

Ordinary Council Meeting

Minutes for Monday 15 December 2014

CONFIRMED



**shire of
kalamunda**

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MINUTES

1.0 OFFICIAL OPENING

- 1.1 The Presiding Member opened the meeting at 6.05pm 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	(Presiding Member) (Shire President)	North Ward
Margaret Thomas JP		North Ward
Simon Di Rosso	(from 6.20pm)	North Ward
Noreen Townsend		South West Ward
Justin Whitten		South West Ward
Allan Morton		South West Ward
Geoff Stallard	(from 6.10pm)	South East Ward
Frank Lindsey		South East Ward
John Giardina		South East Ward
Andrew Waddell JP		North West Ward
Bob Emery		North West Ward
Dylan O'Connor		North West Ward

Members of Staff

Rhonda Hardy	Chief Executive Officer
Andrew Fowler-Tutt	Acting Director Development Services
Charles Sullivan	Director Infrastructure Services
Gary Ticehurst	Director Corporate Services
Darrell Forrest	Manager Governance & PR
Rajesh Malde	Manager Financial Services
Donna McPherson	Executive Research Officer to the CEO
Meri Comber	Governance Officer

Members of the Public 5

Members of the Press Nil

2.2 Apologies

Councillors Nil

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.

3.1 Nil.

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 178/2014

That the Minutes of the Ordinary Council Meeting held on 24 November 2014, as published and circulated, are confirmed as a true and accurate record of the proceedings, subject to the following amendment to Item 10.1.5 D&I 62 - Proposed Modification to Cell 9 Wattle Grove Structure Plan – Lot 6 (287a) Hale Road, Wattle Grove:-

Change “Lot 6 (287a) Hale Road, Wattle Grove” to “Lot 6 (287) Hale Road, Wattle Grove” in the Report Title and Point 1 of the Committee Recommendation.

Moved: **Cr Margaret Thomas**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (10/0)**

7.0 ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

7.1 At the recent Kalamunda Chamber of Commerce Business Excellence Awards Event, the Zig Zag Cultural Centre was awarded an Outstanding Tourism Business Award for 2014. The Shire President commended Shire Staff for their continued efforts in maintaining the Zig Zag Cultural Centre as an attraction and source of local and regional tourism information.

8.0 MATTERS FOR WHICH MEETING MAY BE CLOSED

8.1 10.3.6. CONFIDENTIAL REPORT Kanyana Wildlife Rehabilitation Centre – 120 Gilchrist Road, Lesmurdie

Reason for Confidentiality Local Government Act 1995 S5.23 (d) legal advice obtained, or which may be obtained, 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. (Section 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. (Section 5.70 of the *Local Government Act 1995*.)

9.1.1 Cr Simon Di Rosso declared an Indirect Financial Interest in relation to Confidential Item 10.3.6 – Kanyana Wildlife Rehabilitation Centre – 120 Gilchrist Road, Lesmurdie as Archon provides pro bono advice to Kanyana.

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 Cr John Giardina declared an Interest Affecting Impartiality regarding item 10.3.3 – Memorandum of Understanding with Kalamunda Chamber of Commerce as he is a member of the Kalamunda of Commerce.

9.1.3 Cr John Giardina declared an Interest Affecting Impartiality regarding item 10.3.4 – Sponsorship Agreement with the Kalamunda Chamber of Commerce as he is a member of the Kalamunda Chamber of Commerce.

9.3.4 Cr Simon Di Rosso declared an Interest Affecting Impartiality in relation to Confidential Item 10.3.6 – Kanyana Wildlife Rehabilitation Centre – 120 Gilchrist Road, Lesmurdie as Archon provides pro bono advice to Kanyana.

Cr Geoff Stallard joined the meeting at 6.10pm.

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

Voting Requirements: Simple Majority

RESOLVED OCM 179/2014

That recommendations D&I 67 to D&I 69 inclusive, contained in the Development & Infrastructure Services Committee Report of 1 December 2014 be adopted by Council en bloc.

Moved: **Cr Noreen Townsend**

Seconded: **Cr Bob Emery**

Vote: **CARRIED UNANIMOUSLY (11/0)**

10.1.2 D&I 67 Amendment No. 67 to Local Planning Scheme No.3 - Special Control Area - Bushfire Prone Area

EN BLOC RESOLUTION 179/2014

That Council:

1. Notes the submissions received in response to Amendment No. 67 to Local Planning Scheme No. 3.
2. Adopts the amendment to Local Planning Scheme No. 3 with modification (as highlighted), 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. 67

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

- a) Deleting clause 5.6.1 and inserting the following clause in its place:

5.6.1 Except for development in respect of which the Residential Design Codes apply

and development in a Bushfire Prone Area, if a development is the subject of an application for planning approval and does not comply with a standard or requirement prescribed under the Scheme, the local government may, despite the non-compliance, approve the application unconditionally or subject to such condition as the local government thinks fit."

- b) Deleting clause 5.9.1 (iii).
- c) Deleting clause 5.9.2 (iv) and renumbering remaining clauses accordingly.
- d) Deleting clause 5.11.1 (i)(e)
- e) Deleting clause 5.11.2 (vi) and renumbering remaining clauses accordingly.
- f) Deleting clause 5.12.1 (i)(e) and renumbering remaining clauses accordingly.
- g) Deleting clause 5.12.2 (v)
- h) Deleting clause 5.13.1 (i)(f)
- i) Deleting clause 5.13.2 (vi)
- j) Amending Clause 6.1.1:
 - (1) to renumber the second sub-clause "(f)" in clause 6.1.1 to "(g)"; and
 - (2) to insert a new subclause "(h)" as follows;
"(h) Bushfire Prone Areas shown on the Scheme Map as BPA"
- k) Inserting a new clause 6.6 to follow existing clause 6.5 'development contribution areas (DCA)' as follows:

"6.6 Bushfire Prone Areas

6.6.1 Interpretation

In clause 6.6, unless the context otherwise requires:

"AS3959" means Australian Standards AS 3959 Construction of buildings in bushfire-prone areas, as amended from time to time;

"Bushfire Attack Level" means the bushfire attack level of a site assessed in accordance with AS3959;

"Bushfire Prone Area" means a bushfire prone special control area shown on the Scheme Map as BPA and certified by the Fire and Emergency Services Commissioner;

"Bushfire Regulations" means the Planning and Development (Bushfire Risk Management) Regulations, as amended from time to time.

“Bushfire Risk Management Guidelines” means the policy entitled ‘Planning for Bushfire Risk Management Guidelines and Appendices’, as amended from time to time;
“State Planning Policy 3.7” means State Planning Policy 3.7 Planning for Bushfire Risk Management, as amended from time to time;

6.6.2 Purpose

The purpose and intent of designating a Bushfire Prone Area is to:

- (a) identify land that is bushfire prone by reason of it being subject to, or likely to be subject to, a bushfire hazard;*
- (b) ensure that development within a Bushfire Prone Area is effectively designed in accordance with AS3959 to address the level of bush fire hazard applying to the land; and*
- (c) facilitate improved strategic planning for bushfires and more effective bushfire risk management.*
- (d) implement the requirements under State Planning Policy 3.7, **Bushfire Regulations** and related Bushfire Risk management guidelines.*

Note: The designation of particular parts of the district as Bushfire Prone Areas does not mean that land not designated as a Bushfire Prone Area is free from risk associated with bushfire threat.

6.6.3 Applications in a Bushfire Prone Area

An application for planning approval within a Bushfire Prone Area must be accompanied by:

- (a) a bushfire attack level assessment carried out in accordance with the methodology contained in the Bushfire Risk Management Guidelines by a suitably qualified professional; and*
- (b) a bushfire management plan carried out in accordance with the Bushfire Risk Management Guidelines which addresses each criteria to the satisfaction of the Shire.*

6.6.4 Development requirements in a Bushfire Prone Area

Development in a Bushfire Prone Area shall comply with AS3959.

6.6.5 Determination of applications in a Bushfire Prone Area

(1) Without detracting from clause 3.4.2 or clause 10.2, the local government in:

- (a) determining an application for planning approval; or*
- (b) making a recommendation in respect of an application for subdivision approval; or*
- (c) the adoption or amendment of a structure plan resulting in the introduction or intensification of development;*

in respect of land in a Bushfire Prone Area, shall have due regard to:

- (a) State Planning Policy 3.7;*
- (b) the Bushfire Risk Management Guidelines;*
- (c) AS3959;*
- (d) the Bushfire Regulations;*
- ~~(d)~~ (e) any other relevant policy or standard dealing with areas subject to bushfire hazard; and*
- ~~(e)~~ (f) any relevant advice in relation to the application from the local government's Chief Bush Fire Control Officer.*

(2) Notwithstanding any other provision of this Scheme, the local government may refuse to approve a proposed development within a Bushfire Prone Area, if the local government considers:

- (a) the proposed development does not comply with State Planning Policy 3.7, the Bushfire Risk Management Guidelines, AS3959, the Bushfire Regulations or any relevant other policy or standard applicable to Bushfire Prone Areas;*
- (b) the level of bushfire hazard to which the proposed development is likely to be subject presents an unreasonable level of risk to life and property; or*
- (c) the site of the proposed development is assessed to have a*

bushfire attack level of BAL-40 or BAL-FZ.

- l) Amending clause 8.2 'Permitted Development' by deleting subclause (b) and substituting the following subclause:

“(b) The erection on a lot of a single house including any extension, ancillary outbuildings, swimming pools, driveways and gates, except where:

- (i) the proposal requires the exercise of a discretion by the local government under the Scheme to vary the provisions of the Residential Design Codes;*
- (ii) the development will be located in a heritage area designated under the Scheme; or*
- (iii) the development is located in a Bushfire Prone Area with the exception of:*
 - Gates and driveways that are compliant with the Bushfire Risk Management Guidelines; and*
 - Outbuildings further than 6m away from any development used for permanent or temporary habitation; and*
 - Swimming pools.”*

Amending Schedule 1 by inserting the following definition in appropriate alphabetical order:

*“**Bushfire Prone Area**” has the meaning given to it by clause 6.6.1;*

*“**Bushfire Risk Management Guidelines**” has the meaning given to it by clause 6.6.1;*

*“**Bushfire Regulations**” has the same meaning given to it by clause 6.6.1;*

- m) Including Designated Bush Fire Prone Area Mapping under the Scheme.

3. Amends the Scheme text accordingly.
4. Duly executes the Amendment documents and forwards them to the Minister for Planning requesting final approval be granted.

**10.1.3 D&I 68 Amendment No. 71 to Local Planning Scheme No. 3 –
Modifications to Scheme Text – Payment of Developer Contributions**

EN BLOC RESOLUTION OCM 179/2014

That Council:

1. Adopts the amendment to Local Planning Scheme No. 3 without modification, 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. 71

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

- a) Modifying clause 6.5.14.2 (Payment of Cost Contribution) to the following:

"6.5.14.2 The Owner, with the agreement of the local government, may pay the Owner's Cost Contribution in a lump sum, by instalments or in such other manner acceptable to the local government. The exception being for development within the Forrestfield/High Wycombe Industrial Area, where the Owner's Cost Contribution is required to be paid in a lump sum."

2. Amends the Scheme text accordingly.
3. Duly executes the Amendment documents and forwards them to the Minister for Planning requesting final approval be granted.

**10.1.4 D&I 69 Proposed Modification to the Maida Vale Cell 6 Structure
Plan – Lot 256 (53) Maida Vale Road, Maida Vale**

EN BLOC RESOLUTION 179/2014

That Council:

1. Adopts the proposed modification to the Cell 6 Structure Plan to increase the density coding of Lot 256 (53) Maida Vale Road, Maida Vale from R20 to R40.
2. Forwards a copy of the modification to the Cell 6 Structure Plan to the Western Australian Planning Commission for endorsement.

10.2 Corporate & Community Services Committee Report

10.2.1 Adoption of Corporate & Community Services Committee Report

Voting Requirements: Simple Majority

RESOLVED OCM 180/2014

That the recommendations C&C 54 to C&C 57 inclusive, contained in the Corporate & Community Services Committee Report of 8 December 2014, except withdrawn item C&C 57, be adopted by Council en bloc.

Moved: **Cr John Giardina**

Seconded: **Cr Geoff Stallard**

Vote: **CARRIED UNANIMOUSLY (11/0)**

10.2.2 C&C 54 Creditors Report for the Period Ended 26 November 2014

EN BLOC RESOLUTION OCM 180/2014

That Council:

1. Receives the list of payments made from the Municipal Accounts in November 2014 (Attachment 1) in accordance with the requirements of the *Local Government (Financial Management) Regulations 1996 (Regulation 12)*.
2. Receives the list of payments made from the Trust Accounts in November 2014 as noted in point 7 above in accordance with the requirements of the *Local Government (Financial Management) Regulations 1996 (Regulation 12)*.

10.2.3 C&C 55 Quarterly Report – Community Care September 2014

EN BLOC RESOLUTION OCM 180/2014

That Council:

1. Receives the Community Care Quarterly Report – September 2014.

10.2.4 C&C 56 Quality Policy and Management Procedure

EN BLOC RESOLUTION OCM 180/2014

That Council:

1. Notes and endorses the Quality Policy and accompanying Management Procedure (Attachments 1 and 2).

For Separate Consideration

C&C 57 was withdrawn for separate consideration as it required an Absolute Majority.

10.2.5 C&C 57 Acceptance of Annual Report 2013/2014

Voting Requirements: Absolute Majority

RESOLVED OCM 181/2014

That Council:

1. Pursuant to Section 5.54 of the *Local Government Act 1995*, accepts the 2013/2014 Annual Report (Attachment 1).
2. Endorses the production of a modified version of the 2013 Annual Report, containing an abridged set of financial statements, for general community distribution.
3. Agrees that the Annual General Meeting of Electors be held on Monday 9 February 2015, commencing at 6.15pm.

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (11/0)**

10.3 CHIEF EXECUTIVE OFFICER REPORTS

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

10.3.1 Draft Monthly Financial Statements to 30 November 2014

Previous Items	N/A
Responsible Officer	Director Corporate Services
Service Area	Finance
File Reference	FIR-SRR-006
Applicant	N/A
Owner	N/A

Attachment 1 Draft Statements of Financial Activity for the months to 30 November 2014 incorporating the following:

- Statement of Financial Activity (Nature or Type)
- Statement of Financial Activity (Statutory Reporting Program)
- Net Current Funding Position, note to financial statement

PURPOSE

1. To provide Council with statutory financial reports on the activity of the Shire of Kalamunda with comparison of year to date performance against adopted budget. This Statement compares the actual year to date with the budget year to date.

