

16 April 2021

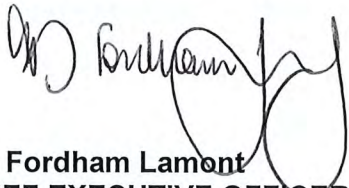


NOTICE OF MEETING

Dear Councillor,

The next Ordinary Meeting of Council will be held at 4pm on Wednesday, 21 April 2021.

The attached Agenda is presented for your consideration.

A handwritten signature in black ink, appearing to read "Vin Fordham Lamont". The signature is stylized and cursive.

Vin Fordham Lamont
CHIEF EXECUTIVE OFFICER

Please Note

If an Elected Member has a query regarding a report item or requires additional information in relation to a report item, please contact the senior employee (noted in the report) prior to the meeting.



AGENDA

ORDINARY COUNCIL MEETING

21 APRIL 2021

ATTENTION/DISCLAIMER

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

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

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

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

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

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**ORDINARY COUNCIL MEETING
21 APRIL 2021**

1.0 DECLARATION OF OPENING

Acknowledgment of Country

The Shire of Carnamah would like to acknowledge the traditional custodians of this land, and pay its respect to local Aboriginal Elders, both past and present.

We also reflect on the spirit of the pioneers who settled this country and developed the land, and the service personnel whose sacrifices have enabled us to enjoy the lifestyle we have become accustomed to.

2.0 RECORD OF ATTENDANCE

2.1 Present

2.2 Apologies

2.3 Leave of Absence (Previously Approved)

3.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4.0 PUBLIC QUESTION TIME

Nil

5.0 APPLICATION FOR LEAVE OF ABSENCE

6.0 DISCLOSURE OF INTEREST

6.1 Declaration of Financial Interest and Proximity Interests

6.2 Declaration of Interest Affecting Impartiality

7.0 PETITIONS AND DEPUTATIONS

8.0 ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

9.0 CONFIRMATION OF MINUTES

9.1 RECOMMENDATION

That the Minutes of the Ordinary Meeting of Council held on Wednesday 17 March 2021 be accepted as a true and correct record. →


10.0 MANAGEMENT REPORTS

10.1 FINANCE REPORTS

- *To be tabled as late items, under separate cover.*

10.2 ADMINISTRATION REPORTS

10.2.1 ADOPTION OF 2019/2020 ANNUAL REPORT

File Code	ADM0057
Author	Ian Walsh – Deputy Chief Executive Officer
Disclosure of Interest	Nil
Attachments	1. 2019/2020 Annual Report 

SUMMARY

Council is requested to consider adopting the the attached 2019/2020 Shire of Carnamah Annual Report.

BACKGROUND

The *Local Government Act 1995* requires every local government to produce and adopt (by 31 December, where possible) an Annual Report.

COMMENT

The Annual Report has been prepared and is circulated with this agenda.

CONSULTATION

Chief Executive Officer

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 5.53 Annual reports

Section 5.54 Acceptance of annual reports

STRATEGIC IMPLICATIONS

Shire of Carnamah Strategic Community Plan 2017-2027

Theme: Civic Leadership

Objective: To be a professional, customer focussed organisation, which

- effectively engages (with) the community to determine strategic direction,
- responsibly manages the organisation's assets and financial resources,
- is a strong advocate for the community.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Only cost of advertising.

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION

That Council, pursuant to section 5.54 of the *Local Government Act 1995*, adopts the 2019/2020 Shire of Carnamah Annual Report.

10.2.2 ANNUAL ELECTORS MEETING

File Code	ADM0198
Author	Ian Walsh – Deputy Chief Executive Officer
Disclosure of Interest	Nil
Attachments	Nil

SUMMARY

Council is requested to consider scheduling the Annual Electors Meeting that relates to the 2019/2020 financial year on Wednesday, 19th May 2021.

BACKGROUND

Council is required to conduct its Annual Electors Meeting within 56 days of the adoption of the Annual Report.

COMMENT

Holding the Annual Electors Meeting on 19th May 2021 will satisfy the 56 day legislative requirement.

