



## **ORDINARY MEETING OF COUNCIL**

### **AGENDA**

**15 November 2018**



## **NOTICE OF MEETING**

**15 November 2018**

**14 White Street  
Brookton, WA 6306**

Dear Councillor, Resident or Ratepayer,

Notice is hereby given that the Ordinary Meeting of the Brookton Shire Council will be held on Thursday 15 November 2018 in the Council Chambers at the Shire Administration Centre commencing at 5.00 pm.

The business to be transacted is shown in the Agenda.

**Ian D'Arcy**  
**CHIEF EXECUTIVE OFFICER**  
9/11/2018

## **DISCLAIMER**

*The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Brookton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Brookton for any act, omission or statement or intimation occurring during a Council meeting.*

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<b>1.11.18</b>	<b>DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS</b>
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<b>2.11.18</b>	<b>RECORD OF ATTENDANCE/APPOLOGIES/APPROVED LEAVE OF ABSENCE</b>
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<b>3.11.18</b>	<b>RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE</b>
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<b>3.11.18.01</b>	<b>MR. BARRY COOTE – COOTE MOTORS</b>
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*Summary of Question:*

Why has Coote Motors been excluded from the servicing of Shire owned vehicles?

*Summary of Response:*

Coote Motors has not intentionally been excluded from servicing Shire vehicles.

For the most part, Shire vehicles have been serviced and repaired by the manufacturer's licenced agent or by the Shire of Pingelly's motor mechanic, with the latter arrangement having been in place since July 2015 as an initiative of resource sharing between local governments.

Certainly, over the past six months the Shire had resorted to servicing its Isuzu fleet of trucks with Major Motors, being the state wide distributor and primary service agent for Isuzu vehicles. This servicing work was undertaken due to electronic issues with some vehicles, and the need for diagnostic assessment to be performed as part of the Shire's broader fleet management responsibilities. Of the other vehicles in the Shire's fleet (i.e. graders, loader, rollers, back-hoe, skid steer, community bus and light vehicles), these have also continued to be serviced by the respective licenced agents or the Shire of Pingelly, depending on technical specifications and other considerations such as warranty requirements.

In respect to your business being engaged to service and repair these vehicles, as opposed to current servicing arrangements, the Shire is open to receiving competitive quotes providing all measures can be met in relation to:

1. The principles and provisions applied to Local Government procurement practices, as prescribed under Part 4 of the Local Government (Functions and General) Regulations, 1996 and the Council's Purchasing Policy 2.20 (as amended from time to time); and
2. The technical expertise, equipment and certification required to perform the mechanical works, depending on the vehicle in need of service and/or repair.

To this end, you are encouraged to liaise with the Manager of Infrastructure and Regulatory Services in regard to quoting on future works.

<b>4.11.18</b>	<b>PUBLIC QUESTION TIME</b>
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<b>5.11.18</b>	<b>APPLICATIONS FOR LEAVE OF ABSENCE</b>
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<b>6.11.18</b>	<b>PETITIONS/DEPUTATIONS/PRESENTATIONS</b>
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<b>7.11.18</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS</b>
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<b>7.11.18.01</b>	<b>ORDINARY MEETING OF COUNCIL – 23 OCTOBER 2018</b>
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*That the minutes of the Ordinary meeting of Council held in the Shire of Brookton Council Chambers, on 23 October 2018, be confirmed as a true and correct record of the proceedings.*

<b>8.11.18</b>	<b>ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION</b>
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(Includes Condolences)

<b>9.11.18</b>	<b>DISCLOSURE OF INTERESTS</b>
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*Members and Officers to declare Financial, Proximity or Impartiality Interests & submit forms to the Chief Executive Officer at the commencement of the meeting and also prior to the item.*

**Disclosure of Financial & Proximity Interests**

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

**Disclosure of Interest Affecting Impartiality**

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

## 10.11.18.01 PLANNING APPLICATION – PROPOSED STORAGE SHED – BROOKTON CRICKET CLUB

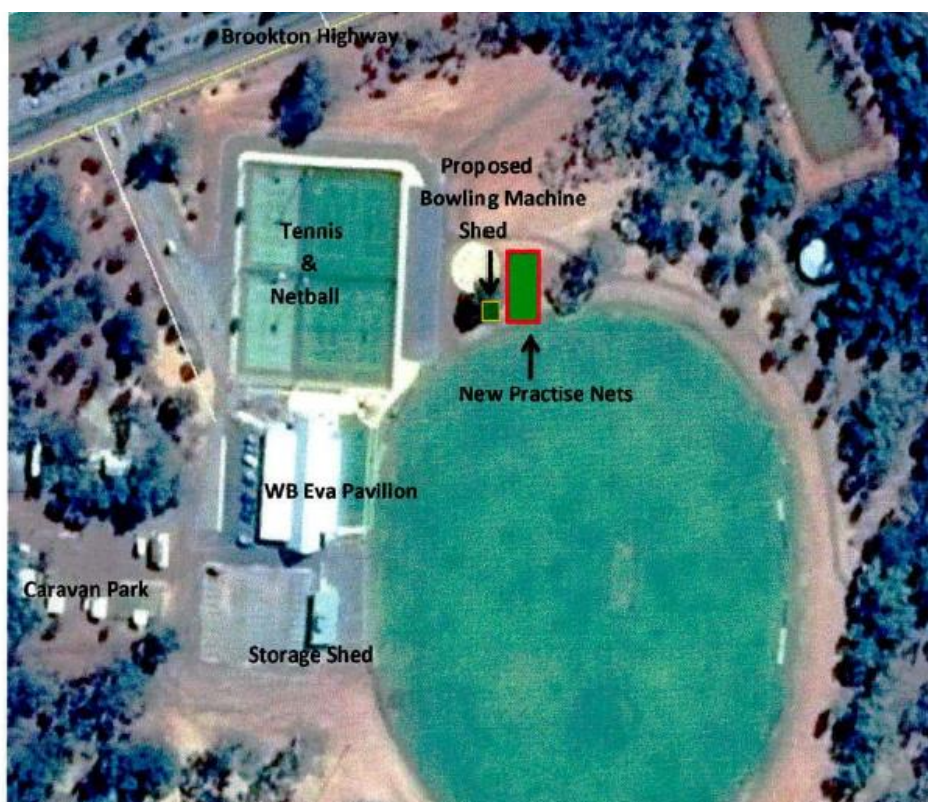
<b>File No:</b>	ADM 0007
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	Lot 510 Whittington Street Brookton (Brookton Oval)
<b>Name of Applicant:</b>	Brookton Cricket Club
<b>Name of Owner:</b>	Shire of Brookton
<b>Author/s:</b>	Kelly D’Arcy – Senior Corporate Business Officer
<b>Authorising Officer:</b>	Ian D’Arcy - CEO
<b>Declaration of Interest:</b>	None
<b>Voting Requirements:</b>	Simple majority
<b>Previous Report:</b>	17/08/2017

**Summary of Item:**

An application has been received from the Brookton Cricket Club Inc. seeking Council’s approval to erect a small green colorbond storage shed adjacent to the new cricket (practice) nets at the Brookton Oval.

**Description of Proposal:**

This proposal involves erection of a 3 x 3 metre (9m<sup>2</sup>) metal storage shed at a height of 2.3 metres bolted to a concrete pad. The proposed positioning of the shed is on the south – west corner of the new practice nets – refer to **Figure 1** below.



**Figure 1** – Extract from Brookton Cricket Club Application

The shed is to house an existing bowling machine used for batting practice with its location next to the nets based on convenience when rolling out and putting away the machine.

For reference, a copy of the application is presented as **Attachment 10.11.18.01** to this report.

**Background:**

The Brookton Cricket Club presently have a storage unit on the south-west side of the WB Eva Pavilion to accommodate the bowling machine and other equipment when not in use. However, the application indicates that a person presently has to mobilise and demobilise the bowling machine for each batting practice, which has become onerous for those involved.

In light of a discussion entertained with the former Principal Works Supervisor to locate a new storage shed to the south-west corner of the nets and adjacent to the outdoor gym area (see **Figure 1** above) Council's consideration and approval of this proposal is now being sought.

**Consultation:**

Limited consultation has occurred, initially with former Principal Works Supervisor and recently with Councillors at the October 2018 Corporate Briefing Forum.

**Statutory Environment:**

Part II of the Shire of Brookton Town Planning Scheme No.3 requires planning approval to be granted for development (other than a boundary fence) on a local Reserve at the Council's discretion. Therefore, Council may approve or refuse to grant planning approval, with or without conditions pursuant to Schedule 2, Part 10A of the Planning and Development (Local Planning Schemes) Regulations, 2015.

However, with this being a low key development that basically constitutes a garden shed usually exempt from planning approval, and largely constitutes an extension to the new practice nets, the application fee was not applied at the time of lodgement of the application.

Notwithstanding, Council will need to formally waive the fee pursuant to Section 6.12(b) of the *Local Government Act, 1995* that affords the Council this ability through a vote by absolute majority.

**Relevant Plans and Policy:**

The only plan applicable to the Town Oval is the Shire of Brookton Sport and Recreation Plan 2015. However, this plan does not specifically address this proposal.

**Financial Implications:**

Usually an application fee of \$147 would apply under the Council's Fees and Charges, although on this occasion it is recommended the application fee be waived for the reason provided in the Statutory Environment section above.

**Risk Assessment:**

There is no identifiable risk of any significance with this proposal.

**Community & Strategic Objectives:**

This proposal relates to delivery of core business and services detailed in the Shire of Brookton Corporate Compendium – May 2018, duly appended to the Next Generation BROOKTON Corporate Business Plan <2021.

Specifically, the proposed storage shed for the Brookton Cricket Club aligns to:

*Function 24 - Community Support*

*Action 24.1 – Support seniors, youth, culture, sport/recreation group activities*

## **Comment**

The application for the storage shed is supported at an officer level as it:

- Is consistent with the designated purpose and zoning of the oval reserve, being 'Recreation'.
- Is not of a scale or location that will adversely impact on amenity and use of the town oval and other recreational facilities more broadly.
- Will benefit the cricketers through an improved level of convenience.
- Is ancillary to the new practice nets.

However, should Council grant approval it is suggested the storage shed be a softer shade of green (as opposed to a heritage/cottage green stated in the application) that better matches the existing storage sheds at the oval.

## **OFFICER'S RECOMMENDATION 1**

***That Council grant Planning Approval in favour of the Brookton Cricket Club for a small storage shed on Location 510 Whittington Street Brookton pursuant to Schedule 2, Clause 68 of the a Planning and Development (Local Planning Schemes) Regulations, 2015 and subject to the following conditions and advice notes:***

### **Conditions**

- 1. The erection of the storage shed shall be in accordance with the attached approved site plan endorsed 15 November 2018 that forms part of this Planning Approval, and subject to any modifications required as a consequence of any condition of this approval.***
- 2. The storage shed shall generally accord with the following:***
  - Height: 2.3 metres***
  - Width: 3.0 metres***
  - Breadth: 3.0 metres***
  - Colour: Pale Eucalypt (or similar)***
- 3. The shed shall be used to store cricket equipment, unless otherwise determined by Council.***
- 4. If the storage shed is not SUBSTANTIALLY COMMENCED within a period of two (2) years from the date of this approval being granted, the approval shall lapse and be of no further effect. Where an approval has lapsed, no development shall be carried out without the further approval being obtained from Council.***

### **Advice Notes**

***The following advice notes are offered in addition to the notes provided in Form 4 of Clause 86 of the Deemed Provisions on the approval granted in condition(s) above:***

- a. This approval does not excuse compliance with all relevant written laws in the commencement and carrying out of the storage shed development.***
- b. The applicant is advised:***
  - i. A building Permit is not required for the storage shed.***



- ii. The Council reserve the right as the custodian/owner of Lot 510 to relocate the storage shed (at its discretion and expense) should the need arise in the future.*
- iii. A right of appeal to the State Administrative Tribunal (SAT) exists in relation to this approval, subject to Part 14 of the Planning and Development Act, 2005. Appeals must be lodged to SAT within 28 days. Further information can be obtained from the SAT website – [www.sat.justice.wa.gov.au](http://www.sat.justice.wa.gov.au).*

(Simple majority vote required)

**OFFICER'S RECOMMENDATION 2**

***That Council in relation to the Brookton Cricket Club Storage Shed waive payment of the \$147 planning application fee pursuant to Section 6.12(b) of the Local Government Act, 1995.***

(Absolute majority vote required)

# *Brookton Cricket Club Inc*

*C/- P O Box 2*

*Brookton WA 6306*

Shire of Brookton  
P O Box 42  
BROOKTON WA 6306

Dear Ian and Councillors

## **CRICKET BOWLING MACHINE SHED**

With the completion of the new practice nets at the end of last season, it was decided to put the Bowling Machine Shed on hold until the start of this season. Please find attached proposed location of new bowling machine shed as per discussion and site meeting with Works Supervisor Geoff Forward and alignment with power supply.

As per attached plans, the sheds steel frame will be dyna-bolted to a concrete pad and made from heritage green colour bond cladding. Shed size will be 3m x 3m x 2.3m high and will permanently house the bowling machine and cricket training equipment. This will allow for easy access of the bowling machine rather than travelling over the oval each time it is required.

We would once again like to take this opportunity to thank the Shire for all its assistance and ground work in getting our new practice nets completed. We have already started training and our new facility is working fantastically, but with the bowling machine positioned alongside it would be perfect.

We look forward to your favourable reply in allowing us to erect a bowling machine shed at the proposed site and will commence work immediately upon approval.

Regards



Mark Blechynden  
President

10 October 2018

**Received on**

10 OCT 2018

**By the  
Shire of Brookton  
Western Australia**

## Shire of Brookton Recreational Precinct



Locality and site map for construction of bowling machine shed.