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).
3. The 2013/2014 financial position was finalised on the 12 November 2014, the opening funding position in the Statement of Financial Activity statement reflects the audited position.
4. The budget column reflected matches to the budget approved by Council at its meeting on 23 June 2014. The recently concluded budget review will be incorporated once Council has ratified the review results on 15 December 2014.

DETAILS

5. The *Local Government Act 1995* requires Council to adopt a percentage or value to be used in reporting variances against Budget. Council has adopted the reportable variances of 10% or \$50,000 whichever is greater.

Financial Commentary

Draft Statement of Comprehensive Income by Nature and Type for the months to 30 November 2014

6. This Statement reveals a net result surplus of \$30,022,147 against budget for the same period of \$22,550,745. The reasons for the variance include, delayed infrastructure projects, increase in operating grants and commissions, lower employment costs and depreciation charges.

Revenue

7. Total Revenue excluding rates is over budget by \$212,003. This is made up as follows:
- Operating Grants, Subsidies and Contributions are over budget by \$428,009. The following grants have contributed to this positive variance
 - HACC programme - \$209,076, principal reason for the significant variance is the advance payment that normally comes in from the State Government related to the HACC programme;
 - Federal Assisted Grants Scheme - \$82,258 tracking higher than budget;
 - Kidsport Grant programme extended into 2014/15, giving an un-budgeted income of \$81,670
 - Fees and Charges variance are under budget by \$76,812 of which \$128,851 is related to waste fees being under. The reason being that one of the commercial users deciding no longer use the Shire provided service. The reduction in fees will be reflected in lower waste collection costs on the other end.
 - Interest earnings are slightly over by \$1,354 which is within the reporting threshold. Having said that, the Shire will need to have a tighter control on forecasting the Shire's cash flows due to a combination of:
 - Lower interest income from deposits with Approved Deposit taking Institutions (ADI's) where the returns are lower than forecasted predicated by the cash rate set by the Reserve Bank of Australia (RBA).
 - The returns will be further constrained with the implementation of Basel III banking regulations which are effective from 1 January 2015, which requires all ADI's to keep a higher capital ratio against their liabilities.
 - Other Revenue is slightly over budget by \$7,357, which mainly relates to infringements based on successful prosecutions for dog attacks. Most "Other Revenues" comprise of various fines and penalties which are difficult to predict.

Expenditure

8. Total expenses are under budget with a variance of \$2,482,173. The significant variances within the individual categories are as follows:
- Employment Costs are under budget by \$827,012 due to some vacant positions predominantly in the operational business units and lower worker compensation insurance charges due to better Occupational, Health and Safety strategies. This collaborates partially to the capacity constraints being felt in the delivery of infrastructure projects.
 - Materials and Contracts is over budget by \$514,592 largely due to:
 - Refuse collection charges higher than budget by \$80,948. This is mainly related to timing differences. However being a critical area it will need to be monitored closely;
 - Verge maintenance is higher by \$638,784 as work under power lines has been fast tracked. The variance is regarded as primarily a timing issue however being such a significant amount, the operational area will need to be tightly controlled.
 - Utilities were under budget by \$108,198. The variance is primarily due to timing differences in electricity billing although there have been some instances of in-correct billing by Synergy which has been queried back to the utility provider. Street lighting is under budget by \$62,404 which forms part of the variance mentioned above.
 - Insurance expense is under budget by \$85,353 which is attributed to two things:
 - The revaluations of land and buildings exercise. As the insurance values of the buildings have dropped, the premiums have come lower by \$40,435 with a further credit of approximately \$20,000 in the coming months; and
 - A review and clean-up of our heavy plant equipment schedules resulting in lower premiums by \$46,038. The premium was lowered due to a renegotiation of the premium rate from 1.7% to 1.2% of market value.
 - Other expenditure is under budget by \$1,033,609, with the bulk of the variance made up of the underground power project of \$1,000,000. This is put down as a timing difference.
 - The interest expense is slightly under budget by \$16,752, which is the result of a timing difference between amounts accrued and the budget which is based on the debenture payment schedule.
 - Depreciation, although a non-cash cost, is tracking well under budget, reporting a variance of \$932,668. The reason for the variance can be attributed to the buildings depreciation which has significantly reduced due to the valuation exercise undertaken at the end of the 2013/14 financial year.
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Capital Revenues

Non-operating Grants and Contributions

9. The non-operating grant income is lower by \$220,072. This is due in part unsuccessful applications relating to the Perth Bicycle Network on footpaths and Perth Transport Authority on Bus Shelters.

Proceeds from the disposal of assets

10. The variance of \$46,511 relates mainly to fleet sales caused by issues experienced in setting up operational leases. The variance should be eliminated in December 2014.

Capital Expenditures

- 11.
- Infrastructure projects made up of roads, drainage, footpaths, car parks and parks and ovals is underspent by \$4,550,016. This variance is due to several issues including unsuccessful grant applications, delays in state government agency approvals, staff capacity issues and timing differences in commencing several projects. A number of these projects will be brought back on track as significant work in the areas of design has been completed. The first review of the annual budget will determine amended priorities for a number of projects taking into consideration time and resource constraints.
 - \$487,702 unspent on plant and equipment replacement land and building renewal budget. This is due to the same as the point above.
 - Rates generation is under budget and the variance of \$120,573 relates to lower volume of interim rates processed as explained previously in Point 7 above.

Rates revenues

12. Rates generation is under budget and the variance of \$148,502 relates to lower volume of interim rates processed, \$22,610 and timing of recognition of cash-in-lieu monies related to the Dampier-Bunbury gas pipeline.

Draft Statement of Financial Activity by Program for the month to 30 November 2014

13. The overall result comments are as above and generally each Program is within accepted budget except for Recreation and Culture and Community Amenities. Major variances have been reported by Nature and Type under points 7 to 11 above.

Draft Statement of Net Current Funding Position as at 30 November 2014

14. The commentary on the net current funding position is based on comparison of the draft November 2014 year to date actuals with November 2013 year to date actuals.

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15. Net Current Assets (Current Assets less Current Liabilities) show a positive result of \$30.25 million. The un-restricted cash position has a positive balance of \$25.65 million which is comparable to the previous year's balance of \$23.46 million. This can be attributed to issues addressed above in relation to infrastructure works projects.
16. Trade and other receivables comprise of rates and sundry debtors totalling \$8.63 million outstanding.
- The rates balance has reduced by \$1.66 million to \$7.9 million in the month due to the direct debit arrangements. This represents a collection rate of 68.84% to date.
17. Sundry debtors have increased upwards slightly to \$702,862 outstanding. Of the outstanding, \$464,590 relates to developer contributions for the Forrestfield/High Wycombe Industrial Area. The main overdue sundry debtors is:
- Discovery Parks \$81,920, reminder notice has been sent out. Amount relates to waste charges for 2013/14. Negotiations are underway.
18. Provisions for annual and long service leave have increased slightly to \$2.4 million. It is expected this will reduce further in the coming summer months as staff take time off during the Christmas period and school holidays. The Shire aggressively pursues a leave management plan, this will not adversely affect service delivery. The long term goal is to bring this liability down to a more manageable level bearing in mind that staff will be naturally hoarding in light of un-certainty in their future roles.
19. Restricted reserves are stable at \$2.6million. It is on track to reach the year-end target of \$3.6m as the Lewis Rd properties were sold in November 2014. The transfer to reserves will be finalised once the GST treatment has been confirmed.

STATUTORY AND LEGAL CONSIDERATIONS

20. The *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* require presentation of a monthly financial activity statement.

POLICY CONSIDERATIONS

21. Nil.

COMMUNITY ENGAGEMENT REQUIREMENTS

22. Nil.

FINANCIAL CONSIDERATIONS

23. Nil.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

24. *Kalamunda Advancing: Strategic Community Plan to 2023*

OBJECTIVE 6.8 – To ensure financial sustainability through the implementation of effective financial management, systems and plans.

Strategy 6.8.4 Provide effective financial services to support the Shire's Operations and to meet sustainability planning, reporting and accountability requirements.

SUSTAINABILITY

Social Implications

25. Nil.

Economic Implications

26. Nil.

Environmental Implications

27. Nil.

RISK MANAGEMENT CONSIDERATIONS

28.

Risk	Likelihood	Consequence	Rating	Action / Strategy
Over-spending the budget	Possible	Major	High	<ul style="list-style-type: none"> • Monthly management reports are reviewed by the Shire. • Weekly engineering reports on major projects and maintenance. • Reviewed by the Shire.
Non-compliance with Financial Regulations	Unlikely	Major	Medium	The financial report is scrutinized by the Shire to ensure that all statutory requirements are met.

OFFICER COMMENT

29. The Shire's draft financial statements as at 30 November 2014 demonstrate the Shire has managed its budget and financial resources effectively.

Voting Requirements: Simple Majority

RESOLVED OCM 182/2014

That Council:

1. Receives the draft monthly statutory financial statements for the month to 30 November 2014, which comprises:
 - Statement of Financial Activity (Nature or Type).
 - Statement of Financial Activity (Statutory Reporting Program).
 - Net Current Funding Position, note to financial statement.

Moved: **Cr Margaret Thomas**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (11/0)**

Attachment 1

SHIRE OF KALAMUNDA
STATEMENT OF FINANCIAL ACTIVITY
BY NATURE OR TYPE
FOR THE 5 MONTHS TO 30 NOVEMBER 2014

	30/11/2014 YTD Actual (b) \$	30/11/2014 YTD Budget (a) \$	Annual Budget \$	Var. \$ (b)-(a) \$	Var. % (b)-(a)/(b) %
Operating Revenues					
Operating Grants and Subsidies	2,983,521	2,723,031	5,538,001	260,490	8.7%
Contributions, Reimbursements and Donations	523,949	369,421	4,534,008	167,519	32.0%
Profit on Asset Disposal	249	148,145	355,545	(147,906)	(61627.1%)
Fees and Charges	11,404,019	11,480,822	13,482,144	(76,812)	(0.7%)
Interest Earnings	466,017	484,883	1,079,306	1,354	0.3%
Other Revenue	30,937	23,560	56,624	7,357	23.8%
Total (Excluding Rates)	16,408,665	16,199,662	25,046,628	212,003	
Operating Expense					
Employee Costs	(9,136,344)	(9,963,368)	(23,168,890)	827,012	9.1%
Materials and Contracts	(7,984,850)	(7,470,093)	(13,190,874)	(514,992)	(6.4%)
Utilities Charges	(829,534)	(937,732)	(2,389,727)	108,196	13.0%
Depreciation (Non-Current Assets)	(3,219,587)	(4,152,295)	(9,565,689)	932,688	29.0%
Interest Expenses	(184,888)	(201,420)	(483,458)	18,752	9.1%
Insurance Expenses	(587,790)	(673,143)	(875,262)	85,353	14.5%
Loss on Asset Disposal	(6,827)	0	(20,000)	(6,827)	(100.0%)
Other Expenditure	(158,688)	(1,191,697)	(1,426,587)	1,033,606	653.8%
Total	(22,107,488)	(24,989,661)	(56,289,257)	2,482,173	
Funding Balance Adjustment					
Add Back Depreciation	3,219,587	4,152,295	9,565,689	(932,688)	(29.0%)
Adjust (Profit)/Loss on Asset Disposal	6,587	(148,145)	(335,545)	164,732	2369.1%
EMRC Contribution (Non-cash)	0	0	(3,333,710)	0	
Deferred Loan (non-current) FUSC	(194)	0	0		
Movement in Provisions	34,885	0	637,505	34,885	100.0%
Pensioners Deferred Rates Movement	0	0	(36,000)	0	
Total	3,260,965	4,004,110	6,797,939	(743,051)	
Net Operating (Ex. Rates)	(3,437,918)	(5,289,609)	(24,435,670)	1,816,249	
Capital Revenues					
Proceeds from Disposal of Assets	10,264	56,775	627,100	(46,511)	(463.1%)
Grants, Subsidies and Contributions	710,987	931,069	6,149,412	(230,072)	(31.0%)
Self-Supporting Loan Principal	32,399	27,300	60,590	5,099	15.7%
Overdraft Funding	0	0	0	0	
Transfer from Reserves	0	0	3,171,000	0	
Total	753,650	1,015,114	10,013,102	(261,484)	
Capital Expenses					
Land Held for Resale	0	0	0	0	
Land Development Costs	(908)	(4,165)	(10,000)	3,256	359.0%
Land and Buildings New	(9,087)	(143,790)	(346,131)	134,703	1482.4%
Land and Buildings Replacement	(188,962)	(689,495)	(1,603,640)	500,543	264.9%
Plant and Equipment New	(231,162)	(55,825)	(112,000)	(176,337)	(75.9%)
Plant and Equipment Replacement	(3,800)	(25,338)	(137,860)	24,335	645.7%
Furniture and Equipment	(80,820)	(95,025)	(143,283)	14,155	17.4%
Infrastructure Assets - Roads New	(162,131)	(997,673)	(1,690,081)	436,542	268.8%
Infrastructure Assets - Roads Renewal	(134,841)	(1,113,035)	(2,671,574)	978,094	724.8%
Infrastructure Assets - Drainage New	(42,564)	(195,710)	(489,732)	153,148	369.8%
Infrastructure Assets - Drainage Renewal	0	(82,190)	(197,171)	82,150	100.0%
Infrastructure Assets - Footpaths New	0	(54,700)	(227,433)	94,750	100.0%
Infrastructure Assets - Footpaths Renewal	(63,096)	(189,705)	(455,325)	126,604	200.7%
Infrastructure Assets - Car Parks New	0	0	0	0	
Infrastructure Assets - Car Parks Renewal	0	(72,485)	(173,975)	72,485	100.0%
Infrastructure Assets - Parks and Ovals New	(163,032)	(906,045)	(2,174,584)	742,213	458.0%
Infrastructure Assets - Parks and Ovals Renewal	(107,395)	(1,478,620)	(3,544,504)	1,389,225	1274.9%
Repayment of Debentures	(281,769)	(262,120)	(629,123)	(79,640)	(7.0%)
Overdraft Funding (Repayment)	0	0	0	0	
Transfer to Reserves	(25,745)	(51,205)	(2,504,811)	25,460	98.9%
Total	(1,495,301)	(6,058,128)	(16,991,684)	4,661,827	
Net Capital	(742,051)	(5,042,994)	(6,978,582)	4,306,343	
Total Net Operating + Capital	(4,180,569)	(10,431,883)	(31,414,232)	6,216,583	
Rate Revenue	29,958,596	30,107,098	30,796,748	(148,502)	(0.5%)
Opening Funding Surplus(Deficit)	4,244,120	2,875,520	2,875,520	1,368,599	32.2%
Closing Funding Surplus(Deficit)	30,022,147	22,569,745	2,258,044	7,436,671	