CONSULTATION

Chief Executive Officer

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 5.27 – Electors’ general meetings

Section 5.29 Convening electors’ meetings

STRATEGIC IMPLICATIONS

Shire of Carnamah Strategic Community Plan 2017-2027

Theme: Civic Leadership

Objective: To be a professional, customer focussed organisation, which

- effectively engages (with) the community to determine strategic direction,
- responsibly manages the organisation’s assets and financial resources,
- is a strong advocate for the community.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Only cost of advertising.



VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council, pursuant to sections 5.27 and 5.29 of the *Local Government Act 1995*, authorises the CEO to convene the 2019/2020 Annual Electors Meeting on Wednesday, 19th May 2021, commencing at 5pm.

10.2.3 AUDIT COMMITTEE TERMS OF REFERENCE

File Code	ADM0321
Author	Vin Fordham Lamont – Chief Executive Officer
Disclosure of Interest	Nil
Attachments	1. Draft Audit Committee Terms of Reference  2. WA Public Sector Audit Committees Better Practice Guide – Auditor General Report 26 

SUMMARY

Council is requested to consider adopting the attached draft Terms of Reference for its Audit Committee.

BACKGROUND

The Office of the Auditor General (OAG) release its Report 26 Western Australian Public Sector Audit Committees – Better Practice Guide in June 2020.

While the role of a Local Government Audit Committee is prescribed by the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*, it is important that audit committee members understand its specific responsibilities as they relate to the Shire of Carnamah.

The OAG Report states that an audit committee's roles and responsibilities should be clearly documented in its charter (terms of reference):

- The audit committee terms of reference clearly defines the independence, accountability, role and responsibilities, and reporting arrangements for the committee.
- The roles and responsibilities of the committee are consistent with legislated power and duties.
- The internal audit charter aligns with the audit committee charter.

The CEO has been unable to locate evidence of an existing Terms of Reference document for the Shire of Carnamah audit committee. He has, therefore, developed one for Council's consideration, using the template provided in the OAG Report.

The draft Terms of Reference document has been reviewed by the Leadership Team.

COMMENT

The draft Terms of Reference document was discussed with Council at its March briefing session. Some adjustments were made to better recognise the specifics of the Shire of Carnamah audit committee.

The updated version appearing as attachment 1 to this item is considered to be appropriate for Council to adopt.

CONSULTATION

Shire Leadership Team

STATUTORY ENVIRONMENT

Local Government Act 1995

Division 2 Council meetings, committees and their meetings and electors' meetings

Subdivision 2 Committees and their meetings

Subdivision 3 Matters affecting council and committee meetings

S7.12A Duties of local government with respect to audits

Local Government (Audit) Regulations 1996

Reg 16 Functions of audit committee

Reg 17 CEO to review certain systems and procedures

Local Government (Financial Management) Regulations 1996

S5(2)(c) CEO's duties as to financial management

STRATEGIC IMPLICATIONS

Shire of Carnamah Strategic Community Plan 2017-2027

Civic Leadership

Objective: To be a professional, customer focussed organisation, which • effectively engages (with) the community to determine strategic direction, • responsibly manages the organisation's assets and financial resources, • is a strong advocate for the community.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil



VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council adopts the Draft Audit Committee Terms of Reference shown as attachment 1 to this item.

10.2.4 CODE OF CONDUCT FOR COUNCIL MEMBERS, COMMITTEE MEMBERS AND CANDIDATES

File Code	ADM
Author	Vin Fordham Lamont – Chief Executive Officer
Disclosure of Interest	Nil
Attachments	1. Local Government (Model Code of Conduct) Regulations 2021  2. Draft Code of Conduct for Council Members, Committee Members and Candidates 

SUMMARY

Council is requested to consider adopting the attached Code of Conduct for Council Members, Committee Members and Candidates.

BACKGROUND

The *Local Government (Model Code of Conduct) Regulations 2021* repeals and replaces the *Local Government (Rules of Conduct) Regulations 2007*. In addition to redrafted versions of the previous Rules of Conduct, the Model Code of Conduct includes general principles and behaviours. Schedule 1 of the new regulations is the actual model code of conduct.

Local governments are required to adopt a Code of Conduct for Council Members, Committee Members and Candidates that incorporates the Model Code of Conduct within three months of the new regulations coming into effect (3 February 2021), in accordance with the new s5.104 of the *Local Government Act 1995*.