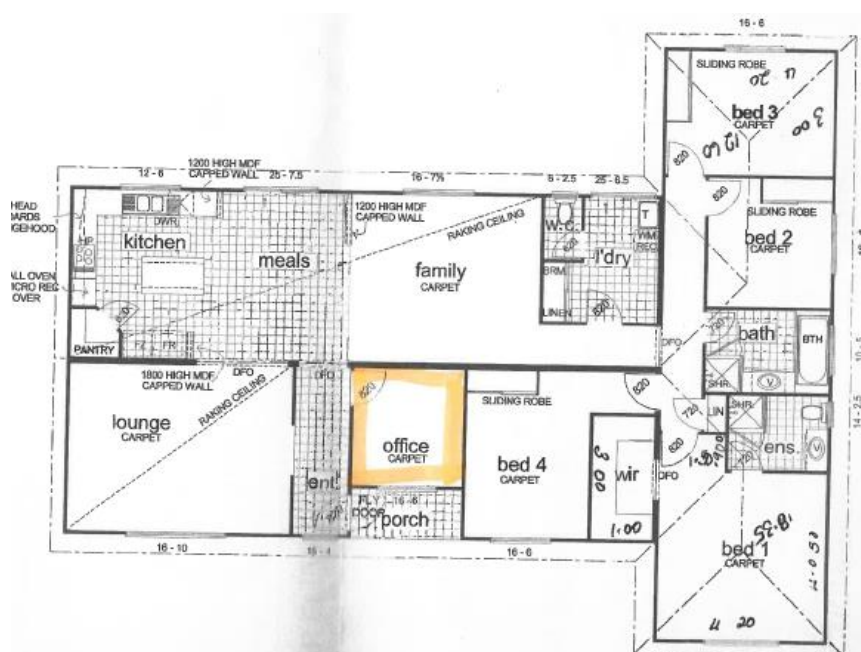
<b>File No:</b>	P1003
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	Lot 27 (Hn 68) Jose Street Brookton
<b>Name of Applicant:</b>	PJ & KL Crute
<b>Name of Owner:</b>	As above
<b>Author/s:</b>	Kelly D’Arcy – Senior Corporate Business Officer
<b>Authorising Officer:</b>	Ian D’Arcy – Chief Executive Officer
<b>Declaration of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

This report relates to a planning application to operate a Rural Industry (Seed Grading and Cleaning Business) from Lot 27 (House No. 68) Jose Street Brookton, and:

- In consideration of this application against the planning framework and successful establishment of this business, it is recommended Council retrospective planning approval for the use and development.

This matter involves legitimising an existing 'Rural Industry Use' - Mobile Agricultural Seed Grading and Cleaning Business, and consists of a home office and shed currently used for the storage and maintenance of vehicles and machinery associated with the business activity. The operation of the seed cleaning activity is performed off site on client farms.

Respectively, **Figure 1** below details the proposed location of the home office while **Figures 2 and 3** illustrate on the site plan the shed location and distance to nearest neighbour dwellings.



### Figure 1 – Home Office



**Figure 2 – Location Plan**



**Figure 3 – Location Plan – Distance from Neighbours**

As identified in **Figure 3**, the existing workshop area is some 36 metres from the northern neighbour's dwelling and approximately 45 metres to the north western neighbour's dwelling. The applicant has stated the shed is only used during day light hours.

#### **Background:**

The business has been in operation without incident or complaint for a number of years. However, given the commercial nature of the activity planning approval is required to be granted by Council to legitimise the land.

With this acknowledged, the applicants have submitted their application for Council consideration and determination against the current planning framework. In this context, the subject property is zoned 'Rural Townsite' under the Shire of Brookton Town Planning Scheme No. 3 (TPS3), with 'Industry Rural' being listed as an 'AA' (discretionary) use in the *Table 1- Zoning Table* of the Scheme.

For reference, '*Industry Rural*' is defined as:

- a) An industry handling, treating, processing or packing rural products or
- b) A workshop servicing plant or equipment used for rural purposes.

As the applicants business provides professional seed grading and treating, this fits with this description although the applicants have stated they do not conduct the seed treatment or grading from the property.

**Consultation:**

There has not been any consultation in relation to this matter.

**Statutory Environment:**

The proposed use is required to accord with provisions of the Shire of Brookton TPS No.3, including assessment against the land use permissibility and amenity concerns.

As mentioned '*Industry - Rural*' is deemed an 'AA' use in the 'Rural Townsite' zone, meaning planning approval can be granted with or without conditions being imposed at the discretion of Council.

An application for a use already commenced or carried out can be entertained by Council pursuant to Clause 65 of Schedule 2, Part 8 of the Planning and Development (Local Planning Schemes) Regulations, 2015.

An approval can also be granted in accordance with Clause 68 of Schedule 2, Part 9 of the Planning and Development (Local Planning Schemes) Regulations, 2015.

**Relevant Plans and Policy:**

There is no Council policy relevant to this application.

**Financial Implications:**

There are no financial implications in relation to this matter other than receipt of the planning application fee.

**Risk Assessment:**

On assessment there is a medium risk that the applicants may appeal the Council's decision with the State Administrative Tribunal should the application not be supported.

**Community & Strategic Objectives:**

This proposal aligns to the following function and action under the Council's Corporate Business Plan <2021 Corporate Compendium:

2. *Land Use Planning*

2.3 *Process development applications*

**Comment**

There are two matters of consideration in relation to this application, being:

- a) The zoning of the property supports the establishment of the Seed Grading and Cleaning Business as a typical '*Industry - Rural*' use;

- b) The recurrent operation of the business over a number of years has had no negative impact on the amenity of the area, although this is based on the activity being limited to administration, storage and maintenance – no processing activities.

Therefore, on the basis of no change to the current activity level it is recommended the application be approved with conditions.

#### **OFFICER'S RECOMMENDATION**

***That Council grant Planning Approval for an Industry Rural Use – Seed Grading and Cleaning Business, on Lot 27 (Hn. 68) Jose Street, Brookton pursuant to Schedule 2, Clause 68 of the a Planning and Development (Local Planning Schemes) Regulations, 2015 and subject to the following conditions and advice notes:***

#### **Conditions**

- 1. The use shall be conducted in accordance with the attached approved plan/s endorsed 15 November 2018 that form part of this Planning Approval, and subject to any modifications required as a consequence of any condition of this approval.***
- 2. The Seed Grading and Cleaning Business shall be limited to office administration, maintenance and storage activities associated with the business being conducted from the premises.***
- 3. There shall be no cleaning or grading of grain being conducted from the premises.***
- 4. Hours of operation for maintenance works shall be limited to following, unless otherwise determined by the Local Government:***
  - a. Monday to Saturday 7.00am to 6.00pm; and***
  - b. Sundays and Public Holidays 8.00am to 5.00pm.***

#### **Advice Notes**

- a) Nothing in the approval or these conditions shall excuse compliance with all relevant written laws in the commencement and carrying out of the use.***
- b) With regard to Condition 4, the applicant is advised a minimum 48 hours written notice is required for any request to alter the hours of operation. A request may be made by email. If in the opinion of the CEO the request is a significant increase or change to the use of the site, the matter will be referred to Council.***
- c) The applicant is advised of a right of appeal to the State Administrative Tribunal (SAT) subject to Part 14 of the Planning and Development Act, 2005. Appeals must be lodged to SAT within 28 days. Further information can be obtained from the SAT website – [www.sat.justice.wa.gov.au](http://www.sat.justice.wa.gov.au).***

## 11.11.18 COMMUNITY SERVICES REPORTS

### 11.11.18.01 OFFER TO PURCHASE HERITAGE COLLECTION

<b>File No:</b>	ADM 0142
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	Mr Neil Gill
<b>Author/s:</b>	Rhiannon Coad – Community Liaison Officer
<b>Authorising Officer:</b>	Vicki Morris – Deputy Chief Executive Officer
<b>Declaration of Interest:</b>	The author has no interest in this item.
<b>Voting Requirements:</b>	Simple majority
<b>Previous Report:</b>	N/A

#### Summary of Item:

A local collector of horse drawn vehicles wrote to Council in March 2018 proposing that the Shire may wish to purchase and display his restored collection as a Museum display in Brookton. Council referred the matter to its Innovations Advisory Committee for deliberation about the merits of the proposal.

The Innovations Advisory Group considered this proposal on 24<sup>th</sup> November 2018, and after considered assessment weighted against the BROOKTON 20 detailed in the current Strategic Community Plan >2017 concluded the proposal does not adequately align with the aspirations of the community at this time.

Accordingly, the Advisory Group recommends Council not accept the offer to purchase.

#### Description of Proposal:

In summary this proposal involves an offer for Council to purchase the following collection at an overall cost of \$137,000 inclusive of housing the collection:

- 7 x Buggies
- 8 x Sulkies
- 2 x Spring carts
- 1 x Breaking in cart
- 3 x wagons
- 1 x Emu Brewery Lorry

#### Background:

The Innovations Advisory Group is the first primary filter for receiving, analysing and vetting of ideas and suggested projects from the Brookton Community. Assessment of the validity of the ideas and projects is measured against the BROOKTON 20 and the 'Live, Work and Visit' objectives of the Brookton Community's Strategic Community Plan.

The Innovations Pathway is an integral process that affords a fundamental and fluid link between the Community's Strategic Community Plan and Council's Corporate Business Plan. It works by allowing:

- a) New ideas or proposals to be floated with the Shire at any time, by anyone;
- b) Filters the idea against the criteria of the BROOKTON 20 outcomes;
- c) Refers the idea or proposal through an appropriate pathway alignment for review/assessment by an internal (Council) Advisory Group;
- d) Empowers the Advisory Group to assess, consult, value add, direct, qualify as an initiative and if



warranted recommend action to be taken by Council.

- e) Registers the idea (once fully evaluated) on the Book of Initiatives pending further consideration as a 'live' project to be pursued by the Shire of Brookton.

Upon assessment of this proposal, the Innovations Advisory Group was appreciative of the offer, but did not believe that it adequately aligns with the BROOKTON 20 at this time. Although the collection is a potential tourist attraction and could contribute to BROOKTON 20 values of "Social Innovation" and "History, Heritage, Recreation and Culture" there were concerns regarding the ongoing maintenance of such a display and its legitimacy to Brookton's history. There were also questions over the number of tourists a display of this nature would attract and whether it was historical representation of Brookton that the Shire wanted to focus on.

Additionally, given the excellent condition of the collection, the Advisory Group was not satisfied that the Shire could keep the collection in the same condition nor guarantee its security should it be put on public display. A representative from the Historical Society also informed the Advisory Group that there is a large amount of work that goes into maintaining a display of this nature. This representative also informed the Advisory Group that as the collection is restored, it is not something that would be considered by the Museum – they preserve rather than restore.

In light of this, the Innovations Advisory Group after considering the proposal carefully, were not in support of the collection being acquired by Council.

**Consultation:**

This proposal was initially presented informally to Councillors at a closed briefing session and subsequently assessed by the Innovations Advisory Group, involving considerable discussion on the proposal.

**Statutory Environment:**

Should Council wish to entertain purchasing the horse drawn collection a variation to the municipal budget would be required in accordance with the *Local Government Act, 1995*.

**Relevant Plans and Policy:**

There are no policies applicable to this proposal. With reference to relevant plans, please see comment under Community and Strategic Objectives below.

**Financial Implications:**

Should Council wish to entertain purchasing of the collection it would need to fund the estimated value of \$109 500, with a total project cost to house the collection estimated at \$137 000. This amount of money is not a budgeted item this financial year, and therefore would need to be considered in the 2018/19 budget deliberations.

**Risk Assessment:**

There is relative high risk from a financial perspective for Council to effectively maintain, preserve and manage the collection if placed on public display. Concern is raised regarding to the Shire's capacity present the collection to a presentable and safe standard at all times, and at considerable recurrent cost to the ratepayers.

**Community & Strategic Objectives:**

This matter relates to the Shire's Integrated Planning and Reporting framework where the Innovations Advisory Group forms an integral part of the '*Innovations Pathway*'. As mentioned, the Advisory Group are not satisfied the acquisition of the heritage collection sufficiently aligns to the BROOKTON Strategic

Community Plan >2027 as the collection is not specific to Brookton heritage.

### **Comment**

This was the first idea/project to be considered by the Innovations Advisory Group. Discussion about the project ranged from the financial implications of the purchase to the social aspect in regards to whether an antiques/heritage display was an attraction that Brookton would want to be known for in the future.

Recognition was given to the importance of the Old Time Motor Show in Brookton, however the differences between an event and a static display were such that a static display did not seem likely to draw the same level of attraction and benefit to the community.

Further concern over the capacity of the Shire to manage such as display, and the display not being specific to Brookton's heritage was a telling factor in the Advisory Group recommending that Council not to proceed with the proposal, yet thank Mr Gill for his generous offer.

### **INNOVATION ADVISORY GROUP RECOMMENDATION**

***That Council in relation to the purchase of the horse drawn heritage collection of vehicles (as detailed in Attachment 11.11.18.01 to this report):***

***1. Decline the Mr Gill's offer as:***

- a) proposal does not adequately align with the Community's aspirations as expressed through the BROOKTON 20 detailed in the BROOKTON Strategic Community Plan >2027 at this time;***
- b) the collection is not specific to Brookton's heritage; and***
- c) the Shire does not have the capacity to maintain such a collection in good order for the purpose of public display.***

***2. Inform Mr Gill of point 1. above and thank Mr Gill for his generous offer to purchase his collection.***

***3. Retain Mr Gill's offer on the Book of Ideas for future reference and possible consideration.***

### **Attachments**

**Attachment 11.11.18.01**

APM0651

Received on

06 MAR 2018

By  
Brookton  
Australia

61 Robinson Rd  
Brookton  
WA 6306  
Mobile 0428421222.

CEO Brookton Shire  
Brookton.

