as follows:

- (a) Modify the provisions stipulated under Table 2 (Site Requirements) of Local Planning Scheme No. 3 for Residential zoned properties, as follows:

Residential	As per the Residential Design Codes.
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The amendment documents being adopted by Council and the Amendment being formally advertised for 42 days in accordance with the provisions of the *Town Planning Regulations 1967*, without reference to the Western Australian Planning Commission.

10.1.3 D&I 02 Amendment to Local Planning Scheme No. 3 – Additional Use (Chalets) – Lot 203 (91) Tanner Road, Carmel

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Initiates the amendment to Local Planning Scheme No. 3, in accordance with the following:

<p>PLANNING AND DEVELOPMENT ACT 2005 RESOLUTION DECIDING TO AMEND A LOCAL PLANNING SCHEME SHIRE OF KALAMUNDA LOCAL PLANNING SCHEME NO. 3 AMENDMENT NO.</p>			
<p>Resolved that Council, in pursuance of Part 5 of the <i>Planning and Development Act 2005</i>, amends the above Local Planning Scheme as follows:</p>			
<p>(a) Amending Schedule 2 (Additional Uses) by including the following provision:</p>			
NO.	DESCRIPTION OF LAND	ADDITIONAL USE	CONDITIONS
49.	Lot 203 (91) Tanner Road, Carmel	Chalets	The uses are not permitted unless approval is granted by the Local Government ("D")
<p>The amendment documents being adopted by Council and the Amendment being formally advertised for 42 days in accordance with the provisions of the <i>Town Planning Regulations 1967</i>, without reference to the Western Australian Planning Commission.</p>			

10.1.4 D&I 03 Office Extensions – Lot 210 (161) Chisholm Crescent, Kewdale

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Approves the application dated 5 November 2012 for extensions to the existing office building at Lot 210 (161) Chisholm Crescent, Kewdale, subject to the following conditions:

- a. The provision and maintenance of a total of 16 car spaces including a minimum of one disabled bay.
- b. All car parking bays and vehicle access ways being maintained by the landowner to the satisfaction of the Shire.
- c. The external colour and material details of the proposed extensions blending with existing development on the property.
- d. Colour and material details of the proposed extension are to be submitted to and approved by the Shire prior to the building licence being issued.

10.1.5 D&I 04 Proposed Closure of Pedestrian Access Way Closure – Parrot Court and Sparrow Court, High Wycombe

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Agrees to the closure of the pedestrian access way between Parrot Court and Sparrow Court, High Wycombe, and that the proposal be advertised for 21 days.

10.1.6 D&I 05 State Underground Power Program – Localised Enhancement Project - Kalamunda Town Centre

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Notes the selection of the Kalamunda Town Centre as a Localised Enhancement Project and authorises the Shire staff to proceed with the tasks listed in the *Detailed Proposal Stage Responsibilities* (Attachment 2) in respect to the State Underground Power Program – Localised Enhancement Project for the Kalamunda Town Centre.
2. Lists for consideration in the mid-year budget review \$12,500 for design costs.
3. Lists for consideration in the 2012/2013 budget \$500,000 for funding of the Localised Enhancement Project for the Kalamunda Town Centre.
4. Advise Western Power of the Shire's desire to proceed with the project.

10.1.7 D&I 06 Old Road Board Street Block - Master Plan

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Adopts the Old Road Board Street Block Master Plan Option 1 – Short to Medium Term.
2. In respect to Option 2 – Long Term, requests the Chief Executive Officer to review the lease agreement with the Perth Transport Authority to assist in discussion with the possible relocation of the bus terminus, investigating the potential for the terminal to be located in Mead Street, and further investigating the use of the land fronting Central Road shown as “parking” on the plan for residential or mixed use.

10.1.8 D&I 07 *Australian Constitution Act 1901* – Will Of The People Demand For Public Works - Pinker Crescent Public Open Space

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Considers an allocation of \$142,000 (\$72,000 in 2013/14 and balance in future years) as part of the long term financial plan for the installation of a shade structure, seating and footpath at the Pinker Crescent Public Open Space;
2. Acknowledges that the current level of seating, sand softfall and weed treatments are in line with the Pinker Crescent Public Open Space’s classification as a Local Level (Developed) Park; and
3. Advises the petitioners of Council’s decision.

10.1.9 D&I 08 Development Assessment Panel – Member Nominations

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Nominates the following members and alternate members for the Development Assessment Panel representing the Metro East Region, and forwards the nominations to the Minister for Planning for consideration:

Members
 - Cr Sue Bilich
 - Cr Bob EmeryAlternate Members:
 - Cr Allan Morton
 - Cr Justin Whitten

10.1.10 D&I 09 Lot 1 (90) Pomeroy Road, Walliston - Application to Keep More Than Two Dogs

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Pursuant to Clause 3.2 of the Shire of Kalamunda Dogs Local Law 2010 made under Section 26(3) of the *Dog Act 1976*, grant an exemption to the applicant of at Lot 1 (90) Pomeroy Road, Walliston, to keep three dogs on this property.

10.1.11 D&I 10 Lot 49 (22) Range View Road, High Wycombe - Application to Keep More Than Two Dogs

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Pursuant to Clause 3.2 of the Shire of Kalamunda Dogs Local Law 2010 made under Section 26(3) of the *Dog Act 1976*, grant an exemption to the applicant of at Lot 49 (22) Range View Road, High Wycombe, to keep three dogs on this property.

10.1.12 D&I 11 Lot 69 (98) Kalamunda Road, Kalamunda - Application to Keep More Than Two Dogs

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Pursuant to Clause 3.2 of the Shire of Kalamunda Dogs Local Law 2010 made under Section 26(3) of the *Dog Act 1976*, grant an exemption to the applicant of at Lot 69 (98) Kalamunda Road, Kalamunda, to keep three dogs on this property.

10.1.13 D&I 12 Lot 102 (217) Pomeroy Road, Lesmurdie - Application to Keep More Than Two Dogs

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Pursuant to Clause 3.2 of the Shire of Kalamunda Dogs Local Law 2010 made under Section 26(3) of the *Dog Act 1976*, grant an exemption to the applicant of at Lot 102 (217) Pomeroy Road, Lesmurdie, to keep three dogs on this property.

10.1.14 D&I 13 Lot 484 (69) Lyndhurst Road, Kalamunda - Application to Keep More Than Two Dogs

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Pursuant to Clause 3.2 of the Shire of Kalamunda Dogs Local Law 2010 made under Section 26(3) of the *Dog Act 1976*, grant an exemption to the applicant of at Lot 484 (69) Lyndhurst Road, Kalamunda, to keep three dogs on this property.

10.1.15 D&I 14 Preferred Tenderer – Wattle Grove Nature Playspace Cell 9

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Endorses the recommendation of the Tender evaluation panel to award the tender RFT 1211 for the construction of the Wattle Grove Nature Playspace to EarthCare Landscapes as per (Confidential Attachment 1) for the amount of \$336,631.51 (ex GST).

10.1.16 D&I 15 CONFIDENTIAL ITEM - Restructure of Technical Services and Infrastructure Operations Business Units

EN BLOC RESOLUTION OCM 02/2013

That Council:

1. Approves the amalgamation of the Technical Services and Infrastructure Operations Business Units and the creation of the following teams Asset Management, Survey and Design, Infrastructure Services, Community Facility Maintenance, Project Delivery and Operations Support Services as per (Attachment 2).

10.2 Corporate & Community Services Committee Report

10.2.1 Adoption of Corporate & Community Services Committee Report

Voting Requirements: Simple Majority

RESOLVED OCM 03/2013

That the recommendations contained in the Corporate & Community Services Committee Report of 18 February 2013, except withdrawn items C&C 06, C&C 07, C&C 08, C&C 09 and C&C 10, be adopted.

Moved: **Cr Noreen Townsend**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY (9/0)**

10.2.2 C&C 01/2013 Creditor Accounts Paid for the Period 5 December to 19 December 2012

EN BLOC RESOLUTION OCM 03/2013

That Council:

1. Receives the list of creditors paid during the period 5 December to 19 December 2012 (Attachment 1) in accordance with the requirements of the Local Government (Financial Management) Regulations 1996 (Regulation 12).

10.2.3 C&C 02/2013 Monthly Financial Statements for the Five Months to 30 November 2012

EN BLOC RESOLUTION OCM 03/2013

That Council:

1. Receives the monthly financial statements for the five months to 30 November 2012, which comprises:
 - Statement of Comprehensive Income by Nature and Type
 - Statement of Comprehensive Income by Program
 - Rate Setting Statement including net funding position
 - Investment Schedule
 - Statement of Financial Position
 - Equity Statement
 - Cashflow Statement
 - Reserve Balances Statement

10.2.4 C&C 03/2013 Monthly Financial Statements for the Six Months to 31 December 2012

EN BLOC RESOLUTION OCM 03/2013

That Council:

1. Receives the monthly financial statements for the six months to 31 December 2012, which comprises:
 - Statement of Comprehensive Income by Nature and Type
 - Statement of Comprehensive Income by Program
 - Rate Setting Statement including net funding position
 - Investment Schedule
 - Statement of Financial Position
 - Equity Statement
 - Cashflow Statement
 - Reserve Balances Statement

10.2.5 C&C 04/2013 Debtors and Creditors Reports for the Period to 31 December 2012

EN BLOC RESOLUTION OCM 03/2013

That Council:

1. Receives the outstanding debtors (Attachment 1) and creditors (Attachment 2) reports for the period to 31 December 2012.

10.2.6 C&C 05/2013 Rates Debtors Report for the Period Ended 31 December 2012

EN BLOC RESOLUTION OCM 03/2013

That Council:

1. Receives the rates debtors report for the period ended 31 December 2012 (Attachment 1).

10.2.7 C&C 11/2013 Local Planning Scheme No. 3 Amendment– Lot 59 (40) Wilkins Road, Kalamunda - Rezone from Regional Reserve – Parks and Recreation to Special Use (Residential Aged Care)

EN BLOC RESOLUTION OCM 03/2013

That Council:

1. Initiates an amendment to Local Planning Scheme No. 3 in accordance with the following:

PLANNING AND DEVELOPMENT ACT 2005
RESOLUTION DECIDING TO AMEND A LOCAL PLANNING
SCHEME
SHIRE OF KALAMUNDA
LOCAL PLANNING SCHEME NO. 3
AMENDMENT NO.

Resolved that the Council in pursuance of Part 5 of the Planning and Development Act 2005 amend the Local Planning Scheme by:

1. Rezoning Lot 59 (40) Wilkins Road, Kalamunda from "Regional Reserve - Parks and Recreation" to 'Special Use (Aged Residential Care)' zone, and
2. Including the 'Special Use' site in Schedule 4, 'Special Use Zones' as follows:

No.	Description of land	Special Use	Conditions
	Lot 59 (40) Wilkins Road, Kalamunda	<p>Aged Residential Care</p> <p>(a) Within this zone, the following uses are permitted (P):</p> <ul style="list-style-type: none"> • Aged Residential Care; • Caretaker's Dwelling; • Consulting Rooms; • Grouped Dwelling; and • Single House <p>(b) Council may approve other ancillary or incidental uses on this site, provided that they form part of the operational business of the facility and which uses might complement or enhance the usual living standards and requirements of residents living in and staff serving a facility of this nature.</p> <p>(c) All other uses not mentioned under Sub Clauses (b) and (c) of this Clause are not permitted (X).</p>	<p>At least one occupant of any dwelling within this facility must generally have reached the age of 55 years.</p> <p>Development must be connected to a reticulated sewer system.</p>

For Separate Consideration

C&C 06/2013, C&C 07/2013 and C&C 08/2013 were withdrawn as they require an absolute majority.

10.2.8 C&C 06/2013 Falls Farm Advisory Committee – Nomination for Membership

Voting Requirements: Absolute Majority

RESOLVED OCM 04/2013

That Council:

1. Appoints Geraldine Smailes, as a representative of the Soroptimist International of Darling Range, as a member of the Falls Farm Advisory Committee.

Moved: **Cr John Giardina**

Seconded: **Cr Geoff Stallard**

Vote: **CARRIED UNANIMOUSLY/ABSOLUTE MAJORITY (9/0)**

10.2.9 C&C 07/2013 Hartfield Park Advisory Committee – Nominations for Membership

Voting Requirements: Absolute Majority

RESOLVED OCM 05/2013

That Council:

1. Appoints Jason Gill representing Forrestfield Cricket Club as a member of the Hartfield Park Advisory Committee.

Moved: **Cr Justin Whitten**

Seconded: **Cr Noreen Townsend**

Vote: **CARRIED UNANIMOUSLY/ABSOLUTE MAJORITY (9/0)**

10.2.10 C&C 08/2013 Scott Reserve Advisory Committee – Nominations for Membership

Voting Requirements: Absolute Majority

RESOLVED OCM 06/2013

That Council:

1. Appoints Craig Gallagher, representing High Wycombe Amateur Football Club, as a member of the Scott Reserve Advisory Committee.

2. Appoints member Aaron Savory, representing High Wycombe Junior Football Club, as a member of the Scott Reserve Advisory Committee.
3. Appoints Brent Scardifield, representing High Wycombe Cricket Club, as a deputy member of the Scott Reserve Advisory Committee.

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Geoff Stallard**

Vote: **CARRIED UNANIMOUSLY/ABSOLUTE MAJORITY (9/0)**

C&C 09/2013 Public Liability Insurance for Groups Hiring Shire Facilities was withdrawn as at the Corporate & Community Services Committee Meeting as the Acting Chief Executive Officer agreed that criteria would be developed for how financial hardship would be determined, prior to the vote being taken at the Ordinary Council Meeting.

The criteria developed was circulated and accepted by Councillors. A Councillor foreshadowed a small change to the Resolution with the addition of the words "and community", the Chair asked if the Mover and Seconder were happy to accept the change. The Seconder was not and withdrew her support, the words were added, a new Seconder was found and a vote taken.

10.2.11

C&C 09/2013 Public Liability Insurance for Groups Hiring Shire Facilities

Voting Requirements: Simple Majority

COMMITTEE RECOMMENDATION TO COUNCIL (C&C 09/2013)

That Council:

1. Requires regular users, individuals or groups that use Shire facilities more than on a one off/occasional basis (ie up to 12 times a year), to have their own Public Liability cover, up to \$10 million for any one occurrence, and provide a copy of the certificate when they renew their annual booking.
2. Will develop, adopt and apply a Risk Assessment Framework, in certain cases, to determine if use will be permitted without insurance. If permission is granted users would need to be prepared to acknowledge that:
 - Members of the group are aware of their responsibilities in relation to their liability if they injure someone or damage property. Any negligence on the part of an individual will be that individuals responsible and they may be legally liability for that action.
 - Members of the group are aware that should damage occur to the building the Shire's insurer may claim all of the costs back from the group or individual/s responsible.

3. Requests the Shire's Public Liability insurance provider, Local Government Insurance Services LGIS Liability Scheme, conduct information session with user groups to explain their responsibilities and options available.
4. Requests the development of a Facility Hire and Usage Policy and a review of process and procedures be undertaken before renewals of bookings are required for 2014.
5. Provides a budget allocation to facilitate donations to Seniors Groups to pay for the Public Liability Insurance if they can demonstrate they have financial hardship and would be unable to operate.

Moved: **Cr Frank Lindsey**

Seconded: **Cr Margaret Thomas**

Vote:

C&C 09/2013 Public Liability Insurance for Groups Hiring Shire Facilities

Voting Requirements: Simple Majority

RESOLVED OCM 07/2013

That Council:

1. Requires regular users, individuals or groups that use Shire facilities more than on a one off/occasional basis (ie up to 12 times a year), to have their own Public Liability cover, up to \$10 million for any one occurrence, and provide a copy of the certificate when they renew their annual booking.
2. Will develop, adopt and apply a Risk Assessment Framework, in certain cases, to determine if use will be permitted without insurance. If permission is granted users would need to be prepared to acknowledge that:
 - Members of the group are aware of their responsibilities in relation to their liability if they injure someone or damage property. Any negligence on the part of an individual will be that individuals responsible and they may be legally liability for that action.
 - Members of the group are aware that should damage occur to the building the Shire's insurer may claim all of the costs back from the group or individual/s responsible.
3. Requests the Shire's Public Liability insurance provider, Local Government Insurance Services LGIS Liability Scheme, conduct information session with user groups to explain their responsibilities and options available.

4. Requests the development of a Facility Hire and Usage Policy and a review of process and procedures be undertaken before renewals of bookings are required for 2014.
5. Provides a budget allocation to facilitate donations to Seniors **and Community** Groups to pay for the Public Liability Insurance if they can demonstrate they have financial hardship and would be unable to operate.

Moved: **Cr Frank Lindsey**

Seconded: **Cr Noreen Townsend**

Vote: **For**
Cr John Giardina
Cr Frank Lindsey
Cr Sue Bilich
Cr Geoff Stallard
Cr Noreen Townsend
Cr Justin Whitten
Cr Bob Emery
Cr Dylan O'Connor

Against
Cr Margaret Thomas

CARRIED (8/1)

C&C 10/2013 Proposed Lease Policy was withdrawn as at the Corporate & Community Services Committee Meeting the Acting Chief Executive Officer suggested the wording could be amended prior to the Ordinary Council Meeting to allow for negotiations of longer leases in extenuating circumstances. (Amended Attachment 4) with revised wording (highlighted in yellow) is attached to these Minutes.

10.2.12 C&C 10/2013 Proposed Lease Policy

Voting Requirements: Simple Majority

RESOLVED OCM 08/2013

That Council:

1. Notes the Summary of Submissions in (Attachment 1).
2. Adopts the Lease Council Policy as set out in (Attachment 3).
3. Notes the Lease Council Policy Procedure in (Attachment 4).
4. Notes that the Chief Executive Officer will finalise any amendments to leases of a routine nature, under current delegated authority (LGA3).