COMMENT

Council discussed the new Model Code of Conduct at its March briefing session, and no additional points were raised for inclusion in the draft Code of Conduct for Council Members, Committee Members and Candidates.

It is proposed, therefore, that the Model Code of Conduct be adopted as the official Code of Conduct for Council Members, Committee Members and Candidates.

CONSULTATION

WALGA

STATUTORY ENVIRONMENT

Local Government (Model Code of Conduct) Regulations 2021

Local Government (Administration) Regulations 1996

Reg 34D Contravention of local law as to conduct

Local Government Act 1995

S5.36(1) Local government employees

S5.93 Improper use of information

S5.103(1) Model code of conduct for council members, committee members and candidates

S5.104 Adoption of model code of conduct
S5.110 Dealing with complaint of minor breach

STRATEGIC IMPLICATIONS

Shire of Carnamah Strategic Community Plan 2017-2027
Civic Leadership

Objective: To be a professional, customer focussed organisation, which • effectively engages (with) the community to determine strategic direction, • responsibly manages the organisation's assets and financial resources, • is a strong advocate for the community.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENT


Absolute Majority

RECOMMENDATION

That Council:

- by absolute majority, adopts the draft Code of Conduct for Council Members, Committee Members and Candidates, included as attachment 2 to this agenda item; and
- directs the Chief Executive Officer to provide relevant training to elected members as required.

10.2.5 USE OF COUNCIL LOGO

File Code	ADM0784
Author	Vin Fordham Lamont – Chief Executive Officer
Disclosure of Interest	Nil
Attachments	1. Draft Policy – Use of Council Logo 

SUMMARY

Council is requested to consider adopting the attached Use of Council Logo policy.

BACKGROUND

At its February meeting, Council adopted a new brand, including a logo, for the Shire. A request was subsequently received from a local business to use the new branding on souvenir items.

COMMENT

The author determined that it is important to ensure that Council's logo retains its integrity through consistent and appropriate use. One way to achieve this is through the application of an appropriate policy.

The draft policy is designed to protect the interests of Council and, at the same time, allow local businesses/organisations to market the entire shire to visitors.

CONSULTATION

Various local governments around the State.

STATUTORY ENVIRONMENT

Local Government Act 1995
Section 2.7(2)(b) Role of council

STRATEGIC IMPLICATIONS

Strategic Community Plan 2017-2027

Theme: Economic

Objective: To retain existing industries and encourage the establishment of new industries to broaden the district's economic base and develop and maintain an efficient road transport system.

Strategy: To promote and develop a sustainable tourism industry in the Shire of Carnamah.

POLICY IMPLICATIONS

The new policy will be added to Council's Policy Manual.

FINANCIAL IMPLICATIONS

Nil



VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council adopts the attached draft policy – Use of Council logo and approves its inclusion in the Policy Manual.

10.2.6 SELECTION AND LOCATION OF ART MURAL- SHOWCASE IN PIXELS

File Code	ADM0526
Author	Adam Fawkes, Community Development Officer
Disclosure of Interest	Nil
Attachments	1. Art Designs by CDHS Trainee  2. Email from Catie Davenport, North Midlands Project 

SUMMARY

The shoWcAse in Pixels, formerly Banners on the Terrace, Project requires funding for paints and approval for the location of an art mural on Shire property. Three designs have been submitted for Council's consideration.

BACKGROUND

During WALGA week in Perth, each year, all Council's are traditionally given an opportunity to display a banner, in the city centre. The move this year is to produce a digital image which can be displayed on the large screen in Yagan Square.

A community group or local schools usually undertakes this project within a Local Government area. This year the North Midlands Project is partnering with Carnamah District High School and Eneabba Primary School to produce the artwork.

COMMENT

North Midlands Project is excited about the opportunity to collaborate with the Shire of Carnamah, Eneabba Primary School, and Carnamah District High School on the WALGA shoWcAse in Pixels project.

The Youth Ambassador and Carnamah District High School Trainee has created three options for Council's consideration. She will create a digital design from one of these sketches, which will in turn be painted as a mural by the students from both schools.