Dear Ian,

I have spoken to two Councillors about my collection of Antique horsedrawn Vehicles, to maybe, make a Museum in Brookton. I have decided to, either do this or sell them separately. There is a total of 22 vehicles, which I collected over the past 36 years. They are in excellent condition for being approximately 100 years old, and it would be a pity to see them sold off separately.

It would require a display shed of approx 45 metres x 16 metres. This would not affect the display along the Brookton Highway which would be left there, and is a huge attraction of the town.

If we could get grant monies to do this project, this would make it work.

I have priced the vehicles at a conservative value of \$110,000.00. Yvonne and I would donate \$35,000.00, so \$75,000.00 would have to be found, to pay us.

The cost of a Bird's display shed, with a coloured roof, similar to the Cuballing display would approx be \$55,000.00 erected for a 50 metre x 12 metre plus a 2.2 metre wall. This would have to have the cost of weld mesh on top of this at approx \$7000.00.

It has also been brought to my attention, that maybe, the Old Time Motor Show, could be interested in promoting itself with a static display at one end.

If, this project, was considered, I would like to help in some small way if possible.

Your faithfully,  
Neil Gill.

*Neil Gill*

*Hi Danni  
Please file*

*Thanks*

*Da*

#### COSTING OF VEHICLES

7 BUGGIES @ \$ 4300.00	\$30100.00
8 SULKIES@ \$ 3300.00	\$26400.00
2 SPRING CARTS@ \$ 2000.00	\$4000.00
1 BREAKING IN CART@ \$7000.00	\$7000.00
3 WAGONS@ \$ 9000.00	\$27000.00
1 EMU BREWERY LORRY@ \$15000.00	\$ 15000.00
TOTAL	\$ 109,500.00

TOTAL = with shed included would be approx \$137,000.00.

#### 11.11.18.02 PROPOSED REGENERATIVE FARMING WORKING GROUP

<b>File No:</b>	TBA
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	Shire of Brookton
<b>Author/s:</b>	Ian D'Arcy – Chief Executive Officer
<b>Authorising Officer:</b>	Ian D'Arcy – Chief Executive Officer
<b>Declaration of Interest:</b>	The author has no interest in this item.
<b>Voting Requirements:</b>	Absolute majority
<b>Previous Report:</b>	N/A

#### Summary of Item:

This item relates to the formation of a Working Group with Terms of Reference to primarily investigate and make recommendations on re-use of treated sewerage waste water stored in the holding dam on Lot 4076 Youraling Road Brookton, with primary consideration given to innovation in regenerative farming blended with educational opportunity.

#### Description of Proposal:

As above.

#### Background:

In 2009 a negotiated agreement was reached between the Seabrook Aboriginal Corporation and the Shire to lease 6.0 hectares of land for the purpose of constructing a holding dam to retain waste water pumped from the Brookton Sewerage Treatment Plant. The 50,000 cubic meter dam was constructed in 2010 with the water being re-used to irrigate the town oval.



**Figure 1 – Aerial Photo of Lease Area and Holding Dam**

Subsequently, the Shire received an offer from the Water Corporation to use the redundant Happy Valley water supply for civic use (ie irrigation of parks and gardens) with a Deed of Agreement being signed in Sept 2016. This paved the way for the Shire to switch water supplies for irrigating the town oval, and leaving the waste water available re-use elsewhere.

Since change-over of the water supply for the town oval using the Happy Valley bore field, and listing of Regenerative Farming as a CBP project:

1. The Shire President and CEO met with the Chair and Deputy Chair of the Seabrook Aboriginal Corporation to discuss representation on specific Advisory Groups of the Shire Council, and an opportunity for Seabrook to re-use the sewerage waste water on their farming property (Lot 4076) for an intensive agricultural land use. This culminated in a second meeting on 24<sup>th</sup> October 2018 where the Seabrook Board expressed that:
  - a) It has no interest in re-using the holding dam waste water, but is appreciative of the offer; and
  - b) The Shire needs to adhere to the terms of the lease agreement by ensuring the waste water in the dam is constantly being pumped out and re-used.
2. Facilitation of a one day Regenerative Farming forum was convened in September 2018 involving experts in this field, mainly from the University of WA and Department of Agriculture and Food. The event demonstrated high level interest in this form of agriculture and a number of opportunities arising from regenerative farming, with encouragement for the Shire to play a continuing role in facilitating future forums and activities in this area.

In light of the above, this report seeks Council's endorsement of a working group to be formed to investigate the opportunities for continued re-use of waste water from the Shire's holding dam on Lot 4076 that could be reflective of regenerative farming initiatives (or similar) to deliver benefit to the local community.

**Consultation:**

There has been limited consultation on this proposal between Executive Staff and the Shire President.

**Statutory Environment:**

Clause 9 under Schedule 1 of the lease agreement for the holding dam on Lot 4076 states:

**9. Permitted use of Premises**

*The Lessee is permitted to use the dam on the land to hold water from its treatment pond and townsite runoff. The collected water will be used to irrigate the Lessee's public amenities (parks, gardens, oval, etc....).*

With the highlighted wording indicating the Council will re-use the water in the holding dam, all effort should be made to identify an appropriate use for the water.

**Relevant Plans and Policy:**

There is no plans or policies applicable to this matter.

**Financial Implications:**

At this stage there is no financial implication applicable to the formation of a Working Group, other than payment of a sitting fee of \$100 per meeting for an elected member. This cost is already provided for in the 2018/19 budget.

However, depending on the ultimate use of the waste water there is likely to be a cost, although this should be offset against the benefit received from re-using the water.

**Risk Assessment:**

The lease agreement for the holding dam does indicate the waste water from the Brookton Sewerage Treatment Plant will be re-used. While this was the intent in 2009, and has been the situation until recently, presently the water is being stored in the dam and left to evaporate. Although this is not an issue under the Sewerage Treatment Plant licence received from the Department of Water and Environmental Regulation, the Council's failure to pump the water out of the dam has been presented by the Seabrook Board and its Administrator as a breach of the lease agreement. Albeit disappointing that this view has been taken, there is an opportunity for the water to be used to provide some benefit to the community, while alleviating the risk of a strained relationship between Seabrook (Lessor) and the Shire (Lessee).

**Community & Strategic Objectives:**

This matter falls under the 'BROOKTON Alternative Farming' project listed in the Shire of Brookton Corporate Business Plan < 2021, and also defaults to delivery of core business and services detailed in the Shire of Brookton Corporate Compendium – May 2018, appended to the Corporate Business Plan, with broad alignment to:

*Function 3 Integrated Planning and Reporting*

*Action 3.7 – Progress / project manage CBP 'proponent' listed projects*

*Function 9 Asset Management*

*Action 9.9 – Review of Asset Management Plan – Effluent disposal facility/pipe network*

**Comment**

Given the holding dam water is no longer required to irrigate the town oval, and Seabrook has indicated there is no interest in taking the water, it is suggested Council establish a small working group to investigate the opportunities of re-using the water for community benefit and satisfying wording of the lease agreement.

As an initial thought (and following the success of the regenerative farming forum) consideration could be given to using the waste water on trialling regenerative farming techniques, or possibly establishing a community nursery on a wholesale basis to support permaculture based horticultural operations, on the balance of the holding dam land being approximately 3 hectares in area or an alternative site. This could involve working with other key partners, such as the University of Western Australia (UWA), Department of Primary Industries and Regional Development (Agriculture and Food), the Brookton District High School (SCHOOL), the Seabrook Aboriginal Corporation (Seabrook) and the local Community through a working group being formed under the auspice of Council, possibly made up of the seven (7) members listed below, with the ability to co-opt others, to investigate and form recommendations for Council's consideration.

**Proposed Working Group Representatives**

- 1 x Shire Elected Member (Chairperson)
- 1 x Shire staff member (*ex-officio*)
- 1 x UWA representative
- 1 x Agriculture and Food representative
- 1 x School representative
- 1 x Seabrook representative
- 1 x Community representative

However, the above suggestion may not be the only opportunity. It is expected the Working Group would be charged with taking a lateral approach to considering all possibilities. To this end, a draft Terms of Reference has been prepared for Council's consideration.

**OFFICER'S RECOMMENDATION**

***That Council:***

- 1. Endorse the draft Terms of Reference for the Regenerative Farming Working Group as provided in Attachment 11.11.18.02 and appoint Cr \_\_\_\_\_ as Chairperson of this Working Group.***
- 2. Proceed to extend an invitation to those organisations listed on the Working Group to nominate a representative to participate on this group.***
- 3. Delegate authority to the CEO to point the Community representative following consultation with the Shire President and Chairperson of the Regenerative Farming Working Group.***

Absolute Majority Vote Required

**Attachments**

**Attachment 11.11.18.02**





## **Regenerative Farming Working Group**

### **Terms of Reference**

#### **Purpose**

The Regenerative Farming Working Group has been formed to operate under the auspice of the Shire Council to investigate and make recommendations as well as co-ordinate and oversee community projects as endorsed by Council. Such projects may include (but are not limited to) civic projects and initiatives that involve direct participation from key stakeholders and community representatives.

This Working Group is to consist of 6 members plus an *ex-officio*, with ability to co-opt others at the discretion of the Chairperson.

#### **Representation**

Membership of the Regenerative Farming Working Group is to consist of (1 x):

- Councillor (Chair)
- University of WA representative
- Department of Primary Industries and Regional Development representative
- Brookton District High School representative
- Seabrook Aboriginal Corporation representative
- BROOKTON Community representative
- Projects and Grants Officer (*ex officio*)

The Chair may co-opt other members at his/her discretion as deemed appropriate.

#### **Meetings**

The Working Group meetings shall consist of:

1. Meetings called by the Chair and arranged by the *ex-officio*.
2. Recording of notes to be presented to Council at its next available Corporate Briefing Forum (CBF).

3. Professional conduct that generally accords to the Shire's meeting procedures detailed in *Council Policy 1.17 – Standing Orders and Meeting Protocol for Local Government*.
4. Elected Members being eligible for payment of a sitting fee, as set by Council and amended from time to time.

## Terms of Reference

The Regenerative Farming Working Group:

1. Is first and foremost act in the best interest of the BROOKTON community.
2. Does not constitute a Committee of Council pursuant to section 5.8 of the *Local Government Act 1995*.
3. Is not authorised to make decisions in relation to projects or initiatives that may commit the Shire Council and/or other organisations financially or otherwise.
4. Is to offer guidance and advice, and ensure direction and progress of works holistically aligns to the BROOKTON 20 and the 'Live, Work and Visit' objectives as detailed in the Next Generation BROOKTON Strategic Community Plan.
5. Is to give consideration to and provide input, assistance and form recommendations towards specific project initiatives and components for consideration by Council.
6. Is to declare all financial and/or proximity interests within the scope of this Terms of Reference.
7. Is to maintain a standard of professionalism and confidentiality applicable to any material or documentation of a sensitive nature either marked or declared confidential by the Chair of this Working Group.
8. May through the Chair co-opt other Shire staff, Elected Members, government agency employees or other stakeholders. Such action is to involve consultation with the Chief Executive Officer.

## 12.11.18 FINANCE & ADMINISTRATION REPORT

### 12.11.18.01 LIST OF ACCOUNTS FOR PAYMENT

<b>File No:</b>	N/A
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	N/A
<b>Author/s:</b>	Corinne Kemp – Finance Officer
<b>Authorising Officer:</b>	Vicki Morris – Deputy Chief Executive Officer
<b>Declaration of Interest:</b>	The author has no financial interest in this matter.
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	23/10/2018

#### Summary of Item:

The list of accounts for payment to 31<sup>st</sup> October 2018 are presented to Council for inspection.

#### Description of Proposal:

N/A

#### Background:

In accordance with *Local Government (Financial Management) Regulations 1996 Clause 13 (1)* schedules of all payments made through Council's bank accounts are presented to Council for inspection. Please refer to the separate attachment.

#### Consultation:

N/A

#### Statutory Environment:

Local Government (Financial Management) Regulations 1996; Clause 13 – List of Accounts.

#### Relevant Plans and Policy:

Policy No. 4.4 of the Council Policy Manual states that the Chief Executive Officer is authorized to arrange purchase of specific items in the budget, which do not require calling tenders, providing that it is within the approved budget.

#### Financial Implications:

There are no financial implications relevant to this report.

#### Risk Assessment:

There is no risk identified as this is merely a reporting requirement.

#### Community & Strategic Objectives:

No Reference

#### Comment

Totals of all payments from each of Councils bank accounts are listed below. The payment schedule is provided to Councillors separately and not published on the Shire of Brookton website to mitigate against the potential of fraudulent activity that can arise from this practice. Members of the public can obtain the schedule from the Shire of Brookton Administration Office.

To 31<sup>st</sup> October 2018

***Municipal Account***

Direct Debits	\$85,785.75
EFT	\$790,612.19
Cheques	\$58,376.65
<b><i>Trust Account</i></b>	<b>\$2,250.00</b>

**OFFICER'S RECOMMENDATION**

***That with respect to the list of accounts for payment, Council: note the payments authorized under delegated authority and detailed below and in the List of Accounts to the 31<sup>st</sup> October 2018.***

To 31<sup>st</sup> October 2018

***Municipal Account***

<b><i>Direct Debits</i></b>	<b><i>\$85,785.75</i></b>
<b><i>EFT</i></b>	<b><i>\$790,612.19</i></b>
<b><i>Cheques</i></b>	<b><i>\$58,376.65</i></b>
<b><i>Trust Account</i></b>	<b><i>\$2,250.00</i></b>

**Attachments**

**Attachment 12.11.18.01**

Note: Members of the public can obtain the schedule from the Shire of Brookton Administration Office.