Moved: **Cr Margaret Thomas**

Seconded: **Cr Justin Whitten**

Vote: **CARRIED UNANIMOUSLY (9/0)**

Revised Attachment 4

Community Groups' Lease Policy Procedure

Relevant Shire of Kalamunda Council Policy

Xxx Community Groups' Lease Council Policy

Relevant Shire of Kalamunda Policy

Purpose

The Shire is committed to transparency and equity in all aspects of Leasing to community groups. The purpose of this procedure is to provide clarification regarding:

- Expectations of what the Shire will provide for in Community Buildings.
- Expectations of what the Associations will provide for in Community Buildings.

Definitions

Association	A Community Association incorporated under the <i>Associations Incorporation Act 1987</i> .
Community Building	Means a land, building or other construction controlled by the Shire and the subject of a lease.
Financial Year	Means the year commencing 1 st July in any year and ending 30 June the following year.
Shire	Means the Shire of Kalamunda.
Winding Up	Means an action commenced to lead to the finalisation of the Association.

Detail

LEA1: Community Groups' Lease Council Policy

This guideline is to be read in conjunction with the Community Groups' Lease Council Policy. Where there is any inconsistency, the policy is to prevail to the extent of the inconsistency. The guideline and policy are to be read in conjunction with the *Local Government Act 1995* ("the Act" and Regulations), where there is any inconsistency, the Act prevails to the extent of the inconsistency. Where there is inconsistency between this guideline and/or the policy and the lease document, the lease document prevails.

Actions of the Association

Generally the Associations will be responsible for the day-to-day costs associated with the buildings and any maintenance works considered minor in nature. The Associations are

further responsible for repairing any damage caused due to an act or omission of any member or visitor to their premises.

The Association must use the premises for purposes corresponding to the purpose for which the area is held by the Shire.

The Shire's written consent must be obtained prior to affixing advertising of any sort to the premises.

The Association must immediately notify the Shire where an incident occurs which may jeopardise the health or safety of users or the general public or which may affect the Shire's buildings insurance policy.

The Association is not authorised to engage contractors on behalf of the Shire or to seek reimbursement of costs incurred which have not been authorised by delegated Shire officers prior to the work being done.

It is not possible to complete an exhaustive list of responsibilities, and the list below is to be considered in the spirit of the agreement. These works include, but are not limited to the following:

Item	Comment
Cleaning of the Facility	Includes internal and external cleaning.
Consumables	Utilities, toilet paper, hand towel, soap etc.
Sewer Connection Costs	If connected to sewer.
Septic Tank pump outs	If not connected to sewer – should be undertaken at least every five years.
Grease Trap Pump Outs	If connected to sewer, as directed by the Water Corporation under a licence to discharge waste into the sewer. If not connected to sewer, dependant on usage (generally quarterly) and at the discretion of the Shire.
Licence to discharge waste	Application to Water Corporation and payment of associated initial and ongoing fees. Associated with the installation of a commercial kitchen.
Security Costs	The costs of installation, all call-outs (other than those caused by the Shire), monitoring and maintenance.
Cool Rooms	The Association is responsible for the provision, maintenance and repair of cool rooms.
Air conditioners (reverse cycle)	Cleaning of filters (at least annually to promote air quality).
Appliances	Including Fridges, pie warmers, ice machines and any other electrical appliance.
Rubbish/waste and recycling	
Graffiti	Internally created by members or visitors at the premises.
Insurance	Public Risk, Workers Compensation, Professional Indemnity, Directors and Officers Liability, Volunteer Workers, Contents.
Landscaping	Gardens, where associated with the leased area are to be maintained.
Minor items faulty from "wear and tear"	Items such as tap fittings, shower heads, door closing mechanisms.
Utilities	Shire will use best endeavours to install sub meters but where this is not possible allocations will be mutually agreed.
Any other maintenance issue	

deemed to be minor maintenance	
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Maintenance Register

The Association shall keep a book registering all maintenance works carried out by the Association or its contractors. Associations are required to use registered tradespeople to undertake those works requiring specialist skills, and forward compliance certificates (including septic tank and grease arrestor tank pump outs) to the Shire annually or upon request.

Conditions Precedent and Ongoing Reporting Requirements

Associations shall provide a copy of their Certificate of Incorporation and confirmation that the Association remains registered prior to a lease being entered into.

Associations shall provide to the Shire no less than once per calendar year either on the anniversary of the commencement date of the Lease Agreement or at the request of the Shire:

- Certificates of Currency for Public Liability Insurance.
- A copy of the minutes from the Annual General Meeting of the Association.
- Confirmation of their continuing incorporated Association status.
- A copy of the financial statements for the club for the previous financial year within 120 days of the end of the respective financial year.

Additions or Alterations to a Building

From time to time, Associations may seek the Shire's consent as landlord to make additions or alterations to the Building structure to suit their own particular circumstances. Such requests must be supported by the co-tenants of the building (if any) and must be made using the Shire's "Application to Undertake Additions or Improvements on Shire of Kalamunda Facilities".

The Shire's consent to the Association's request does not constitute a funding approval by the Shire.

Payment of Invoices raised by Shire

Unless previously varied by the Shire in writing all invoices issued by the Shire are to be paid within 30 days of the date of the invoice.

Any dispute in regard to an invoice must be raised prior to expiry of the 30 days and will be dealt with in terms of Clause 12.

Associations may not seek to offset payment claims from other areas of the Shire against invoices raised in relation to the leased premises.

Exclusive Occupancy and Quiet Enjoyment

The Associations can expect quiet enjoyment and exclusive occupancy of the leased area.

Associations may allow the occasional hire of spaces to third parties, however the Shire expects that it will at least be made readily available, under the control of the Association, to fellow Shire of Kalamunda community groups generally on a recovery of cost only basis. This reflects both the subsidised nature of the premises made available by the Shire and the “public open space” nature of vested reserves generally. The Association is responsible for any and all costs for damage caused by an occasional user. Subletting of the premises is prohibited.

The Shire reserves the general right to seek access on its own behalf to the leased area for a community event use no more than two times per year for a period of no more than two weeks in total for which minimum notice of six months will be given and on the basis that the use will not be to the operating or financial detriment of the Association.

Security

Where a security system is installed, the Association will nominate the persons to be informed of an alarm and to provide instructions to the Security firm in regard to reacting to a call out. Where a system is already installed, an Association may choose to have it disconnected.

Actions of the Shire

The Shire may from time to time make available to Associations community buildings for lease. The use of the buildings will be covered by a lease document setting out the terms by which the Shire and Association will abide.

The Shire will be responsible for:

Item	Comment
Major Maintenance	Associations responsible for Minor Maintenance.
Building Insurance;	Associations responsible for Contents, Public Liability and Workers Compensation Insurances.
Electrical Testing and Compliance of Shire fixtures;	Associations responsible for all appliances and fixtures they have brought into the building (ie fridges, cool rooms, air conditioners).
Fire Extinguisher Testing and Service;	As part of the Shire's Compliance approach to satisfy insurance requirements.
Graffiti	On external walls, areas not created by a member or visitor to the premises.
Legal fees	Incurred in association with the granting of a standard lease document.
Vandalism	An act will only be considered vandalism if it is reported by the Association to the police. A copy

	of the Police report will be required.
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Subsidies

The Shire may from time-to-time consider it warranted to subsidise an Association in regard to building occupancy costs. In this case, a budget allocation for the subsidy will be created and Lease and Licensing staff shall charge costs to this account until such time as the money is expended or the budget reviewed. After such time as the funds are expended, the Association will be liable for the costs.

Applications are to be made in writing, addressed to Manager Property.

Disputes

Any dispute must be made in writing to the Manager Property, outlining the issues and the resolution sought. The Manager of Property will respond in writing within 14 days with a final response or, where it is not possible to provide a final response, will within 14 days provide a timeframe in which the final response will be provided.

If not satisfied with the final response, an Association may in writing request a review by the CEO, giving the grounds for the Association's dissatisfaction. At the CEO's discretion, the item may be determined or brought to Council for further consideration. The CEO's decision is final.

Term of Lease

Leases shall generally be five years in length, with an option for a second term of five years. The Shire at its discretion can consider longer leases where the term of lease is required to support a loan arrangement or in other extenuating circumstances, where approved by resolution of Council.

Inspections

The Shire may, with notice, conduct an inspection of the premises quarterly. In practice, the Shire is likely to undertake only as required.

Access

The Shire may without notice access the building to assess and undertake maintenance or emergency repairs. Other than in an emergency the Shire will attempt to contact the Association prior to entering. The Association is responsible for ensuring that the Shire is provided with all necessary contact names and details.

The Shire must hold a copy of keys for all locks used in the building and any security system must include the Shire's building maintenance code (to be arranged between the security company and the Shire). The Shire's written consent is required prior to changing keys.

Direction to Complete Works

The Shire may direct an Association to complete works deemed to fall within their responsibility. This will generally be in writing but this depends on the urgency of the

works. In an emergency, the Shire may undertake works deemed to be the responsibility of the club and seek reimbursement.

Liquor Licences

The Shire will only support new applications for liquor licensing where there is an ancillary benefit to the Association. In cases where the Shire supports a licence, notwithstanding the additional restrictions of the Department of Racing, Gaming and Liquor, the operating hours the Shire will consider will generally be limited to:

MONDAY	14:00	-	22:00
TUESDAY	14:00	-	22:00
WEDNESDAY	14:00	-	22:00
THURSDAY	14:00	-	22:00
FRIDAY	14:00	-	MIDNIGHT
SATURDAY	MIDDAY	-	MIDNIGHT
SUNDAY	MIDDAY	-	22:00
PUBLIC HOLIDAY	MIDDAY	-	22:00

If any alterations are required to be made to the Premises in order to either obtain a licence or enable continuation of a licence, the Association will be solely responsible for effecting and meeting the costs of such alterations subject first to obtaining the Shire's written consent.

Gaming Licences

The Shire will only support applications for gaming license where there is an ancillary benefit to the Association and for uses such as raffles and bingo.

Statutory Compliance

The Association shall comply with and obey the provisions of all regulations, local laws, by laws, Acts, or Amendments affecting the premises.

Default

Should a club default on their agreement, the Shire may, by resolution of Council, end the lease agreement.

Notification of Default

In most cases, the Shire will give the Association a notice which will tell the Association what the default is and ask them to fix the default, if it can be fixed. The notice will allow a period of time to fix the default. The Shire does not have to give the Association a notice where it is believed on reasonable grounds that urgent action is necessary to protect the Leased Premises.

Winding Up or Change of Incorporation Type

Where an Association is subject to winding up proceedings or has changed its operations to the extent that it no longer meets guidelines for being an incorporated Association, the Shire may, by resolution of Council, end the lease agreement.

Termination

Either party may terminate the agreement by giving three months' notice in writing to the other.

In such cases, the Association is responsible for any outstanding financial liabilities.

Timing

A power, authority, right or discretion conferred by the Lease may be exercised from time to time as the occasion requires. If the Shire does not exercise a power, authority, right or discretion fully or at a given time, the Shire can still exercise it later.

Related Budget Schedule	NA		
Authority			
Adopted		Next Review Date	

10.3 CHIEF EXECUTIVE OFFICER REPORTS

A Declaration of Financial Interest was made by Clayton Higham and Rhonda Hardy as the leave arrangements directly impact on their positions.

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

10.3.1 Acting Chief Executive Officer – Approval of Leave

Previous Items	N/A
Responsible Officer	Acting Chief Executive Officer
Service Area	Office of the CEO
File Reference	OR-CMA-025
Applicant	N/A
Owner	N/A

PURPOSE

1. To seek the approval of Council for leave arrangements for the Acting Chief Executive Officer and to approve cover arrangements.

BACKGROUND

2. Nil.

DETAILS

3. Whilst Acting as Chief Executive Officer Rhonda Hardy will be absent from the position as detailed below:
 - Annual leave from Thursday 14 March to Sunday 17 March 2013, returning to duty on Monday 18 March 2013.
4. During this period of absence it is proposed that the Director of Development & Infrastructure Services, Clayton Higham, will be the Acting Chief Executive Office.
5. On 1 April 2013 Clayton Higham will assume the role of Acting Chief Executive Officer. Clayton Higham will be absent from the position on three occasions as detailed below.
 - Annual leave from Thursday 4 April to Sunday 14 April 2013, returning to duty on Monday 15 April 2013.
 - Annual Leave Monday 3 June to Monday 10 June 2013, returning to duty Tuesday 11 June 2013.
 - Attendance at the CBD and Town Centre Design and Development Conference in Sydney from Tuesday 18 June to Friday 21 June 2013 returning Monday 24 June 2013.
6. During the periods of absence on Annual Leave it is proposed that the Director of Corporate and Community Services, Rhonda Hardy, will be the Acting Chief Executive Office. It is not considered necessary to appoint an Acting Chief Executive Officer for the period covering the conference attendance.

STATUTORY AND LEGAL IMPLICATIONS

7. Section 5.36 of the *Local Government Act 1995* provides that the Council is responsible for all appointments to the position of Chief Executive Officer.

POLICY IMPLICATIONS

8. Shire leave policy requires that all employees apply for leave and have them approved.

PUBLIC CONSULTATION/COMMUNICATION

9. Public consultation is not required with respect to this matter.

FINANCIAL IMPLICATIONS

10. There are no financial implications arising from this proposal, as annual leave is paid from the annual leave provision account.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Planning Implications

11. This proposal has no direct impact on the strategic goals and objectives of the Shire.

Sustainability Implications

Social Implications

12. Nil.

Economic Implications

13. Nil.

Environmental Implications

14. Nil.

OFFICER COMMENT

15. The appointment of an Acting Chief Executive Officer during absences of the Chief Executive Officer is required to ensure continuation of the effective management of the Shire's administration and that all statutory and legal requirements can be met.

An amended Officer Recommendation was circulated to Councillors and voted on.

Voting Requirements: Simple Majority

RECOMMENDATION

That Council:

1. Approves Acting Chief Executive Officer, Rhonda Hardy, to have annual leave for the period Thursday 14 to Sunday 17 March 2013, returning to duty on Monday 18 March 2013.
2. Pursuant to Section 5.36 of the *Local Government Act 1995* appoints the Director of Development & Infrastructure Services, Clayton Higham as Acting Chief Executive Officer for the periods 1 March to 3 March 2013 and 14 to 17 March 2013.
3. Approves Acting Chief Executive Officer, Clayton Higham, to have annual leave for the periods:
 - Thursday 4 to Sunday 14 April, returning to duty on Monday 15 April 2013.
 - Monday 3 June to Monday 10 June 2013, returning to duty Tuesday 11 June 2013.
4. Pursuant to Section 5.36 of the *Local Government Act 1995* appoints the Director of Corporate & Community Services, Rhonda Hardy as Acting Chief Executive Officer for the period 4 April to 14 April 2013, Monday 3 June to Monday 10 June 2013.
5. Notes that Clayton Higham will be attending the CBD and Town Centre Design and Development conference in Sydney for the period 18 June to 21 June 2013.

Moved:

Seconded:

Vote:

Voting Requirements: Simple Majority

RESOLVED OCM 09/2013

That Council:

1. Approves Acting Chief Executive Officer, Rhonda Hardy, to have annual leave for the period Thursday 14 to Sunday 17 March 2013, returning to duty on Monday 18 March 2013.
2. Pursuant to Section 5.36 of the Local Government Act 1995 appoints the Director of Development & Infrastructure Services, Clayton Higham as Acting Chief Executive Officer for the period 14 to 17 March 2013.

3. Approves Acting Chief Executive Officer, Clayton Higham, to have annual leave for the periods:
 - Thursday 4 to Sunday 14 April, returning to duty on Monday 15 April 2013.
 - Monday 3 June to Monday 10 June 2013, returning to duty Tuesday 11 June 2013.
4. Pursuant to Section 5.36 of the *Local Government Act 1995* appoints the Director of Corporate & Community Services, Rhonda Hardy as Acting Chief Executive Officer for the period 4 April to 14 April 2013, Monday 3 June to Monday 10 June 2013.
5. Notes that Clayton Higham will be attending the CBD and Town Centre Design and Development conference in Sydney for the period 18 June to 21 June 2013.
6. Notes that the Director Corporate & Community Services will be appointed pursuant to section 5.44 of the *Local Government Act 1995* as the designated Director to act on behalf of the A/Chief Executive Officer during the period of absence whilst attending the conference in Sydney.

Moved: **Cr John Giardina**

Seconded: **Cr Bob Emery**

Vote: **CARRIED UNANIMOUSLY (9/0)**

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

10.3.2 Local Government Structural Reform – Report from the Shire of Kalamunda Amalgamation Working Group

Previous Items	Nil
Responsible Officer	Acting Chief Executive Officer
Service Area	Office of the CEO
File Reference	
Applicant	N/A
Owner	N/A
Attachment 1	Rate Scenario Models
Attachment 2	Population Growth Models Comparison

PURPOSE

1. To provide Council with an overview of the work undertaken by the Amalgamation Working Party and progress on the Shire submission to the Robson Local Government Reform Report.

BACKGROUND

2. At the Ordinary Meeting of Council held on 17 December 2012 it was resolved (OCM 194/2012)

That Council:

1. *Notes that the Chief Executive Officer is to have informal discussions with the Chief Executive Officers of the City of Belmont and Shire of Mundaring on Wednesday 19 December 2012 with respect to investigating possible synergies that could lead to amalgamation prospects.*
2. *Request the Chief Executive Officer to prepare a report for Council on the outcome of the discussions.*
3. *Appoints a Working Party of three Councillors and the Acting Chief Executive Officer to progress those discussions and explore any other possible amalgamation prospects. The Shire President to be an "ex officio" member of that Working Party.*

DETAILS

3. On Wednesday 19 December 2012 the Acting Chief Executive Officer ("CEO") and Director Corporate and Community Services met with the Chief Executive Officers of the City of Belmont and the Shire of Mundaring to discuss if there was any opportunity to open up dialogue between the three local authorities in regard to amalgamation.