Regarding the site of the mural, we respectfully request permission to utilise the brick wall which adjoins the fence next to Elders, facing the Post Office.

CONSULTATION

- Elders Carnamah
- North Midlands Project
- Eneabba Primary School
- Carnamah District High School

STATUTORY ENVIRONMENT

Nil

STRATEGIC IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Cost of the paint for the artwork.

VOTING REQUIREMENT


Simple Majority

RECOMMENDATION

That Council:

1. Approve the location of the Mural of the wall, situated on Lot 200, 14 Macpherson Street;
2. Fund the amount for the paint associated with the project;
3. Nominate the design for the artwork.

10.2.7 REQUEST FOR LETTER OF SUPPORT, BIG TRACTOR COMMITTEE

File Code	ADM0476
Author	Adam Fawkes Community Development Officer
Disclosure of Interest	
Attachments	1. Letter from the Chairperson of the Big Tractor Committee  2. Minutes of Big Tractor Committee Meeting (to be tabled at meeting under separate cover)

SUMMARY

Council is requested to consider providing a letter of support to the Big Tractor Committee. The Big Tractor Committee also asks Council to consider in kind support for the project through assistance with Grant Applications and insurance costs associated with shire leased land.

BACKGROUND

The Carnamah Big Tractor Committee seeks to construct a replica Chamberlain Tractor five times the original size in the Carnamah town site. The proposed location is in front of the Chamberlain/ John Deere Tractor Museum. The Carnamah Big Tractor Committee envisions this will create employment opportunities and economic benefits to the community.

COMMENT

The Carnamah Big Tractor Committee was asked to provide council advice based on Policy 2.13.

2.13.1 – Overview and justification for the proposal

2.13.2 – Clear minutes demonstrating (minuted) support for the proposal by a majority of members of the organisation

2.13.3 – Indicative costing of the proposal/s in question

2.13.4 – Proposed cost sharing arrangement between the organisation, the Shire and grant funding bodies

2.13.5 Indicatives timelines for the proposal in question

The attachments cover the requirements of the organisation in relation to the policy. Council is requested to consider the in-kind costs as well as ongoing costs associated with this project. A letter of support would show that council is willing to assist this proposal moving forward in relation to the attached information being an accurate reflection of what is required by council.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Nil

STRATEGIC IMPLICATIONS

Consideration has been given to this through the current review of the Strategic Community Plan and Public Consultation around this.

POLICY IMPLICATIONS

2.13 Proposal Requiring Shire Funding and/or In-Kind Support

FINANCIAL IMPLICATIONS

In Kind support for Grant Applications.

On-going insurance costs associated with Shire leased land.

VOTING REQUIREMENT



Simple Majority

RECOMMENDATION

That Council

1. Supports this proposal with an official letter of support;
2. Agrees to the in-kind support for Grant Applications;
3. Covers insurance costs, as requested in the letter, that being \$1,680 per year with an upfront \$602 in the first year.

10.2.8 DRAFT ENEABBA ECONOMIC REVIVAL STRATEGY (INCLUDING POSITION PAPER)

File Code	ADM0050
Author	Vin Fordham Lamont – Chief Executive Officer
Disclosure of Interest	Nil
Attachments	1. Draft Eneabba Economic Revival Strategy (including Position Paper)  2. Proposed flowchart 

SUMMARY

Council is requested to consider endorsing the attached Draft Eneabba Economic Revival Strategy (including Position Paper).

BACKGROUND

In November 2020, the Shire of Carnamah commissioned town planning firm Calmy Planning & Design to formulate a high level Economic Revival Strategy (ERS) for Eneabba to stimulate the long term economic outlook of the township and its surrounding catchment area.

The Eneabba ERS is the continuation of the Shire's *2018 Economic Development Blueprint and corresponding Action Plan* (the Plan) endorsed with all its *Enabling Recommendations* at the 20th February 2019 Ordinary Meeting of Council.

The Plan aimed at facilitating collaborative communication with government agencies, the community and business stakeholders across the Shire and beyond. It focused on a range of new *Economic Initiatives* to support existing local businesses and industries. The Plan's key *Economic Initiatives* relevant to the Eneabba ERS are: Repopulation; Decarbonisation of power generation for the townships, and Green Hydrogen (GH2) production in proximity to the Dampier to Bunbury Natural Gas Pipeline at Eneabba.