**12.11.18.02 STATEMENT OF FINANCIAL ACTIVITY FOR THE PERIOD ENDED 31 OCTOBER 2018**

<b>File No:</b>	N/A
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	Shire of Brookton
<b>Name of Owner:</b>	Shire of Brookton
<b>Author/s:</b>	Deanne Sweeney – Senior Finance Officer
<b>Authorising Officer:</b>	Vicki Morris – Deputy Chief Executive Officer
<b>Declaration of Interest:</b>	The authors have no financial interest in this matter
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	There is no previous meeting reference

**Summary of Item:**

The Statement of Financial Activity for the period ended 31 October 2018 is presented to Council.

**Description of Proposal:**

That Council receives the Statement of Financial Activity for the period ended 31 October 2018 as presented.

**Background:**

In accordance with regulation 34 of the *Local Government (Financial Management) Regulations 1996*, the Shire is to prepare a monthly Statement of Financial Activity for approval by Council.

**Consultation:**

Reporting officers receive monthly updates as to tracking of expenditure and income.

**Statutory Environment:**

Section 6.4 of the *Local Government Act 1995*.

Regulation 34 of the *Local Government (Financial Management) Regulations 1996*.

Section 6.8 of the *Local Government Act 1995*

**Relevant Plans and Policy:**

There is no Council Policy relevant to this issue.

The Next Generation Brookton Corporate Compendium (May 2018) - Finance Activities.

**Financial Implications:**

The Budget is regularly monitored on at least a monthly basis, by the CEO, Deputy CEO, Senior Finance Officer, with Responsible Officers also required to review their particular line items for anomalies each month, with a major review required by law, between 1 January and 31 March of each year pursuant to the *Local Government (Financial Management) Regulations 1996* (Regulation 33A).

**Risk Assessment:**

No risk identified as this is a reporting statement only in accordance with the regulations.

**Community & Strategic Objectives:**

Responsible financial management is critical to deliver on the Strategic Community Plan.

The Corporate Business Plan determines the local government's resource allocations which form the construction of the Annual Budget. The financial statements thus measure performance against the Corporate Business Plan by providing comparatives against the Annual Budget.

**Comment**

The Monthly Financial Report has been prepared in accordance with statutory requirements.

**OFFICER'S RECOMMENDATION**

*That Council receive the Monthly Statements of Financial Activity for the period ending 31 October 2018, as presented in Attachment 12.11.18.02 to this report.*

**Attachments**

**Attachment 12.11.18.02**

**Shire of Brookton**  
**MONTHLY FINANCIAL REPORT**  
**For the Period Ended 31 October 2018**

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**Shire of Brookton  
Monthly Reporting Model  
Base Input Data**

**General User Input**

Local Government Name

Last Year (-2)

Last Year (-1)

Current Year

Current Reporting Period

Start of Current Financial Year

End of Financial Year

**Data to appear in the Report**

Shire of Brookton	
	2016-17
	2017-18
	2018-19
For the Period Ended 31 October 2018	
	01-Jul-18
	30-Jun-19

**Material Threshold**

Material Amount Income

Material Amount Expenditure

Material Percentage Income

Material Percentage Expenditure

\$10,000
\$10,000
10.00%
10.00%

**Material Variances Symbol**

Above Budget Expectations

Below Budget Expectations

▲
▼



**Shire of Brookton  
Monthly Reporting Model  
Graph Input Data**

**Statement of Financial Activity**

Month	Operating Expenses		Operating Revenue		Capital Expenses		Capital Revenue	
	Budget 2018-19	Actual 2018-19	Budget 2018-19	Actual 2018-19	Budget 2018-19	Actual 2018-19	Budget 2018-19	Actual 2018-19
Jul	769,232	612,509	473,925	677,474	313,560	26,968	124,436	4,369
Aug	1,522,518	1,055,862	1,056,166	1,446,694	627,119	27,654	248,873	4,369
Sep	2,378,662	2,532,956	1,544,365	2,153,293	964,382	30,567	375,059	4,369
Oct	3,086,214	3,475,179	2,068,446	2,790,540	1,295,827	865,984	555,064	182,576
Nov								
Dec								
Jan								
Feb								
Mar								
Apr								
May								
Jun								

**Shire of Brookton  
Monthly Reporting Model  
Graph Input Data (Cont.)**

**Note 3 - Net Funding Current Position**

<b>Month</b>	<b>Actual 2016-17 \$('000s)</b>	<b>Actual 2017-18 \$('000s)</b>	<b>Actual 2018-19 \$('000s)</b>
Jul	267,469	907,333	1,207,105
Aug	3,164,854	3,295,912	4,051,835
Sep	3,435,041	3,637,304	3,520,526
Oct	1,972,833	2,372,296	2,805,542
Nov			
Dec			
Jan			
Feb			
Mar			
Apr			
May			
Jun			

**Shire of Brookton  
Monthly Reporting Model  
Graph Input Data (Cont.)**

**Note 4 - Rates and Rubbish Collection History**

<b>Month</b>	<b>Last Year 2017-18 %</b>	<b>This Year 2018-19 %</b>
Jul	21	25
Aug	14	-0
Sep	72	28
Oct	72	78
Nov		
Dec		
Jan		
Feb		
Mar		
Apr		
May		
Jun		

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**(Statutory Reporting Program)**  
**For the Period Ended 31 October 2018**

	Note	Adopted Annual Budget	Amended Budget -	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a) 9	Var. % (b)-(a)/(b) 9	Var.
<b>Operating Revenues</b>		\$		\$	\$	\$	%	
Governance		11,550	11,550	8,180	10,706	2,526	30.88%	
General Purpose Funding		575,727	660,877	163,153	683,246	520,093	318.78%	▲
Law, Order and Public Safety		20,000	20,000	9,346	2,865	(6,481)	(69.35%)	
Health		1,300	1,300	964	799	(165)	(17.09%)	
Education and Welfare		4,429,822	4,429,822	1,485,600	1,434,901	(50,699)	(3.41%)	
Housing		81,696	81,696	27,232	27,411	179	0.66%	
Community Amenities		391,933	391,933	130,640	384,028	253,388	193.96%	▲
Recreation and Culture		41,882	40,762	12,828	14,997	2,169	16.91%	
Transport		574,593	604,546	201,515	208,817	7,302	3.62%	
Economic Services		50,430	50,430	16,804	13,966	(2,838)	(16.89%)	
Other Property and Services		36,560	36,560	12,184	8,805	(3,379)	(27.74%)	
<b>Total (Excluding Rates)</b>		<b>6,215,493</b>	<b>6,329,476</b>	<b>2,068,446</b>	<b>2,790,540</b>	<b>722,094</b>	<b>34.91%</b>	
<b>Operating Expense</b>								
Governance		(505,146)	(505,146)	(183,520)	(139,258)	44,262	(24.12%)	
General Purpose Funding		(206,116)	(206,116)	(49,527)	(38,982)	10,545	(21.29%)	
Law, Order and Public Safety		(172,331)	(172,331)	(57,444)	(64,153)	(6,709)	11.68%	
Health		(80,802)	(84,702)	(23,769)	(27,894)	(4,125)	17.36%	
Education and Welfare		(3,874,446)	(3,874,446)	(1,303,741)	(1,408,858)	(105,117)	8.06%	
Housing		(241,994)	(241,994)	(82,128)	(63,610)	18,518	(22.55%)	
Community Amenities		(481,624)	(481,624)	(160,360)	(131,328)	29,032	(18.10%)	
Recreation and Culture		(1,012,065)	(1,013,017)	(326,046)	(260,189)	65,857	(20.20%)	
Transport		(2,430,797)	(2,430,797)	(822,617)	(1,120,660)	(298,043)	36.23%	
Economic Services		(175,834)	(175,834)	(61,282)	(46,727)	14,555	(23.75%)	
Other Property and Services		(28,970)	(28,970)	(15,780)	(173,520)	(157,740)	999.62%	▼
<b>Total</b>		<b>(9,210,125)</b>	<b>(9,214,977)</b>	<b>(3,086,214)</b>	<b>(3,475,179)</b>	<b>(388,965)</b>	<b>(12.60%)</b>	
<b>Funding Balance Adjustment</b>								
Add back Depreciation		2,109,945	2,109,945	703,315	994,035	290,720	41.34%	▲
Adjust (Profit)/Loss on Asset Disposal	6	(2,384)	(5,532)	(5,532)	(3,149)	2,384		
Adjust (Profit)/Loss on Asset Revaluation		0	0	0	0	0		
Movement in Non Cash Provisions		0	0	0	0	0		
<b>Net Operating (Ex. Rates)</b>		<b>(887,071)</b>	<b>(781,088)</b>	<b>(319,984)</b>	<b>306,248</b>	<b>626,233</b>	<b>(195.71%)</b>	
<b>Capital Revenues</b>								
Proceeds from Disposal of Assets	6	106,818	106,818	41,818	41,818	0	0.00%	
Self-Supporting Loan Principal		28,754	28,754	9,585	4,369	(5,216)	(54.42%)	
Transfer from Reserves	5	1,464,483	1,510,983	503,661	136,389	(367,272)	(72.92%)	▼
<b>Total</b>		<b>1,600,055</b>	<b>1,646,555</b>	<b>555,064</b>	<b>182,576</b>	<b>(372,488)</b>		
<b>Capital Expenses</b>								
Land and Buildings	6	(960,000)	(960,000)	(320,000)	(15,961)	304,039	(95.01%)	
Plant and Equipment	6	(357,000)	(405,485)	(119,000)	(103,330)	15,670	(13.17%)	
Furniture and Equipment	6	(75,000)	(75,000)	(25,000)	0	25,000	(100.00%)	
Infrastructure Assets - Roads & Bridges	6	(922,686)	(952,639)	(317,546)	(22,990)	294,557	(92.76%)	
Infrastructure Assets - Sewerage	6	(10,000)	(10,000)	(3,333)	0	3,333	(100.00%)	
Infrastructure Assets - Parks	6	0	0	0	0	0	0.00%	
Repayment of Debentures	7	(138,653)	(138,653)	(46,218)	(26,968)	19,250	(41.65%)	
Transfer to Reserves	5	(1,394,190)	(1,394,190)	(464,730)	(696,735)	(232,005)	49.92%	
<b>Total</b>		<b>(3,857,529)</b>	<b>(3,935,966)</b>	<b>(1,295,827)</b>	<b>(865,984)</b>	<b>429,843</b>	<b>(33.17%)</b>	
<b>Net Capital</b>		<b>(2,257,474)</b>	<b>(2,289,411)</b>	<b>(740,763)</b>	<b>(683,408)</b>	<b>57,355</b>	<b>(7.74%)</b>	
<b>Total Net Operating + Capital</b>		<b>(3,144,544)</b>	<b>(3,070,499)</b>	<b>(1,060,748)</b>	<b>(377,160)</b>	<b>683,588</b>	<b>(64.44%)</b>	
Rate Revenue		2,269,064	2,269,064	2,269,064	2,268,552	(512)	(0.02%)	
Opening Funding Surplus(Deficit)		914,150	914,150	914,150	914,150	0	0.00%	
<b>Closing Funding Surplus(Deficit)</b>	2	<b>38,670</b>	<b>112,715</b>	<b>2,122,466</b>	<b>2,805,542</b>	<b>683,076</b>		

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**Program by Nature and Type**  
**For the Period Ended 31 October 2018**

NOTE	2018/19	2018/19	2018/19	2018/19	Variance
	Adopted Budget	Amended Budget	YTD Budget	YTD Actual	YTD Budget vs YTD Actual
	\$		\$	\$	\$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>					
Rates	2,269,064	2,269,064	2,269,064	2,268,552	(512)
Operating Grants, Subsidies and Contributions	3,770,450	3,885,553	1,305,226	1,738,204	432,978
Fees and Charges	1,685,956	1,685,956	561,952	836,509	274,557
Interest Earnings	194,749	194,749	44,628	39,252	(5,376)
Other Revenue	68,232	67,112	32,980	42,823	9,843
	7,988,451	8,102,434	4,213,850	4,925,340	711,490
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>					
Employee Costs	(1,461,725)	(1,463,975)	(508,220)	(575,506)	(67,286)
Materials and Contracts	(4,901,601)	(4,906,366)	(1,631,716)	(1,687,468)	(55,752)
Utilities	(170,371)	(170,071)	(52,977)	(45,334)	7,643
Depreciation	(2,109,945)	(2,109,945)	(703,315)	(994,035)	(290,720)
Interest Expenses	(104,476)	(104,476)	(34,825)	5,918	40,743
Insurance	(185,488)	(183,625)	(185,488)	(178,755)	6,733
Other Expenditure	(255,754)	(255,754)	(84,086)	1	84,087
	(9,189,360)	(9,194,212)	(3,200,627.33)	(3,475,179)	(274,551)
	(1,200,909)	(1,091,778)	1,013,223	1,450,161	436,939
Non-Operating Grants, Subsidies & Contributions	521,106	521,106	173,700	130,604	(43,096)
Profit on Asset Disposals	-	-	-	3,149	3,149
Loss on Asset Disposals	(765)	(765)	(252)	-	252
<b>NET RESULT</b>	<b>(680,568)</b>	<b>(571,437)</b>	1,186,671	1,583,914	397,243

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY (Excluding Kalkarni Residential Facility)**  
**Program by Nature and Type**  
**For the Period Ended 31 October 2018**