SHIRE OF KALAMUNDA
STATEMENT OF FINANCIAL ACTIVITY
(STATUTORY REPORTING PROGRAM)
FOR THE 5 MONTHS TO 30 NOVEMBER 2014

	30/11/2014 YTD Actual (a) \$	30/11/2014 YTD Budget (b) \$	Annual Budget \$	Var. \$ (b)-(a) \$	Var. % (b)-(a)/(b) %
Operating Revenues					
Governance	73,526	70,489	169,167	3,046	4.1%
General Purpose Funding	1,894,378	1,696,103	6,777,756	198,275	10.5%
Law, Order and Public Safety	221,033	182,676	360,377	38,357	17.3%
Health	190,069	193,338	226,270	(3,269)	(2.9%)
Education and Welfare	1,394,834	1,310,264	3,667,189	84,570	9.2%
Community Amenities	9,896,435	10,097,077	11,193,686	(200,642)	(2.0%)
Recreation and Culture	623,144	703,456	1,701,469	(80,312)	(12.5%)
Transport	7,293	37,699	90,000	(30,207)	(414.2%)
Economic Services	258,536	271,463	518,329	(12,927)	(5.0%)
Other Property and Services	239,507	134,255	322,175	105,252	44.0%
Total (Excluding Rates)	15,406,665	15,196,682	25,648,628	210,003	
Operating Expense					
Governance	(1,250,304)	(1,434,410)	(3,134,685)	184,117	14.3%
General Purpose Funding	(465,188)	(334,383)	(795,832)	(130,693)	(28.1%)
Law, Order and Public Safety	(623,601)	(393,747)	(1,813,245)	169,646	27.2%
Health	(422,168)	(482,076)	(1,052,224)	59,910	7.1%
Education and Welfare	(1,837,434)	(1,709,486)	(4,183,686)	132,052	3.1%
Community Amenities	(5,102,052)	(6,178,483)	(14,237,281)	1,074,431	21.1%
Recreation and Culture	(7,771,399)	(8,600,061)	(20,248,646)	838,691	10.8%
Transport	(3,292,675)	(3,540,044)	(8,829,911)	247,185	7.5%
Economic Services	(416,698)	(448,176)	(1,800,819)	31,687	7.6%
Other Property and Services	(1,125,889)	(1,028,607)	(1,274,016)	(97,173)	(8.6%)
Total	(22,107,438)	(24,589,661)	(56,280,237)	2,482,173	
Funding Balance Adjustment					
Add back Depreciation	3,219,587	4,152,255	9,985,889	(632,668)	(20.0%)
Adjust (Profit)/Loss on Asset Disposal	6,597	(148,162)	(305,545)	154,732	2348.1%
EMRC Contribution (Non-cash)	0	0	(3,338,716)	0	
Deferred Loan (non-current) FUSC	(154)	0	0	(154)	103.0%
Movement in Provisions	34,695	0	537,505	34,695	103.0%
Pensioners Deferred Rates Movement	0	0	(26,220)	0	
Total	3,260,025	4,004,110	6,797,939	(743,285)	
Net Operating (Ex. Rates)	(3,437,816)	(5,399,899)	(24,436,876)	1,916,240	
Capital Revenues					
Proceeds from Disposal of Assets	10,264	58,775	637,100	(48,511)	(453.1%)
Capital Contributions and Grants	710,987	691,059	6,140,412	(200,072)	(31.0%)
Self-Supporting Loan Principal Income	32,329	27,300	65,000	5,000	15.7%
Overdraft Funding Utilised	0	0	0	0	
Transfer from Reserves	0	0	3,171,000	0	
Total	753,650	1,015,134	10,613,162	(261,494)	
Capital Expenses					
Land Held for Resale	0	0	0	0	
Land Development Costs	(806)	(4,165)	(10,000)	3,259	309.0%
Land and Buildings New	(9,857)	(143,799)	(345,131)	134,703	1482.4%
Land and Buildings Replacement	(188,952)	(689,498)	(1,603,648)	500,543	264.8%
Plant and Equipment New	(231,162)	(25,825)	(12,000)	(175,337)	(75.3%)
Plant and Equipment Replacement	(3,800)	(28,336)	(137,593)	24,533	645.7%
Furniture and Equipment	(80,620)	(66,025)	(145,283)	14,105	17.4%
Infrastructure Assets - Roads New	(162,131)	(507,673)	(1,090,081)	435,542	269.6%
Infrastructure Assets - Roads Renewal	(134,841)	(1,113,035)	(2,671,574)	978,694	724.8%
Infrastructure Assets - Drainage New	(42,664)	(105,710)	(499,732)	193,146	359.8%
Infrastructure Assets - Drainage Renewal	0	(82,180)	(197,171)	82,150	100.0%
Infrastructure Assets - Footpaths New	0	(94,750)	(227,433)	94,750	100.0%
Infrastructure Assets - Footpaths Renewal	(63,096)	(189,700)	(455,326)	128,604	203.7%
Infrastructure Assets - Car Parks New	0	0	0	0	
Infrastructure Assets - Car Parks Renewal	0	(72,485)	(173,975)	72,485	100.0%
Infrastructure Assets - Parks and Ovals New	(163,832)	(506,045)	(2,174,984)	742,213	453.0%
Infrastructure Assets - Parks and Ovals Renewal	(187,394)	(1,476,820)	(3,544,034)	1,369,225	1274.9%
Repayment of Debentures	(261,709)	(262,120)	(629,125)	(16,649)	(7.0%)
Overdraft Funds (Repayment)	0	0	0	0	
Transfer to Reserves	(25,745)	(51,209)	(2,584,811)	35,460	99.9%
Total	(1,496,301)	(6,028,128)	(16,991,664)	4,561,827	
Net Capital	(742,651)	(5,642,994)	(6,978,562)	4,386,343	
Total Net Operating + Capital	(4,180,669)	(10,431,663)	(31,414,232)	6,216,583	
Rate Revenue	29,958,696	30,107,008	30,796,746	(148,502)	(0.0%)
Opening Funding Surplus(Deficit)	4,244,120	2,875,030	2,875,030	1,269,590	32.2%
Closing Funding Surplus(Deficit)	30,032,147	22,860,745	2,258,044	7,436,671	

SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE 5 MONTHS TO 30 NOVEMBER 2014

NET CURRENT FUNDING POSITION

	Positive=Surplus (Negative=Deficit)	
	30/11/2014	30/11/2013
	\$	\$
Current Assets		
Cash Unrestricted	25,648,884	23,458,390
Cash Restricted	0	0
Cash at Bank - Reserves (Restricted)	2,636,707	2,371,244
Receivables - Rates and Rubbish	7,928,800	7,078,996
Receivables -Other	702,862	794,014
Inventories	109,751	154,527
(* exclude loan receivable)	<u>37,027,004</u>	<u>33,857,171</u>
Less: Current Liabilities		
Payables	(4,368,151)	(4,619,302)
Provisions	(2,408,743)	(2,275,513)
(* exclude loan payable)	<u>(6,776,892)</u>	<u>(6,894,815)</u>
Net Current Asset Position	<u>30,250,111</u>	<u>26,962,356</u>
Add:		
Provision for Long Service Leave	798,615	710,973
Provision for Annual Leave	1,610,128	1,564,541
Less:		
Restricted Cash (Reserves)	(2,636,707)	(2,371,244)
Cash Restricted		
Net Current Funding Position	<u>30,022,147</u>	<u>26,866,626</u>

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

10.3.2 Budget Review for Four Months to October 2014

Previous Items	N/A
Responsible Officer	Director Corporate Services
Service Area	Finance
File Reference	
Applicant	N/A
Owner	N/A
Attachment 1	Amended Financial Activity Statement by Nature and Type
Attachment 2	Amended Financial Activity Statement by Program
Attachment 3	Net Current Asset Position
Attachment 4	Summarised Report of Amendments
Attachment 5	Statement of Amended Reserve Account Movement and Balances

PURPOSE

1. For Council to consider and approve amendments to the 2014/2015 Adopted Budget as identified in the budget review to 31 October 2014.

BACKGROUND

2. Regulation 33A (1) of the Local Government (Financial Management) Regulations 1996 requires that a local government is to conduct a formal review of its adopted Budget between 1 January and 31 March.
3. In pursuit of improved fiscal monitoring and control, the Shire of Kalamunda undertakes an additional budget review covering the first four months of the financial year. This current review was undertaken in November 2014 and the findings are presented to assist elected members in their considerations.
4. The main objective of regular budget reviews is to ensure that the Shire is closely monitoring its revenue and expenditure to mitigate the risk of the Shire posting a deficit at the end of this financial year.
5. It also provides the opportunity to monitor and implement strategies to ensure the Shire's Current Ratio and Untied Cash to Unpaid Trade Creditors Ratio will be further improved upon for the year ending 30 June 2015.

DETAILS

Closing Surplus position (Attachment 1)

6.

Summary of Movements from the Rate Setting Statement			
Description	Original Budget \$	Proposed Revised Budget \$	Variance \$
Operating Revenue Excluding Rates	25,046,628	26,330,882	1,284,253
Operating Expenditure	(56,280,238)	(57,161,123)	(880,885)
Non Cash Movements	6,797,939	4,245,881	(2,552,058)
Capital Revenues	10,013,102	11,542,554	1,529,452
Capital Expenditure	(16,991,664)	(15,940,403)	1,051,261
Closing Surplus Position	2,258,042	4,058,655	1,800,613

-
7. A brief synopsis of the budget variances above are as follows:
- Operating Revenue excluding rates –
 - Profit on sale of Lewis Rd recognised, \$1,097,596
 - Increase in insurance rebates by payment of dividend and experience account by LGIS, \$160,490
 - Operating Expenditures –
 - Reclassification of expenditure on Kostera Oval regarded as a contribution as the work is being done on Department of Education land - \$(1,941,252); and
 - Reduction on buildings depreciation as a result of the recently concluded land and building revaluations, \$1,454,462
 - Non-Cash Movements –
 - Reduction in depreciation charge by \$1,454,462 on Shire buildings as a result of the building revaluation exercise concluded as at 30 June 2014;
 - Profit on sale of Lewis Rd properties recognised at \$1,097,596. The above non-cash movements are required to be added back to derive the final closing surplus position.
 - Capital Revenues –
 - Sale of Lewis Rd properties - \$1,648,096
 - Reduction infrastructure grants, net effect - \$(171,509)
 - Capital Expenditure –
 - Deferral of infrastructure projects due to capacity issues or delays in design works - \$661,044
 - Cancelled infrastructure works due to un-successful grant applications - \$559,868
 - Increase in spend due to increase in scope, new works identified and Councillor requests accommodated - \$(507,011)
 - Re-classification of Kostera Oval to operating expenditure - \$1,941,252
 - Transfers to Reserves – Buildings and Environmental reserves increased as result of sale of Lewis Rd properties by \$(1,070,156) and HACC reserves to account for 30 June 2014 audited closing surplus position and asset acquisitions amounting to \$(381,531)
8. The projected year end revised closing surplus position as at 31 October 2014 is \$4,058,655. The new position will ensure that the Shire maintains a strong year end cash position and modified current ratio. The asset ratio will be impacted slightly to allow for the re-classification of expenditure on Kostera Oval which is offset to some extent by the reduction on depreciation charges on buildings.
9. The Shire will still need to keep tight control over income and expenditure to ensure a surplus is in place at 30 June 2014 to strengthen the Council's financial capacity and Reserves.
-

Reserve Account Adjustments (Attachment 5)

Land and Property Enhancement and Maintenance Reserve

10. There has been an adjustment to the Land and Property Reserve with the net transfers to the reserve increasing by \$1,070,156. Transfers from reserves are currently retained at \$2,050,000 for the time being. They may need adjustment in the second budget review depending on the outcome of some of the capital works projects.

EDP – IT Reserve

11. The reserve balance is reduced by \$60,000 due to a lower opening balance. These funds were surplus to operating requirements in 2013/2014 and essentially need to be set aside for future transfers should there be a requirement for the Shire to fund future IT based expenditure in the coming years.

HACC Leave Reserve

12. Transfer to this reserve has been increased by \$574,875 to allow for the surplus position at 30 June 2014.

An amount of \$193,344 has been also shown as transfer back to municipal funds to allow for the purchase of a bus and some furniture and equipment.

The administration will address the continuing surpluses by balancing service levels to funding agreements when the new contracts are re-negotiated to lower the funding exposure.

Environmental Reserve

13. Transfer to this reserve has been increased by \$36,190 to reflect the profit from sales of the Lewis Rd properties. Transfers from the reserve have been eliminated to allow for a healthy balance.

All Reserves

14. The opening balances have been revised to reflect the balances as per Audited Financial Statements as at 30 June 2014.
15. In light of this Budget Review all future Financial Reports presented to Council for adoption will include adjustments to the current Budget and amendments based on operations and new information.
16. The Statement of Amended Reserve Account Movement and Balances (Attachment 5) incorporates all the above mentioned proposed adjustments and reveals a balanced budget with a revised closing balance of \$3,450,799 reflecting a slight increase from \$3,432,591 estimated when preparing the original budget.

STATUTORY AND LEGAL CONSIDERATIONS

17. Section 6.8 (1) (b) of the *Local Government Act 1995* requires an absolute majority decision by Council for any budget amendments.

POLICY CONSIDERATIONS

18. Nil.

COMMUNITY ENGAGEMENT REQUIREMENTS

19. Nil.

FINANCIAL CONSIDERATION

20. The Rate Setting Statement shows the Shire is projected to be in a surplus position at the end of the financial year.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

21. *Kalamunda Advancing: Strategic Community Plan to 2023*

OBJECTIVE 6.8 – To ensure financial sustainability through the implementation of effective financial management, systems and plans.