COMMENT

With assistance from the Shire's CEO, Mr Calmy has undertaken an investigation into the opportunities that could be provided by the creation of a renewable energy hub at Eneabba, and the factors which could assist in its establishment. The process included building relationships with a number of relevant State Government agencies and larger land owners/managers in and around Eneabba.

The ERS is not designed to be a detailed feasibility study as that is something which would be undertaken by a developer before investing in a project. Instead, it identifies various elements that, together, make Eneabba a suitable location for the production of green hydrogen (GH2).

The attached flowchart does, however, provide a clear process which, ideally, leads to a formal submission to the WA Minister for Regional Development; Agriculture and Food; Hydrogen Industry; the Hon Alannah MacTiernan MLC. This submission would seek Cabinet support for a whole of government designated coordinator for the Eneabba GH2 hub approvals; inclusion of the Eneabba GH2 hub in the state Planning, Industrial & Energy Strategies; and a single government point of contact to facilitate repopulation.

On the basis that this is a rare opportunity to significantly increase the wealth and population of the shire at little cost to the Shire, the CEO recommends that Council endorses the draft ERS and approves its release for public comment.

CONSULTATION

Herve Calmy – Calmy Planning and Design

Iluka Resources

Yamatji Southern Region Corporation

Department of Planning, Lands and Heritage

Department of Jobs, Tourism, Science and Innovation

STATUTORY ENVIRONMENT

Nil

STRATEGIC IMPLICATIONS

Shire of Carnamah Strategic Community Plan 2017-2027

Theme: Economic

Objective: To retain existing industries and encourage the establishment of new industries to broaden the district's economic base and develop and maintain an efficient road transport system.

Rationale: To add to the economic and social viability of the Shire.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Council has already budgeted for the consultant's fees in the 2020/2021 budget.

VOTING REQUIREMENT



Simple Majority

RECOMMENDATION

That Council:

- endorses the attached draft Eneabba Economic Revival Strategy (including Position Paper); and
- approves its release, through public notice, for comments and submissions.

10.2.9 LEASE OF OLD PANELBEATER'S FACTORY UNIT

File Code	N/A
Author	Vin Fordham Lamont – Chief Executive Officer
Disclosure of Interest	Nil
Attachments	1. Letter from Carnamah Mens Shed Inc.  2. Minutes from Carnamah Mens Shed Inc. 

SUMMARY

Council is requested to consider offering a lease of the property situated at 10 Forrester Avenue, Carnamah, also known as the Old Panelbeater's factory unit, to Carnamah Mens Shed Inc.

BACKGROUND

On 30 October 2018, the Shire purchased the industrial property situated at 10 Forrester Avenue, Carnamah for the purpose of increasing the amount of industrial land available for lease. The strategy behind this purchase was to encourage new businesses to town by providing a suitable unit from which to operate. The Shire owns three other factory units in Carnamah for the same purpose. Of the four, two are currently vacant.

Carnamah Mens Shed Inc. approached the Shire some time ago in relation to finding a new home. The group currently uses the old Walton's Building in Robertson Street but the group is seeking an alternative location with more secure tenure. A couple of options were explored but each proved to be problematic. Representatives from the group's committee inspected the building at 10 Forrester Avenue and concluded that it would be appropriate for the Mens Shed's operations.

COMMENT

Carnamah Mens Shed Inc. is requesting a peppercorn lease for the factory unit at 10 Forrester Avenue, Carnamah. The group has offered to pay the utilities (i.e. power and water) expenses for the property. No term has been proposed.

The group believes that, due to the services it provides to the local community, it should be eligible to lease this factory unit.

Section 3.58 of the *Local Government Act 1995* provides guidance in regards to the disposal (which includes leasing) of Council property. Regulation 30(2)(b) of the *Local Government (Functions and General) Regulations 1996*, however, states that a disposition is excluded from the provisions of s3.58 if the proposed lessee is a not for profit organisation. Carnamah Mens Shed Inc. would appear to be exempt under that part of the regulation. As such, there are no advertising requirements for this disposition.