	2018/19	2018/19	2018/19	2018/19	Variance	Actuals as
	Adopted Budget	Amended Budget	YTD Budget	YTD Actual	YTD Budget vs YTD	% of
	\$	November OCM	\$	\$	Actual	Total
<b>REVENUES FROM ORDINARY ACTIVITIES</b>						
Rates	2,269,064		2,269,064	2,268,552	(512)	63%
Operating Grants, Subsidies and Contributions	513,370		219,533	717,403	497,870	20%
Fees and Charges	898,695		299,532	552,568	253,036	15%
Interest Earnings	194,749		44,628	39,252	(5,376)	1%
Other Revenue	68,232		32,980	42,823	9,843	1%
	3,944,110		2,865,736	3,620,597	754,861	100%
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>						
Employee Costs	(1,461,725)		(508,220)	(575,506)	(67,286)	27%
Materials and Contracts	(1,347,770)		(447,106)	(423,359)	23,747	20%
Utilities	(170,371)		(52,977)	(45,334)	7,643	2%
Depreciation	(2,009,487)		(636,343)	(959,523)	(323,180)	44%
Interest Expenses	(99,516)		(31,519)	6,306	37,825	0%
Insurance	(171,716)		(157,944)	(164,983)	(7,039)	8%
Other Expenditure	(255,754)		(84,086)	1	84,087	0%
	(5,516,339)		(1,918,194)	(2,162,397)	(244,203)	100%
	(1,572,229)		947,542	1,458,200	510,658	
Non-Operating Grants, Subsidies & Contributions	521,106		173,700	130,604	(43,096)	
Profit on Asset Disposals	-		-	3,149	3,149	
Loss on Asset Disposals	(765)		(252)	-	252	
<b>NET RESULT</b>	<b>(1,051,888)</b>		1,120,990	1,591,952	470,962	

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 1: MAJOR VARIANCES**

**OPERATING REVENUE (EXCLUDING RATES)**

**Governance**

Within variance threshold of \$10,000 or 10%

**General Purpose Funding**

This variance is due to the GPG Grants Commission - General & Roads balance B/F from 17/18 for an advance payment received for General & Roads, along with Bridges received 18/19

**Law, Order and Public Safety**

Within variance threshold of \$10,000 or 10%

**Health**

Within variance threshold of \$10,000 or 10%

**Education and Welfare**

Within variance threshold of \$10,000 or 10%

**Housing**

Within variance threshold of \$10,000 or 10%

**Community Amenities**

The variance is due to a Budget profile calculated over 12 month for 18/19 Refuse & Sewerage rates - Will self correct

**Recreation and Culture**

Within variance threshold of \$10,000 or 10%

**Transport**

Within variance threshold of \$10,000 or 10%

**Economic Services**

Within variance threshold of \$10,000 or 10%

**Other Property and Services**

Within variance threshold of \$10,000 or 10%

**OPERATING EXPENSES**

**Governance**

vacant administration positions.

**General Purpose Funding**

This variance relates to creditor timing issue for rate collection - will self correct.

**Law, Order and Public Safety**

Within variance threshold of \$10,000 or 10%

**Health**

Within variance threshold of \$10,000 or 10%

**Education and Welfare**

Within variance threshold of \$10,000 or 10%

**Housing**

This Variance relates to the maintenance not yet fully under way on independent living units.

**Community Amenities**

There a number of factors that relate to this variance, but the main driver relates to The sewerage pump out not yet commenced.

**Recreation and Culture**

There a number of factors that relate to this variance, but the main driver relates to general maintenance not yet commenced at the Memorial Hall.

**Transport**

This variance relates to a creditor timing issues for streetlighting and the bridge budget calendarisation - will self correct

**Economic Services**

The variance relates to the drummuster - yet to be finalised.

**Other Property and Services**

There a number of factors that relate to this variance, but the main driver relates to an employee redundancy payout

## **CAPITAL REVENUE**

### **Proceeds from Disposal of Assets**

Within variance threshold of \$10,000 or 10%

### **Self-Supporting Loan Principal**

This variance relates to a creditor timing issues for loan repayment.

### **Transfer from Reserves**

A portion of Reserve Transfers will be completed at maturity 02/01/19, the remainder will occur towards the end of the financial year

## **CAPITAL EXPENSES**

### **Land and Buildings**

A portion of capital purchases have been completed, with the remainder expected to be completed in the near future.

### **Plant and Equipment**

Adopted budget for plant not yet fully purchased.

### **Furniture and Equipment**

No purchases to date

### **Infrastructure Assets - Roads & Bridges**

Minimal purchases to date

### **Infrastructure Assets - Sewerage**

No purchases to date

### **Infrastructure Assets - Parks**

No purchases to date

### **Repayment of Debentures**

This variance relates to a creditor timing issues for loan repayment.

### **Transfer to Reserves**

A portion of Reserve Transfers will be completed at maturity 02/01/19, the remainder will occur towards the end of the financial year

## **OTHER ITEMS**

### **Rate Revenue**

Within variance threshold of \$10,000 or 10%

### **Opening Funding Surplus(Deficit)**

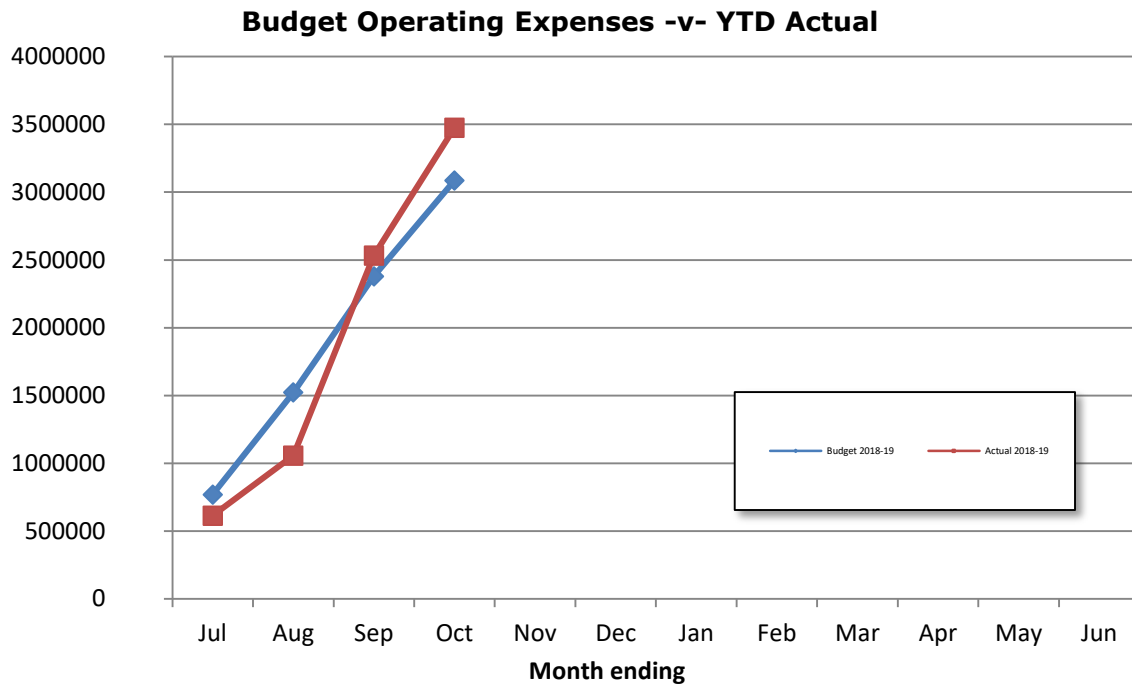
Within variance threshold of \$10,000 or 10%

### **Closing Funding Surplus (Deficit)**

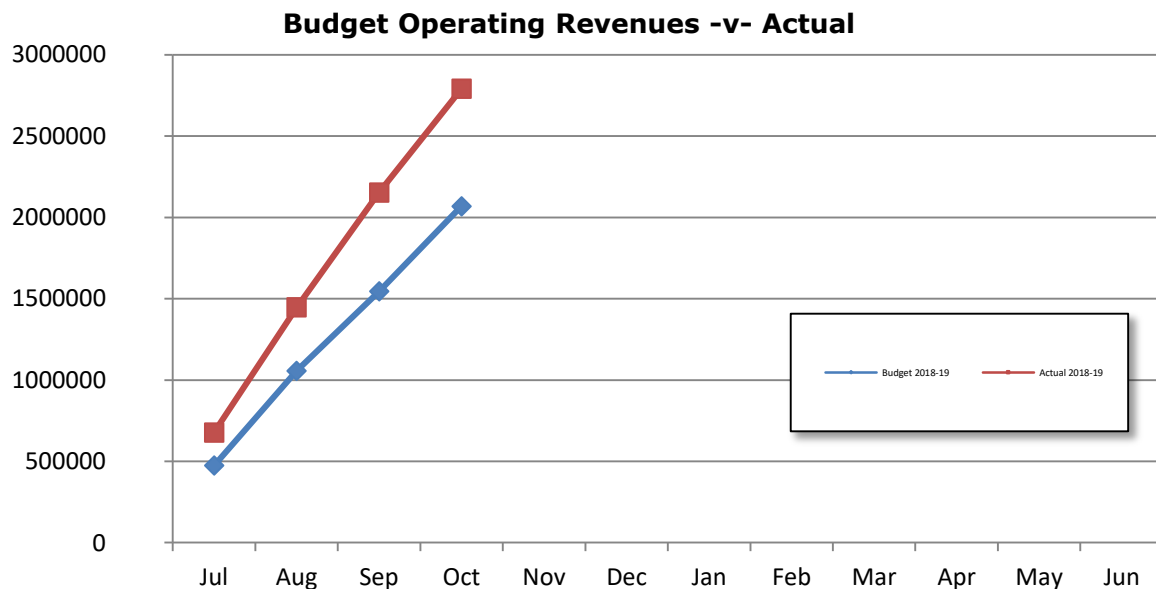
Within variance threshold of \$10,000 or 10%

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 2 - Graphical Representation - Source Statement of Financial Activity**



**Comments/Notes - Operating Expenses**

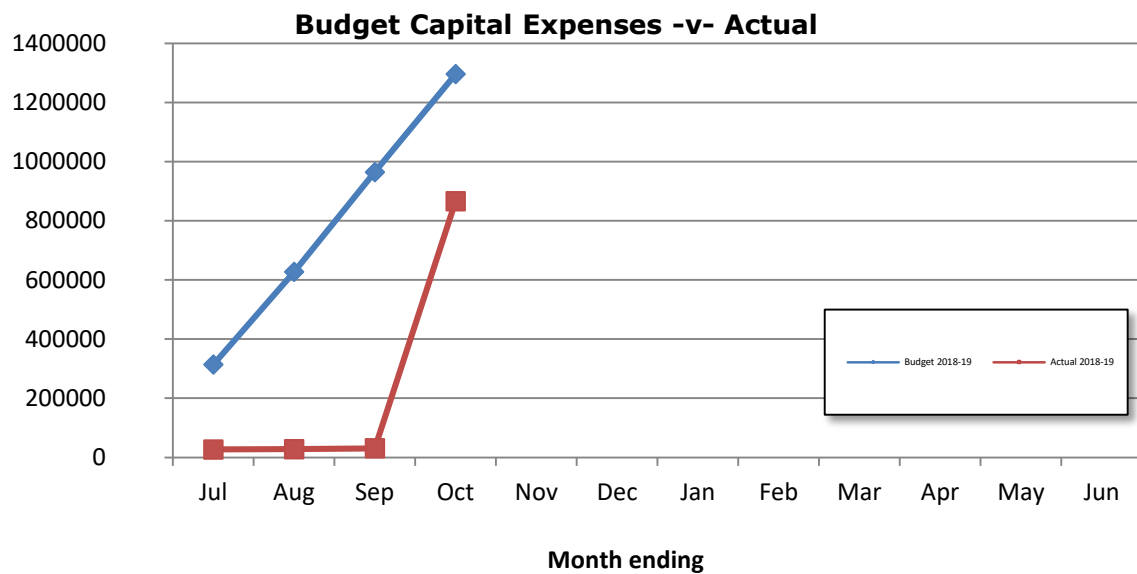


**Comments/Notes - Operating Revenues**

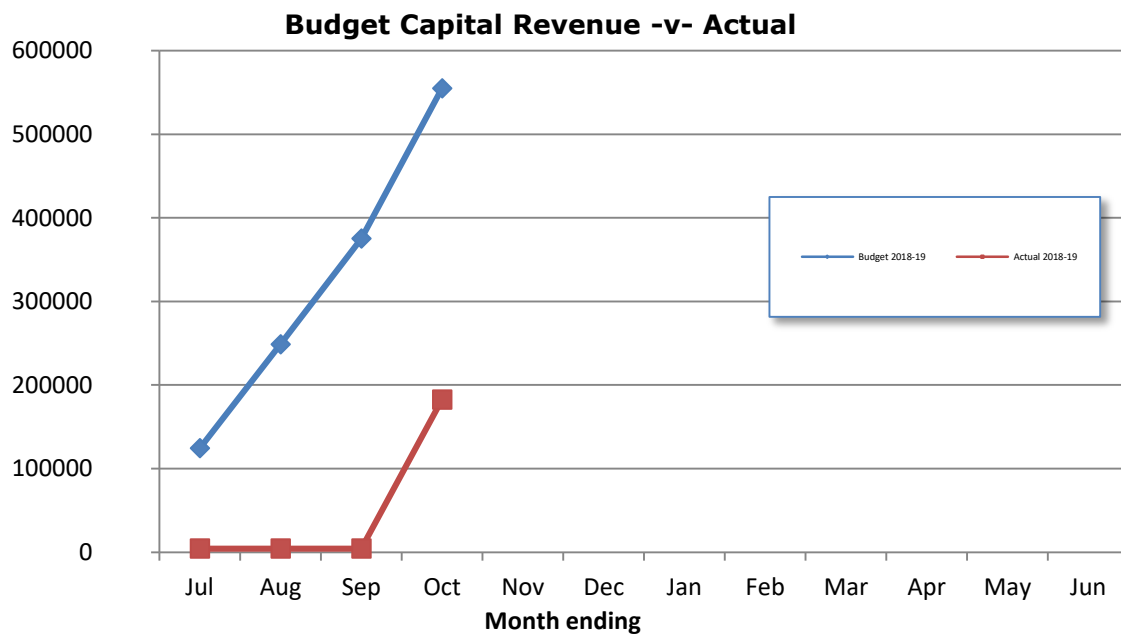


**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 1 - Graphical Representation - Source Statement of Financial Activity**