4. The Shire of Kalamunda Amalgamation Working Group was provided with a presentation at its meeting on 18 February 2013 outlining the discussion held with Belmont and Mundaring. In light of the information presented the following observations and recommendations are presented to Council to consider.

The Working Group Recommends to Council

5. Given the responses from both Belmont and Mundaring that they do not, at this point in time, wish to participate in discussions with the Shire of Kalamunda Elected Member Working Party to explore any other possible amalgamation prospects, that Council does not require the working party to seek further representation with Belmont or Mundaring.
6. In regards to the request from Mundaring that they seek to exchange information to clarify information such as financial results and other such matters at an officer to officer level, that Council support the exchange of information being facilitated by Shire officers.
7. In light of the discussions held with the City of Belmont Mayor and CEO, the Shire of Kalamunda writes to the City of Belmont stating its opposition to the proposal being put by the City of Belmont. The proposal presented by the Mayor and CEO of Belmont is seeking a boundary change that places the land west of Roe Highway under the care and control of a larger City of Belmont Local Government Authority. This is to be Belmont's second preferred option in its reform submission to the State Government. The Shire's letter to Belmont should clearly outline the Shire's future sustainability hinges strongly on retaining this area of land which includes large industrial areas. The Shire has invested significant funds into land use planning in order to rezone the land to industrial and prepare structure plans for the area. Removing the future industrial areas and the suburb of High Wycombe from the Shire of Kalamunda would not be a desirable outcome for the Shire.
8. An overview of the draft Shire of Kalamunda's submission to the Robson Report was presented to the Working Group for comment. The comments will be incorporated in the final draft submission which will be presented at a workshop of full Council on 5 March 2013. A copy of the draft submission will be circulated in readiness for the forthcoming workshop.

Potential Impacts of Amalgamation upon the Shire of Kalamunda

9. The Shire has developed a number of scenarios and models showing the potential impacts that could be the outcome for the Shire of Kalamunda under Local Government Reform.
10. (Attachment 2) shows how population growth would occur under the various amalgamated models and compares the local region to a growth population model in the Western Suburbs. The growth models show the amalgamation being proposed for Kalamunda, Mundaring and Swan will create a local government authority with a population over 300,000 by 2031.

11. It should be noted that rate scenario models are assumption based and have been compiled using the latest Annual Report data for year ending 2012 from the four local governments of Kalamunda, Belmont, Swan and Mundaring as shown in (Attachment 1).
12. The following summarises how Shire of Kalamunda perceives it would emerge under amalgamation:-
13. The models estimate what the average Rate increase would likely be for Shire of Kalamunda ratepayers under five different amalgamation models.
14. Five models presented are shown in Attachment 1
 1. Kalamunda , Swan and Mundaring with Malaga
 2. Kalamunda , Swan and Mundaring without Malaga
 3. Kalamunda and Mundaring
 4. Kalamunda and Belmont with and without the airport rates.
 5. Kalamunda, Belmont and Mundaring with and without airport rates.
15. The models show the average rate increase for Shire of Kalamunda ratepayers would fall in a range of \$100 - \$500 per property with the average increase being estimated at \$200 -\$300 dollars for a property with a mid-range Gross Rental Value ("GRV").
16. Pensioners could likely lose all or part of their 50% discount on bins, approximately \$170 per year, in all scenarios with the exception of a Mundaring and Kalamunda merger as Mundaring currently offer a 25% discount. The assumption is that this would remain but would be reduced through harmonisation given Mundaring currently only offer 25% and Kalamunda offer 50%.
17. It is assumed that fees and charges and lease charges for clubs would likely be increased as these will need harmonising across any merger.
18. The Lesmurdie and High Wycombe Libraries could be closed because the Shire has a much higher library to population ratio than other local government authorities. In a super council scenario it is unlikely that four libraries would be seen as sustainable.
19. The Kalamunda Pool and the High Wycombe Recreation Centre could be rationalised in future years in favour of one multipurpose recreation facility to service the entire region.
20. The planning of multipurpose community hubs at Kalamunda, High Wycombe and Woodlupine (Forrestfield) would likely not go ahead because infrastructure funding would be directed to other priorities under a super council model such as the Midland Town Centre development or renewal of aging infrastructure across the region.
21. Ray Owen Reserve and Kostera Oval redevelopments are likely not to occur in the near future as they would not be priorities in a super council.

22. Kalamunda's identity would be lost and the Council representation would be downsized in a super council arrangement. Currently the City of Swan has a population of 112,000 which is twice the population of Kalamunda. It stands to reason under a super council model the existing City of Swan would have double the representation of Kalamunda and hence would support infrastructure rationalisation within Kalamunda.
23. Sustainability would be questionable under a super council particularly if the City of Swan forfeit Malaga as is flagged in the Robson Report.
24. The cost of amalgamation would entail:
- New Information Technology systems – likely to be at least \$3-4 million, including records systems upgrade and unification.
 - Expanded executive team and management groups (a super council would likely need 6-8 directors and 16-18 managers over time).
 - Increase fees for elected members are mooted in the Robson Report
 - Rebranding costs for a new organisation would be in the order of \$1-2 million dollars.
 - Redundancies costs would be in the order \$1-2 million.
 - Recruitment costs would be in the order of half a million dollars.
 - Retraining and restructuring costs.
 - Administration expansion costs.
 - Additional wages cost for outside workers downtime for increase travelling times and /or cost of maintaining more depots.
25. It is feasible to expect an amalgamation to cost the local government in the order of \$10 million.
26. The Amalgamation Working Party was given an overview of the work being done by the G19 group of Councils.
27. The Shire of Kalamunda has been invited to join the G19 group of Councils who have formed under the leadership of the Mayor of Armadale to draw up a new option for LG Reform.
28. The Shire has been informed that this group's intention is to produce a map and rationale for up to 15-20 local government authorities to remain across the metro area. This would mean Kalamunda would stay as it is as would most of the local government authorities in the east, south and north regions of the metropolitan area.

29. The intent of the G19 Group is in keeping with the position resolved in December 2012 as follows:-

The view of the Shire with regard to reorganising LG boundaries would be to first look at amalgamations of the small inner city LGs and create up to six LG authorities that have the capacity to deal with employment self-sufficiency, community services for aging populations and changing demographics as well as being financially sustainable.

However, the outer metropolitan LGs should remain as is for the time being (with some minor boundary adjustments). Directions 2031 - Outer Metropolitan Regional Strategies should be used to guide development and time should be allowed for the existing outer metropolitan LGs to deal with the growth that will occur in these regions through to 2031. Amalgamations of outer metropolitan LGs should be reconsidered after 2025 when infill and increased densities have been realised. It is believed that (at least in the short-term) the cost of amalgamating outer metropolitan LGs would likely outweigh any benefits. (page 39 SOK LG Reform submission Dec 2011)

30. As agreed at the meeting of Mayors and CEOs on the 31 January 2013, planning context has been commissioned through the City of Armadale to help prepare a map(s) with supporting analysis showing a potential new local government structure involving between 15 and 20 metropolitan Councils. Whilst this group may be opposed to the compulsory amalgamation of local governments it considers that if this is to occur a more appropriate map needs to be drawn up than the one included in the Metropolitan Local Government Review Panel's Final Report.
31. Participation in this study requires a contribution of \$4,000 to assist development of a submission.
32. Obviously, the Robson Report is recommending that the Shire amalgamate with Swan and Mundaring which is simply not a desirable option for the Shire because of the rate increases that will be imposed upon Kalamunda ratepayers.

The Working Group Recommends to Council:-

33. That the Shire should continue to participate in the G19 group of Councils seeking to develop an alternate model.

STATUTORY AND LEGAL IMPLICATIONS

34. Nil.

POLICY IMPLICATIONS

35. Nil.

PUBLIC CONSULTATION/COMMUNICATION

36. Nil.

FINANCIAL IMPLICATIONS

37. Nil.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Planning Implications

38. Nil.

Sustainability Implications

Social Implications

39. Nil.

Economic Implications

40. Nil.

Environmental Implications

41. Nil.

OFFICER COMMENT

42. The discussions held with Belmont and Mundaring to date have not produced any possibility of potential amalgamation between the three neighbouring local governments.

43. The Shire of Kalamunda has been analysing the financial statements of the four councils to identify major differences in financial arrangements. The models produced are assumption based and give indicative outcomes based on current financial results.

44. The Shire does not suggest these models are definitive as there are too many variables to be taken into account to build definitive models until formal decision around amalgamations have been made.

45. What the modelling does indicate relatively well is Shire of Kalamunda ratepayers will not benefit from an amalgamation.

With the inclusion of Rockingham Council, the group previously referred to as G19 are now referred to as G20.

Voting Requirements: Simple Majority

RESOLVED OCM 10/2013

That Council:

1. Reaffirms its position in regard to local government amalgamation that the Shire has no desire to amalgamate with any other local government as any such amalgamation would not be in the interest of the Shire of Kalamunda ratepayers.

2. Notes the responses from both Belmont and Mundaring that they do not, at this point in time, wish to participate in discussions with the Shire of Kalamunda Elected Member Working Party and further representation by the working party with Belmont or Mundaring is not required.
3. Supports the request from Shire of Mundaring to exchange information with the Shire of Kalamunda.
4. Authorises the Shire President write to the Mayor of Belmont stating opposition to the proposal for a boundary change with the Shire of Kalamunda that seeks to place the land west of Roe Highway under the care and control of a larger City of Belmont Local Government Authority.
5. Notes the rate scenario models shown in (Attachment 2) indicate the average rate increase for Shire of Kalamunda ratepayers would likely fall in a range of \$100 to \$500 per property with the average increase being estimated at \$200 to \$300 dollars for a property with a mid-range Gross Rental Value.
6. Supports the Shire's continued participation in the **G20** group of Councils seeking to develop an alternate model; and to contribute \$4,000 to its development.

Moved: **Cr Frank Lindsey**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (9/0)**

Attachment 1
RATE SCENARIO MODELS

RATE MODEL 1- WITH MALAGA					WITH MINS		WITHOUT MINS		DIFFERENCE
RATE DISTRIBUTION			OPERATING EXPENSES	No. of Rateable Properties (INC Mins)	Average rate per property		Average rate per property		
POPULATION	2011	2012	2012	at 2012					
KALAMUNDA	56462	57591	47,401,096	22623	2095		2379		284
MUNDARING	36529	37260	37,937,501	15647	2425		2787		362
SWAN	114179	116463	109,457,317	47213	2318		2795		477
TOTAL	207170	211313	194,797,926	85483	2279		2680		401
				SoK increase range	184		300		117

RATE MODEL 2- WITHOUT MALAGA (Assuming 2000 rateable Properties in Malaga)									
RATE DISTRIBUTION			OPERATING EXPENSES	No. of Rateable Properties (INC Mins)	Average rate per property		Average rate per property		
POPULATION	2011	2012	2012	at 2012					
KALAMUNDA	56462	57591	47,401,096	22623	2095		2379		284
MUNDARING	36529	37260	37,937,501	15647	2425		2787		362
SWAN	114179	116463	109,457,317	45213	2421		2945		525
TOTAL	207170	211313	194,797,926	83483	2333		2755		422
Remove 2000 properties for Malaga				SoK increase Range	238		376		138

RATE MODEL 3- KALAMUNDA AND MUNDARING									
RATE DISTRIBUTION			OPERATING EXPENSES	No. of Rateable Properties (INC Mins)	Average rate per property	Average rate per property			
POPULATION	2011	2012	2012	at 2012					
KALAMUNDA	56462	57591	47,401,096	22623	2095	2379			284
MUNDARING	36529	37260	37,937,501	15647	2425	2787			362
TOTAL	207170	211313	85,340,609	38270	2230	2545			315
				SoK increase	135	165			31

RATE MODEL 4- KALAMUNDA AND BELMONT									
RATE DISTRIBUTION			OPERATING EXPENSES	No. of Rateable Properties (INC Mins)	Average rate per property	Average rate per property			
POPULATION	2011	2012	2012	at 2012					
KALAMUNDA	56462	57591	47,401,096	22623	2095	2379			284
BELMONT	32794	33450	45,914,502	17196	2670	3702			1032
TOTAL (no airport)	207170	211313	93,317,610	39819	2344	2887			543
Add Airport					\$7,490,876	\$7,490,876			0
Allocate of airport back to each ratepayer					188	232			44
Average Rate with airport under a SOK and COB merger					2155	2655			500
			SoK Increase	WITH AIRPORT	60	276			216
			SoK Increase	WITHOUT AIRPORT	248	508			259

RATE MODEL 5- KALAMUNDA, MUNDARING AND BELMONT									
RATE DISTRIBUTION			OPERATING EXPENSES	No. of Rateable Properties (INC Mins)	Average rate per property	Average rate per property			
POPULATION	2011	2012	2012	at 2012					
KALAMUNDA	56462	57591	47,401,096	22623	2095	2379			284
MUNDARING	36529	37260	37,937,501	15647	2425	2781			357
BELMONT	32794	33450	45,914,502	17196	2670	3702			1032
TOTAL (no airport)	207170	211313	131,255,111	55466	2366	2855			489
Add Airport					\$7,490,876	\$7,490,876			0
Allocate of airport back to each ratepayer					135	163			28
Average Rate with airport under a SOK and COB merger					2231	2692			461
			SoK increase	WITH AIRPORT	136	313			177
			SoK increase	WITHOUT AIRPORT	271	476			205

Attachment 2 POPULATION GROWTH MODELS COMPARISONS

GROWTH MODEL 1 - 2% PER ANNUM - ROBSON RECOMMENDATION MERGER - KALAMUNDA - MUNDARING - SWAN																					
POPULATION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KALAMUNDA	56462	57591	58743	59918	61116	62339	63585	64857	66154	67477	68827	70203	71607	73040	74500	75990	77510	79060	80642	82254	83900
MUNDARING	36529	37260	38005	38765	39540	40331	41138	41960	42800	43656	44529	45419	46328	47254	48199	49163	50146	51149	52172	53216	54280
SWAN	114179	116463	118792	121168	123591	126063	128584	131156	133779	136454	139184	141967	144807	147703	150657	153670	156743	159878	163076	166337	169664
TOTAL	207170	211313	215540	219850	224247	228732	233307	237973	242733	247587	252539	257590	262742	267996	273356	278824	284400	290088	295890	301808	307844

GROWTH MODEL 2 - 2% PER ANNUM - KALAMUNDA - MUNDARING - SWAN - BELMONT																					
POPULATION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KALAMUNDA	56462	57591	58743	59918	61116	62339	63585	64857	66154	67477	68827	70203	71607	73040	74500	75990	77510	79060	80642	82254	83900
MUNDARING	36529	37260	38005	38765	39540	40331	41138	41960	42800	43656	44529	45419	46328	47254	48199	49163	50146	51149	52172	53216	54280
SWAN	114179	116463	118792	121168	123591	126063	128584	131156	133779	136454	139184	141967	144807	147703	150657	153670	156743	159878	163076	166337	169664
BELMONT	32794	33450	34119	34801	35497	36207	36931	37670	38423	39192	39976	40775	41591	42423	43271	44136	45019	45920	46838	47775	48730
TOTAL	239964	244763	249659	254652	259745	264940	270238	275643	281156	286779	292515	298365	304332	310419	316627	322960	329419	336008	342728	349582	356574

GROWTH MODEL 3 - 2% PER ANNUM - KALAMUNDA - MUNDARING																					
POPULATION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KALAMUNDA	56462	57591	58743	59918	61116	62339	63585	64857	66154	67477	68827	70203	71607	73040	74500	75990	77510	79060	80642	82254	83900
MUNDARING	36529	37260	38005	38765	39540	40331	41138	41960	42800	43656	44529	45419	46328	47254	48199	49163	50146	51149	52172	53216	54280
TOTAL	92991	94851	96748	98683	100656	102670	104723	106817	108954	111133	113356	115623	117935	120294	122700	125154	127657	130210	132814	135470	138180

GROWTH MODEL 4 - 2% PER ANNUM - KALAMUNDA - MUNDARING - BELMONT																					
POPULATION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KALAMUNDA	56462	57591	58743	59918	61116	62339	63585	64857	66154	67477	68827	70203	71607	73040	74500	75990	77510	79060	80642	82254	83900
MUNDARING	36529	37260	38005	38765	39540	40331	41138	41960	42800	43656	44529	45419	46328	47254	48199	49163	50146	51149	52172	53216	54280
BELMONT	32794	33450	34119	34801	35497	36207	36931	37670	38423	39192	39976	40775	41591	42423	43271	44136	45019	45920	46838	47775	48730
TOTAL	125785	128301	130867	133484	136154	138877	141654	144487	147377	150325	153331	156398	159526	162716	165971	169290	172676	176129	179652	183245	186910

GROWTH MODEL 5 - 2% PER ANNUM - WESTERN SUBURBS MERGER																					
POPULATION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Nedlands	10184	10693	11228	11789	12379	12998	13648	14330	15046	15799	16589	17418	18289	19203	20164	21172	22230	23342	24509	25734	27021
Cottesloe	7398	7768	8156	8564	8992	9442	9914	10410	10930	11477	12051	12653	13286	13950	14648	15380	16149	16956	17804	18694	19629
Mosman Park	8598	9028	9479	9953	10451	10973	11522	12098	12703	13338	14005	14705	15441	16213	17023	17875	18768	19707	20692	21727	22813
Claremont	9280	9744	10231	10743	11280	11844	12436	13058	13711	14396	15116	15872	16666	17499	18374	19292	20257	21270	22333	23450	24623
Cambridge	27442	37233	39095	41049	43102	45257	47520	49896	52391	55010	57761	60649	63681	66865	70208	73719	77405	81275	85339	89606	94086
TOTAL	62902	74466	78189	82099	86204	90514	95040	99792	104781	110020	115521	121297	127362	133730	140417	147438	154809	162550	170677	179211	188172

10.3.3 Monthly Financial Statements for the Seven Months to 31 January 2013

Previous Items	N/A
Responsible Officer	Director Corporate & Community Services
Service Area	Finance
File Reference	FIR-SRR-006
Applicant	N/A
Owner	N/A
Attachment 1	Draft Statements of Financial Activity for the seven months to 31 January 2013 incorporating the following: <ul style="list-style-type: none">• Statement of Comprehensive Income by Program• Statement of Comprehensive Income by Nature and Type• Rate Setting Statement including net current funding position• Statement of Financial Position• Statement of Equity• Schedule of Reserve Accounts Balances• Investment Schedule

PURPOSE

1. To provide Council with financial reports on the activity of the Shire of Kalamunda with indications of performance against adopted budget.