Strategy 6.8.4 Provide effective financial services to support the Shire's operations and to meet sustainability planning, reporting and accountability requirements.

SUSTAINABILITY

Social Implications

22. Nil.

Economic Implications

23. Nil.

Environmental Implications

24. Nil.

RISK MANAGEMENT CONSIDERATIONS

	Risk	Likelihood	Consequence	Risk	Action/Strategy
25.	Expenditure exceeds budgeted allocation resulting in negative impact on closing funds position	Possible	Major	High	Monthly management reports are tracked by business unit managers to ensure that they are operating within budget parameters. Budget reviews and forecasting of expenditures against potential revenues are monitored closely.
	Funds spent without a budget allocation	Unlikely	Critical	High	Electronic purchasing system in place which tracks and allows authorisation of purchase orders only if a budget is available.

OFFICER COMMENT

- 26. The amended Rate Setting Statement following the October budget review in Column 4 (2014/2015 Proposed Budget Review) reveals a balanced budget estimate for 30 June 2015 with a surplus of \$4,244,120.
- 27. It needs to be noted that the Reserves overall are still maintained at a high level albeit a slight increase from \$3,432,591 to \$3,450,799 as shown in Attachment 5. The final position will be reviewed in the statutory budget review in January 2015.
- 28. The key to addressing the Shire's ongoing liquidity will be in its land sales, property rationalisation program and close monitoring of actual revenues and expenditure against allocated budgets.
- 29. It is critical that Council is committed to this strategy; otherwise significant decisions will need to be made about service reduction to maintain sustainability in the longer term and meet asset management requirements.
- 30. The administration is focussed on ensuring that the Shire returns a positive surplus and is constantly looking at improving its financial sustainability in line with the new ratios introduced.

Voting Requirements: Absolute Majority

RESOLVED OCM 183/2014

That Council:

1. Notes the 2014/2015 Budget Review Explanation and Summary (Attachment 4).
2. Pursuant to Section 6.8 (1) (b) of the *Local Government Act 1995*, adopts the changes summarised in the Amended Rates Setting Statement (Attachment 1) and authorises the Chief Executive Officer to amend the 2014/2015 Budget.
3. Pursuant to Section 6.16 (2) (a) of the *Local Government Act 1995*, approves the imposition of the following new fees and charges:-

COMMUNITY FACILITY	Proposed Fee Inc GST \$
<u>Kalamunda History Village</u>	
Entry Fee	
Adult	7.00
Senior	5.00
Children (<i>over 5 years old</i>)	3.00
Education Program	
School Students Guided	8.00
School Students Self-Guided	3.00
Additional Carers/Parents	3.00
<u>REGULATORY</u>	
<u>Health</u>	
Asbestos Analysis Fee (Fee for submission and analysis of sample to ARL Labs)	70.50
<u>OTHER</u>	
<u>Engineering</u>	
Walliston Transfer Station (resident only)	
Compost Bin (Including Delivery)	49.50
Worm Farm (Including Delivery)	139.00
Walliston Transfer Station (non-resident)	
Clean Green waste (minimum charge 0.5T = \$ 20.35)	40.70

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (11/0)**

Attachment 1

Amended Financial Activity Statement by Nature and Type

[Click HERE to go directly to the document](#)

Attachment 2

Amended Financial Activity Statement by Program

[Click HERE to go directly to the document](#)

Attachment 3

Net Current Asset Position

[Click HERE to go directly to the document](#)

Attachment 4

Summarised Report of Amendments

[Click HERE to go directly to the document](#)

Attachment 5

Statement of Amended Reserve Account Movement and Balances

[Click HERE to go directly to the document](#)

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

Cr John Giardina declared an interest affecting impartiality and left the chambers at 6.15pm

10.3.3 Memorandum of Understanding with Kalamunda Chamber of Commerce

Previous Items	N/A
Responsible Officer	Director Development Services
Service Area	Development Services
File Reference	CO-LOS-007
Applicant	N/A
Owner	N/A
Attachment 1	Memorandum of Understanding – Kalamunda Chamber of Commerce

PURPOSE

1. To consider approving the proposed Memorandum of Understanding between the Shire of Kalamunda and the Kalamunda Chamber of Commerce in order to establish a framework of consultation and collaboration between the organisations.

BACKGROUND

2. In February 2014, Councillors and staff of the Shire took part in a workshop with members of the Kalamunda Chamber of Commerce Executive.
3. The outcomes of the workshop provided principles for a sustainable relationship between the two organisations and a basis for entering into a Memorandum of Understanding.
4. The organisations have collaborated in drafting a Memorandum of Understanding designed to improve and cement their working relationship.

DETAILS

5. The Shire has a responsibility to deliver the services and amenities expected by the community and relies on its ratepayers to contribute revenue to fund the provision of those services. A significant revenue contribution is generated from commercial and industrial ratepayers in the Shire.
6. The Chamber is the representative body for commercial and industrial ratepayers and promotes the benefits of a partnership approach with the business community.
7. The Shire recognises the economic benefit the Chamber brings to Kalamunda and the further potential benefits to the community of communicating, consulting and collaborating with the Chamber on pertinent issues.

STATUTORY AND LEGAL CONSIDERATIONS

8. The Memorandum of Understanding is not a legally binding document. It also includes provisions for variation and termination.

POLICY CONSIDERATIONS

9. None

COMMUNITY ENGAGEMENT REQUIREMENTS

10. The Kalamunda Chamber of Commerce executive has been consulted and has collaborated in the drafting of the Memorandum of Understanding (MOU). The Kalamunda Chamber of Commerce Executive is supportive of the content of the final draft but has yet to ratify the Memorandum.

FINANCIAL CONSIDERATIONS

11. None.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

12. *Kalamunda Advancing: Strategic Community Plan to 2023*

OBJECTIVE 5.3 - To facilitate increased economic activity within the Shire.

Strategy 5.3.2 - Proactively engage and partner with local and regional businesses to support further economic development.

SUSTAINABILITY

Social Implications

13. A framework for collaboration between the organisations should result in a stronger regional advocacy for the community.

Economic Implications

14. The economic benefit to the community of the collaborative efforts of the two organisations will be likely to outweigh their aggregate individual efforts.

Environmental Implications

15. None

RISK MANAGEMENT CONSIDERATIONS

- 16.
- | Risk | Likelihood | Consequence | Rating | Action/Strategy |
|-------------------------|------------|-------------|--------|---|
| The MOU is not executed | Possible | Minor | Medium | Ensure Council is aware that the purpose of the MOU is to ensure a positive working relationship with the peak representational body. |

OFFICER COMMENT

17. The signing of a Memorandum of Understanding between the parties is an outcome from the workshop held in February 2014 and would be a major step towards formalising a collaborative working relationship.
18. With the impending local government reform, it is timely to formalise the collaborative working relationship which will assist in strengthening the Chamber's ability to adapt to the changing local government landscape.
19. Formalising the relationship between the parties will also increase the opportunity for collaboration on an operational level across the Shire's business units.

The Recommendation was moved and seconded, the mover foreshadowed an Amendment to paragraph 5 of the Memorandum of Understanding, which the seconder to the substantive motion was happy to accept. The addition was made and the vote was taken on the new substantive motion.

Voting Requirements: Simple Majority

RESOLVED OCM 184/2014

That Council:

1. Approves the execution by the Shire President of the proposed Memorandum of Understanding between the Shire of Kalamunda and the Kalamunda Chamber of Commerce (Attachment 1).

Subject to the insertion of the following words in the last paragraph of point 5.

That the parties agree it is considered inappropriate for any ratepayer funds, that may be provided to the Chamber by way of a Sponsorship Agreement with the Shire, to be expended on party political campaigning.

Moved: **Cr Frank Lindsey**

Seconded: **Cr Geoff Stallard**

Vote:	<u>For</u> Cr Frank Lindsey Cr Geoff Stallard Cr Allan Morton Cr Noreen Townsend Cr Justin Whitten Cr Bob Emery Cr Dylan O'Connor Cr Margaret Thomas Cr Sue Bilich	<u>Against</u> Cr Andrew Waddell
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CARRIED (9/1)

MEMORANDUM OF UNDERSTANDING

SHIRE OF KALAMUNDA

and

KALAMUNDA CHAMBER OF COMMERCE



MEMORANDUM OF UNDERSTANDING

1. Parties

Shire of Kalamunda of 2 Railway Road, KALAMUNDA WA 6076 **ABN 60 741 095 678**
'The Shire'

and

Kalamunda Chamber of Commerce Incorporated ABN 31 934 906 155 'The Chamber'

2. Introduction

This Memorandum of Understanding outlines the relationship between the Parties and establishes a framework of consultation and collaboration without limiting the ability of the organisations to work individually and together in other ways for the benefit of the community.

3. Purpose

This document is a Memorandum of Understanding and it is not intended to create, and does not create, binding or legal obligations on the Parties.

4. Term

This Memorandum of Understanding will commence on 1 January 2015 and continue for a term of five (5) years until 31 December 2019, unless terminated under paragraph 9.

5. Background

The Shire has a responsibility to deliver the services and amenities expected by the community and relies on its ratepayers to contribute revenue to fund the provision of those services.

The Shire acknowledges the significance of the contribution of commercial and industrial ratepayers to the area.

The Chamber is a representative body for commercial and industrial ratepayers and the Shire recognises the benefits of a partnership approach with the business community.

The Shire acknowledges the economic benefit the Chamber brings to the community and wishes to communicate, consult and collaborate with the Chamber to achieve maximum benefit for the community.

The Chamber recognises the central role of the Shire in planning for Kalamunda's future and providing for the economic, social and environmental needs of its diverse community.

The Chamber wishes to maximise its contribution to the promotion of Kalamunda as a prosperous and safe living and working environment, and it acknowledges the proactive work of the Shire in this regard.

The Parties acknowledge that the Chamber is an organisation with no political affiliation which does not engage in, and is not motivated by, party politics. It is however recognised that a politically neutral stance should not impede the Chamber's ability as an organisation to lobby and advocate at all levels of government for the benefit of the Shire of Kalamunda business community.

6. Principles and Key Objectives

The purpose of this agreement is the continuous improvement of the relationship and collaboration between the Parties.

The Parties believe, through partnership and this Memorandum of Understanding, the following advantages can be more successfully pursued:

- Consideration by the Parties of the range of economic opportunities and strategies to meet the shared vision of prosperity for the community;
- Consideration of the challenging trading conditions in order to achieve outcomes that meet the needs of the current and future Kalamunda communities;
- Enhanced return on investment in economic development balanced against desired environmental and social outcomes;
- Opportunities for the Chamber to fulfil its responsibilities in regard to its members and the wider business community;
- Appropriate engagement of the business community through the Chamber in the planning and development process; and
- Opportunities for private sector involvement in the development process through well-structured projects.

7. Outline of General Operating Approach

The Parties will maintain a close working relationship and will work together in collaboration in a manner that:

- Encourages open discussion and honest feedback to achieve common goals;
- Recognises the importance of maintaining professional respect and behaviours through all forms of communication;
- Respects the other's confidentiality;
- Responds to the respective decision-making processes of the Parties;
- Recognises statutory and operating requirements of the Parties;
- Seeks agreement on how the Parties will address issues upon which they differ; and
- Seeks to uphold the outcomes sought from the partnership and Memorandum of Understanding and the commitments made in it.

8. Specific Responsibilities

Specifically, the Parties will:

- Promote, lobby and advocate for the Shire of Kalamunda business community at regional, state and federal levels;
- Consult and engage on issues that relate to the commercial or economic environment in the area including but not limited to strategic planning, tourism and strategies relating to economic development;
- Jointly identify mutually beneficial projects that can be progressed together;

- Ensure that the Presidents of the Parties meet regularly to foster a collaborative working relationship and address any issues that may impede these objectives;
- Arrange bi-annual Executive meetings to discuss the implementation of relevant aspects of the Shire's Strategic Plan, and to work in collaboration to deliver this strategy;
- Use best endeavours to ensure their representatives attend functions and meetings organised by the other party as regularly as possible;
- Work jointly on new tourism initiatives, acknowledging the significance of the area as a tourism destination and the economic benefits this brings to the whole community;
- Sustain an ongoing campaign to encourage the whole community to support local businesses for the economic benefit of the community.

9. Termination and Variation

The Parties may vary this Memorandum of Understanding in writing by mutual exchange of letters signed by the authorised signatory.

This Memorandum of Understanding may be terminated:

- By mutual written agreement of the Parties at any time; or
- By either of the Parties giving twelve months written notice to the other.

10. Signatories

Shire of Kalamunda	
Signature _____	Date _____
President - Shire of Kalamunda	
Kalamunda Chamber of Commerce	
Signature _____	Date _____
President - Kalamunda Chamber of Commerce	

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

Cr John Giardina had declared an interest affecting impartiality and remained out of Chambers.

10.3.4 Sponsorship Agreement with Kalamunda Chamber of Commerce

Previous Items	N/A
Responsible Officer	Director Development Services
Service Area	Development Services
File Reference	CO-LOS-007
Applicant	N/A
Owner	N/A
Attachment 1	Sponsorship Agreement – Kalamunda Chamber of Commerce

PURPOSE

1. To consider approving the proposed Sponsorship Agreement between the Shire of Kalamunda and the Kalamunda Chamber of Commerce which identifies and agrees reciprocal financial arrangements of mutual benefit to both parties.

BACKGROUND

2. In February 2014, Councillors and staff of the Shire took part in a workshop with members of the Kalamunda Chamber of Commerce Executive.
3. The outcomes of the workshop provided principles for a sustainable relationship the two organisations and a basis for entering into a Memorandum of Understanding.
4. In August 2014, The Shire received a proposal from the Kalamunda Chamber of Commerce to enter into a Sponsorship Agreement that would be mutually beneficial to both parties.

DETAILS

5. The Shire and the Chamber have negotiated the proposed sponsorship proposal effective for a period of two years commencing on 1 January 2015 and ending on 31 December 2016.
6. The Agreement would require a commitment from each party as follows.
The Shire:
 - Waiving rental charges ordinarily due pursuant the lease dated 1 October 2011 for office space at the Zig Zag Cultural Centre.
 - Waiving fees ordinarily due pursuant to the Shire 'Schedule of Fees and Charges' for the 'trading in thoroughfares and public spaces licence' for the weekly Kalamunda Farmers Market.The Chamber:
 - Awarding the Shire Platinum Sponsorship status of the Kalamunda Chamber of Commerce including a range of specific financial and promotional benefits.