**Comments/Notes - Capital Expenses**



**Comments/Notes - Capital Revenues**

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 3: NET CURRENT FUNDING POSITION**

**Current Assets**

Cash Unrestricted  
Cash Restricted  
Receivables  
Prepayments & Accruals  
Inventories

**Less: Current Liabilities**

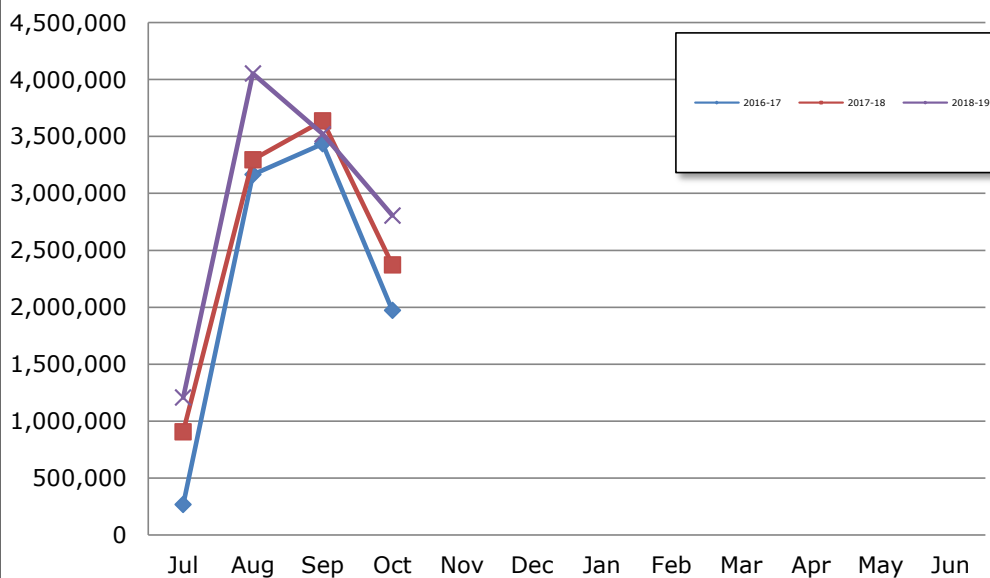
Payables and Provisions

Less: Cash Restricted

**Net Current Funding Position**

Positive=Surplus (Negative=Deficit)				
2018-19				
Note	This Period	Same Period 2017/18	Same Period 2016/17	Surplus C/F 1 July 2018
	\$	\$	\$	\$
	2,314,588	2,127,697	1,583,827	1,740,530
	4,834,942	4,045,830	3,244,209	4,274,596
	4,836,498	3,829,401	3,526,029	4,375,025
	0	0	0	0
	29,144	7,473	15,058	27,394
	12,015,173	10,010,401	8,369,123	10,417,545
	(4,374,689)	(3,592,275)	(3,152,081)	(5,228,799)
	(4,374,689)	(3,592,275)	(3,152,081)	(5,228,799)
	(4,834,942)	(4,045,830)	(3,244,209)	(4,274,596)
	2,805,542	2,372,296	1,972,833	914,150

**Note 2 - Liquidity Over the Year**



**Comments - Net Current Funding Position**

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 4: RECEIVABLES**

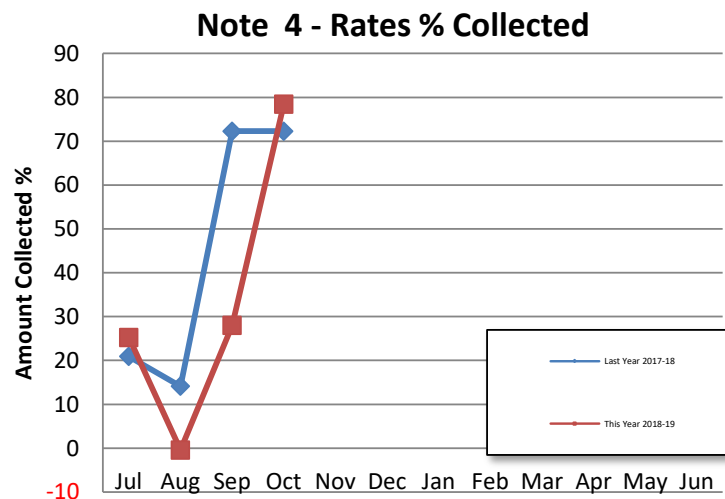
**Receivables - Rates, Sewerage and Rubbish**

Opening Arrears Previous Years  
 Rates, Sewerage & Rubbish Levied this year  
Less Collections to date  
 Equals Current Outstanding

**Net Rates Collectable**

% Collected

	Current 2018-19	Previous 2017-18
	\$	\$
Opening Arrears Previous Years	53,825	30,159
Rates, Sewerage & Rubbish Levied this year	2,645,017	2,403,762
<u>Less</u> Collections to date	(2,117,207)	(1,759,781)
Equals Current Outstanding	<b>581,635</b>	<b>674,141</b>
<b>Net Rates Collectable</b>	581,635	674,141
% Collected	78.45%	72.30%



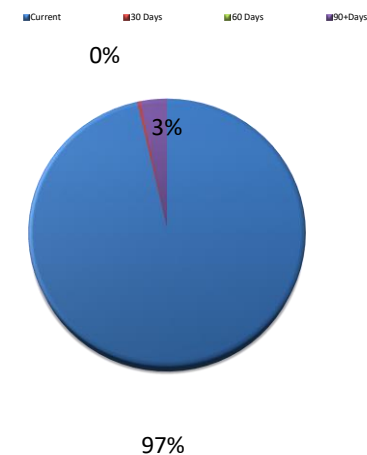
Comments/Notes - Receivables Rates, Sewerage and Rubbish

**Receivables - General**

	Current	30 Days	60 Days	90+Days
	\$	\$	\$	\$
	151,903	541	0	5,099
<b>Total Outstanding</b>				<b>157,543</b>

Amounts shown above include GST (where applicable)

**Receivables - General**



Comments/Notes - Receivables General

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 5: Cash Backed Reserves**

Name	Opening Balance	Budget Interest Earned	Actual Interest Earned	Adopted Budget Transfers In (+)	Amended Budget Oct 18 OCM Transfers In (+)	Actual Transfers In (+)	Adopted Budget Transfers Out (-)	Amended Budget Sept 18 & Oct 18 OCM Transfers Out (-)	Actual Transfers Out (-)	Adopted Budget Closing Balance	Actual YTD Closing Balance
	\$	\$	\$	\$		\$	\$		\$	\$	\$
Aldersyde Hall Reserve (Not Shire Vested Property)	25,805	619	0	0		0	0	0	0	26,424	25,805
Leave Reserve	0	542	0	114,700		114,700	0	0	0	115,242	114,700
Brookton Heritage/Museum Reserve	41,889	1,096	255	2,500		2,500	0	0	0	45,485	44,644
Caravan Park Reserve	128,429	3,173	782	10,000		10,000	0	0	0	141,602	139,211
Cemetery Reserve	22,622	561	138	10,000		10,000	0	0	0	33,183	32,760
Community Bus Reserve	72,166	1,859	439	7,000		7,000	0	0	0	81,025	79,605
Furniture and Equipment Reserve	78,538	2,156	478	0		0	0	0	0	80,694	79,016
Health & Aged Care Reserve	691,647	9,276	4,209	65,000		0	(327,000)	0	0	438,923	695,856
Land & Housing Development Reserve	1,024,906	30,673	7,068	136,389		136,389	(420,000)	0	0	771,968	1,168,363
Kweda Hall Reserve	29,497	798	180	2,500		2,500	0	(15,500)	0	17,295	32,177
Land Development Reserve	136,389	0	0	0		0	(136,389)	0	(136,389)	0	(0)
Madison Square Units Reserve	18,703	467	114	6,000		6,000	0	0	0	25,170	24,817
Municipal Buildings & Facilities Reserve	236,375	5,004	1,439	87,000		0	(74,000)	0	0	254,379	237,814
Plant and Vehicle Reserve	664,198	11,601	4,042	210,000		0	(265,000)	(7,000)	0	613,799	668,240
Railway Station Reserve	29,497	798	180	86,356		86,356	0	0	0	116,651	116,033
Rehabilitation & Refuse Reserve	53,610	1,920	326	62,000		62,000	0	0	0	117,530	115,936
Road and Bridge Infrastructure Reserve	432,174	8,689	2,630	70,000		0	(113,094)	0	0	397,769	434,804
Saddleback Building Reserve	52,782	1,294	321	1,500		1,500	0	0	0	55,576	54,603
Sewerage & Drainage Infrastructure Reserve	259,113	6,942	1,577	101,932		101,932	0	0	0	367,987	362,622
Sport & Recreation Reserve	15,663	412	95	10,000		10,000	0	0	0	26,075	25,758
Townscape and Footpath Reserve	51,707	717	315	50,000		0	(39,000)	0	0	63,424	52,022
Developer Contribution - Roads	2,635	63	16	0		0	0	0	0	2,698	2,651
Water Harvesting Reserve	42,239	860	257	1,500		0	(10,000)	(24,000)	0	10,599	42,496
Brookton Aquatic Reserve	66,841	1,966	407	60,000		60,000	0	0	0	128,807	127,248
Cash Contingency Reserve	97,171	2,694	591	60,000	16,798	60,000	0	0	0	176,663	157,762
Independent Living Units Reserve	0	633	0	145,000		0	(80,000)	0	0	65,633	0
	<b>4,274,596</b>	<b>94,813</b>	<b>25,858</b>	<b>1,299,377</b>	<b>16,798</b>	<b>670,877</b>	<b>(1,464,483)</b>	<b>(46,500)</b>	<b>(136,389)</b>	<b>4,174,601</b>	<b>4,834,942</b>

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 6: CAPITAL DISPOSALS AND ACQUISITIONS**

Original Budgeted Profit(Loss) of Asset Disposal			Disposals	Actual Profit(Loss) of Asset Disposal			
Net Book Value	Proceeds	Profit (Loss)		Net Book Value		Proceeds	Profit (Loss)
38,712	40,000	1,288	PT7 Mitsubishi Tandem Truck	\$		\$	\$
13,817	15,000	1,183	PT13 Isuzu Single Axle Truck			0	0
13,236	10,000	(3,236)	PU30 2016 Mitsubishi Triton Ute			0	0
38,670	41,818	3,149	PAV115 2016 Toyota Prado	38,670		41,818	3,149
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
<b>104,435</b>	<b>106,818</b>	<b>2,384</b>	<b>Totals</b>	<b>38,670</b>		<b>41,818</b>	<b>3,149</b>

Comments - Capital Disposal

Summary Acquisitions				
	Budget	Amended Budget	Actual	Variance
<b>Property, Plant &amp; Equipment</b>	\$		\$	\$
Land and Buildings	960,000	960,000	15,961	944,039
Plant & Equipment	357,000	405,485	103,330	302,154
Furniture & Equipment	75,000	75,000	0	75,000
<b>Infrastructure</b>				
Roadworks & Bridge Works & Footpaths	922,686	952,639	22,990	929,649
Parks & Gardens	0	0	0	0
Sewerage & Drainage	10,000	10,000	0	10,000
<b>Totals</b>	<b>2,324,686</b>	<b>2,403,124</b>	<b>142,281</b>	<b>2,260,843</b>

Comments - Capital Acquisitions

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 7: INFORMATION ON BORROWINGS**

					Principal 1-Jul-18 \$	New Loans \$	Principal Repayments		Principal Outstanding		Interest Repayments	
Particulars	Loan Purpose	Due Date	Term (yrs)	Rate (%)			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Self Supporting Loans												
*Loan 78 Senior Citizen's Homes	Construction of Mokine Cottages	17/06/2024	15	6.74	104,011	-	-	14,595	104,011	89,416	(306)	6,767
*Loan 79 Multifunctional Family Centre	Purchase of the Building	1/08/2020	15	5.82	23,154	-	4,369	8,865	18,785	14,288	115	1,220
	Extension and Refurbishment of the											
*Loan 82 Country Club	Club House	15/11/2027	20	6.95	257,013	-	-	19,889	257,013	237,124	(2,281)	17,523
Governance												
Loan 75 Administration	Shire Office Renovations	3/08/2026	25	6.46	51,806	-	2,335	4,745	49,471	47,061	287	3,271
Education & Welfare												
Loan 80 Kalkarni Residency	Kalkarni Residence	1/02/2026	25	5.63	80,511	-	4,053	8,220	76,458	72,291	388	4,419
Housing												
Loan 80 Staff Housing	Staff Housing	1/02/2026	25	5.63	132,843	-	6,687	13,563	126,156	119,280	640	7,291
Community Amenities												
Loan 80 Sewerage	Sewerage Extension	1/02/2026	25	5.63	56,358	-	2,837	5,754	53,521	50,604	272	3,093
Transport												
Loan 80 Grader	New Grader	1/02/2026	25	5.63	132,843	-	6,687	13,563	126,156	119,280	640	7,291
Recreation and Culture												
Loan 81 Sport & Recreation	Recreation Plan	1/11/2027	20	6.95	639,122	-	-	49,459	639,122	589,662	(5,673)	43,574
					1,477,660	-	26,968	138,653	1,450,692	1,339,007	(5,918)	94,449

(\*) Self supporting loan financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.