BACKGROUND

2. The Statement of Financial Activity (Attachment 1), incorporating various sub-statements, has been prepared in accordance with the requirement of the *Local Government Act (1995)*, *Local Government (Financial Management) Regulations 1996* (Regulation 34).

DETAILS

3. The *Local Government Act (1995)* requires a local government to adopt a percentage or value to be used in reporting variances against Budget. At the Ordinary Meeting of Council on 8 August 2012 reportable variances of 5% or \$5,000, whichever is greater, was adopted.
4. The adopted percentage is applied at Program level and where applicable details are provided within the commentary.

Financial Commentary

Statement of Comprehensive Income by Nature and Type for the Seven Months to 31 January 2013

5. This Statement reveals a net result of a surplus of \$13,201,253 against revised budget for the same period of \$13,845,878.

Revenue

6. Total Revenue is under budget by \$911,591. This is made up as follows:
7. Rates are under budget by \$142,556. The variance is as a result of the timing difference between schedules received from Landgate and generation of interim rates for the month and the ex-gratia rates for the Dampier Bunbury gas pipeline.
8. Operating Grants and Subsidies and Contributions, Reimbursements and Donations are under budget by \$66,425. Of this \$20,000 related to Lotteries West grant in the Events area which was an error when the budget was struck and will need to be removed. The remaining balance relates to a state operating grant due against roads infrastructure which is a timing issue.
9. Fees and Charges variance is continuing to increase against budget with the variance now up to \$661,463 with the major variances coming from:
 - Additional bin services within the Waste area are under budget by \$371,058 partly due to a lower rates generation than estimated. Although revenue had been revised downwards by \$156,832, a further revision may be required in the statutory budget review in February 2013.
 - Operating income for the Kalamunda Waterpark currently set at \$183,297, invoices are received retrospectively on a quarterly basis with income expected to be received as the Summer season continues.
 - Hall hire income is down by \$78,132 this is mainly due to timing differences and will catch up when the billings are done for the quarter.
10. Interest earnings are under budget by \$10,028. The cash rate remains at a low rate of 3% which is impacting on the Shire's potential to obtain good investment rates on surplus funds. Deposit rates are now averaging between 4% - 4.30%. It is not forecast there will be any change to the low rate of return within the foreseeable future as economic conditions remain stagnant.
11. Other revenue is under budget by \$31,119 as income from various fines and penalties is difficult to predict.

Expenditure

12. Total expenses are under revised budget with a variance of \$243,796. The significant variances within the individual categories are as follows:
13. Employment Costs" are under budget by \$117,107 stemming from some vacant positions in various business units.
14. "Materials and Contracts" is under budget by \$133,811 stemming from a lag in invoicing from the operator for the second quarter for the Swimming Pool and delays on various maintenance jobs across infrastructure and buildings.

15. Utilities were under budget by \$61,789 which is due to late billing from Synergy and therefore primarily a timing difference.
16. Insurance expense is under by \$29,364. The budget will be utilised by the need to increase the building and contents cover for the Shire buildings. The values have not been updated since the last valuation conducted.
17. Other expenditure is higher than budget by \$69,105 mainly coming from projects and are timing differences.
18. The interest expense is slightly higher than budget by \$542 which is within the Council's reporting threshold. The amounts paid are in accordance with the debenture schedule.
19. Depreciation, although a non-cash cost, is tracking slightly over budget, reporting a small variance of \$28,929 mainly in the category of Building depreciation.

Non-Operating Grants

20. Non-Operating Grants are slightly over budget by \$44,287. This component is made up of various infrastructure projects which are underway such as Abernethy Road and Mundaring Weir Road. In addition, direct grants which are due from the federal government were also received in advance.

Profit on Asset Disposals

21. There were no additional properties disposed of in the month of January. The variance of \$7,289 is principally a timing issue.

Statement of Comprehensive Income by Program for the Seven Months to 31 January 2013

22. The overall results comments are as above and generally each Program is within accepted budget except for Education and Welfare, Community Amenities and Recreation. These are principally due to timing differences.

Rate Setting Statement for the Seven Months to 31 January 2013

23. This Statement compares the actual to date with the Revised Budget.
24. The results to 31 January 2013 reveal a surplus of \$15,873,606. This was mainly made up of:
 - Overall income, excluding rates, is under budget by \$761,746 with the bulk of the variance coming from fees and charges as explained.
 - Expenditure is \$215,390 lower with the main variance in materials and contracts, employment costs, utility and insurance expenses. These have been commented on in point 8 of this report.
 - Rates generation is under budget and the variance of \$142,556 is a timing difference related to receipt and processing of interims and ex-gratia rates as explained.

- There was deferred capital works of approximately \$4,673,743 due to the delays in projects such as the Abernethy Road and the Amenities building at the Shire Depot and the purchase of plant and equipment. The projects will be reviewed in the next budget review and amended where required.

25. The current balance of \$15,873,606 is above the budget set at \$13,346,267 this is due to a lag in the progress of project based activities.

Investments as at 31 January 2013

26. A total of \$29.73 million is in term deposits or online saving. This represents a net increase of \$766,000 in cash deposits which can be related to instalment due on rates and bins service charges in the month of January.

27. The above is made of:

- Municipal Funds \$14,154,559
- Reserve Funds \$4,342,736
- Trust Monies \$11,229,020
(includes amounts for Public Open Space of \$2,251,284)

28. Average interest rates on term deposits have dropped by a cumulative 100 basis points with investment rates dropping to between 4% to 4.3%. The Reserve Bank of Australia has not changed its cash rate from 3.00% although there is a high probability of a 25-50 basis point cut in the coming months as trade conditions in mainly the commodity market and the local retail economy worsen coupled with poor performance in the European and US markets.

29. All deposits met the Investment Policy requirements with funds invested for up to 120 days.

Statement of Financial Position as at 31 January 2013

30. Net Current Assets (Current Assets less Current Liabilities) is in positive territory by \$23.76 million mainly due to the rates generation which includes billings for Rates, Bin Services and Pool Inspection fees. The cash position is showing a balance of \$18.03 million. It is projected that this balance will now start falling as the rate of payment to creditors will outstrip the collections of outstanding rates, bins, Emergency Services Levy and sundry debtors.

31. Trade and other receivables comprise of rates and sundry debtors totalling \$5.43 million outstanding.

32. The rates balance has reduced by \$3.07 million to \$5.56 million which represents a collection rate of 80.05% to date.

33. The Sundry debtors has reduced by \$78,145 to \$236,171 outstanding. The main overdue debtors are:
- Department of Health & Ageing for \$75,685 which is being delayed as the report on the activities being conducted is being reviewed currently.
 - Lesmurdie Tennis Club for \$29,904 in relation to the club contribution for the extension of the tennis club. The club president has raised concerns on certain conditions being fulfilled prior to payment. Further meetings are being held by Community Development and a report will be prepared for Council to consider the next course of action.
 - Forrestfield United Soccer Club (FFUSC) WA Inc with \$20,553 outstanding for loan payment and reserve hire. The fortnightly direct debit has increased to \$1,200 from January 2013.
 - Bronzewing Investments for \$34,250 for rehabilitation works undertaken for a developer. A payment plan is in place before works begin May 2013.
34. Fixed Assets have reduced by \$3,007,875 after depreciation mainly due to the delay in works with the budget not having being approved till August. It should also be noted that there are \$4.6 million worth of capital works outstanding which will compensate for this shortfall.
35. Provisions for annual and long service leave currently stand at \$2.25 million representing a decrease of over \$500,000 from December 2012. This is mainly due to a large proportion of staff taking the opportunity of summer holidays. The long term goal is to bring this liability down to a more manageable level than it is currently.
36. Long term borrowings are at \$7.78 million with the inclusion of two new loans last year:
- Kalamunda Water Park at \$1.85 million.
 - Refuse Trucks at \$1.15 million. The purpose of this loan was reviewed in Budget 2012/2013 to fund the Swimming Pool project.

STATUTORY AND LEGAL IMPLICATIONS

37. The *Local Government Act 1995* and the *Local Government (Financial Management) Regulations* require that we present a monthly financial activity statement.

POLICY IMPLICATIONS

38. Nil.

PUBLIC CONSULTATION/COMMUNICATION

39. Nil.

FINANCIAL IMPLICATIONS

40. Nil.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Planning Implications

41. *Shire of Kalamunda Strategic Plan 2009-2014*
Strategy 5.5.2 Provide financial services to support Council's operations and to meet sustainability planning, reporting and accountability requirements.

Sustainability Implications

Social Implications

42. Nil.

Economic Implications

43. Nil.

Environmental Implications

44. Nil.

OFFICER COMMENT

45. All comments are contained within the "Details" area of this report.

Voting Requirements: Simple Majority

RESOLVED OCM 11/2013

That Council:

1. Receives the monthly financial statements for the Seven months to 31 January 2013, which comprises:
 - Statement of Comprehensive Income by Nature and Type
 - Statement of Comprehensive Income by Program
 - Rate Setting Statement including net funding position
 - Investment Schedule
 - Statement of Financial Position
 - Equity Statement
 - Cashflow Statement
 - Reserve Balances Statement

Moved: **Cr Margaret Thomas**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (9/0)**

Attachment 1

SHIRE OF KALAMUNDA				
STATEMENT OF COMPREHENSIVE INCOME				
BY NATURE OR TYPE				
FOR THE 7 MONTHS TO 31 JANUARY 2013				
	31/01/2013	31/01/2013	2012-13	31/01/2012
	Actual	Budget	Budget	Actual
	\$	\$	\$	\$
REVENUE				
Rates	25,500,124	25,642,680	25,923,920	23,362,700
Operating Grants and Subsidies	3,159,458	3,195,639	5,629,892	2,727,750
Contributions, Reimbursements and Donations	350,280	380,524	796,674	603,766
Fees and Charges	9,006,132	9,667,595	11,156,037	8,618,725
Interest Earnings	400,887	410,915	845,591	341,336
Other Revenue	35,992	67,111	109,001	22,782
	<u>38,452,873</u>	<u>39,364,464</u>	<u>44,461,115</u>	<u>35,677,059</u>
EXPENSES				
Employee Costs	(11,402,154)	(11,519,561)	(19,399,029)	(11,092,960)
Materials and Contracts	(8,451,197)	(8,585,008)	(14,475,385)	(7,637,890)
Utility Charges	(1,383,517)	(1,445,306)	(2,482,302)	(1,060,025)
Depreciation on Non-Current Assets	(5,557,711)	(5,528,782)	(9,478,169)	(5,430,647)
Interest Expenses	(299,022)	(298,480)	(511,688)	(285,286)
Insurance Expenses	(569,578)	(598,942)	(598,979)	(475,054)
Other Expenditure	(241,485)	(172,380)	(308,534)	(362,648)
	<u>(27,904,662)</u>	<u>(28,148,458)</u>	<u>(47,254,086)</u>	<u>(26,344,510)</u>
	10,548,211	11,216,006	(2,792,971)	9,332,549
Non-Operating Grants, Subsidies and Contributions	1,546,035	1,501,748	2,644,484	3,552,977
Increase/(Decrease) in Equity EMRC				
Profit on Asset Disposals	1,155,413	1,148,124	2,676,312	3,121,653
Loss on Asset Disposal	(48,406)	(20,000)	(20,000)	-
	<u>13,201,253</u>	<u>13,845,878</u>	<u>2,507,825</u>	<u>16,007,179</u>
NET RESULT	13,201,253	13,845,878	2,507,825	16,007,179
Other Comprehensive Income	0	0	0	0
Total Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME	<u><u>13,201,253</u></u>	<u><u>13,845,878</u></u>	<u><u>2,507,825</u></u>	<u><u>16,007,179</u></u>

**SHIRE OF KALAMUNDA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE 7 MONTHS TO 31 JANUARY 2013**

	31/01/2013 Actual \$	31/01/2013 Budget \$	2012-13 Budget \$	31/01/2012 Actual \$
REVENUE				
Governance	8,876	8,145	13,626	3,183
General Purpose Funding	26,579,154	27,389,363	29,227,663	24,691,692
Law, Order, Public Safety	255,371	244,866	359,089	215,501
Health	87,525	83,596	102,217	174,102
Education and Welfare	2,774,347	2,183,256	3,653,074	2,570,254
Community Amenities	8,659,998	8,860,077	10,674,791	10,177,885
Recreation and Culture	887,152	1,355,785	2,380,654	1,175,862
Transport	1,298,469	1,246,345	2,322,434	2,705,699
Economic Services	398,560	407,451	636,181	367,437
Other Property and Services	204,870	235,452	412,181	326,666
	<u>41,154,321</u>	<u>42,014,336</u>	<u>49,781,911</u>	<u>42,408,283</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance	(1,679,906)	(1,622,021)	(2,559,481)	(1,420,574)
General Purpose Funding	(445,995)	(434,445)	(718,548)	(405,242)
Law, Order, Public Safety	(912,150)	(930,351)	(1,560,444)	(885,107)
Health	(537,979)	(553,140)	(901,895)	(439,505)
Education and Welfare	(2,054,900)	(2,396,150)	(4,035,216)	(2,126,320)
Community Amenities	(5,987,601)	(6,217,890)	(10,652,091)	(5,749,278)
Recreation & Culture	(9,566,075)	(10,056,839)	(17,078,483)	(9,676,643)
Transport	(4,405,984)	(4,597,324)	(7,881,146)	(4,441,930)
Economic Services	(455,701)	(489,272)	(823,721)	(295,117)
Other Property and Services	(1,607,756)	(572,546)	(551,373)	(676,101)
	<u>(27,654,047)</u>	<u>(27,869,978)</u>	<u>(46,762,398)</u>	<u>(26,115,818)</u>
FINANCE COSTS				
Other Property and Services	(299,022)	(298,480)	(511,688)	(285,286)
	<u>(299,022)</u>	<u>(298,480)</u>	<u>(511,688)</u>	<u>(285,286)</u>
NET RESULT	<u>13,201,253</u>	<u>13,845,878</u>	<u>2,507,825</u>	<u>16,007,179</u>
Other Comprehensive Income	0	0	0	0
Total Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME	<u>13,201,253</u>	<u>13,845,878</u>	<u>2,507,825</u>	<u>16,007,179</u>