Council simply needs to consider whether leasing the property to the proponent is consistent with its original intent for the property, and will produce a positive outcome for the community.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 3.58 Disposing of property

Local Government (Functions and General) Regulations 1996

Reg 30 Dispositions of property excluded from Act s3.58

STRATEGIC IMPLICATIONS

Shire of Carnamah Strategic Community Plan 2017-2027

Civic Leadership

Objective: To be a professional, customer focussed organisation, which • effectively engages (with) the community to determine strategic direction, • responsibly manages the organisation's assets and financial resources, • is a strong advocate for the community.

Strategic Initiative: Meet the required level of service in the most cost effective manner for present and future residents.

POLICY IMPLICATIONS

Policy 2.10 Proposals Requiring Shire Funding and/or In-kind Support

Policy 2.16 Disposal of Property

Policy 7.8 Industrial Factory Units and Associated Dwellings, Carnamah – Tenancy Guidelines / Special Conditions

FINANCIAL IMPLICATIONS

Nil at this stage. If the Mens Shed get approval in the future to extend the building at 10 Forrester Avenue, the insurance premium would, no doubt, increase accordingly.

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council does / does not authorise the lease of the factory unit, located at 10 Forrester Avenue, Carnamah, to Carnamah Mens Shed Inc., subject to the following special conditions:


- Peppercorn rental;
- Ten (10) year term;
- Lessee to pay all utilities (water and electricity);
- No improvements to the property/building without prior approval of the Shire.

11.0 ORDERING OF THE COMMON SEAL

Nil

12.0 RECOMMENDATIONS FROM COMMITTEES

12.1 AUDIT COMMITTEE MEETING MINUTES – 14 APRIL 2021

File Code	ADM0057	
Author	V. Fordham Lamont - Chief Executive Officer	
Disclosure of Interest	Nil	
Attachments	1. Audit Committee Meeting Minutes – 14 April 2021	

SUMMARY

Council is requested to receive and note the minutes of the Audit Committee meeting held on 14 April 2021.

Council's obligations under section 2.7 of the Local Government Act 1995 are to:

- Govern the Local Governments affairs;
- Be responsible for the performance of the local government's functions;
- Oversee the allocation of the local government's finances and resources; and
- Determine the local government's policies.

Council Members therefore have the responsibility of monitoring the Audit Committee activities and determining recommendations provided by the Committee.

The Minutes of the Audit Committee meeting held on 14 April 2021 are provided in Attachment 1.

COMMENT

Nil

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995 – section 2.7 Role of council

STATUTORY ENVIRONMENT

Shire of Carnamah Strategic Community Plan 2017-2027

Theme: Civic Leadership

Objective: To be a professional, customer focussed organisation, which

- effectively engages (with) the community to determine strategic direction,
- responsibly manages the organisation's assets and financial resources,
- is a strong advocate for the community.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil


VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council receives and notes the 14 April 2021 Audit Committee Meeting Minutes as detailed in Attachment 1.

12.2 OPERATING SURPLUS RATIO BELOW THE DEPARTMENT STANDARD AS IDENTIFIED IN THE AUDIT REPORT - 2019/2020

File Ref: ADM0073
Author: Ian Walsh – Deputy Chief Executive Officer
Disclosure of Interest: Nil
Attachments: 1. Independent Audit Report 

SUMMARY

The audit report for the year ended 30 June 2020 identified that the Shire of Carnamah's "Operating Surplus Ratio" was below the standard set by the Department of Local Government Sport and Cultural Interest.

In accordance with Section 7.12A(4) of the Local Government Act 1995 Council need to:

- a) Prepare a report addressing this matter
- b) State what action the Shire has taken or intends to take to address this matter

BACKGROUND

The Operating Surplus Ratio is calculated as follows:

Operating Revenue MINUS Operating Expense

Own Source Operating Revenue

Purpose: This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.

Standards: Basic Standard: between 1% and 15% (0.01 and 0.15)
Advanced Standard: > 15% (>0.15).

Definitions:

'Operating Revenue' Means the revenue that is operating revenue for the purposes of the AAS, excluding grants and contributions for the development or acquisition of assets.

'Operating Expense': Means the expense that is operating expense for the purposes of the AAS.