- Awarding the Shire Platinum Sponsorship status of the Kalamunda Farmers Market including a range of specific financial and promotional benefits.

STATUTORY AND LEGAL CONSIDERATIONS

7. The Sponsorship Agreement includes provisions for variation and termination.

POLICY CONSIDERATIONS

8. None.

COMMUNITY ENGAGEMENT REQUIREMENTS

9. The Kalamunda Chamber of Commerce has been consulted and has collaborated in the drafting of the Sponsorship Agreement. The Kalamunda Chamber of Commerce Executive is supportive of the content of the final draft but has yet to formally ratify the Agreement.

FINANCIAL CONSIDERATIONS

10. Rental charges pursuant to the lease dated 1 October 2011 for office space at the Zig Zag Cultural Centre amount to \$3,880 plus CPI per annum.
11. Annual fees pursuant to the Shire 'Schedule of Fees and Charges' for the 'trading in thoroughfares and public spaces licence' for the Kalamunda Farmers Market amounts to \$6,490. The total of revenue waived amounts to \$10,370 per annum for two years.
12. The value attributed to the benefits that the Shire would receive is in excess of the revenue which would be waived under the Agreement.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

13. *Kalamunda Advancing: Strategic Community Plan to 2023*
- OBJECTIVE 5.3 – To facilitate increased economic activity within the Shire.
- Strategy 5.3.2 - Proactively engage and partner with local and regional businesses to support further economic development.

SUSTAINABILITY

Social Implications

14. Collaboration between the organisations should result in a stronger regional advocacy for the community. The proposal brings opportunities to further promote the tourism profile of the region.

Economic Implications

15. The Chamber currently employs about 1.6 FTEs. The Agreement supports the valuable work undertaken by the Chamber on behalf of the business community, which would not be performed by other organisations.

Environmental Implications

16. None

RISK MANAGEMENT CONSIDERATIONS

17.

Risk	Likelihood	Consequence	Rating	Action/Strategy
The sponsorship agreement is not endorsed	Possible	Minor	Medium	Ensure Councillors are aware that the sponsorship agreement is of benefit to the Shire.

OFFICER COMMENT

18. The signing of the Sponsorship Agreement between the parties progresses the Shire of Kalamunda's commitment to a collaborative working relationship.
19. With the impending local government reform, it is timely to formalise a mutually beneficial financial agreement which will strengthen the MOU partnership and support the Chamber in the changing local government landscape.

Councillor Simon Di Rosso arrived at the meeting at 6.20pm.

The Recommendation was moved and seconded, a Councillor foreshadowed an Amendment to add a Point 2 to the Sponsorship Agreement, this was detailed and the ideology explained, the seconder was happy to accept the Amendment and it became part of the substantive motion.

A Councillor asked how Council would determine if a 'prohibited action' had taken place. The guide would be, if an objective third party were put in the place of Council it would make the same decision, this leaves it open to be a complaint or through Council discussions. The Councillor further asked if this would be based on a Report and a decision by Council, this was confirmed.

As the Sponsorship Agreement allows the Chamber access to the Shire's wi fi, a Councillor presumed this would entail a full internet connection and asked what controls would be put in place to firewall the Shire's internal network information from the Kalamunda Chamber of Commerce, also will there be an acceptable use agreement in place to ensure that none of the activity that is done with that internet connection could bring disrepute upon the Shire if it were made public. The Chief Executive Officer will take the technical information on notice but will undertake to negotiate an agreement with the Kalamunda Chamber of Commerce around the other matters raised.

The vote was taken and Cr John Giardina returned to Chambers at 6.35pm.

Voting Requirements: Simple Majority

RESOLVED OCM 185/2014

That Council:

1. Approves the execution by the Shire President of the proposed Sponsorship Agreement between the Shire of Kalamunda and the Kalamunda Chamber of Commerce (Attachment 1).

Subject to the following insertion as a new Point 2.

[defined term to be added] "Prohibited Action" means any action undertaken by the KCC which in the Council's view is intended to directly or indirectly support a Local, State, or Federal political party, including providing financial or non-financial support including in-kind support or participating in, approving, sponsoring or disseminating advertising of any kind.

1. *If the Council reasonably considers that the KCC has engaged in a Prohibited Action at any time after the commencement of the MOU, then it may:
 - a) *withdraw any or all future sponsorship, funding or donations to be provided by the Council to the KCC; and*
 - b) *demand the KCC pay to the Council any amount equal to or less than the total amount of sponsorship, funding, donations or waived fees of any kind provided by the Council to the KCC after the commencement of the MOU.**
2. *The KCC must within 21 days from the date of receiving a demand pursuant to clause 1(b), make payment of the amount stated therein.*

Moved: **Cr Frank Lindsey**

Seconded: **Cr Justin Whitten**

Vote: **CARRIED UNANIMOUSLY (11/0)**

Attachment 1

SPONSORSHIP AGREEMENT

SHIRE OF KALAMUNDA

and

KALAMUNDA CHAMBER OF COMMERCE



Sponsorship Agreement

1. Parties

Shire of Kalamunda of 2 Railway Road, KALAMUNDA WA 6076 **ABN 60 741 095 678 'The Shire'**

And

Kalamunda Chamber of Commerce Incorporated ABN 31 934 906 155 'The Chamber'

2. Purpose

The purpose of this Agreement is to identify and agree reciprocal financial arrangements between the Chamber and the Shire.

3. Term

This Agreement will commence on 1 January 2015 and continue for a term of 2 years until 31 December 2016, unless otherwise terminated under paragraph 6.

4. Objectives

- To increase the number of visitors to the region
- To act as advocates on behalf of local businesses
- To increase opportunities for local businesses and producers
- To promote an authentic Farmers Market experience
- To encourage residents to shop locally
- To recognise business achievement and excellence

5. Reciprocal Arrangements

The Shire will:

- Waive rental charges ordinarily due pursuant the lease dated 1 October 2011 for office space at the Zig Zag Cultural Centre but not excluding charges for cleaning or utility charges
- Allow access to Wi-Fi connection during normal office hours
- Waive fees ordinarily due pursuant to the Shire 'Schedule of Fees and Charges' for the 'trading in thoroughfares and public spaces licence' for the weekly Kalamunda Farmers Market

The Chamber will:

Award the Shire, Platinum Sponsorship status of both the Chamber and the Kalamunda Farmers Market including but not limited to the following benefits free of charge:

- Complimentary Membership of the Chamber
- Naming rights of the 'New Business of the Year' category at the annual Business Awards and presentation of the award to the winner
- Opportunity to address the attendees at the Business Awards Gala Dinner
- Complimentary table for 10 guests at the annual Business Awards Dinner
- Shire logo displayed prominently on the Chamber and Farmers Market website and on all new promotional material
- Free advertising in new Chamber publications
- When required, a prominent stall for the display of information at the Kalamunda Farmers Market

- Acknowledgement of Platinum Sponsorship status on the Chamber website and in all Chamber media releases
- Hosting and attendance at Chamber business networking functions
- Shire logo prominent on Chamber and Kalamunda Farmers Market e-newsletter

6. Termination and Variation

The Parties may vary this Agreement in writing by mutual exchange of letters signed by the authorised signatory.

This Agreement may be terminated:

- By mutual written agreement of the Parties at any time; or
- By either of the Parties giving six months written notice to the other.

7. Terms of Agreement

The rights of either party under this Agreement shall not be transferrable or assignable in whole or part unless agreed in writing and signed by the Parties.

The terms and condition of this Agreement shall not be disclosed to any third parties.

The Parties shall indemnify each other against any claims arising from any breach of this Agreement.

8. Signatories

Shire of Kalamunda	
Signature _____	Date _____
President - Shire of Kalamunda	
Kalamunda Chamber of Commerce	
Signature _____	Date _____
President - Kalamunda Chamber of Commerce	

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

10.3.5 Hills Rural Study – Final Endorsement

Previous Items	OCM 98/2013, OCM182/2013
Responsible Officer	Director Development Services
Service Area	Development Services
File Reference	PG-STU-003
Applicant	Shire of Kalamunda
Owner	Various
Attachment 1	Map of the Study Area
Attachment 2	Final Hills Rural Study Appendices
Attachment 3	Final Hills Rural Study Document

PURPOSE

- To consider endorsement of the final version of the Hills Rural Study (Attachments 2 and 3) which has been reviewed following public advertising of the draft Study.

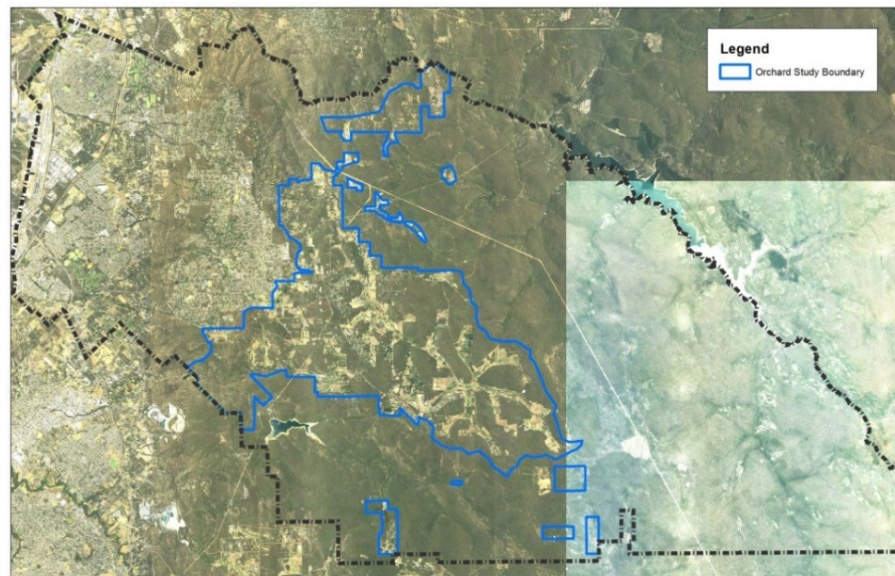
BACKGROUND

2. Land Details:

Aggregate Land Area:	2,326 hectares
Local Planning Scheme Zone:	Rural Agriculture, Rural Landscape Interest, Rural Conservation, Special Rural
Metropolitan Regional Scheme Zone:	Rural and Parks and Recreation

Locality Plan

3.



-
4. The subject land is zoned 'Rural' under the Metropolitan Region Scheme (MRS) and 'Rural Agriculture', 'Rural Landscape Interest', 'Rural Conservation' and 'Special Rural' under the Shire's Local Planning Scheme No 3 (the Scheme). There is an area within the study boundaries zoned 'Urban' under the MRS and 'Residential Bushland' under the Scheme that has not been considered under this review.
 5. The subject land covers an area of approximately 2,326 hectares of the localities of Bickley, Carmel, Pickering Brook, Canning Mills, Hacketts Gully, Paulls Valley and Piesse Brook. This is the same area covered by the original Hills Orchard Study plus additional properties with relevant rural zoning. Small parts of Kalamunda, Lesmurdie and Walliston are also part of the Study area. An enlarged map of the Study area is included (Attachment 1).
 6. The Hills Orchard Study, completed in 1987, evaluated some of the physical, social and economic factors affecting the land contained within rural areas of the Shire. The Study recommendations were incorporated into District Planning Scheme No 2 and later into the current Scheme.
 7. In recent years, there has been a steady flow of requests for a review of planning controls relating to land within the Study area. Both the growers, as well as other landowners who are not producing on their land, have identified issues caused by the perceived lack of flexibility of land use and the inability to subdivide their land.
 8. The Local Planning Strategy, adopted by the Western Australian Planning Commission (WAPC) in February 2013, recommended a review of the original Hills Orchard Study and consideration of the potential for further subdivision, development and opportunities for tourism in the area. Also, to consider the existing strategies, policies, statutory requirements and other regulations that govern the land use and the lot sizes in the study area.
 9. In July 2013, Shire officers presented the first version of the draft Hills Orchard Study to Council for the purpose of initiating public advertising. Council resolved as follows:

That this Report lay on the table for one month to enable Councillors to consult with members of the community regarding any possible amendments to the Report.
 10. Following Council's decision, a workshop was held on 24 July 2013. Local producers, landholders, the Member for Darling Range, a number of Councillors and Shire officers attended the workshop. It was agreed that a number of actions would be undertaken before Shire officers presented an amended version of the draft Study back to Council as follows:
 - a) Additional investigation to be undertaken to facilitate the potential of inclusion of non-productive land in the Study recommendations;
 - b) The name of the study to be changed to Hills Rural Study to better reflect the scope of the study;
 - c) Economic development opportunities to be explored; and
 - d) Advocacy to be considered for the project.
-

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11. In response to point c) above, a consultant was engaged to complete the Economic Development Discussion Paper (EDDP) which informed additional economic development and planning recommendations that were incorporated into the Study. The EDDP is contained in Appendix 2 of the Hills Rural Study which is included (Attachment 2).
 12. The revised draft Hills Rural Study was considered by Council in November 2013 and Council resolved to:
 1. Receive the Economic Development Discussion Paper and the draft Hills Rural Study and along with its Appendices for an 80 day public consultation period from 26 November closing on 14 February 2014.
 2. Approve a public forum to be held during the consultation period to provide detailed presentations of the Reports and to provide an opportunity for clarification on any matters required by the Community.

Details of the advertised version of the Study are included in the 'Details' section of this report.

DETAILS

Issues facing the Hills Rural Study area

13. During the course of preparing the draft Study between 2011 and 2013, a working group was formed consisting of community representatives, Councillors and Shire officers. A number of meetings and onsite visits were held to provide Shire officers with an idea of the issues facing local growers as follows:
 - The availability of water has steadily reduced and it is likely that this trend will continue.
 - The loss of markets - most growers are not of a large enough scale to cater to the large food providers, and local markets are too small to accommodate all the growers. The international market has become too competitive because of the inclusion of countries with cheaper labour costs.
 - Younger generations have increasingly chosen to work in other industries, resulting in a growing number of ageing growers who are struggling to cope with the demands of agriculture/horticultural work on their own.
 - The inability to subdivide large rural landholdings results in the fragmentation of the traditional agriculture/horticultural family units as young people are forced to move out of the area in order to be able to purchase their own property.
 - Some pest controlling chemicals are being banned from use, making pest control management considerably harder and less cost effective.
14. Many land owners in the Study area are seeking change to planning controls relating to the area so they may explore diversification or downsizing of operations, or subdivision of land in order to overcome the abovementioned issues.