**SHIRE OF KALAMUNDA
STATEMENT OF FINANCIAL ACTIVITY
(NATURE OR TYPE)
FOR THE 7 MONTHS TO 31 JANUARY 2013**

	Actual 31/01/2013 \$	Budget YTD 2012-13 \$	Budget 2012-13 \$	Variance \$	Variance %
OPERATING REVENUES					
Operating Grants and Subsidies	3,159,458	3,195,639	5,629,892	(36,181)	(1.13%)
Contributions, Reimbursements and Donations	350,280	380,524	796,674	(30,244)	(7.95%)
Profit on Asset Disposals	1,155,413	1,148,124	2,676,312	7,289	0.63%
Fees and Charges	9,006,132	9,667,595	11,156,037	(661,463)	(6.84%)
Interest Earnings	400,887	410,915	845,591	(10,028)	(2.44%)
Other Revenue	35,992	67,111	109,001	(31,119)	(46.37%)
Total (Excluding Rates)	14,108,162	14,869,908	21,213,507	(761,746)	(5.12%)
OPERATING EXPENSES					
Employee Costs	(11,402,154)	(11,519,561)	(19,399,029)	117,407	(1.02%)
Materials and Contracts	(8,451,197)	(8,585,008)	(14,475,385)	133,811	(1.56%)
Utility Charges	(1,383,516)	(1,445,306)	(2,482,302)	61,790	(4.28%)
Depreciation on Non-Current Assets	(5,557,711)	(5,528,782)	(9,478,169)	(28,929)	0.52%
Interest Expenses	(299,021)	(298,480)	(511,688)	(541)	0.18%
Insurance Expenses	(569,578)	(598,942)	(598,979)	29,364	(4.90%)
Loss on Asset Disposal	(48,406)	(20,000)	(20,000)	(28,406)	142.03%
Other Expenditure	(241,485)	(172,380)	(308,534)	(69,105)	40.09%
Total	(27,953,068)	(28,168,458)	(47,274,086)	215,390	(0.76%)
Funding Balance Adjustment					
Non-Cash Expenditure and Revenue					
(Profit)/Loss on Asset Disposals	(1,155,413)	(1,148,124)	(2,676,312)	(7,289)	0.63%
(Profit)/Loss on Asset Disposals	48,406	20,000	20,000	28,406	142.03%
Depreciation and Amortisation on Assets	5,557,711	5,528,782	9,478,169	28,929	0.52%
Movement in Employee Benefit Provisions	(62,286)	0	0	(62,286)	
Total	4,388,418	4,400,658	6,821,857	(12,240)	(0.28%)
Net Operating Result Excluding Rates	(9,456,488)	(8,897,892)	(19,238,722)	(558,596)	6.28%
CAPITAL REVENUES					
Non-Operating Grants, Subsidies and Contributions	1,546,035	1,501,748	2,644,484	44,287	2.95%
Proceeds from Disposal of Land	1,699,006	2,196,895	3,661,491	(497,889)	(22.66%)
Proceeds from Disposal of Assets	125,467	171,235	285,391	(45,768)	(26.73%)
Proceeds from New Debentures	0	11,480	19,680	(11,480)	(100.00%)
Self-Supporting Loan Principal Income	30,964	30,964	59,537	-	0.00%
Overdraft Funds Utilised	0	0	1,200,000	0	
Transfers from Reserves (Restricted Assets)	141,000	1,075,403	1,888,575	(934,403)	(86.89%)
Total	3,542,472	4,987,224	9,759,158	(1,445,253)	(28.98%)
CAPITAL EXPENDITURE					
Purchase Land Held for Resale	(184,995)	(1,996,694)	(3,422,940)	1,811,699	(90.73%)
Purchase Land and Buildings	(349,386)	(1,417,066)	(2,429,758)	1,067,680	(75.34%)
Purchase Infrastructure Assets - Roads	(1,554,364)	(2,391,249)	(4,100,212)	836,885	(35.00%)
Purchase Infrastructure Assets - Drainage	(255,752)	(342,279)	(586,913)	86,527	(25.28%)
Purchase Infrastructure Assets - Parks and Ovals	(82,693)	(339,906)	(583,022)	257,213	(75.67%)
Purchase Infrastructure Assets - Footpaths	(157,459)	(213,885)	(366,909)	56,426	(26.38%)
Purchase Infrastructure Assets - Special Works	(27,783)	(294,154)	(504,415)	266,371	(90.56%)
Purchase Plant and Equipment	(79,168)	(604,163)	(1,035,732)	524,995	(86.90%)
Purchase Furniture and Equipment	(85,955)	(69,133)	(129,861)	(16,822)	24.33%
Capital Contributions and Grants Owing	0	0	(41,667)	0	
Repayment of Debentures	(328,858)	(328,858)	(559,442)	0	0.00%
Overdraft Funds (Repayment)	(969,975)	(971,739)	(971,739)	1,764	(0.18%)
Advances to Clubs	0	0	(19,680)	0	
Transfers to Reserves (Restricted Assets)	(1,944,634)	(1,725,639)	(2,766,574)	(218,995)	12.69%
Total	(6,021,022)	(10,694,765)	(17,518,864)	4,673,743	(43.70%)
Rate Revenue	25,500,124	25,642,680	25,923,920	(142,556)	(0.56%)
Opening Funding Surplus (Deficit)	2,308,520	2,308,520	2,308,520	0	0.00%
Closing Funding Surplus (Deficit)	15,873,606	13,346,267	1,234,012	2,527,338	18.94%

**SHIRE OF KALAMUNDA
STATEMENT OF FINANCIAL ACTIVITY
(STATUTORY REPORTING PROGRAM)
FOR THE 7 MONTHS TO 31 JANUARY 2013**

	Actual 31/01/2013 \$	Budget YTD 2012-13 \$	Budget 2012-13 \$	Variance \$	Variance %
REVENUE					
Governance	8,876	8,145	13,626	731	8.98%
General Purpose Funding	1,079,030	1,746,683	3,303,743	(667,653)	(38.22%)
Law, Order, Public Safety	255,371	244,866	359,089	10,505	4.29%
Health	87,525	83,596	102,217	3,929	4.70%
Education and Welfare	2,774,347	2,183,256	3,653,074	591,091	27.07%
Community Amenities	8,659,998	8,860,077	10,674,791	(200,079)	(2.26%)
Recreation and Culture	887,152	1,355,785	2,380,654	(468,633)	(34.57%)
Transport	1,298,469	1,246,345	2,322,434	52,124	4.18%
Economic Services	398,560	407,451	636,181	(8,892)	(2.18%)
Other Property and Services	204,870	235,452	412,181	(30,582)	(12.99%)
Total (Excluding Rates)	15,654,198	16,371,656	23,857,991	(717,459)	(4.38%)
EXPENSES					
Governance	(1,679,906)	(1,622,021)	(2,559,481)	(57,885)	3.57%
General Purpose Funding	(445,995)	(434,445)	(718,548)	(11,550)	2.66%
Law, Order, Public Safety	(912,150)	(930,351)	(1,560,444)	18,201	(1.96%)
Health	(537,979)	(553,140)	(901,895)	15,161	(2.74%)
Education and Welfare	(2,054,900)	(2,396,150)	(4,035,216)	341,250	(14.24%)
Community Amenities	(5,987,601)	(6,217,890)	(10,652,091)	230,289	(3.70%)
Recreation & Culture	(9,566,075)	(10,056,839)	(17,078,483)	490,764	(4.88%)
Transport	(4,405,984)	(4,597,324)	(7,881,146)	191,340	(4.16%)
Economic Services	(455,701)	(489,272)	(823,721)	33,571	(6.86%)
Other Property and Services	(1,906,778)	(871,026)	(1,063,062)	(1,035,752)	118.91%
Total	(27,953,069)	(28,168,458)	(47,274,086)	215,390	(0.76%)
Funding Balance Adjustment					
Non-Cash Expenditure and Revenue					
(Profit)/Loss on Asset Disposals	(1,155,413)	(1,148,124)	(2,676,312)	(7,289)	0.63%
(Profit)/Loss on Asset Disposals	48,406	20,000	20,000	28,406	142.03%
Depreciation and Amortisation on Assets	5,557,711	5,528,782	9,478,169	28,929	0.52%
Movement in Employee Benefit Provisions	(62,286)	0	0	(62,286)	
	4,388,418	4,400,658	6,821,857	(12,240)	
Net Operating Result Excluding Rates	(7,910,453)	(7,396,144)	(16,594,238)	(514,309)	6.95%
CAPITAL REVENUES					
Proceeds from Disposal of Assets	125,467	171,235	285,391	(45,768)	(26.73%)
Proceeds from Disposal of Land	1,699,006	2,196,895	3,661,491	(497,889)	(22.66%)
Proceeds from New Debentures	0	11,480	19,680	(11,480)	(100.00%)
Self-Supporting Loan Principal Income	30,964	30,964	59,537	0	0.00%
Overdraft Funds Utilised	0	0	1,200,000	0	
Transfers from Reserves (Restricted Assets)	141,000	1,075,403	1,888,575	(994,403)	(86.89%)
Total	1,996,437	3,485,976	7,114,674	(1,489,540)	
CAPITAL EXPENSES					
Purchase Land Held for Resale	(184,995)	(1,996,694)	(3,422,940)	1,811,699	(90.73%)
Purchase Land and Buildings	(349,386)	(1,417,066)	(2,429,758)	1,067,680	(75.34%)
Purchase Infrastructure Assets - Roads	(1,554,364)	(2,391,249)	(4,100,212)	836,885	(35.00%)
Purchase Infrastructure Assets - Drainage	(255,752)	(342,279)	(586,913)	86,527	(25.28%)
Purchase Infrastructure Assets - Parks and Ovals	(82,693)	(339,906)	(583,022)	257,213	(75.67%)
Purchase Infrastructure Assets - Footpaths	(157,459)	(213,885)	(366,909)	56,426	(26.38%)
Purchase Infrastructure Assets - Special Works	(27,783)	(294,154)	(504,415)	266,371	(90.56%)
Purchase Plant and Equipment	(79,168)	(604,163)	(1,035,732)	524,995	(86.90%)
Purchase Furniture and Equipment	(85,955)	(69,133)	(129,861)	(16,822)	24.33%
Capital Contributions and Grants Owning	0	0	(41,667)	0	
Repayment of Debentures	(328,858)	(328,858)	(559,442)	0	0.00%
Overdraft Funds (Repayment)	(969,975)	(971,739)	(971,739)	1,764	(0.18%)
Advances to Clubs	0	0	(19,680)	0	
Transfers to Reserves (Restricted Assets)	(1,944,634)	(1,725,639)	(2,766,574)	(218,995)	12.69%
Total	(6,021,022)	(10,694,765)	(17,518,864)	4,673,743	
Rate Revenue	25,500,124	25,642,680	25,923,920	(142,556)	(0.56%)
Opening Funding Surplus (Deficit)	2,308,520	2,308,520	2,308,520	0	0.00%
Closing Funding Surplus (Deficit)	15,873,606	13,346,267	1,234,012	2,527,338	18.94%

SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 7 Months to 31 January 2013

NET CURRENT FUNDING POSITION

Positive=Surplus (Negative=Deficit)
2012-13

	31/01/2013	Last Period
	\$	\$
Current Assets		
Cash Unrestricted	13,554,111	13,403,674
Cash at Bank - Reserves (Restricted)	4,481,100	4,119,959
Receivables - Rates and Rubbish	5,630,396	8,534,321
Receivables -Other	(250,165)	233,165
Inventories	158,085	172,723
(* exclude loan receivable)	<u>23,573,527</u>	<u>26,463,842</u>
Less: Current Liabilities		
Overdraft	0	0
Payables	(3,218,821)	(3,409,456)
Provisions	(1,873,439)	(2,078,105)
(* exclude loan payable)	<u>(5,092,260)</u>	<u>(5,487,560)</u>
Net Current Asset Position	<u>18,481,267</u>	<u>20,976,281</u>
Add:		
Provision for Long Service Leave	570,499	629,668
Provision for Annual Leave	1,302,940	1,448,437
Interest Bearing Liabilities accrued	0	0
Less:		
Restricted Cash (Reserves)	<u>(4,481,100)</u>	<u>(4,119,959)</u>
Net Current Funding Position	<u>15,873,606</u>	<u>18,934,427</u>

Shire of Kalamunda Investments as at 31/01/2013

<u>Invest #</u>	<u>Bank</u>	<u>Term</u>	<u>Interest Rate %</u>	<u>Weighted Int Rate</u>	<u>Maturity</u>	<u>Fund</u>	<u>Amount</u>
Municipal Cash at Bank							
SOK - MOW	ANZ-Meals on Wheels					Municipal	\$11,118.94
SOK - KHACC	Bank West-Home and Community Care					Municipal	\$36,077.48
SOK	Commonwealth Chequing Account					Municipal	\$151,138.51
SOK	Commonwealth Savings Account					Municipal	\$4,645,826.89
SOK	Commonwealth CIP					Municipal	\$0.00
SOK	Commonwealth Savings Account (Health)					Municipal	\$0.00
SOK	Commonwealth Savings Account (Trybooking)					Municipal	\$0.00
SOK	Commonwealth Overdraft \$1,500,000 GPL					Municipal	\$0.00
							\$4,844,161.82

Cash Investments

9075	ING	90	4.60%	0.3114%	6/2/13	Municipal	\$1,226,735.88
9081	NAB	120	4.38%	0.4893%	23/4/13	Municipal	\$2,024,233.43
9082	ING	120	4.54%	0.5072%	5/4/13	Municipal	\$2,024,133.70
9083	NAB	120	4.38%	0.2447%	23/4/13	Municipal	\$1,012,116.72
9085	Bendigo	90	4.40%	0.4913%	3/4/13	Municipal	\$2,023,178.08
9086	Bendigo	90	4.58%	0.2528%	7/2/13	Municipal	\$1,000,000.00
							\$9,310,397.81

Cash Backed Reserves

SOK	Commonwealth Bank Savings Account					Reserve	\$4,342,736.89
							\$4,342,736.89

Trust Funds

Shire of Kalamunda-BCITF, BRB, Unclaimed Monies						Trust	\$36,545.89
							\$36,545.89

Cell 9 Scheme Contributions

CELL9 TD2	NAB	120	4.31%	0.2698%	28/5/13	Trust	\$1,134,354.10
CELL9 TD5	Westpac	90	4.45%	0.2762%	10/3/13	Trust	\$1,124,503.95
CELL9 TD6	Bendigo	119	4.65%	0.2817%	1/2/13	Trust	\$1,097,531.22
CELL9 TD7	Bendigo	119	4.65%	0.2817%	1/2/13	Trust	\$1,097,531.22
CELL9 TD8	ANZ	90	4.25%	0.2517%	29/4/13	Trust	\$1,072,948.10
CELL9 TD9	ING	91	4.61%	0.2889%	11/2/13	Trust	\$1,056,910.59
CELL9 TD10	ANZ	90	4.65%	0.2629%	7/3/13	Trust	\$1,024,272.66
	Cell 9 Cheque Account						\$703.15
	Cell 9 Online Saver						\$1,332,434.99
							\$8,941,189.98

Public Open Space Funds

POS	NAB	120	4.49%	0.2974%	10/4/13	Trust	\$1,200,274.36
POS	Commonweal	At Call					\$1,051,009.62
							\$2,251,283.98

Total Funds

\$29,726,316.37

SUMMARY OF FUNDS

Municipal	\$14,154,559.63
Reserves	\$4,342,736.89
Trust	\$11,229,019.85
Total Funds	\$29,726,316.37

**SHIRE OF KALAMUNDA
STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2013**

NOTE	Actual YTD 31/01/2013 \$	Actual 30/06/2012 \$
CURRENT ASSETS		
Cash and Cash Equivalents	18,035,211	8,179,373
Trade and Other Receivables	5,439,767	2,753,854
Inventories	158,085	201,275
Land Held for Resale	135,949	625,695
TOTAL CURRENT ASSETS	<u>23,769,013</u>	<u>11,760,197</u>
NON-CURRENT ASSETS		
Other Receivables	995,236	1,026,201
Land Held for Resale	284,660	284,660
Shares in Other Equities	13,420,932	13,420,932
Property, Plant and Equipment Infrastructure	160,096,481	162,280,977
	<u>155,520,041</u>	<u>156,343,420</u>
TOTAL NON-CURRENT ASSETS	<u>330,317,350</u>	<u>333,356,190</u>
TOTAL ASSETS	<u>354,086,363</u>	<u>345,116,387</u>
CURRENT LIABILITIES		
Bank Overdraft	0	969,975
Trade and Other Payables	3,218,821	6,088,978
Borrowings	559,442	559,442
Provisions	1,873,439	1,935,725
TOTAL CURRENT LIABILITIES	<u>5,651,702</u>	<u>9,554,120</u>
NON-CURRENT LIABILITIES		
Long Term Borrowings	7,781,193	8,110,051
Provisions	385,274	385,274
TOTAL NON-CURRENT LIABILITIES	<u>8,166,467</u>	<u>8,495,325</u>
TOTAL LIABILITIES	<u>13,818,169</u>	<u>18,049,445</u>
NET ASSETS	<u>340,268,194</u>	<u>327,066,942</u>
EQUITY		
Retained Surplus	206,121,465	194,723,847
Reserves - Cash/Investment Backed	4,481,100	2,677,466
Reserves - Asset Revaluation	129,665,629	129,665,629
TOTAL EQUITY	<u>340,268,194</u>	<u>327,066,942</u>

**SHIRE OF KALAMUNDA
STATEMENT OF CHANGES IN EQUITY
AS AT 31 JANUARY 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2011		187,014,762	2,728,298	129,875,629	319,618,689
Net Result		7,658,253	0	0	7,658,253
Total Other Comprehensive Income		0	0	(210,000)	(210,000)
Transfer from/(to) Reserves		50,832	(50,832)	0	0
Transfer to Trust		0	0	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2012		194,723,847	2,677,466	129,665,629	327,066,942
Net Result		13,201,252	0	0	13,201,252
Transfer from/(to) Reserves		(1,803,634)	1,803,634	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2012		206,121,465	4,481,100	129,665,629	340,268,194

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF KALAMUNDA
STATEMENT OF CASH FLOWS
For the 7 Months to 31 January 2013

	NOTE	31/01/2013	2012/13	30/06/2012
		Actual	Budget	Actual
		\$	\$	\$
Cash Flows From Operating Activities				
Receipts				
Rates		20,911,982	25,713,030	23,967,967
Operating Grants and Subsidies		3,159,458	5,621,043	3,840,609
Contributions, Reimbursements and Donations		350,280	677,840	3,611,252
Fees and Charges		11,747,653	10,123,538	12,775,204
Interest Earnings		400,887	768,937	818,407
Goods and Services Tax		524,723	1,682,449	1,072,958
Other Revenue		35,992	91,906	41,877
		<u>37,130,976</u>	<u>44,678,743</u>	<u>46,128,275</u>
Payments				
Employee Costs		(11,685,606)	(19,301,666)	(19,424,462)
Materials and Contracts		(11,140,167)	(13,704,645)	(14,825,441)
Utility Charges		(1,383,517)	(2,443,131)	(2,041,258)
Insurance Expenses		(569,578)	(598,979)	(488,355)
Interest Expenses		(257,708)	(511,688)	(458,401)
Goods and Services Tax		(1,322,160)	(1,508,891)	(3,100,375)
Other Expenditure		(241,485)	(293,258)	(668,307)
		<u>(26,600,221)</u>	<u>(38,362,258)</u>	<u>(41,006,600)</u>
Net Cash Provided By (Used In) Operating Activities	(b)	<u>10,530,755</u>	<u>6,316,485</u>	<u>5,121,675</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(54,100)	(3,422,940)	(1,692,326)
Payments for Purchase of Property, Plant & Equipment		(645,404)	(3,595,351)	(6,310,787)
Payments for Construction of Infrastructure		(2,078,051)	(6,141,471)	(7,208,058)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,546,035	2,644,484	5,082,718
Proceeds from Sale of Land		1,699,006	3,661,491	6,665,917
Proceeds from Sale of Plant & Equipment		125,467	285,391	105,329
		<u>125,467</u>	<u>285,391</u>	<u>105,329</u>
Net Cash Provided By (Used In) Investing Activities		592,952	(6,568,396)	(3,357,207)
Cash Flows from Financing Activities				
Repayment of Debentures		(328,858)	(559,442)	(487,253)
Capital Contributions Repayments		0	(41,667)	0
Proceeds from Self Supporting Loans		30,964	59,537	55,901
Advance to Clubs		0	(19,680)	0
Overdraft Funding Utilised		0	1,200,000	0
Overdraft Funding		0	0	0
Proceeds from New Debentures		0	19,680	3,000,000
		<u>0</u>	<u>19,680</u>	<u>3,000,000</u>
Net Cash Provided By (Used In) Financing Activities		(297,893)	658,428	2,568,648
Net Increase (Decrease) in Cash Held		10,825,814	406,517	4,333,116
Cash at Beginning of Year		7,209,398	7,209,398	2,876,281
Cash and Cash Equivalents at the End of the Year	(a)	<u>18,035,211</u>	<u>7,615,915</u>	<u>7,209,398</u>
Cash and Cash Equivalents	3	18,035,211		
Bank Overdraft	3	0		
		<u>18,035,211</u>		

Please note that the following amount is included in the Total Cash and Cash Equivalents shown above. This amount is the Restricted Cash for Reserve Accounts.

SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 7 Months to 31 January 2013

NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	31/01/2013	30/06/2012
	\$	\$
Cash and Cash Equivalents	18,035,211	8,179,373
Overdraft Funding		(969,975)
	<u>18,035,211</u>	<u>7,209,398</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	13,201,253	7,658,250
Depreciation	5,557,711	9,314,073
(Profit)/Loss on Sale of Asset	(1,107,007)	(4,035,142)
(Increase)/Decrease in Receivables	(1,846,621)	2,498,153
(Increase)/Decrease in Inventories	43,189	(1,012,343)
Increase/(Decrease) in Payables	(2,912,012)	932,286
Increase/(Decrease) in GST	(797,437)	(2,027,417)
Increase/(Decrease) in Employee Provisor	(62,286)	260,855
Non Cash Contribution (EMRC)	0	(2,485,321)
Grants/Contributions for the Development of Assets	<u>(1,546,035)</u>	<u>(5,981,718)</u>
Net Cash from Operating Activities	<u>10,530,755</u>	<u>5,121,675</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	1,500,000
Bank Overdraft at Balance Date	0

**SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
AS AT 31 JANUARY 2013**

	Actual 31/01/2013 \$	Budget 30/06/2013 \$
RESERVES - CASH/INVESTMENT BACKED		
(a) Land and Property		
Opening Balance	1,653,467	1,653,467
Interest Earned	49,792	47,559
Amount Set Aside / Transfer to Reserve	1,607,221	1,991,770
Amount Used / Transfer from Reserve	0	(1,648,439)
	<u>3,310,480</u>	<u>2,044,357</u>
(b) Waste Management		
Opening Balance	151,513	151,513
Interest Earned	2,836	4,358
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>154,349</u>	<u>155,871</u>
(c) EDP - IT Equipment		
Opening Balance	11,977	11,977
Interest Earned	226	344
Amount Set Aside / Transfer to Reserve	268,463	268,463
Amount Used / Transfer from Reserve	(45,000)	(45,000)
	<u>235,666</u>	<u>235,784</u>
(d) Local Government Elections		
Opening Balance	28,725	28,725
Interest Earned	537	826
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>29,262</u>	<u>29,551</u>
(e) Long Service Leave		
Opening Balance	70,744	70,744
Interest Earned	1,322	2,035
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>72,066</u>	<u>72,779</u>
(f) Plant and Equipment		
Opening Balance	27,432	27,432
Interest Earned	514	789
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>27,946</u>	<u>28,221</u>

**SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
AS AT 31 JANUARY 2013**

	Actual 31/01/2013 \$	Budget 30/06/2013 \$
(g) Stirk Park Reserve		
Opening Balance	23,926	23,926
Interest Earned	447	689
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>24,373</u>	<u>24,615</u>
(h) HACC		
Opening Balance	129,951	129,951
Interest Earned	2,432	3,737
Amount Set Aside / Transfer to Reserve	0	362,657
Amount Used / Transfer from Reserve	0	0
	<u>132,383</u>	<u>496,345</u>
(i) Forrestfield Industrial Area		
Opening Balance	157,853	157,853
Interest Earned	2,952	4,540
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	(40,000)	(83,000)
	<u>120,805</u>	<u>79,393</u>
(j) Insurance Contingency		
Opening Balance	159,382	159,382
Interest Earned	2,981	4,584
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>162,363</u>	<u>163,966</u>
(k) Light Plant		
Opening Balance	32,361	32,361
Interest Earned	606	931
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>32,967</u>	<u>33,292</u>
(l) Revaluation		
Opening Balance	132,001	132,001
Interest Earned	2,471	3,796
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>134,472</u>	<u>135,797</u>

**SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
AS AT 31 JANUARY 2013**

	Actual 31/01/2013 \$	Budget 30/06/2013 \$
(m) Nominated Employee Leave Provisions		
Opening Balance	23,550	23,551
Interest Earned	441	677
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>23,991</u>	<u>24,228</u>
(n) Unexpended Capital Works and Specific Purpose Grants		
Opening Balance	0	0
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>0</u>	<u>0</u>
(o) Enviromental Reserve		
Opening Balance	74,583	74,583
Interest Earned	1,393	2,132
Amount Set Aside / Transfer to Reserve	0	66,687
Amount Used / Transfer from Reserve	(56,000)	(112,136)
	<u>19,976</u>	<u>31,266</u>
TOTAL CASH BACKED RESERVES	<u><u>4,481,100</u></u>	<u><u>3,555,465</u></u>

SUMMARY

	2012-13 Actual YTD \$	2012-13 Budget \$
Opening Balance	2,677,466	2,677,466
Transfer from Accumulated Surplus - Interest	68,950	76,997
Transfer from Accumulated Surplus	1,875,684	2,689,577
Transfer to Accumulated Surplus	<u>(141,000)</u>	<u>(1,888,575)</u>
Closing Balance	<u><u>4,481,100</u></u>	<u><u>3,555,465</u></u>

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

10.3.4 Proposed Political and Election Signage Planning Application Fee

Previous Items	OCM 183/2012
Responsible Officer	Director Development & Infrastructure Services
Service Area	Development Services
File Reference	Nil
Applicant	N/A
Owner	N/A
Attachment 1	Schedule of Fees Charges (Budget 2012/2013)
Attachment 2	Current Sign Local Law Scale of Fees

PURPOSE

1. To consider whether to adopt a separate planning application fee for political and election signage proposed on private property for inclusion in the adopted 2012/13 planning fee schedule (Attachment 1).

BACKGROUND

2. Currently the fee charged for all types of proposed signage on private property is the same as development up to the value of \$50,000, being a fee of \$139.00.
3. By comparison, the fee charged for proposed signage on public land varies from \$1.00 per square metre for an oversized pylon sign, to \$25.00 per annum for a hoarding sign, under the current Sign Local Law. Refer to the current Sign Local Law Scale of Fees (Attachment 2).
4. In December 2012, Council resolved (En Bloc Resolution OCM 183/2012) to initiate an amendment to Local Planning Scheme No. 3 to modify Schedule 5 (Exempted Advertisements).
5. The amendment proposes to include provisions under Schedule 5 of Local Planning Scheme No. 3 with regard to when election and political signage is exempt from requiring planning approval.
6. As a consequence of the Supreme Court cases involving the Cities of Armadale and Gosnells with respect to the exemption from planning approval for political signs on constitutional grounds, the Shire sought further legal advice regarding the current amendment being undertaken to Local Planning Scheme No. 3.
7. The advice received indicated that there would be no conflict with the implied political free speech claims under the constitution provided political signs were not treated differently to other signs under the planning scheme. The Shire's proposed handling of political signs will meet this test and is different to Armadale and Gosnells.

DETAILS

8. A planning application fee of \$5.00 is proposed for every political and/or election sign proposed to be erected on private property.
9. For the purposes of this fee the definition of a political sign is:

“Political Sign” means a sign which displays, or makes reference to, matters of a political nature and/or promotes sitting members, candidates, or potential candidates, for the Parliament of the Commonwealth or the State, or for the Council of the Local Government but does not include a sign erected by the Local Government for public information.

STATUTORY AND LEGAL IMPLICATIONS

Planning and Development Regulations 2009

10. The fees outlined in the adopted planning fee schedule are based on the maximum planning fees stipulated by the WA Planning Commission which prescribed in the *Planning and Development Regulations 2009* (“Regulations”).
11. The Regulations allow local governments to charge fees or not at all.

Local Government Act 1995

12. Section 6.16 (Imposition of Fees and Charges) of the *Local Government Act 1995* (“Act”) stipulates that fees and charges are to be imposed when adopting the annual budget but may be imposed during a financial year and amended from time to time during a financial year.
13. Section 6.19 (Local Government to Give Notice of Fees and Charges) of the Act stipulates that if a local government wishes to impose any fees or charges after the annual budget has been adopted it must, before introducing the fees or charges, give local public notice of its intention to do so and the date from which the fees or charges will be imposed.

POLICY IMPLICATIONS

14. Nil.

PUBLIC CONSULTATION/COMMUNICATION

15. Section 1.7 (Local Public Notice) of the Act stipulates that the local public notice will be required to be published in a newspaper circulating throughout the district on at least one occasion, on display to the public at the local government’s offices and every local government library in the district, for a minimum of 7 days.

FINANCIAL IMPLICATIONS

16. There will be a cost involved in the advertising of the proposed planning fee however this is covered in the adopted Development Services budget.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Planning Implications

17. Nil.

Sustainability Implications

Social Implications

18. Nil.

Economic Implications

19. Nil.

Environmental Implications

20. Nil.

OFFICER COMMENT

21. The proposed application fee amount for political and election signage is consistent with the fees required for signage on public land which is stipulated under the Signage Local Law.
22. Reducing the planning fee compared with what is currently charged will assist with expediting the planning application process for election and political signage on private property.
23. Considering the above it is recommended that Council adopts the planning application fee for political and election signage and it be advertised in accordance with the Act.

Voting Requirements: Absolute Majority

RESOLVED OCM 12/2013

That Council:

1. Adopts the planning application fee of \$5.00 for every political and /or election sign proposed to be erected on private property, and a public notice be published advising of this, in accordance with Section 1.7 and 6.19 of the *Local Government Act 1995*.

Moved: **Cr Noreen Townsend**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY/ABSOLUTE MAJORITY (9/0)**

Attachment 1

SHIRE OF KALAMUNDA Schedule of Fees Charges Budget 2012/2013				
REGULATORY	Charge Rate (per)	Net Cost \$	GST \$	(GST Inc) \$
Cash in Lieu				
Receipt of Cash in Lieu monies for Public				As per agreement
Reimbursement of valuation fees				As per amount invoiced
Valuation				As per amount invoiced
Strategic				
Reply to a request for a property file search		62.00	6.20	68.20
Statutory				
Development Application				
Determination of <u>development application</u> (other than for an extractive industry) where the estimated costs of the development is:				
Not more than \$50,000		139.00	N/A	139.00
More than \$50,000 but not more than \$500,000	0.32% of the estimated cost of the development			
More than \$500,000 but not more than \$2.5 million	1,600 + 0.257% for every \$1 in excess of \$500,000			
More than \$2.5 million but not more than \$5 million	,740 + 0.206% for every \$1 in excess of \$2.5 million			
More than \$5million but not more than \$21.5 million	1,890 + 0.123% for every\$1 in excess of \$5 million			
More than \$21.5 million		32185.00	N/A	32185.00
And if the development has commenced or been carried out, an additional amount, by way of penalty, that is twice the amount of the maximum fee payable for determination of the application under paragraph (a), (b), (c) ,(d), (e) or (f)				
Determination of <u>development application</u> for an extractive industry		696.00	N/A	696.00
Request for minor amendment to an approved development		50	N/A	50
Request for major amendment to an approved development	50% of regular fee with a minimum of \$100.00			
And \$1230 penalty if the development has commenced	\$1230 penalty if the development has commenced			
Zoning Certificate (Orders and Requisitions)				
Orders & Requisitions		69.00	6.90	75.90
Rates Enquiry - Property Settlement Statement		30.00	N/A	30.00
Issue of written planning advice		62.73	6.27	69.00
Reply to a sale of business settlement questionnaire		62.73	6.27	69.00

SHIRE OF KALAMUNDA
Schedule of Fees Charges
Budget 2012/2013

REGULATORY	Charge Rate (per)	Net Cost \$	GST \$	(GST Inc) \$
Application for approval of home occupation				
Fee	Initial	209.00	N/A	209.00
Renewal fee		69.00	N/A	69.00
Fee for applications of the new Enterprise Incentive Schem		20.00	N/A	20.00
\$406 penalty if home occupation has commenced		\$627 penalty where the Home Occupation has already commenced		
If the home occupation to be renewed has expired		207.00	N/A	207.00
Application for change of use				
For change or continuation of use where development is not occurring.		278.00	N/A	278.00
\$540 penalty if the change of use has already been carried out		834.00	N/A	834.00
Provision of a survey strata clearance				
Not more than 5 lots	Lot	69.00	N/A	69.00
6 - 195 lots (first 5 lots)	Lot	69.00	N/A	69.00
6 - 195 lots	Lot	\$69 for the first 5 lots and then \$35 per lot		
more than 195 lots		6959.00	N/A	6959.00
Provision of a subdivision clearance				
Not more than 5 lots	Lot	69.00	N/A	69.00
Not more than 6 - 195 lots	Lot	\$69 for the first 5 lots and then \$35 per lot		
more than 195 lots		6959.00	N/A	6959.00
Land Matters and Roads and Rights of Way				
Initial Request		200.00	N/A	200.00
Caveat withdrawals, Easements and Notices on Titles (plus all costs)		55.00	N/A	55.00
Application for Closure of Public Access Way (PAW)				
Initial Request		200.00	N/A	200.00
Application for Commercial Vehicle Parking				
Fee	initial	150.00	N/A	150.00
Renewal fee		100.00	N/A	100.00
Planning Infringement Notices		500.00		500.00

Attachment 2

Second Schedule

Scale of Fees

- Pylon or Tower Sign - \$10.00
- Oversized Pylon or Tower Sign - \$1.00 per M² (minimum \$10.00)
- Illuminated Sign -
 - On roof - \$1.00 per M2 (minimum \$10.00)
 - Other - \$10.00
- Development Signs - \$1.00 per M2 (minimum \$10.00)
- Rural Producers Signs - \$10.00
- Sign Panel - \$10.00
- Hoardings - \$25.00 per annum
- Any other sign - \$10.00.

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

10.3.5 Report on Structures and Terms of Reference of Audit Committee Currently Existing in Other Local Governments

Previous Items	N/A
Responsible Officer	Internal Auditor
Service Area	Office of CEO
File Reference	
Applicant	N/A
Owner	N/A
Attachment 1	Report on Structures and Terms of Reference of Audit Committees Currently Existing in other Local Governments.
Attachment 2	New Terms of Reference of Audit and Risk Committee
Attachment 3	Comparison of Terms of Reference Existing in Other Local Governments

PURPOSE

1. To review the structure and terms of reference of the Shire's Audit Committee.

BACKGROUND

2. At the Ordinary Council Meeting held on 17 December 2012 Council resolved as follows:

RESOLVED OCM 196/2012

1. *Requested the Chief Executive Officer to prepare a report for Council on Audit Committee Structures and Terms of Reference currently existing in other local governments.*
2. *Request the report be presented to the February 2013 OCM*

DETAILS

3. In response to Council's request a review of the structures and terms of reference of the Audit Committee was undertaken.
4. The review included a comparison of the Council's Audit Committee with nine (9) other local governments and two (2) regional councils.
5. The common underlying theme from other local government's Audit Committee was the appointment of the external auditor to conduct the annual audit of the annual financial statements.
6. Seven local governments and one regional council extended the terms of reference of the Audit Committee to include internal auditing and risk management.

7. The scope of work undertaken by the internal auditor varied between local governments. The common underlying theme being an assurance that:
 - Risks are properly identified and managed.
 - Internal control and governance processes as designed by management have been operating effectively.
 - Employee's actions are in compliance with policies, accounting standards, procedures and applicable laws and regulations.
 - Financial, managerial, and operating information is accurate, reliable and timely.
 - The annual Compliance Audit return is completed correctly.
 - Audit reports and management issues raised by the external auditors have been addressed with recommendations properly implemented.
 - Review of bad debt write offs.
8. Following a review of the Council's Audit Committee terms of reference the external and internal audit roles have been redefined under separate headings to clearly delineate the respective roles, and expand this role to include risk assessment.
9. New terms of reference has been prepared for consideration by Council to include additional matters to be considered by the Audit Committee and to recommend a change of name of the Audit Committee to enhance its role to include monitoring the Shire's Risks.
10. A local government is required to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it. The members of the Audit Committee are to be appointed by the local government and at least 3 of the members and the majority of members are to be council members. A CEO is not to be a member of an audit committee or have a person appointed to represent him or her as a member of an audit committee. An employee is not to be a member of an audit committee.
11. The principal functions of the audit committee is to provide guidance and assistance to the local government as to the carrying out of its functions in relation to audits, financial management., risk management and the process to be used to appoint a person to be external auditor.