'Own Source Operating Revenue': Means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.

The Department considers this a key indicator of a local government's financial performance. If a local government consistently achieves a positive operating surplus ratio and has soundly based long term financial plans showing that it can continue to do so in future, having regard to asset management and the community's service level needs, then it is considered financially sustainable. A positive ratio indicates the percentage of total own source revenue available to help fund proposed capital expenditure, transfer to cash reserves or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue (principally rates) that would have been required to achieve a break-even operating result.

The table below shows the ratio for the last three years based on the formula above:

<u>Ratio</u>	2020	2019	2018
Operating Surplus Ratio	(0.25)	(0.63)	(0.14)

COMMENT

The Shire will need to review its operating income and expenditure and attempt to try and reduce the difference between operating income and operating expenditure.

Increasing revenue through raising rates, fees and charges etc is not going to have any significant effect in address the ratio due to the relatively small amounts involved. It requires fundamental changes to the way that local government is funded (increasing operational grants rather than capital grants) for us to be in a position to easily meet the DLG Standard for this ratio. This is something that we will continue to lobby for, as part of sector-wide efforts to lift Financial Assistance Grants from the current 0.55% to 1% of Commonwealth Taxation Revenue.

CONSULTATION

Chief Executive Officer

STATUTORY ENVIRONMENT

Section 7.12A(4) of the *Local Government Act 1995*

STRATEGIC IMPLICATIONS (Community Strategic Plan 2017-2022)

Corporate Business Plan

Civic Leadership

Financial Planning and Management

- 2. To responsibly manage Council's financial resources to ensure optimum value for money and sustainable asset management.*

POLICY IMPLICATIONS

Council Policy 8.15 Significant Accounting Policies

FINANCIAL IMPLICATIONS

There is no direct financial implication. However, there may be implications in future years depending on *what actions can be taken to address the ratio.*

VOTING REQUIREMENT



Simple Majority

RECOMMENDATION

That Council endorse the Officer recommendation and the recommendation of the Audit Committee:

- a) To continue to review all own source income streams and operating expenses;
- b) Lobby for changes to the ratio calculation;
- c) Lobby for increases in the financial assistance grants; and
- d) That in accordance with *Section 7.12(A)4 of the LGA* the CEO advises the Department of the outcome.

12.3 REVIEW OF AUDIT MANAGEMENT LETTER AND ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

File Ref: ADM0073, ADM0057
Author: Ian Walsh – Deputy Chief Executive Officer
Disclosure of Interest: Nil
Attachments: 1. Audit Management Letter 
2. 2019-2020 Annual Financial Report 

BACKGROUND

Each year, a local government is required to prepare and adopt (by 31 December, where possible) the Annual Financial Report.

COMMENT

Council is requested to review the Audit Management letter from the Auditor General for Western Australia, and give consideration to recommending the adoption of the 2019-2020 Annual Report.

CONSULTATION

Chief Executive Officer

STATUTORY ENVIRONMENT

Regulation 36 of the Local Government (Financial Management) Regulations 1996 details the form of the annual financial report.

STRATEGIC IMPLICATIONS (Community Strategic Plan 2017-2022)

Financial Planning and Management

2. *To responsibly manage Council's financial resources to ensure optimum value for money and sustainable asset management.*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION

That Council endorse the following Officer recommendation and the recommendation of the Audit Committee:

- 1) In accordance with Regulation 16f of the *Local Government (Audit) Regulations 1996* for the Committee to oversee the action plan to address the matters in the Auditors' findings (Attachment 1); and
- 2) In accordance with Regulation 36 of the *Local Government (Financial Management) Regulations 1996*, Council adopts the 2019-2020 Annual Financial Report (Attachment 2)

13.0 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

14.0 NOTICE OF MOTIONS (FOR CONSIDERATION AT THE FOLLOWING MEETING, IF GIVEN DURING THE MEETING)

Nil

15.0 NEW BUSINESS OF AN URGENT NATURE ADMITTED BY COUNCIL

- 15.1.1 - Accounts for Payment
- 15.1.2 - Financial Reports to 31 March 2021
- 15.1.3 - Adoption of 2020 / 2021 Budget Review

16.0 CLOSURE OF MEETING