Planning Considerations

15. The use of land within the Hills Rural Study area is highly regulated, primarily by statutory controls aimed at protecting the area as a primary agriculture area, and ensuring that underlying water resources are not degraded. The following planning documents relate to the land:

16. *State Planning Policy 2.5 - Agricultural and Rural Land Use Planning (SPP 2.5)*

SPP 2.5 was gazetted in November 2013 and replaced the previous State Planning Policy 11 – Agricultural and Rural Land Use Planning. SPP 2.5 applies to all the land zoned 'Rural' under the MRS and contains the following objectives:

- To protect rural land from incompatible uses;
- To promote regional development through the provision of ongoing economic opportunities on rural land;
- To promote sustainable settlement in, and adjacent to, existing urban areas;
- To protect and improve environmental and landscape assets; and
- To minimise land use conflicts.

SPP 2.5 emphasises the importance of retaining priority agricultural land, however, unlike its predecessor, it does not actually identify such areas within the state. The term 'priority agricultural' is defined as follows:

"Land considered to be of State, regional or local significance for food production due to its collaborative advantage in terms of soils, climate, water (rain or irrigation) and access to services. Priority agricultural land is derived from High Quality Agricultural Land data that has been subject to consultation and refinement, and has removed land required for existing and future urban/development areas, public use areas and land required for environmental purposes."

SPP 2.5 places the responsibility of determining priority agricultural areas on the local government, indicating that these areas should be identified through local planning strategies and schemes. Local governments are referred to the *Rural Planning Guidelines 2014* which outlines the process for identifying priority agricultural land and incorporating it in local planning strategies and schemes.

17. *Development Control Policy 3.4 - Subdivision of Rural Land*

This operational Policy guides the subdivision of rural land to achieve the key objectives of SPP 2.5 to protect agricultural land, plan for rural settlement, minimise land use conflict and manage natural resources.

18. *State Planning Policy 2.7 - Public Drinking Water Source Policy (SPP 2.7)*

The objective of SPP 2.7 is to ensure that the land use and development within the Public Drinking Water Source Areas is compatible with the long term management of water resources for public water supply. The majority of the Study area is identified as a Priority 2 (P2) drinking water source area, with a portion of the Study area around Carmel also being contained within the MRS 'Water Catchment' reserve.

19. *Draft State Planning Policy 3.7 – Planning for Bushfire Risk Management (draft SPP 3.7)*

In May 2014, the WAPC released the draft State Planning Policy 3.7 – Planning for Bushfire Risk Management (draft SPP 3.7). The purpose of draft SPP 3.7 is to give a 'head of power' to the revised edition of the Planning for Bushfire Guidelines (the draft Guidelines). These documents were prepared following the release of the Keelty Report which identified that a more integrated planning approach needed to be taken to bushfire risk management following several devastating bushfires throughout Australia in recent years.

20. The primary focus of the draft Guidelines is bushfire protection for new subdivisions and related development in rural residential developments. The draft Guidelines establish a set of performance criteria that are required to be met by new subdivisions and related development within bushfire prone areas. Local governments are encouraged to adopt the performance criteria within the draft Guidelines when assessing structure plans and subdivision and development applications.

21. *Middle Helena Catchment Area Land Use and Water Management Strategy (MHCA Strategy)*

The MHCA Strategy recommends a framework for land use planning and water management in the catchment area, which a significant portion of the Study area falls within. The strategy outlines that the area is subject to pressures from a demand for housing, reduction and degradation of agricultural production and an increasing need for tourism opportunities. Some recommendations of the MHCA Strategy relating to the ideal MRS zoning of land within drinking water resource areas have yet to be implemented by the WAPC.

22. *Local Planning Scheme No. 3*

The Scheme provides statutory provisions relating to the subdivision, development and use of each zone within the Hills Rural Study area. The Study area is zoned 'Rural Agriculture', 'Rural Landscape Interest', 'Rural Conservation' and 'Special Rural' under the Scheme. With the exception of the 'Special Rural' zone, the minimum lot size permitted by the Scheme for land within the Study area is 12 hectares, or 6 hectares subject to certain criteria being achieved.

Advertised Hills Rural Study

23. This draft Study was prepared in response to public pressure for a formal investigation to be undertaken into the issues facing the Hills Rural community, and potential solutions to these issues, including the appropriateness of reviewing planning controls for the area. The recommendations of the draft Study responded to three key issues facing the area: economic decline, a lack of land use flexibility and the inability to subdivide land in the area. The recommendations of the draft Study are summarised below.
24. Draft Recommendation 1 – This recommendation relates to supporting local growers to implement their preferred recommended actions of the EDDP which was included as an attachment to the Study.

-
25. Draft Recommendation 2 – This recommendation would see a review of the Scheme to identify where zone rationalisation or changes to land use permissibility could occur. In particular, the review would explore land uses that may facilitate new revenue opportunities and the diversification of the agricultural industry in the area.
26. Draft Recommendation 3 – This recommendation presents seven different options relating to subdivision of the Study area in the future as follows:
1. No change to the current subdivision potential of the land;
 2. Reduce the minimum lot size in a new 'Priority Agricultural' zone and the 'Rural Conservation' zone;
 3. The introduction of a 'agricultural ancillary' lot for lots under production which are currently in excess of 6 hectares;
 4. Excision of a 2 hectare lot from all lots in excess of 6 hectares regardless of whether they are under production or not;
 5. Rural cluster subdivision of a lot into a number of small strata lots, and a separate agricultural lot under production.
 6. Transferrable development rights which allow those with lots under production and the potential to subdivide their land the opportunity to sell their development rights in order to protect the agricultural land.
 7. A full reclassification of the area from a priority agricultural area to a rural settlement designation which would allow subdivision of lots down to 2 hectares.
27. Further details on the public advertising of the draft Study and the submissions received is provided in the 'Community Engagement' section of this report, and also in Chapter 7 and 8 of the final Hills Rural Study (Attachment 3).

Final Hills Rural Study

28. Shire officers have now compiled a final version of the Hills Rural Study which has been informed by the submissions received during the public advertising of the draft Study. In particular, the final Study considers the views of public and Government Agencies towards the three recommendations of the advertised draft Study.
29. The final version of the Study retains the contextual and case study research of the draft Study, however, the final chapters have been re-structured to reflect the current status of the project now that all public consultation and analysis of information is complete. The final Study also takes into consideration policy changes which have occurred since the preparation of the draft Study such as the release of SPP 2.5 and the draft SPP 3.7.
30. To appropriately conclude the Study, revised recommendations have also been included as follows:

Final Recommendation 1

Commit to supporting landowners in the Kalamunda Hills Rural area with developing and implementing economic development initiatives aimed at diversifying and improving the viability of agriculture/horticulture activities. This support may occur by way of Councillor and Officer involvement, liaising with

State Government Departments, assisting with obtaining grants and research assistance, or other means of support deemed appropriate.

Final Recommendation 2

Commence a Local Planning Scheme 3 Amendment for the purpose of:

- a) Rationalising rural zones in the Study area;
- b) Introducing new permissible land uses to rural zones in the Study area which may increase land use flexibility for land owners; and
- c) Introducing a new 'Priority Agriculture' zone over land which is deemed to be of State, regional or local significance for food production purposes, due to its collaborative advantage in terms of soils, climate, water (rain or irrigation) and access to services, in accordance with *Planning Policy 2.5 – Land Use Planning in Rural Areas*, and the WAPC's *Rural Planning Guidelines 2014*.

Final Recommendation 3

Write to the WAPC and the DAFWA to:

- a) Advise that the Shire acknowledges their positions regarding further subdivision of the Kalamunda Hills Rural area, and furthermore, that the Shire will not be progressing any planning in this regard following the conclusion of the Hills Rural Study 2014; and
- b) Request that the DAFWA initiate a study into the agricultural productivity of the area for the purpose of assisting the Shire to delineate the boundaries of a new 'Priority Agriculture' zone in accordance with the WAPC's *Rural Planning Guidelines 2014*.

STATUTORY AND LEGAL CONSIDERATIONS

31. Nil.

POLICY CONSIDERATIONS

32. State Planning Policy 2.5 – Agricultural and Rural Land Use Planning.
State Planning Policy 2.7 – Public Drinking Water Source Policy.
Development Control Policy 3.4 – Subdivision of Rural Land.
Draft State Planning Policy 3.7 – Planning for Bushfire Risk Management.

COMMUNITY ENGAGEMENT REQUIREMENTS

33. Following Council's resolution in November 2013, the draft Study was advertised for public comment between 26 November 2013 and 14 February 2014. At the closing of the public consultation period, Shire officers had received a total of 318 submissions from the public, while a further six submissions were received from Government Agencies and Town Planning Consultants.
34. A summary of the public submissions is contained in Appendix 7 of the Hills Rural Study. A large number of the public submissions received (231 of the 318) were

an identical submission which had been signed by different members of the public, this submission has been referred to within the Study as the 'group' submission. This submission supported Recommendation 7 of the draft Study to reclassify the Hills area from 'priority agriculture' to 'rural settlement' and allow subdivision of the area to occur. The balance of the submissions were received from other members of the public, each with differing views on the future of the Hills Rural area.

35. A summary of the submissions received from Government and other agencies is contained in Appendix 8 of the Hills Rural Study. Government Agencies were largely opposed to further subdivision due to the likelihood that further land fragmentation would be inconsistent with SPP 2.5 and SPP 2.7, as land fragmentation may result in a reduction of agricultural production and could potentially lead to degradation of drinking water resources. The Departments of Planning, Agriculture and Food, and Water expressed varied levels of support for Recommendations 1 and 2 being implemented, consistent with the assumptions and planning advice of the 'decision analysis' matrix contained in Chapter 7 of the Study.
36. Shire officers have presented the results and a statistical summary of the submissions in Chapter 8 of the final Hills Rural Study.

FINANCIAL CONSIDERATIONS

37. Although the majority of work on the review has been done in-house, a land capability consultant was engaged in the final stage of the draft in the document. Additionally, an economic development consultant was engaged to produce the EDDP.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

38. *Kalamunda Advancing: Strategic Community Plan to 2023*

OBJECTIVE 4.1 – Ensure land use plans provide long term sustainable population growth.

Strategy – Continue to work collaboratively with State Government Agencies to deliver strategic land use plans, policies and initiatives.

OBJECTIVE 5.4 – To be recognised as an excellent tourism destination with high levels of patronage.

Strategy 5.4.2 – Ensure tourism development is integrated into land use planning in regards to the Perth Hills.

SUSTAINABILITY

Social Implications

39. An ageing population of landowners within the Study area and inability to encourage the younger generation to continue in the industry is a key issue

without any current solution. This fragmentation of traditional orcharding families is considered to be one of the most important factors in the decline of the agriculture in the area.

40. It should be noted the Study, as it stands, has only dealt with social issues at a minimal level.

Economic Implications

41. The purpose of undertaking the EDDP was to investigate economic initiatives that may be suitable for adoption by landholders in the area who wish to leverage and maximise market driven opportunities.

42. The EDDP made the following points in relation to the current and future economic viability of agriculture in the Study Area:

- The future of the local industry remains uncertain;
- There are significant risk factors and uncertainty involved in agricultural/horticultural production at the moment;
- Traditional agricultural and horticultural production in the Hills may be less viable at the current time;
- Some macro-economic factors are currently changing (e.g. strength of the dollar, labour availability);
- Overall market demand (Western Australia and global) is growing;
- Not all producers in the Study area are in decline;
- International competition tends to be somewhat overstated (it accounts for only 3.5% of total imports);
- Collaboration would be an obvious strategy to support growers but has not been implemented in the Study area; and
- There are some indicators that product quality in the Study area could be improved.

43. In considering the broad economic development factors affecting the Horticultural Industry, the EDDP recommended the following actions:

1. Facilitate greater collaboration between growers
2. Undertake overall analysis of fertile land in Western Australia to review supply/demand
3. Advocate for funding from Department of Agriculture (DAFWA) to support local initiatives.
4. Advocate for a scheme to support and encourage investment in capital.
5. Investigate development levies to support economic development initiatives.
6. Undertake trial innovation projects for new technologies.
7. Promote government support schemes.
8. Undertake energy audits to reduce energy costs.
9. Undertake product quality audits to gauge market perception.
10. Bring in experts for knowledge sharing.
11. Create linkages to the education sector.

12. Review legislative frameworks to ensure equality with interstate producers.
 13. Investigate a farm gate branding approach to support tourism.
 14. Investigate a 'farmer's story' campaign.
 15. Survey younger family members to understand their intentions.
 16. Encourage start-ups to focus on industry.
 17. Investigate Community Supported Agriculture and other similar models.
44. It is important to note that for any of the above actions to be implemented, the initiative would need to come from the orcharding community. The Shire would then have a role of helping to facilitate the implementation, supported by all other tiers of government. As noted in the 'Details' section of this report, Recommendation 1 of the advertised draft Study related to the potential implementation of the EDDP actions.

Environmental Implications

45. Most of the Study area is within the Middle Helena Catchment Area. Water resource protection objectives are strongly reinforced in the planning system by SPP 2.7 and State Planning Policy 2.9 – Water Resources. Almost all rural zoned land within the Study area is currently Priority 2 (P2) classification. Due to the proximity of the Study area and its water catchments to a rapidly growing city which is affected by declining rainfall, compliance with these state planning policy objectives will be critical for any changes to land use planning controls in the area.
46. The Shire has now initiated a Scheme amendment to introduce a Special Control Area 'Bushfire Prone Area' into the Scheme. Once this Scheme Amendment is finalised by the WAPC it will be implemented in conjunction with the State Government's bushfire policies and guidelines and the mapping will have implications on the potential for further rezoning and subdivision in areas of extreme bushfire risk.
47. Any proposal to alter land use and planning controls for the area would need to be supported by extensive environmental studies which addressed the concerns and policy objectives of the State Government regarding drinking water resources, bushfire, and flora and fauna protection.

RISK MANAGEMENT CONSIDERATIONS

48.

Risk	Likelihood	Consequence	Rating	Action/Strategy
Council may resolve to pursue a recommendation in conflict with State Government policy and planning principles.	Possible	Major	High	To ensure that Council is aware of the position of State Government agencies on the re-zoning of the Hills Rural Study area.