STATUTORY AND LEGAL IMPLICATIONS

12. Section 7.1A of the *Local Government Act 1995* (the Act) requires a local government to establish an audit committee of 3 or more persons to exercise and discharge the duties conferred on it.
13. Section 7.2 of the Act requires the accounts and annual financial report of a local government to be audited by an auditor appointed by the local government.
14. The appointment of the auditor by Council under Section 7.3(1) is to be by recommendation of the audit committee. The person appointed as external

auditor will be required to comply with Section 7.9 of the Act and the *Local Government (Audit) Regulations 1996*.

15. Regulation 5(1) and 5(2) of the *Local Government (Financial Management) Regulations 1996* requires the CEO to establish efficient systems and procedures for the general financial management under section 6.10 of the Act, and undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of a local government at least once in every 4 years.

POLICY IMPLICATIONS

16. Nil

PUBLIC CONSULTATION/COMMUNICATION

17. 15. Nil

FINANCIAL IMPLICATIONS

18. Nil

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Planning Implications

19. *Shire of Kalamunda Strategic Plan 2009 - 2014*

Strategy 5.5.2 Provide financial services to support Council's operations and to meet sustainability planning, reporting and accountability requirements.

Strategy 5.5.3 Ensure business continuity and risk management plans are in place and reviewed regularly.

Strategy 5.1.4 Ensure appropriate systems and procedures are in place to comply with statutory compliance and enhance effective business management.

Sustainability Implications

Social Implications

20. Nil

Economic Implications

21. Nil

Environmental Implications

22. Nil

OFFICER COMMENT

23. The terms of reference of the Audit Committee has been reviewed and proposed amendments (Attachment 2) made to include a list of additional matters to be audited, with a clear separation of the objectives and roles of the external and internal auditors.

24. Other proposed amendments to include:

- Membership to be increased
- Meeting cycle to change to quarterly and any additional meetings as the Chairman shall decide.
- Meetings at least once a year with the Shire's external auditor.
- Examination of the reports of the auditor to be undertaken.
- Receive regular reports from the CEO and the Chief Financial Officer on relevance, appropriateness and adequacy of the internal audit process.

Voting Requirements: Absolute Majority

RESOLVED OCM 13/2013

That Council:

1. Change the name of the Audit Committee to Audit and Risk Committee.
2. Change the membership to all members of Council.
3. Amend the Terms of Reference of the Audit and Risk Committee by clearly defining the objectives of the external and internal audit roles as per (Attachment 2).
4. Expand the scope of work of the internal audit by providing regular reports in accordance with the audit plan on:
 - Review compliance with Council Policies and Practices;
 - Review of key internal controls;
 - Review of accounting systems and procedures;
 - Review the annual statutory Compliance Audit Return;
 - Endorse monthly and annual financial reports to Council complies with legislation and Australian Accounting Standards;
 - Special reports as required from time to time by the Audit Committee ;
 - Risk management, by ensuring that sound risk management practices are fully integrated into operational practices and day to day business practices.

5. Amend the Terms of Reference in relation to the scheduling of meetings to ensure the Committee holds at least one meeting per quarter and such additional meetings as the Chairman shall decide in order to fulfil its duties. Meetings will not be open meetings in the context of Section 5.23 of the *Local Government Act 1995*

Moved: **Cr Margaret Thomas**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY/ABSOLUTE MAJORITY (9/0)**

Attachment 1

Report on Structure and Terms of Reference of Audit Committees Currently Existing in Other Local Governments

Contents

Executive Summary

Introduction

Legislation

Comparison of Other Local Governments Audit Committee Structures and Terms of Reference

Proposed Amendments to Terms of Reference/Charter of audit Committee

- **Objectives**
- **Membership**
- **Terms of Membership**
- **Meetings**
- **Access**
- **Reporting**
- **Duties and Responsibilities**

Recommendation

Attachments

- **Proposed New Terms of Reference of Audit Committee**
- **Comparison of Terms of Reference**

Executive Summary

In December 2012 Council requested:

1. The Chief Executive Officer to prepare a report for council on Audit committee Structure and terms of reference currently existing in other local governments.
2. This report be presented to the February 2013 OCM

In response to Council's request, the Audit Committee structure and terms of reference were compared for the following local governments and regional councils:

- o Shire of Denmark
- o City of Perth
- o City of Geraldton
- o Tamala Park Regional Council
- o City of Stirling
- o City of Belmont
- o City of Canning
- o Eastern Metropolitan Regional Council (EMRC)
- o City of Bayswater
- o City of Joondalup
- o City of Swan

In keeping with statutory requirements all the local governments and regional councils established an Audit Committee of three or more persons to exercise the powers and discharge the duties conferred on it for the appointment of the external auditor to conduct the annual audit of the financial statements. Seven local governments and one regional council extended the terms of reference of the Audit Committee to include internal auditing and risk management.

The scope of work undertaken by the internal auditor varied between local governments. The common underlying theme was to provide an assurance that:

- o Risks are properly identified and managed.
- o Internal control and governance processes as designed by management are operating effectively.
- o Employee actions are in compliance with policies, accounting standards, procedures and applicable laws and regulations.
- o Financial, managerial, and operating information is accurate, reliable and timely.
- o The annual Compliance Audit Return is completed correctly.
- o Management reports issued by the external and internal auditors have been assessed and addressed with recommendations properly implemented.

Following a review of Council's Audit Committee terms of reference the external and internal audit roles have been redefined under separate headings to clearly delineate the respective roles, and expand this role to include risk assessment.

A new draft term of reference has been prepared for consideration by the Audit Committee to include additional matters to be audited, with a change of name of the Audit Committee to align it with its new role of "Audit and Risk Committee".

Introduction

When Audit Committees were first established in 2005, it was primarily to accept responsibility for appointment of the external auditor to conduct an audit of the annual financial statements in accordance with legislative requirements.

The role of the Audit Committee is to support Council in its endeavours to provide effective corporate governance and fulfil its responsibilities in relation to directing and controlling the affairs of the local government with an oversight of all matters that relate to the conduct of audits.

The scope of work undertaken by the external auditor varied between the local governments and regional councils, but as a minimum, required the external auditor to form an opinion of the accounts of the local government for each financial year.

The minimum scope of work required by legislation is for external auditors to undertake an audit that enabled the auditor to form an opinion as to whether:

- (a) The accounts are properly kept; and
- (b) The annual financial report-
 - i. is prepared in accordance with the financial records; and
 - ii. represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards and the Act.

The scope of work by the external auditor does not include system reviews, compliance with council policies, risk assessments or an examination of key internal controls of a local government.

Local governments use the minimum standard audit specification prescribed by legislation for external audits of annual financial statements and undertake their own internal reviews of systems and procedures.

Reviews are required to be conducted by the CEO not less than once in every 4 years of the appropriateness and effectiveness of the financial management systems and procedures of the local government. Where there have been significant changes to systems and procedures these reviews are often undertaken more frequently.

Legislation

Section 7.1A requires a local government to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it. The members of the audit committee are to be appointed by the local government and at least 3 of the members and the majority of members are to council members. A CEO is not to be a

member of an audit committee or have a person appointed to represent him or her as a member of an audit committee. An employee is not to be a member of an audit committee.

The principal functions of the audit committee is to provide guidance and assistance to the local government as to the carrying out of its functions in relation to audits, and the processes to be used to appoint a person to be the auditor.

Part 7 of the *Local Government Act 1995* (the Act) and the *Local Government (Audit) Regulations 1996* addressed the appointment of the external auditor. The Act and regulations requires the external auditor to form an opinion as to whether the accounts of a local government are properly kept and the annual financial report is prepared in accordance with the financial records and represents fairly the results of the local government and its financial position at 30 June.

Regulation 5(1) and 5(2) of the *Local Government (Financial Management) Regulations 1996* requires the CEO to establish efficient systems and procedures for the general financial management under section 6.10 of the Act, and undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of a local government at least once in every 4 years. This is achieved by using an internal auditor or engaging a consultant to conduct the review.

Comparison of Other Local Governments Audit Committee Structures and Terms of Reference

Comparisons were made of audit committee structures and terms of reference of the following local governments and regional councils:

- Shire of Denmark
- City of Perth
- City of Geraldton
- Tamala Park Regional Council
- City of Stirling
- City of Belmont
- City of Canning
- Eastern Metropolitan Regional Council (EMRC)
- City of Bayswater
- City of Joondalup
- City of Swan

The review identified that all eleven local governments and regional council's established Audit Committee in accordance with legislative requirements primarily for the appointment of the external auditor and controlling the external audit with seven extending the role of the audit committee to include internal auditing.

Membership of the audit committees varied from between 3 to 8 members including an external advisor not on Council. Meetings on average were held between 3 to 4 times a year or when determined by members. Meeting with the exception of the City of Perth were closed to the public or silent in this regard.

The scope of work undertaken by the internal auditor for each of the seven local governments and regional council varied. The common underlying theme was to provide an assurance:

- Risks are properly identified and managed.
- Internal control and governance processes as designed by management are operating effectively.
- Employee actions are in compliance with policies, accounting standards, procedures and applicable laws and regulations.
- Financial, managerial, and operating information is accurate, reliable and timely.
- The annual Compliance Audit Return is completed correctly.
- Management reports issued by the external and internal auditors have been assessed and addressed with recommendations properly implemented.

Amendments to Current Term of Reference

The terms of reference of the Audit Committee has been reviewed and proposed amendments made to include a list of additional matters to be audited, with a clear separation of the objectives and roles of the external and internal auditors.

The external auditor more often than not uses the work undertaken by the internal auditor for assurance purposes, and to ensure there are no items that may have an impact on the external audit.

The external auditor is appointed by Council to examine the accounts and annual reports submitted for audit and form an opinion on these accounts for the financial year.

Change of Name

The principal role of the internal auditor is to report to the CEO and the Audit Committee on the adequacy and effectiveness of internal control processes and procedures, identification and matters of non-compliance with legislation, review of policies and any other matters as requested from time to time by the Committee.

The change of name is considered appropriate as the internal audit role will now be expanded to include the mitigation of risk. This will be carried out by facilitating, at least once a year, a report in relation to the management of risk within the Shire, and to satisfy itself that appropriate controls and processes are in operation to mitigate and reduce risk, and consider the transfer or mitigation of risk through an annual review of Council's insurances.

Objectives

Current Objectives

- a. Is to provide guidance and assistance to the local government –
 - i. As to the carrying out its functions in relation to audits carried out under Part 7 of the Act; and

- ii. As to the development of a process to be used to select and appoint a person to be an auditor; and
- b. May provide guidance and assistance to the local government as to –
 - iii. Matters to be audited;
 - iv. The scope of audits;
 - v. Its functions under Part 6 of the Act; and
 - vi. Carrying out its functions relating to other audits and other matters related to financial management

Amended to include:

Purpose

To ensure that the audit of Council's financial and statutory functions have been undertaken in accordance with the provisions of the Local Government Act 1995 and associated regulations. The Committee will also undertake a Risk Management function to ensure risk management practices and procedures are fully integrated into the Shire of Kalamunda's strategic and operational planning processes and day to day business practices.

Objectives

External Audit

- a. Is to provide guidance and assistance to the local government –
 - i. As to the carrying out its functions in relation to audits carried out under Part 7 of the Act; and
 - ii. As to the development of a process to be used to select and appoint a person to be an auditor; and
- b. Is to provide guidance and assistance to the local government as to –
 - iii. Matters to be audited;
 - iv. The scope of audits;
 - v. Its functions under Part 6 of the Act; and
 - vi. Carrying out its functions relating to other audits and other matters related to financial management.

Internal Audit

- a. Is to provide regular reports in accordance with the audit plan on –
 - i. Review compliance with Council Policies and Practices;
 - ii. Review key internal controls within accounting systems;
 - iii. Review of accounting systems and procedures;
 - iv. Review the annual statutory Compliance Audit Return
 - v. Ensure monthly and annual financial reports to Council complies with legislation and Australian Accounting Standards;
 - vi. Special reports as required from time to time by the Audit Committee; and
 - vii. An assessment of risk management practices, policies and procedures used as part of operational planning processes and procedures.

Membership

Current Membership

The Audit Committee comprises:

- Shire President
- Deputy Shire President
- Four (4) Councillors

Amended to:

All elected members

Term of Membership

Current Term of Membership

Appointment to October 2013 with subsequent appointments for a two (2) year term to coincide with local government electoral cycle.

No Change

Meetings

The Committee will hold at least three regular meetings per year and such additional meetings as the Chairperson shall decide in order to fulfil its duties. Meetings will not be open meetings in the context of Section 5.23(1) of the *Local Government Act 1995*.

Amended to:

The Committee will hold at least one meeting per quarter and such additional meetings as the Chairman shall decide in order to fulfil its duties. Meetings will not be open meetings in the context of Section 5.23(1) of the *Local Government Act 1995*.

Access

The Committee shall have access to both internal and external auditors and to senior management.

No change

Reporting

The Committee will report to Council

No Change

Duties and Responsibilities

Current Duties and Responsibilities

- Develop and recommend to Council:-1) A list of those matters to be audited; and 2) the scope of the audit to be undertaken;

Note: *Provision should be made to review the scope of the audit on a regular basis.*

- Develop and recommend to Council an appropriate process for the selection and appointment of the person as the Shire's auditor;

Note: *A person is to be appointed the auditor not a firm.*

- Develop and recommend to Council a written agreement (contract) for the appointment of an auditor. The agreement to include:
 - i. The objectives of the audit;
 - ii. The scope of the audit;
 - iii. A plan of the audit;
 - iv. Details of remuneration and expenses to be paid to the auditor;
 - v. The method to be used by the Shire to communicate and supply information to the auditor;
 - vi. An evaluation program in relation to the adequacy of the financial control systems in operation at the Shire
- Meet with the auditor at least once every year and report to Council on the matters discussed and the outcome of discussions.
- Examine the reports of the Auditor – together with accompanying reports of the Chief Executive Officer or Chief Financial Officer – to ensure that adequate measures have been taken in respect of any matters of concern raised.
- Review the draft annual report focusing upon:
 - i. Accounting policies and practices;
 - ii. Any changes to the accounting policies and practices;
 - iii. The processes used in making significant accounting estimates;
 - iv. Significant adjustments to the financial report (if any) arising from the audit process;
 - v. Compliance with accounting standards and other reporting requirements; and
 - vi. Significant variances from prior years.
- To ensure adequate control processes are in place;
- Receive regular reports from the Chief Executive Officer and/or the Chief Financial Officer on the relevance, appropriateness and adequacy of the internal audit processes being utilised at the Shire;
- Review and make recommendations to Council on the completed Compliance Audit Return after receiving a report detailing:-1) staff explanation regarding non-compliance (if any) or where full compliance has not been received; 2) remedial action implemented to ensure future compliance.

Note: *the report presented to the Audit Committee should specifically highlight those cases of non-compliance which have occurred.*
- Review and ensure appropriate action is being taken in respect to:
 - Monthly bank reconciliations are up to date;

- The ratio of collections in respect of sundry debtors is reasonable;
- The ratio of rate collections is reasonable;
- Inventory (stock takes) are regularly undertaken and reconciliations effected;
- Waste Management (both household rubbish and recycling) accounts are reconciled;
- Accounts are expeditiously rendered to debtors;
- Funds are being appropriately invested;
- Taxation issues (e.g. GST) are being appropriately dealt with; and
- Other matters deemed appropriate.
- Receive and make recommendations to Council in respect of reports from the Chief Executive Officer or Chief Financial Officer which deal with such matters as those listed above.
- Review the completed Compliance Audit return and consider the following:
 - Staff explanations regarding cases of non-compliance (if any) or where full compliance has not been achieved.
 - Remedial action that has been taken or will be taken to ensure future compliance.
- The Audit Committee will not have delegated authority to decide matters on behalf of Council.

Amended to:

External Audit

- Develop and recommend to Council:-
 - 1) A list of those matters to be audited; and
 - 2) the scope of the audit to be undertaken;
- Note: *Provision should be made to review the scope of the audit on a regular basis.*
- Develop and recommend to Council an appropriate process for the selection and appointment of the person as the Shire's auditor;
- Note: *A person is to be appointed the auditor not a firm.*
- Develop and recommend to Council a written agreement (contract) for the appointment of an auditor. The agreement to include:
 - i. The objectives of the audit;
 - ii. The scope of the audit;
 - iii. A plan of the audit;
 - iv. Details of remuneration and expenses to be paid to the auditor;
 - v. The method to be used by the Shire to communicate and supply information to the auditor;
 - vi. An evaluation program in relation to the adequacy of the financial control systems in operation at the Shire
 - Meet with the auditor at least once every year and report to Council on the matters discussed and the outcome of discussions.
 - Examine the reports of the Auditor – together with accompanying reports of the Chief Executive Officer or Chief Financial Officer – to ensure that adequate measures have been taken in respect of any matters of concern raised.

- Review the draft annual report focusing upon:
 - i. Accounting policies and practices;
 - ii. Any changes to the accounting policies and practices;
 - iii. The processes used in making significant accounting estimates;
 - iv. Significant adjustments to the financial report (if any) arising from the audit process;
 - v. Compliance with accounting standards and other reporting requirements;
and
 - vi. Significant variances from prior years.