**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 8: CASH AND INVESTMENTS**

	Interest Rate	Unrestricted \$	Restricted \$	Trust \$	Investments \$	Total Amount \$	Institution	Maturity Date
(a) <b>Cash Deposits</b>								
Municipal Cash at Bank - Operating Account	0.00%	370,187				370,187	Bendigo	
Municipal Cash at Bank - Cash Management Account	0.70%	1,767,013				1,767,013	Bendigo	
Municipal Cash at Bank - Independent Living Units	1.00%	177,389				177,389	Bendigo	
Trust Cash at Bank	0.00%			33,653		33,653	Bendigo	
(b) <b>Term Deposits</b>								
Reserves	2.40%		4,834,942			4,834,942	Bendigo	02/01/2019
Les McMullen Trust								
(c) <b>Investments</b>								
Bendigo Bank Shares					10,000	10,000		
<b>Total</b>		2,314,588	4,834,942	33,653	10,000	7,193,183		

**Comments/Notes - Investments**

**Investment Management Strategy for Kalkarni Bonds**

The total bond/RAD amounts (\$4,025,726.82) as at 30/09/18 are invested by Baptistcare with NAB for a term of 3 months at the rate of 1.97% with a maturity date of 19th September 2018.

**Amendments to original budget since budget adoption. Surplus/(Deficit)**

Classifications Pick List
Operating Revenue
Operating Expenses
Capital Revenue
Capital Expenses
Budget Review
Opening Surplus(Deficit)
Non Cash Item



**Shire of Brookton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 10: TRUST FUND**

Funds held at balance date over which the Shire has no control and which are not included in this statement are as follows:

Description	Opening Balance For the Period 1 July 2018	Amount Received	Amount Paid	Closing Balance For the Period Ended 31 October 2018
	\$	\$	\$	\$
Housing Bonds	1,200	0	0	<b>1,200</b>
Other Bonds	13,270	6,960	(5,940)	<b>14,290</b>
Rates Incentive Prize	200	0	(200)	<b>0</b>
Staff AFL Tipping	0	0	0	<b>0</b>
Les McMullen Sporting Grants	0	0	0	<b>0</b>
Gnulla Child Care Facility	3,073	0	0	<b>3,073</b>
Wildflower Show Funds	1,240	0	0	<b>1,240</b>
Kalkarni Resident's Accounts	0	0	0	<b>0</b>
Public Open Space Contributions	13,820	0	0	<b>13,820</b>
Developer Road Contributions	(1)	0	0	<b>(1)</b>
Unclaimed Money	30	0	0	<b>30</b>
	<b>32,833</b>	<b>6,960</b>	<b>(6,140)</b>	<b>33,653</b>

**1. Developer Road Contributions are:**

T129 Allington - Grosser Street -\$1.00 Rounding

Road Contributions are required to be transferred out of Trust into Reserve/Muni for designated purpose.

**2. Public Open Space Contribution:**

T148 - Paul Webb \$13,820

Contribution to be retained in Trust as required under the Planning and Development Act 2005.

It is to be investigated whether funds can be applied against POS projects such as the Robinson Street Development.

**3. Gnulla Child Care Facility**

This is an aged transaction. Consider transferring funds to Muni once a designated project has been identified.

**4. Housing Bond**

Bond is to either be refunded, expended or transferred to the Bonds Authority.

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**Kalkarni Aged Care Facility**  
**For the Period Ended 31 October 2018**

**Note 11: Kalkarni Aged Care Facility**

	Note	Adopted Annual Budget	Amended Budget - Nov OCM	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a) 9	Var. % (b)-(a)/(b) 9	Var.
<b>Operating Revenue</b>		\$		\$	\$	\$	%	
Fees & Charges		787,261	787,261	262,420	283,941	21,521	8.20%	
Grants & Subsidies		3,257,080	3,257,080	1,085,693	1,020,801	(64,892)	(5.98%)	
<b>Total Revenue</b>		<b>4,044,341</b>	<b>4,044,341</b>	<b>1,348,114</b>	<b>1,304,743</b>	<b>(43,371)</b>	<b>(3.22%)</b>	
<b>Operating Expenses</b>								
Building Maintenance		0	0	0	0	0	0.00%	
Interest Expenses		(4,960)	(4,960)	(1,653)	(388)	1,265	(76.52%)	
Insurance Expenses		(13,772)	(13,772)	(13,772)	(13,772)	0	(0.00%)	
Building Maintenance		(53,370)	(53,370)	(17,790)	(307)	17,483	(98.27%)	
Loss on Sale of Asset		0	0	0	0	0	0.00%	
Depreciation		(100,458)	(100,458)	(33,486)	(34,513)	(1,027)	3.07%	▼
ABC Administration Expenses		(49,811)	(49,811)	(16,604)	(14,209)	2,394	(14.42%)	
Contract Expenses		(3,450,650)	(3,450,650)	(1,150,217)	(1,249,592)	(99,376)	8.64%	
<b>Total Expenses</b>		<b>(3,673,021)</b>	<b>(3,673,021)</b>	<b>(1,233,522)</b>	<b>(1,312,781)</b>	<b>(79,260)</b>	<b>(6.43%)</b>	
<b>Operating Surplus (Deficit)</b>		<b>371,320</b>	<b>371,320</b>	<b>114,592</b>	<b>(8,038)</b>	<b>(122,630)</b>	<b>107%</b>	▼
<b>Excluding Non Cash Adjustments</b>								
Add back Depreciation		100,458	100,458	33,486	34,513	1,027	3.07%	▼
Adjust (Profit)/Loss on Asset Disposal		0	0	0	0	0	0.00%	
<b>Net Operating Surplus (Deficit)</b>		<b>471,778</b>	<b>471,778</b>	<b>148,078</b>	<b>26,474</b>	<b>(121,604)</b>	<b>(82.12%)</b>	
<b>Capital Revenues</b>								
KBC Capital Income		304,936	304,936	101,645	82,312	(19,333)	(19.02%)	
Transfer from Reserves		327,000	327,000	0	0	0	0.00%	
<b>Total</b>	5	<b>631,936</b>	<b>631,936</b>	<b>101,645</b>	<b>82,312</b>	<b>(19,333)</b>	<b>(0)</b>	
<b>Capital Expenses</b>								
Land and Buildings	6	(320,000)	(320,000)	(106,667)	0	106,667	0.00%	
Plant and Equipment	6	0	0	0	0	0	0.00%	
Furniture and Equipment	6	0	0	0	0	0	0.00%	
Repayment of Debentures	7	(8,220)	(8,220)	(3,888)	(4,053)	(165)	0.00%	
Transfer to Reserves	5	(74,276)	(74,276)	(24,759)	(4,209)	20,549		
<b>Total</b>		<b>(402,496)</b>	<b>(402,496)</b>	<b>(135,313)</b>	<b>(8,262)</b>	<b>127,051</b>		
<b>Net Capital</b>		<b>229,440</b>	<b>229,440</b>	<b>(33,668)</b>	<b>74,050</b>	<b>107,718</b>	<b>(319.94%)</b>	
<b>Closing Funding Surplus(Deficit)</b>		<b>701,218</b>	<b>701,218</b>	<b>114,410</b>	<b>100,524</b>	<b>(13,886)</b>		

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**WB Eva Pavilion by Nature and Type**  
**For the Period Ended 31 October 2018**

**Note 12 WB Eva Pavilion Operating Statement**

NOTE	2018/19 Adopted Budget \$	2018/19 YTD Budget \$	2018/19 YTD Actual \$	Variance YTD Budget vs YTD Actual \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Hire Fees - WB Eva Pavilion	4,200	1,400	1,195	(205)
Sporting Club Fees	5,500	1,833	1,986	153
Gymnasium Income	11,060	3,687	3,098	(588)
	<b>20,760</b>	<b>6,920</b>	<b>6,279</b>	<b>(641)</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs	(7,740)	(2,580)	(1,649)	931
Materials and Contracts	(51,970)	(17,323)	(6,776)	10,548
Utilities	(4,200)	(1,400)	(661)	739
Interest Expenses	(47,917)	(15,972)	5,673	21,645
Insurance	(5,600)	(1,867)	(4,565)	(2,698)
General Operating Expenses	(8,443)	(2,814)	(2,215)	599
Gymnasium Operating	(10,350)	(3,448)	(1,136)	2,312
	<b>(125,870)</b>	<b>(41,957)</b>	<b>(10,192)</b>	<b>31,765</b>
	<b>(105,110)</b>	<b>(35,037)</b>	<b>(3,913)</b>	<b>31,124</b>
<b>NET RESULT</b>	<b>(105,110)</b>	<b>(35,037)</b>	<b>(3,913)</b>	<b>31,124</b>

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**Sewerage Programm by Nature and Type**  
**For the Period Ended 31 October 2018**

**Note 13 Sewerage Operating Statement**

NOTE	2018/19 Adopted Budget \$	2018/19 YTD Budget \$	2018/19 YTD Actual \$	Variance YTD Budget vs YTD Actual \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Sewerage Connection Fees and Charges	1,590	1,590	590	(1,000)
Annual Sewerage Rates	184,575	184,575	188,526	3,951
	<b>186,165</b>	<b>186,165</b>	<b>189,116</b>	<b>2,951</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs	(841)	(280)	(605)	(324)
Materials and Contracts	(56,310)	(18,770)	(5,902)	12,868
Utilities	(6,950)	(2,317)	(3,319)	(1,002)
Depreciation	(53,420)	(17,807)	(13,415)	4,392
Interest Expenses	(3,472)	(1,157)	(272)	886
Insurance	(237)	(237)	(237)	0
General Operating Expenses	(1,012)	(337)	(599)	(262)
Allocation of Adminstration Expense	(34,271)	(11,424)	(754)	10,670
	<b>(156,513)</b>	<b>(52,329)</b>	<b>(25,102)</b>	<b>27,227</b>
	<b>29,652</b>	<b>133,836</b>	<b>164,014</b>	<b>30,178</b>
Add Back Depreciation	53,420	17,807	13,415	(4,392)
Non-Operating Grants, Subsidies & Contributions	-	-	-	-
Profit on Asset Disposals	-	-	-	-
Loss on Asset Disposals	-	-	-	-
Transfer to Sewerage and Drainage Reserve	101,932	33,977	101,932	135,909
Transfer from Sewerage and Drainage Reserve	-	-	-	-
<b>NET RESULT</b>	<b>185,004</b>	<b>185,620</b>	<b>279,362</b>	<b>161,696</b>

The Shire's Asset Management Plan (adopted at the 2016 August OCM) details required renewal expenditure of \$1.482m over the ten year period 2016 - 2027. The Shire's Long Term Financial Plan includes the following planned renewal expenditure:

2016/17 - 47,680  
2017/18 - 100,000  
2018/19 - 100,000  
2019/20 - 100,000  
2020/21 - 100,000  
2021/22 - 100,000  
2022/23 - 100,000  
2023/24 - 100,000  
2024/25 - 100,000  
2025/26 - 150,000  
2026/27 - 400,000

**Total - 1,397,680 or approx. \$140k per annum**

The Sewerage Scheme should be self funding, that is, the capital replacement cost should be amortised over the life of the infrastructure, and funded from the annual sewerage rates. Council should consider a charging model that provides for an annual transfer to the Sewer Reserve, which is equivalent to the required annual renewal expenditure i.e. \$148k per annum. As a minimum, revenue from the Scheme should cover all operating expenditure including depreciation, meaning a minimum transfer to Reserve of \$88k.

**STATEMENT OF FINANCIAL ACTIVITY**  
**Brookton Caravan Park and Brookton Acquatic Centre**  
**For the Period Ended 31 October 2018**

	Note	Adopted Annual Budget 2017/18	Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a) 9	Var. % (b)-(a)/(b) 9
<b>Note 14 (a): Brookton Caravan Park</b>		\$		\$	\$	\$	%
<b>Operating Revenue</b>							
Caravan Park Fees		40,000	40,000	13,333	11,251	(2,082)	(15.62%)
<b>Total Revenue</b>		<b>40,000</b>	<b>40,000</b>	<b>13,333</b>	<b>11,251</b>	<b>(2,082)</b>	<b>(15.62%)</b>
<b>Operating Expenses</b>							
Brookton Caravan Park		(28,561)	(28,561)	(9,520)	(10,122)	(601)	0.00%
Caravan Park Depreciation		(1,029)	(1,029)	(343)	(352)	(9)	2.48%
Caravan Park Abc Administration Expenses		(36,765)	(36,765)	(12,255)	(10,488)	1,767	0.00%
<b>Total</b>		<b>(66,355)</b>	<b>(66,355)</b>	<b>(22,118)</b>	<b>(20,961)</b>	<b>1,157</b>	<b>5.23%</b>
<b>Operating Surplus (Deficit)</b>		<b>(26,355)</b>	<b>(26,355)</b>	<b>(8,785)</b>	<b>(9,710)</b>	<b>(925)</b>	<b>-11%</b>
<b>Excluding Non Cash Adjustments</b>							
Add back Depreciation		1,029	1,029	343	352	9	2.48%
<b>Net Operating Surplus (Deficit)</b>		<b>(25,326)</b>	<b>(25,326)</b>	<b>(8,442)</b>	<b>(9,359)</b>	<b>(917)</b>	<b>10.86%</b>
<b>Note 14 (b): Brookton Acquatic Centre</b>							
<b>Operating Revenue</b>							
POOL FEES & CHARGES		10,500	10,500	2,625	985	(1,640)	0.00%
POOL GRANTS & SUBSIDIES		0	0	0	0	0	0.00%
<b>Total Revenue</b>		<b>10,500</b>	<b>10,500</b>	<b>2,625</b>	<b>985</b>	<b>(1,640)</b>	<b>0</b>
<b>Operating Expenses</b>							
POOL EMPLOYEE COSTS		0	0	0	0	0	#DIV/0!
POOL GENERAL OPERATING EXPENSES		(96,298)	(96,298)	(32,099)	(18,161)	13,938	(43.42%)
POOL BUILDING MAINTENANCE		(24,493)	(24,493)	(8,164)	(8,825)	(660)	8.09%
POOL Depreciation		(11,683)	(11,683)	(3,894)	(3,992)	(98)	2.50%
POOL Abc Administration Expenses		(28,492)	(28,492)	(9,497)	(8,128)	1,369	(14.42%)
<b>Total</b>		<b>(160,966)</b>	<b>(160,966)</b>	<b>(53,655)</b>	<b>(39,106)</b>	<b>14,549</b>	<b>27.12%</b>
<b>Operating Surplus (Deficit)</b>		<b>(150,466)</b>	<b>(150,466)</b>	<b>(51,030)</b>	<b>(38,120)</b>	<b>12,910</b>	<b>0%</b>
<b>Excluding Non Cash Adjustments</b>							
Add back Depreciation		11,683	11,683	3,894	3,992	98	0.00%
<b>Net Operating Surplus (Deficit)</b>		<b>(138,783)</b>	<b>(138,783)</b>	<b>(47,136)</b>	<b>(34,129)</b>	<b>13,007</b>	<b>0%</b>