OFFICER COMMENT

Draft Recommendation 1 – Agricultural production and business support

49. As outlined in Chapter 8 of Attachment 3, there was very little public support for Recommendation 1 of the draft Study. Almost half of the submitters on the study provided no comments on Recommendation 1 and those who did were mainly opposed to the idea of implementing it.
50. Although State Government agencies generally supported Recommendation 1, the Department of Planning (DoP), as with some members of the public, considered Recommendation 1 to be vague. This is largely because Recommendation 1 suggests the community's preferred EDDP recommendations be pursued, however, does not outline what the community's preferences are, and how they would be implemented.
51. Shire officers were anticipating that submitters on the Study would indicate their preferences towards certain EDDP recommendations so that implementation of these preferences could be explored by way of working with land owners to develop business initiatives. This has not occurred due to a general disinterest in Recommendation 1 of the Study altogether. Therefore, details regarding the implementation of this recommendation will require further communication with landowners in the Study area.
52. Notwithstanding the above, a small number of submitters were supportive of implementing Recommendation 1 of the Study. It is possible that this number may increase in the future if land use controls in the area become more flexible and allow for new agri-tourism pursuits. If subdivision is not possible in the future landowners may also be more willing to explore other options to improve their situation. Therefore, it is considered appropriate that the Shire commit to supporting landowners implementing economic development initiatives aimed at diversifying and improving the viability of agriculture/horticulture activities in the Study area. Final Recommendation 1 of the Study is reflective of this.

Draft Recommendation 2 – A review of rural zoning and land uses

53. Although most submitters did not directly address Recommendation 2 of the draft Study, the majority of those who did supported the possibility of introducing new land uses into the area. A common comment in the submissions was also that land use controls need to be relaxed to provide land owners with more options, and that the area could become a tourism hub similar to the Swan Valley.
54. State Government agencies were also generally supportive of this recommendation, on the basis that rationalising zoning and land use permissibility's does not compromise the objectives of SPP 2.5 and SPP 2.7 relating to the protection of agricultural land and drinking water resources. It is noted that the introduction of additional tourism related land uses into the area would not directly impact on agricultural land if appropriate development provisions were included in the Scheme. Nor would permitting the development of low impact tourism related land uses such as restaurants or chalets be in conflict with the land use compatibilities outlined in the State Governments Water Quality Protection Note 25.

55. Based on the relative level of support for a review of local zoning and land use permissibility in the Hills Rural area to be undertaken, Shire officers recommend that implementation of Recommendation 2 of the Study be initiated. It is considered that three main issues would be dealt with through a review of zones in the Study area as follows:

Improve flexibility and approvals process

56. It is noted that on 26 May 2014, Council resolved to initiate a Scheme Amendment to change the land uses 'Restaurant' and 'Chalet – Short Term Accommodation' to 'A' uses within the 'Rural Conservation' and 'Rural Agriculture' zones. This Scheme Amendment responds to several requests for the development of restaurants or chalets in the Hills Rural area. Although this Scheme Amendment represents a first step in the implementation of Recommendation 2, Shire officers still consider a wider review of planning controls in the Hills Rural area is necessary to determine how zones and land use permissibility in the Hills Rural area could be rationalised and made more flexible. Final Recommendation 2 of the Study is reflective of this.

Introduce a 'Priority Agriculture' zone

57. As identified in the 'Details' section of this report, SPP 2.5 places the responsibility of determining priority agricultural areas on the local government when previously these areas had been defined by DAFWA. Now, in order to provide clarity to landowners, and to inform future planning for the Study area, it is necessary for the Shire to go down the path of implementing SPP 2.5 with respect to identifying areas of priority agricultural land.
58. As outlined in the *Rural Planning Guidelines 2014* this process would involve integrating environmental data (soils, water, topography, climate etc) with information gained from landowners and site visits throughout the Study area. Using this information the Shire, in collaboration with DAFWA, will be able to undertake a comprehensive land capability assessment and map the priority agriculture areas within the Shire.
59. The process of delineating priority agricultural areas and incorporating these into a 'Priority Agriculture' zone in the Scheme, will ultimately determine which properties are most suited to agricultural production and those which are not. This process may result in some properties within the Study area falling outside of the priority agricultural area boundaries, however, it is anticipated that a significant amount of the Study area would still ultimately fall within the designation.

Review of MRS 'Water Catchment' boundary

60. One barrier to a consistent and streamlined approvals process for developments in the Study area is the current application of the MRS 'Water Catchments' reserve over a significant amount of privately owned P2 land within the Study area, largely around Carmel. This is inconsistent with the intent of SPP 2.7 and the approach taken in other drinking water resource areas in the Perth metropolitan area. It was also identified as problematic by the Department of Water in their submission on the Study.

-
61. The consequence of there being privately owned P2 areas contained within the MRS 'Water Catchments' reserve is that any proposal for land use or development on these properties must be determined by the WAPC. This results in the development application process being longer, and more uncertain for land owners and may dissuade land owners from pursuing developments on their land even if land use permissibility becomes more flexible in the future.
62. Considering the above, the final Recommendation 2 of the Study recognises the need for the WAPC to review the MRS zones and reserves that apply to the Study area.

Draft Recommendation 3 – Seven potential options relating to subdivision

63. Recommendation 3 of the draft Study included seven different options relating to potential future subdivision of the Hills Rural area. With the exception of Option 1, all of the options related to some form of subdivision occurring in the future. It is no surprise that Option 7 – to reclassify the area to allow for rural settlement style development was supported by the vast majority of submitters.
64. The vast majority of property owners who support implementation of Recommendation 3 identified that subdividing their properties would benefit them socially and economically. These benefits included, but were not limited to the following:
- Landowners could retain a portion of the property in the family for a longer period of time;
 - Landowners could sell a portion of the property to children;
 - Properties would be easier and less costly to manage;
 - Landowners could downsize agricultural production on properties as production in the Hills is no longer viable;
 - Retired farmers may become eligible for the pension if their lot became less than 2 hectares;
 - Capital from selling portions of the property could be reinvested into the land; and
 - Subdivision would facilitate the sale of the productive portion of the lot to a younger person with fresh ideas.
65. Option 7 of Recommendation 3 received the most support from submitters with over 80% of all submitters, and 90% of submitters who own property in the Study area being supportive of this approach.

Agricultural considerations

66. Although SPP 2.5 no longer specifically identifies the area as being a priority agricultural area, the area is still afforded protection under the policy as it applies to all rural land within the State and contains other provisions which favour retention of the area as an agricultural area. DAFWA have consistently expressed the view that further subdivision of the Study area is against their objectives. DAFWA have also not supported the majority of options in the draft Study relating to subdivision as implementing these options would inevitably result in a loss of agricultural land.

67. This is consistent with the advice received from the DoP that further fragmentation of rural land is not consistent with SPP 2.5, and that and that variations to SPP 2.5 are not likely to be considered. In their submission on the draft Study, the DoP made the following statement in relation to Recommendation 3:

“As noted in the EDDP, any reduction in land size is likely to result in the long term reduced viability of productive rural land in the Shire. Accordingly, recommendations proposing the reclassification of the area to rural settlement, or which would facilitate additional subdivision potential to that already possible under the Scheme are not supported.”

68. The land capability assessment contained in Chapter 5 of the Study indicates that many portions of the Study area contain soils which are generally highly conducive to agriculture/horticulture. In addition, it is noted that the DAFWA consider the area to be a Class 1 and 2 land capability area for agricultural/horticultural production. It is based on this information that Shire officers consider a large amount of the Study area would ultimately qualify as ‘priority agriculture’ land once a Study to delineate this area commences in accordance with Sections 57 - 59 of this report.

Drinking water resource considerations

69. In their submission on the Study, the DoW reinforced that the recommendations of the Study were only supported where they would be consistent with SPP 2.7 and the DoW land use compatibility table. The land use compatibility table broadly identifies that in P2 drinking water source areas, rural subdivision to less than 4 hectares is incompatible, while ‘Special Rural’ subdivision of less than 2 hectares is incompatible.
70. Implementation of the community’s preferred Option 7 of the Study would actually see the area be reclassified to some form of rural settlement zone similar to a ‘Special Rural’ zone. If this was to occur, subdivision down to a 2 hectare lot size would actually be consistent with the DoW land use compatibility table. However, the DoW and DoP have indicated that the effect of development intensification on the area would not be consistent with their objectives for priority drinking water source areas, in particular those areas located within the ‘Water Catchments’ MRS reserve.

Feasibility of pursuing options for subdivision

71. Undoubtedly, one of the largest barriers to the implementation of Options 2 – 6 of draft Recommendation 3 is the lack of planning justification to support the subdivision in the area. It is noted that although there was overwhelming support for subdivision from landowners in the Study area, submitters did not provide any input in addressing the issues of preserving agricultural land and protecting environmental resources such as drinking water. Submitters primarily supported subdivision due to personal circumstances and for social and financial reasons.
72. In contrast, those who did not support subdivision of the area often provided agricultural, environmental or amenity based justification for their non-support of subdivision in the Hills. Such justification included the fragmentation of viable

agricultural land, additional discharges into groundwater resources, and a lack of infrastructure to accommodate a population increase in the area.

73. In contrast to the overwhelming support for some form of subdivision to be permitted within the Study area, Government Agencies reinforced that any proposals which are inconsistent with State Planning Policies need to be justified in terms of policy objectives. Essentially, this would require Shire officers to demonstrate to the State Government that facilitating subdivision in the Hills rural area would provide a benefit to the area without compromising the capability of the area as a highly productive agricultural area, a drinking water source and a high amenity location.
74. It is not disputed that intensification of urban development in the area will impact on the agricultural capability of the land, and unless carefully managed, on the viability of drinking water resources. The EDDP commissioned by the Shire has already identified that although subdivision may be attractive for many land owners to support their personal circumstances, it is likely to facilitate further decline of the growing industry over the long term. Furthermore, the EDDP notes that it is very possible that agricultural production in the Hills Rural area will become viable again in the future.

Bushfire hazard mitigation – impact on future planning

75. In May 2014, the WAPC released draft SPP 3.7 along with the draft Guidelines. These documents were prepared following the release of the Keelty Report which identified that an integrated planning approach needed to be taken to bushfire risk management following several devastating bushfires throughout Australia in recent years.
76. The Hills Rural area will soon be formally recognised as a bushfire prone area by the Shire and the State's bushfire maps, and therefore, any application for subdivision or development will be subject to draft SPP 3.7 and the draft Guidelines (once gazetted) which provide guidance for the assessment of applications.
77. In May 2014, environmental consultants Strategen undertook a Strategic Bushfire review for the Hills Rural area on behalf of the Shire. As expected, this review identified that many properties do not comply with the bushfire performance criteria, particularly properties located on large rural cul-de-sac roads that can only be exited from in one direction. Furthermore, the review identified that intensification of the area through subdivision would be placing a larger number of people at risk of a bushfire hazard.
78. The review considered the possibility of further subdivision in the Hills Rural area, and identified that any proposed development would need to be undertaken in accordance with the current and draft Bushfire Protection Guidelines and the draft SPP 3.7, and designed in such a way as to provide additional bush fire mitigation measures such as:
- A revised road network that provides compliant, safe access and egress from the site;
 - Safe refuge areas that are self-protecting from bush fire;

- Building construction and design in accordance with AS 3959–2009;
- Regular fuel hazard reduction and firebreak management in surrounding bushland areas to provide addition protection and defensible space;
- Provision of reticulated water and auxiliary 90 000 litre water tanks at strategic locations;
- Installation of reticulated sewage with associated treatment plants and options for reuse to irrigate green grass throughout playing fields and other possible safe refuge areas; and
- Implementation of a developer contribution scheme and differential rating to support the above risk mitigation measures.

79. A further section of the review included the following comment:

“although future expansion of the precinct may be achievable, significant bush fire risk mitigation will be required to provide adequate protection to current and future landowners... A detailed evaluation of the financial costs and responsibilities associated with the required bush fire risk mitigation works should be undertaken to determine the viability of the project.”

80. The extensive nature of these bushfire mitigation measures further highlights that any expectations regarding the reclassification of the Hills Rural area, or reductions for the minimum lot sizes may simply not be viable at this point in time.

Conclusion and Recommendations

81. In concluding the Hills Rural Study, it is considered important to evaluate how the findings of the Study reflect on the Study's original objectives as follows:

Study objective		Outcome
1	To allow traditional growers more flexibility in potential uses.	Among the final recommendations of this Study it is being recommended that work commence on Scheme Amendment to rationalise the rural zoning of the area, and permit new land uses to be approved on land within the Study area, especially 'agri-tourism' land uses. This idea has already received a relative level of support from State Government Agencies, and it is considered that it will ultimately provide traditional growers and other land owners with the ability to diversify the activities undertaken on their land.
2	To encourage additional land uses ancillary to the primary horticultural production.	The Study is not directly able to 'encourage' additional land uses to be undertaken on land within the Study area. Notwithstanding this, the Scheme Amendment outlined in relation to Objective 1 above will ultimately allow for new land uses, in particular 'agri-tourism' land uses to be approved.

3	To consider the potential for future subdivision in the area.	The Study has revealed that progressing planning to facilitate subdivision of the Study area would compromise two major State Government objectives for the area. The Study area is constrained by the fact that it is known to be of high agricultural potential and a drinking water resource, the State Government will not consider reclassification of the area on the basis that its objectives for the area in relation to agriculture and drinking water are not likely to change in the near future.
4	To review the current zoning in the area.	See comments relating to objective 1 above.
5	To create incentives and support horticultural production in the area.	The Study has revealed that there is little community support for the development of economic initiatives aimed at diversifying and improving the viability of agriculture/horticulture activities in the Study area. The public also expressed little support for collaborative action between the grower's community and the government. Notwithstanding this, Shire officers are recommending that the Shire commit to supporting landowners with developing and implementing such initiatives if such support is requested.
6	To protect the rural character of the area through landscape protection.	The Study has revealed that although a large portion the community wish for subdivision of the area to be possible, retention of the rural character of the area is a priority for the majority of the community. Amendments to land use permissibility's in the area in accordance with Objective 1 above will need to take this into account so that new infrastructure and activities do not negatively alter the character of the area.
7	To protect the quality of water.	The Study has once again highlighted that subdivision of rural lots to less than 4 hectares is incompatible with P2 water resource areas in accordance with SPP 2.7. This is just one of the reasons that implementation of Recommendation 3 of the draft Study is not being recommended in this final version of the Study. It had also been identified that some of the recommendations regarding drinking water source protection contained in the MHCA Strategy have not been implemented and it is likely that this will be explored further at such time that a review of zoning in the Study area occurs.