Internal Audit

- To ensure adequate control processes are in place;
- Receive regular reports from the Chief Executive Officer and/or the Internal Auditor on the relevance, appropriateness and adequacy of the internal audit processes being utilised at the Shire;
- Review and make recommendations to Council on the completed Compliance Audit Return after receiving a report detailing:-1) staff explanation regarding non-compliance (if any) or where full compliance has not been received; 2) remedial action implemented to ensure future compliance.
Note: the report presented to the Audit Committee should specifically highlight those cases of non-compliance which have occurred.
- Review and ensure appropriate action is being taken in respect to:
 - Monthly bank reconciliations are up to date;
 - The ratio of collections in respect of sundry debtors is reasonable;
 - The ratio of rate collections is reasonable;
 - Inventory (stock takes) are regularly undertaken and reconciliations effected;
 - Waste Management (both household rubbish and recycling) accounts are reconciled;
 - Accounts are expeditiously rendered to debtors;
 - Funds are being appropriately invested;
 - Taxation issues (e.g. GST) are being appropriately dealt with; and
 - Other matters deemed appropriate.
- Receive and make recommendations which deal with such matters as those listed above.
- Review the completed Compliance Audit return and consider the following:
 - Staff explanations regarding cases of non-compliance (if any) or where full compliance has not been achieved.
 - Remedial action that has been taken or will be taken to ensure future compliance.
- Effective management of financial and other risks and the protection of Council assets.
- The Audit Committee will not have delegated authority to decide matters on behalf of Council.

Recommendation

1. Changing the name from the Audit Committee to Audit and Risk Committee.
2. Changing the membership of the Committee from:
 - o Shire President
 - o Deputy Shire President
 - o Four (4) CouncillorsTo

All elected members
3. Amending the Term of Reference of the Audit and Risk Committee by clearly defining the objectives of the external and internal audit roles
4. Expanding the scope of work on the internal audit by including:
To provide regular reports in accordance with the audit plan on –
 - i. Review compliance with Council Policies and Practices;
 - ii. Review of key internal controls;
 - iii. Review of accounting systems and procedures;
 - iv. Review the annual statutory Compliance Audit Return
 - v. Ensure monthly and annual financial reports to Council complies with legislation and Australian Accounting Standards;
 - vi. Special reports as required from time to time by the Audit Committee; and
 - vii. Risk management, by ensuring that sound risk management practices are fully integrated into operational practices and day to day business practices.
5. Meetings amended to:
The Committee will hold at least one meeting per quarter and such additional meetings as the Chairman shall decide in order to fulfil its duties. Meetings will not be open meetings in the context of Section 5.23 of the *Local Government Act 1995*.

Attachment 2

Audit and Risk Committee

Terms of Reference

The Council of the Shire of Kalamunda has resolved to establish a committee to be known as the Audit and Risk Committee with its purpose, objectives, composition, terms of office, duties and responsibilities, as follows:

Purpose

To ensure that the audit of Council's financial and statutory functions are undertaken in accordance with the provisions of the Local Government Act 1995 and associated regulations. The Committee will also undertake a Risk Management function to ensure risk management practices and procedures are fully integrated into the Shire of Kalamunda's strategic and operational planning processes and day to day business practices.

Objectives

External Audit

- a. Is to provide guidance and assistance to the local government –
 - i. As to the carrying out its functions in relation to audits carried out under Part 7 of the Act; and
 - ii. As to the development of a process to be used to select and appoint a person to be an auditor; and
- b. Is to provide guidance and assistance to the local government as to –
 - i. Matters to be audited;
 - ii. The scope of audits;
 - iii. Its functions under Part 6 of the Act; and
 - iv. Carrying out its functions relating to other audits and other matters related to financial management.

Internal Audit

- c. Is to provide regular reports in accordance with the audit plan on –
 - i. Review of compliance with Council Policies and Practices;
 - ii. Review of key internal controls within accounting systems;
 - iii. Review of accounting systems and procedures;
 - iv. Review the annual statutory Compliance Audit Return;
 - v. Ensure monthly and annual financial reports to Council complies with legislation and Australian Accounting Standards;
 - vi. Special reports as required from time to time by the Audit Committee; and
 - vii. An assessment of risk management practices, policies and procedures used as part of operational planning processes and procedures.

Membership

All elected members.

Term of Membership

Members appointed for two (2) year terms to coincide with local government election cycle.

Meeting

The Audit and Risk Committee shall meet at least once every three months and such additional meetings as the chairperson shall decide in order to fulfil its duties. Meetings will not be open meetings in the context of Section 5.23(1) of the *Local Government Act 1995*.

Access

The Audit and Risk Committee shall have access to both the internal and external auditors.

Reporting

The Committee will report to the Council

Duties and Responsibilities

External Audit

- Develop and recommend to Council:-1) A list of those matters to be audited; and 2) the scope of the audit to be undertaken;

Note: *Provision should be made to review the scope of the audit on a regular basis.*

- Develop and recommend to Council an appropriate process for the selection and appointment of the person as the Shire's auditor;

Note: *A person is to be appointed the auditor not a firm.*

- Develop and recommend to Council a written agreement (contract) for the appointment of an auditor. The agreement to include:
 - i. The objectives of the audit;
 - ii. The scope of the audit;
 - iii. A plan of the audit;
 - iv. Details of remuneration and expenses to be paid to the auditor;
 - v. The method to be used by the Shire to communicate and supply information to the auditor;
 - vi. An evaluation program in relation to the adequacy of the financial control systems in operation at the Shire
- Meet with the auditor at least once every year and report to Council on the matters discussed and the outcome of discussions.
- Examine the reports of the Auditor – together with accompanying reports of the Chief Executive Officer or Chief Financial Officer – to ensure that adequate measures have been taken in respect of any matters of concern raised.
- Review the draft annual report focusing upon:
 - i. Accounting policies and practices;

- ii. Any changes to the accounting policies and practices;
- iii. The processes used in making significant accounting estimates;
- iv. Significant adjustments to the financial report (if any) arising from the audit process;
- v. Compliance with accounting standards and other reporting requirements; and
- vi. Significant variances from prior years.

Internal Audit

- To ensure adequate control processes are in place;
 - a. Receive regular reports from the Chief Executive Officer and/or the Internal Auditor on the relevance, appropriateness and adequacy of the internal audit processes being utilised at the Shire;
 - b. Review and make recommendations to Council on the completed Compliance Audit Return after receiving a report detailing:-1) staff explanation regarding non-compliance (if any) or where full compliance has not been received; 2) remedial action implemented to ensure future compliance.
Note: the report presented to the Audit Committee should specifically highlight those cases of non-compliance which have occurred.
- Review and ensure appropriate action is being taken in respect to:
 - Monthly bank reconciliations are up to date;
 - The ratio of collections in respect of sundry debtors is reasonable;
 - The ratio of rate collections is reasonable;
 - Inventory (stock takes) are regularly undertaken and reconciliations effected;
 - Waste Management (both household rubbish and recycling) accounts are reconciled;
 - Accounts are expeditiously rendered to debtors;
 - Funds are being appropriately invested;
 - Review Council and internal policies;
 - Taxation issues (e.g. GST) are being appropriately dealt with; and
 - Other matters deemed appropriate.
- Receive and make recommendations to Council in respect of reports from the Chief Executive Officer or the Internal Auditor which deal with such matters as those listed above.
- Review the completed Compliance Audit return and consider the following:
 - Staff explanations regarding cases of non-compliance (if any) or where full compliance has not been achieved.
 - Remedial action that has been taken or will be taken to ensure future compliance.
- The Audit and Risk Committee will not have delegated authority to decide matters on behalf of Council.
- An assessment of risk management practices, policies and procedures used as part of operational planning processes and procedures.

Attachment 3

AUDIT COMMITTEE - TERMS OF REFERENCE/CHARTER

Comparison of Terms of Reference Existing in other Local Governments of Audit Committees

	Shire of Denmark	City of Perth	City of Geraldton	Tamala Pk Reg Council	City of Stirling	City of Belmont	City of Canning	EMRC	City of Bayswater	City of Doonandalup	City of Swan
Objectives											
External Audit											
Oversee the Annual External Audit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Appointment of auditor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Matters to be audited	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Scope of Audits	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	*Yes Expanded	Yes	Yes
Meet with and examine reports of the auditor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Internal Audit											
Review the scope of the internal audit plan	No	No	Yes	No	Yes	Yes	No	Yes	No	Yes	No
Review of Systems and Procedures	No	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Review of Statutory Compliance Audit Return	No	No	Yes	No	Yes	Yes	No	No	No	No	Yes
Compliance with regulation, policies and best practice	No	No	No	No	No	Yes	No	Yes	Yes	Yes	No
Internal Control	No	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Risk Management/ Risk Assessment	No	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Other areas as specified	No	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Membership											
Councillors	3	3	4	3	4	5	Mayor and all Councillors	6	4	7	4
External Independent Advisors			2						1	1	1
Meeting											
	Determined by Committee	At least Once in Year	4 times a year	3 times a year	4 times a year	Minimum twice a year	At least Annually	3 times a year	twice a year	4 times a year	4 times a year
Meetings Open to Public	No	Yes	No	No	No	Silent	Silent	Silent	No	No ref	Silent

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

10.3.6 Chief Executive Officer- Recruitment Process

Previous Items	Item 7.13 Special Council Meeting 5 December 2012
Responsible Officer	Manager HR & Organisational Development
Service Area	Office of Chief Executive Officer
File Reference	
Applicant	N/A
Owner	N/A
Confidential Attachment 1	List of potential Recruitment agencies/consultants <u>Reason for Confidentiality</u> – <i>Local Government Act 1995: Section 5.23 (2) (c), "a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting".</i>
Confidential Attachment 2	Recruitment agency/consultant briefing for request for quotation. <u>Reason for Confidentiality</u> – <i>Local Government Act 1995: Section 5.23 (2) (c), "a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting".</i>

PURPOSE

1. To initiate the process for the recruitment of a Chief Executive Officer.

BACKGROUND

2. Following the termination of the former Chief Executive Officer ("CEO"), the process of appointing a new CEO is required.
3. At a Special Meeting of Council held on 5 December 2012, Council resolved inter alia to:
 1. *Appoint the Shire President, the Deputy President and the Chairs of Standing Committees to commence the process for the recruitment of a new Chief Executive Officer in accordance with Section 5.36 of the Local Government Act 1995.*

DETAILS

4. Regulation 18 (c) of the *Local Government [Administration] Regulations 1996* provides that a local government is to approve a process to be used for the selection and appointment of a CEO for the local government before the position of CEO of the local government is advertised.
5. This process requires Council to:
 - Review the position description
 - Review the Contract of Employment
 - Determine an interview process and conduct interviews
 - Make a decision to finalise the appointment
 - Ensure absolute confidentiality is maintained by every person involved in the selection process.

6. This process can be undertaken by the local government authority using a recruitment agency or in-house. There are three different approaches to this as follows:

Expression of Interest for recruitment agencies/consultants

7. Advertise publicly for recruitment consultants or agencies to apply to conduct the process via an Expression of Interest.
8. Advantages include:
- All agencies have the option to compete
 - Council have the ability to review all the agencies prices and select one that is reasonably priced and has experience in CEO recruitment
 - An independent process
 - Experience and expertise of recruitment at a CEO level position
9. Disadvantages include:
- A longer timeframe to complete the process. The Shire will need to advertise for expressions of interest for two weeks, followed by reviewing all the agencies that have applied to take part in the process (possibly another week), selecting an agency and commencing the process which could total up to four weeks before the actual recruitment process commences.
 - Cost involved in placing an advert for an expression of interest in Saturday's The West Australian Newspaper (approx. \$4000)
 - Cost from agencies anywhere between 15% to 25% of CEO salary package

Request for quotes from appropriately skilled agencies or consultants

10. Seek quotes from appropriately skilled consultants or agencies to undertake the process.
11. Advantages include:
- Independent process
 - The recruitment process can start as soon as possible therefore timeframe will be shorter
12. Disadvantages include:
- Limited number of agencies competing
 - Cost from agencies anywhere between 15% to 25% of CEO salary package

Run the recruitment process in-house

13. Run the recruitment process in-house and appoint two senior employees of the Shire to support the process, generally would be the Acting CEO and the Manager Human Resources and Organisational Development.
14. Advantages include:
 - The process can be commenced immediately
 - Employees involved in the process have a good understanding of the organisation's culture and possible "good fit"
 - Cheaper option (no agencies fees only cost of advertising which is approx. \$4,000)
15. Disadvantages include:
 - Process can be perceived as not being independent
 - Perception of favouritism
 - Lack of experience and expertise recruiting at CEO level positions
16. The most important factor that needs to be considered when deciding which of the options to select is that the process needs to be seen as being independent, open and free from any bias. Taking this into consideration the preferred options would be to either directly appoint a recruitment agency or to open the process up for an expression of interest for agencies to apply to be a part of the process.
17. On 12 February 2013 the CEO Recruitment Committee (CEORC) met and discussed these three options and agreed that the option to request for quotes from appropriately skilled agencies or consultants should be recommended to the Council and that three quotes are sought from suitably skilled executive search recruitment specialists.
18. The CEORC debated carefully the three options and agreed in order to find balance between expediting the process and maintaining transparency and objectivity that option two is the most suitable option.

STATUTORY AND LEGAL IMPLICATIONS

19. Section 5.36 (4) of the *Local Government Act 1995* and Regulation 18 (c) of the *Local Government (Administration) Regulations 1996* are relevant to the process in particular Regulation 18 (c) requires the Council to approve the process to recruit a CEO.

POLICY IMPLICATIONS

20. Nil.

PUBLIC CONSULTATION/COMMUNICATION

21. Nil.

FINANCIAL IMPLICATIONS

22. Cost to appoint a recruitment consultant or agency is estimated at 15% to 25% of the total package offered to the preferred candidate to fulfil the role of Chief Executive Officer.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Planning Implications

23. Nil.

Sustainability Implications

Social Implications

24. Nil.

Economic Implications

25. Nil.

Environmental Implications

26. Nil.

OFFICER COMMENT

27. Nil.

As Councillors wished to discuss the Confidential Attachments, this item was considered at point 15, behind closed doors.

Councillors sought clarification from the staff with respect to a number of issues in relation to the recruitment of a Chief Executive Officer.

Voting Requirements: Simple Majority

RESOLVED OCM 14/2013

That Council:

1. Approves the preferred option of the Chief Executive Officer Recruitment Committee to seek at least three quotes from appropriately skilled consultants or agencies to undertake the Chief Executive Officer recruitment process.
2. Approves the draft consultant brief and Request for Quotation as shown in (Confidential Attachment 2).
3. Authorises the Acting Chief Executive Officer to issue a consultant brief to each agency or consultant listed in (Confidential Attachment 1) to supply a quotation in accordance with the specifications outlined in the Shire of Kalamunda's Request for Quotation.

Moved: **Cr Frank Lindsey**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (9/0)**

11.0 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

11.1 Nil.

12.0 QUESTIONS BY MEMBERS WITHOUT NOTICE

12.1 Cr John Giardina – Kostera Oval

Q. In view of the funding announcement by the Government with respect to Kostera Oval, can I ask that staff prepare a Report for consideration by Council providing advice of options for funding the balance of the works required including the likely impact on rates should additional sources of grant funding not be available?

A. Taken on notice.

12.2 Cr John Giardina - Ranger Services

Q. Can a Report be presented at the next Ordinary Council Meeting outlining how the current out of hours call services for rangers is operating and whether Councillors can have a more direct access to rangers when community issues arise so that we can provide a more responsive service to the community?

A. Taken on notice.

12.3 Cr Frank Lindsey – Forensic Report

Q. When can we release to the public the information regarding the Forensic Audit?

A. The Acting Chief Executive Officer noted that she has referred this question to the Shire's lawyers but at this stage has not received a response. With regard to the CCC investigation, they have advised that they have not put a caveat on behalf of the Commission with respect to the Deloitte's Report, however the Shire cannot comment until the CCC have completed their investigation. The Acting Chief Executive Officer hopes to be able to advise full details of what can be released to residents by Councillors within the next few days.

12.4 Cr Sue Bilich – Change of Name for Committee

Q. May I request a change of name for the Development & Infrastructure Services Committee to Planning & Engineering Services Committee? Could I have a report regarding this to the March Ordinary Council Meeting?

A. Taken on notice.

13.0 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

13.1 Nil.

14.0 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION

Nil.

15.0 MEETING CLOSED TO THE PUBLIC

15.1 Meeting Closed to the Public

RESOLVED OCM 14/2013

Voting Requirements: Simple Majority

That the meeting go behind closed doors to consider CEO 10.3.6 Chief Executive Officer – Recruitment Process (Confidential Attachments 1 & 2), provided under separate cover.

Moved: **Cr Justin Whitten**

Seconded: **Cr Noreen Townsend**

Vote: **CARRIED UNANIMOUSLY (9/0)**

The meeting closed to the public at 7.00pm. All members of the public left the gallery.

15.2 Chief Executive Officer- Recruitment Process

RESOLVED OCM 15/2013

Voting Requirements: Simple Majority

That Council:

1. Approves the preferred option of the Chief Executive Officer Recruitment Committee to seek at least three quotes from appropriately skilled consultants or agencies to undertake the Chief Executive Officer recruitment process.
2. Approves the draft consultant brief and Request for Quotation as shown in (Confidential Attachment 2).
3. Authorises the Acting Chief Executive Officer to issue a consultant brief to each agency or consultant listed in (Confidential Attachment 1) to supply a quotation in accordance with the specifications outlined in the Shire of Kalamunda's Request for Quotation.

Moved: **Cr Frank Lindsey**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (9/0)**

15.3 **Meeting Reopen to the Public**

RESOLVED OCM 16/2013

Voting Requirements: Simple Majority

That the meeting reopen to the public at 7.09pm.

Moved: **Cr Geoff Stallard**

Seconded: **Cr Justin Whitten**

Vote: **CARRIED UNANIMOUSLY (9/0)**

16.0 CLOSURE

16.1 There being no further business, the Chairman declared the meeting closed at 7.10pm.

I confirm these Minutes to be a true and accurate record of the proceedings of this Council.

Signed: _____
Chairman

Dated this _____ day of _____ 2013