82. The final version of Hills Rural Study represents a comprehensive research document. The Study incorporates a significant level of background investigation into the land use, demographic, environmental and regulatory context of the Study area. The final Study also includes an extensive evaluation of newly gathered data which has informed the three final recommendations of the Study.

83. Following an analysis of the background research, the public submissions and considering the Officer Comments above, it is recommended that Council endorse the recommendations of the Hills Rural Study which are as follows:

“Final Recommendation 1

Commit to supporting landowners in the Kalamunda Hills Rural area with developing and implementing economic development initiatives aimed at diversifying and improving the viability of agriculture/horticulture activities. This support may occur by way of Councillor and Officer involvement, liaising with State Government Departments, obtaining grants and research assistance, or other means of support deemed appropriate.

Final Recommendation 2

Commence a Local Planning Scheme 3 Amendment for the purpose of:

- a) Rationalising rural zones in the Study area;
- b) Introducing new permissible land uses to rural zones in the Study area which may increase land use flexibility for land owners; and
- c) Introducing a new ‘Priority Agriculture’ zone over land which is deemed to be of State, regional or local significance for food production purposes, due to its collaborative advantage in terms of soils, climate, water (rain or irrigation) and access to services, in accordance with *Planning Policy 2.5 – Land Use Planning in Rural Areas*, and the WAPC’s *Rural Planning Guidelines 2014*.

Final Recommendation 3

Write to the WAPC and the DAFWA to:

- a) Advise that the Shire acknowledges their positions regarding further subdivision of the Kalamunda Hills Rural area, and furthermore, that the Shire will not be progressing, at this stage, any planning in this regard following the conclusion of the Hills Rural Study 2014; and
- b) Request that the DAFWA initiate a study into the agricultural productivity of the area for the purpose of assisting the Shire to delineate the boundaries of a new ‘Priority Agriculture’ zone in accordance with the WAPC’s *Rural Planning Guidelines 2014*.

84. In addition, Council is advised that Shire officers will continue progressing other projects related to the Hills Rural Study area such as investigations into decreasing the risk of bushfire hazards in the area, and structure planning for the Pickering Brook Town Centre.

A Councillor foreshadowed a motion to let the document lay on the table; a Councillor asked what the benefit of this would be and the meeting was informed that the orchardists have now consulted a lobbyist and laying the document on the table would enable them to further investigate their prospects for change.

The Officers Recommendation was put and lapsed; the foreshadowed motion was put and a seconder found. A Councillor suggested an Amendment to include a time-frame, the mover and seconder accepted the Amendment which became part of the substantive motion and was carried.

Voting Requirements: Simple Majority

RECOMMENDATION

That Council:

1. Endorses the final version of the Hills Rural Study (Attachments 2 and 3) including its recommendations.
2. Forwards of copy of the final version of the Hills Rural Study to the Western Australian Planning Commission for endorsement and to the Department of Water and the Department of Agriculture and Food for information.
3. Forwards a copy of the final version of the Hills Rural Study to the Minister for Planning, Minister for Agriculture and Minister for Water.

Moved:

Seconded:

Vote: **LAPSED**

Voting Requirements: Simple Majority

RESOLVED OCM 186/2014

That Council:

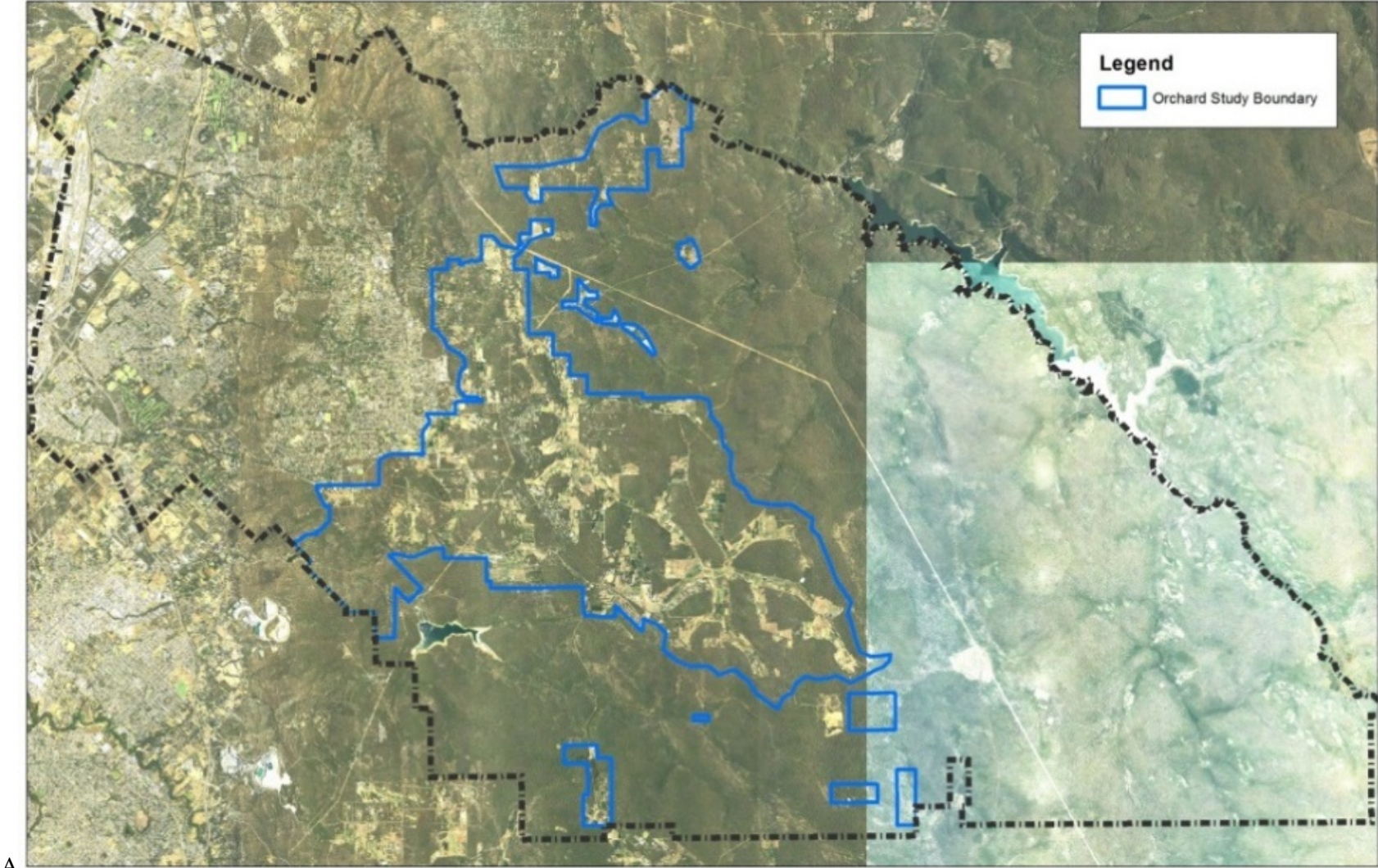
1. Lays the Hills Rural Study (Attachments 2 and 3) on the Table for consideration ~~at a future Ordinary Council Meeting~~ **in three months.**

Moved: **Cr John Giardina**

Seconded: **Cr Geoff Stallard**

Vote: **CARRIED UNANIMOUSLY (12/0)**

Attachment 1
Hills Rural Study – Final Adoption
Map of Study area



Attachment 2

Final Hills Rural Study Appendices

[Click HERE to go directly to the document](#)

Attachment 3

Final Hills Rural Study Document

[Click HERE to go directly to the document](#)

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

Cr Simon Di Rosso declared an interest affecting impartiality and an indirect financial interest.

10.3.6. CONFIDENTIAL REPORT Kanyana Wildlife Rehabilitation Centre – 120 Gilchrist Road, Lesmurdie

Reason for Confidentiality Local Government Act 1995 S5.23 (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.

Previous Items Shire of Kalamunda Planning Services Committee 13.6.2005
 OCM 20 June 2005
 Shire of Kalamunda Planning Services Committee 12.9.2005
 OCM 19 September 2005

Responsible Officer Director Infrastructure Services
Service Area Infrastructure Operations
File Reference
Applicant
Owner

Confidential Jackson McDonald letter 4 August 2014
Attachment 1 Reason for Confidentiality Local Government Act 1995 S5.23 (d)
 legal advice obtained, or which may be obtained, by the local
 government and which relates to a matter to be discussed at the
 meeting.

Confidential Jackson McDonald letter 2 December 2014
Attachment 2 Reason for Confidentiality Local Government Act 1995 S5.23 (d)
 legal advice obtained, or which may be obtained, by the local
 government and which relates to a matter to be discussed at the
 meeting.

Confidential Memo to Chief Executive Officer and Director Corporate
Attachment 3 Services 30 June 2014 from Director Infrastructure Services
 Reason for Confidentiality Local Government Act 1995 S5.23 (d)
 legal advice obtained, or which may be obtained, by the local
 government and which relates to a matter to be discussed at the
 meeting.

Attachment 4 Letter from Department of Parks and Wildlife, 20 October
 2014 – Proposed Excision from Korung National Park.

This report had been circulated to Councillors under separate cover.

Cr Simon Di Rosso left the Chambers at 6.45pm and returned at 6.55pm, he was not present for the vote.

Voting Requirements: Absolute Majority

RESOLVED OCM 188/2014

That Council:

1. Revokes the following resolutions:-

(a) Ordinary Council Meeting of 20 June 2005

Item 9.2.11 Management Order Over Pt 156 (120) Gilchrist Road,
Lesmurdie – Point 1.

RESOLVED OCM 188/2014

1. That the Council informs Department of Planning and Infrastructure that it is willing to accept the Management Order for Pt 156 (120) Gilchrist Road, Lesmurdie as shown in **(Confidential Attachment 2)**.

(b) Ordinary Council Meeting of 19 September 2005

Item 9.2.13 Proposed Kanyana Wildlife Rehabilitation Centre Lot 156 (120) Gilchrist Road, Lesmurdie – Points 1, 2 and 3.

RESOLVED OCM 110/05

1. That Council approve in-principle the relocation of Kanyana Wildlife Rehabilitation Centre for the purpose of "wildlife hospital, captive breeding and educational purposes", subject to the Council taking over care and control over the management of "Paxwold site" portion of the Reserve.
 2. That the Department of Planning and Infrastructure be advised accordingly.
 3. That Council support in-principle the leasing (long term lease) of a reserve (or part thereof) to Kanyana Wildlife Rehabilitation Centre Inc. on a peppercorn rental basis.
2. Requests the Chief Executive Officer to immediately advise the Minister for Lands of the Council decision.

Moved: **Cr Bob Emery**

Seconded: **Cr Frank Lindsey**

Vote: **CARRIED UNANIMOUSLY / ABSOLUTE MAJORITY (11/0)**

11.0 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

11.1 Nil.

12.0 QUESTIONS BY MEMBERS WITHOUT NOTICE

12.1 Nil.

13.0 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

13.1 Nil.

14.0 URGENT BUSINESS APPROVED BY THE PRESIDING MEMBER OR BY DECISION

14.1 Nil.

15.0 MEETING CLOSED TO THE PUBLIC

15.1 Meeting Closed to the Public

RESOLVED OCM 187/2014

That the meeting go behind closed doors to consider CONFIDENTIAL REPORT Kanyana Wildlife Rehabilitation Centre – 120 Gilchrist Road, Lesmurdie.

Moved: **Cr Noreen Townsend**

Seconded: **Cr Allan Morton**

Vote: **CARRIED UNANIMOUSLY (12/0)**

The meeting closed to the public at 6.45pm, Cr Di Rosso left the Chambers and all members of the public left the meeting.

15.2 10.3.6. CONFIDENTIAL REPORT Kanyana Wildlife Rehabilitation Centre – 120 Gilchrist Road, Lesmurdie

Voting Requirements: Absolute Majority

RESOLVED OCM 188/2014

That Council:

1. Revokes the following resolutions:-

(c) Ordinary Council Meeting of 20 June 2005

Item 9.2.11 Management Order Over Pt 156 (120)
Gilchrist Road, Lesmurdie – Point 1.

RESOLVED OCM 61/05

-
2. That the Council informs Department of Planning and Infrastructure that it is willing to accept the Management Order for Pt 156 (120) Gilchrist Road, Lesmurdie as shown in **(Confidential Attachment 2)**.

(d) Ordinary Council Meeting of 19 September 2005

Item 9.2.13 Proposed Kanyana Wildlife Rehabilitation Centre Lot 156 (120) Gilchrist Road, Lesmurdie – Points 1, 2 and 3.

RESOLVED OCM 110/05

1. That Council approve in-principle the relocation of Kanyana Wildlife Rehabilitation Centre for the purpose of " wildlife hospital, captive breeding and educational purposes", subject to the Council taking over care and control over the management of "Paxwold site" portion of the Reserve.
 2. That the Department of Planning and Infrastructure be advised accordingly.
 3. That Council support in-principle the leasing (long term lease) of a reserve (or part thereof) to Kanyana Wildlife Rehabilitation Centre Inc. on a peppercorn rental basis.
2. Requests the Chief Executive Officer to immediately advise the Minister for Lands of the Council decision.

Moved: **Cr Bob Emery**

Seconded: **Cr Frank Lindsey**

Vote: **CARRIED UNANIMOUSLY/ABSOLUTE MAJORITY (11/0)**

15.3 **Meeting Reopen to the Public**

RESOLVED OCM 189/2014

That the meeting reopen to the public.

Moved: **Cr Justin Whitten**

Seconded: **Cr Allan Morton**

Vote: **CARRIED UNANIMOUSLY (11/0)**

The meeting reopened to the public at 6.54pm. Cr Di Rosso returned to the Council chambers at the resumption of the meeting. The Shire President read the resolution of Council passed behind closed doors.

16.0 CLOSURE

16.1 There being no further business, the Presiding Member declared the meeting closed at 6.55pm

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

Signed: _____
Presiding Member

Dated this _____ day of _____ 2015