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**Road Program**  
**For the Period Ended 31 October 2018**

**Note 15**

Description	Adopted Annual Budget	Amended Budget	YTD Actual	% Completed	Federal Funding		State Funding				Own Source Funding		
					R2R	Other	RRG	RRG Carryover	Direct Grant	FAGS	Reserve	Contributions	Muni
	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Town Street Maintenance	187,201	187,201	71,566	38%					77,855				109,346
Rural Road Maintenance	501,892	501,892	172,179	34%						158,505			343,387
Bridge Maintenance	27,944	27,944	27,944	100%									27,944
<b>R2R Work Schedule</b>													
Brookton - Kweda Road	30,386	30,386	1,937	6%	30,386								0
<b>Other Construction</b>													
Brookton - Kweda Road	6,014	35,967	0	0%									35,967
King Street	103,824	103,824	0	0%							103,824		0
Reynolds Street	9,280	9,280	0	0%							9,280		0
Boyagarra Road	154,273	154,273	0	0%									154,273
Noack Street	89,189	89,189	0	0%									89,189
<b>RRG Approved Projects</b>													
York - Williams Road	490,720	490,720	21,052	4%			490,720						0
	<b>1,600,723</b>	<b>1,630,676</b>	<b>294,679</b>	<b>18%</b>	<b>30,386</b>	<b>0</b>	<b>490,720</b>	<b>0</b>	<b>77,855</b>	<b>158,505</b>	<b>113,104</b>	<b>0</b>	<b>760,106</b>

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**Capital Works Program**  
**For the Period Ended 31 October 2018**

**Note 16**

Description	Adopted Annual Budget	Amended Budget	YTD Actual	% Completed	Capital Funding				
					Muni	Grants	Reserves	Sale of Assets	Total Funding
	\$	\$	\$		\$	\$	\$	\$	\$
Admin Replacement Airconditioner Units Ceo & Dceo Office	8,000	8,000	3,844	48%	8,000				8,000
Admin Reception Remodel	20,000	20,000	0	0%	20,000				20,000
Kalkarni Capital Works	320,000	320,000	0	0%			320,000		320,000
Inde Reroofing Of White St Units	80,000	80,000	5,750	7%			80,000		80,000
New staff house - Kurnnong Estate	420,000	420,000	0	0%			420,000		420,000
Cemetery New Niche Wall And Shelter	23,000	23,000	3,600	16%	23,000				23,000
Multipurpose Courts Drainage And Remarking	15,000	15,000	0	0%	15,000				15,000
Playground Oval Area	36,000	36,000	2,768	8%			36,000		36,000
Wb Eva Pavilion Refurbishment	38,000	38,000	0	0%			38,000		38,000
Admin Officer Furniture	6,000	6,000	0	0%	6,000				6,000
Admin Synergy Records Module	22,000	22,000	0	0%	22,000				22,000
Admin Server Upgrade	40,000	40,000	0	0%	40,000				40,000
Additional table and chairs	7,000	7,000	0	0%	7,000				7,000
Skope Double Door Fridge	7,000	7,000	0	0%	7,000				7,000
Light Vehicles and Trucks	350,000	350,000	0	0%	85,000		265,000		350,000
ADMIN Purchase CEO Vehicle	0	48,485	48,485	100%			7,000	41,485	48,485
ADMIN PURCHASE MO VEHICLE	0	0	20,801		20,801				20,801
ADMIN PURCHASE MIRS VEHICLE	0	0	34,045		34,042				34,042
York-Williams Road	490,720	490,720	21,052	4%		490,720			490,720
Brookton-Kweda Road	30,386	30,386	1,937	6%		30,386			30,386
Noack Street	89,189	89,189	0	0%	89,189				89,189
Brookton-Kweda Road	6,014	35,967	0	0%	6,014	29,935			35,949
King Street	103,824	\$103,824.00	0	0%			103,824		103,824
Reynolds Street	9,280	9,280	0	0%			9,280		9,280
Boyagarra Road	154,273	154,273	0	0%	154,273				154,273
Robinson Rd FP Upgrades and Memorial Park FP	39,000	39,000	0	0%			39,000		39,000
Happy Valley Bore Field	10,000	10,000	0	0%			10,000		10,000
	<b>2,324,686</b>	<b>2,403,124</b>	<b>142,281</b>	<b>6%</b>	<b>537,319</b>	<b>551,041</b>	<b>1,328,104</b>	<b>41,485</b>	<b>2,457,949</b>

2,403,124 Budget Capex Schedule  
1,865,805 Variance - Grants & Reserves Funding  
537,319 Muni Funding

**Note 17**

**Shire of Brookton**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**Grants, Subsidies and Contributions Register**  
**For the Period Ended 31 October 2018**

Funding Provider	Project	Operating/Non-Operating	Adopted Annual Budget	Amended Budget OCM	Amount Applied For	Amount Approved	Amount Invoiced/Received	% Received
Federal Government	KBC Grants & Subsidies	Subsidy	\$ (3,257,080)	\$ (3,257,080)	Recurrent	\$ (3,257,080)	\$ (1,020,801)	31%
Department of Water	ENVIR Gants & Subsidies	Subsidy	-			-	-	0%
Main Roads WA	Regional Road Group	Non Operating	(490,720)	(490,720)		(490,720)	(130,604)	27%
Federal Government	Roads to Recovery	Non Operating	(30,386)	(30,386)		(30,386)	-	0%
WA Grants Commission	GPG Grants Commission - General	Operating	(291,210)	(325,988)	Recurrent	(325,988)	(399,297)	122%
WA Grants Commission	GPG Grants Commission - Roads	Operating	(158,158)	(158,505)	Recurrent	(158,158)	(226,424)	143%
WA Grants Commission	GPG Grants Commission - Bridges	Operating	-	(50,025)		(50,025)	(12,506)	25%
DFES	ESL Grant - Emergency Services Levy - Operating	Operating	(16,100)	(16,100)	Recurrent	(16,100)	(1,320)	8%
Main Roads WA	Direct Grant	Operating	(47,902)	(77,855)	Recurrent	(77,855)	(77,855)	100%
			<b>(4,291,556)</b>	<b>(4,406,659)</b>		<b>(4,406,312)</b>	<b>(1,868,808)</b>	<b>42%</b>



## 13.11.18 GOVERNANCE

### 13.11.18.01 ENDORSEMENT OF BUSINESS PLAN - DISPOSAL OF LOT 511 ON DEPOSITED PLAN 406799 WHITTINGTON STREET BROOKTON

<b>File No:</b>	2731
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	Lot 511 on Deposited Plan 406799 Whittington Street Brookton
<b>Name of Applicant:</b>	Shire of Brookton
<b>Name of Owner:</b>	Shire of Brookton
<b>Author/s:</b>	Ian D'Arcy – Chief Executive Officer
<b>Authorising Officer</b>	As above
<b>Declaration of Interest:</b>	The author has no interest in this matter
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Reports:</b>	N/A

#### Summary of Item:

This report primarily relates to:

- a) Disposal of Lot 511 by the Shire Council in accordance with legislative requirements;
- b) Endorsement of a Business Plan (incorporating a sworn property valuation) that supports a) above.

Importantly, the Council is required to prepare and endorse the Business Plan for public information and comment prior to proceeding with negotiation on the possible a sale of the property.

In summary, Lot 511 consists of:

- A 1.5 hectare parcel of land;
- The Kalkarni Residential Aged Care Facility, including the allocated 43 bed licences, associated infrastructure, plant, equipment and furniture;
- The Saddleback Medical Centre, also including associated infrastructure, plant, equipment and furniture.

A copy of the draft Business Plan is presented at **Attachment 13.11.18.01**.

**Figure 1** below (extracted from the Business Plan) illustrates the location of Lot 511 adjacent to the town oval within the Brookton townsite.

It is promoted that notice of the Council's intent to dispose of Lot 511 be publicly advertised for a period of six (6) weeks inviting submissions, and a community forum be convened during this time to address any questions and afford clarity (if required) on the matter.



**Figure 1:** Location Plan - Lot 511 Whittington Street Brookton

### **Description of Proposal:**

As above.

### **Background:**

Since the mid 90's Council has pro-actively supported the delivery of medical services and age care accommodation, with the initial construction of the Saddleback Medical Centre followed by the Kalkarni Residential Aged Care Facility in the year 2000 on Crown Reserve 43158.

Jumping ahead to 2016, the Council sought approval to excise the medical and age care facilities from the broader parent lot (Reserve 43158), with the view to creating a free-hold land parcel, being Lot 511. Upon this occurring, the Council then commenced formal proceedings to purchase Lot 511 from the State Government (land only), with the free-hold title granted to the Shire in early 2018.

As a consequence of the land purchase, Mr Chris Murphy (licenced valuer) from Knight Frank was engaged to value Lot 511, inclusive of all on site buildings, infrastructure, and operational licences. The Valuation Report prepared by Mr Murphy was completed in March 2018, and provides a detailed understanding of the land value, while also taking into account and explaining:

- The workings and associated complexity of the residential age care market;
- The current market value of the 43 bed residential age care licence, as a 'going concern';
- The limited value of the Saddleback Medical Centre as a non-commercial entity.

The Executive Summary of the Valuation Report is appended to the draft Business Plan – refer to **Attachment 13.11.18.01**. A completed copy of the Valuation Report (March 2018) can be presented to Councillors on request.

As part of the Council's deliberations in creating Lot 511 as a single entity, it had given consideration too:

- a) Selling the property to an appropriate aged care service provider;
- b) Removing an ever increasing risk tied to compliance of the aged care licences, where the provider needs to have detailed knowledge, expertise and resources;
- c) Yielding a financial return from the selling of Lot 511 with future use of these funds to benefit the Brookton Community.

Subsequently, further discussion has been entertained with Elected Members on the legislative requirements and options for disposing of the property, and in understanding the Valuation Report coupled to the draft Business Plan that forms the basis of this report.

In light of the above Council's consideration is now sought to progressing the disposal process in accordance with legislative requirements.

#### **Consultation:**

As mentioned, discussions have occurred with Elected Members at various briefing sessions. Further consultation is to be performed involving the broader community should Council endorse the officer recommendation below. It is a requirement under Section 3.59(4) of the *Local Government Act, 1995* for a public consultation period to be entertained inviting submissions from the broader community. On the basis of Council endorsing the draft Business Plan it is expected the public consultation/submission period would commence late November or early December 2018 and conclude on 31<sup>st</sup> January 2019.

#### **Statutory Environment:**

Council is obliged pursuant to Section 3.59 of the *Local Government Act, 1995* and Regulation 8A of the Local Government (Functions and General) Regulations 1996 to prepare a Business Plan before it commences negotiations on a major land transaction or a major trading undertaking.

The draft Business Plan provides:

- A detail description of the land involved;
- An understanding of market value as determined by professional valuer;
- The reasons for, and benefits from, selling the asset;
- The future allocation of the proceeds from the sale; and
- The process for community engagement and input.

More detail on the legislative framework is provided in Section 3.0 and 4.0 of the draft Business Plan.

#### **Relevant Plans and Policy:**

There are no relevant plans or policies that apply to this matter.

#### **Financial Implications:**

It is expected the sale of Lot 511 will yield between \$7.4 million - \$8.0 million dollars based on the sworn valuation that projects a value of \$5.12 million for the property, and \$2.25 million for the bed licences. However, these values are subject to negotiation and mutual acceptance by the vendor and purchaser in order for the property to be sold.

Although there is no current budget allocation for the proceeds, the receipt of this amount of money may very well require an expenditure and investment strategy to be adopted by Council. Importantly, Council will need to manage the allocation of funds from the sale in a responsible and diligent manner whilst being mindful of possible implications, including:

- Impact on current and future recurrent grant funding;

- Whole of life costs for any new infrastructure and services; and
- Fettering the decision making of future Councils.

In consideration of this, the draft Business Plan advocates that proceeds from the sale of Lot 511 should be allocated across three key streams, as listed below. The rationale for this approach is to spread the funds across areas of projected need, desired opportunity and future prosperity.

1. Asset Preservation and Replacement Fund – This fund is to accommodate a percentage of the proceeds from the sale of Lot 511, with the interest generated (through investment) being placed in existing 'cashback' reserves set up for the purpose of maintaining, repairing and replacing Shire assets in accordance with the Council's Asset Management Framework.
2. Innovations Fund – This fund is to support and complement the Shire's Integrated Planning and Reporting (IPR) Framework that consists of the Community's Strategic Community Plan and Council's Corporate Business Plan, inclusive of the 'Innovations Pathway' and various other integrated plans of the Shire. The funding will notionally be used as investigative, seed and/or leverage funding for initiatives and projects endorsed by Council and subsequently listed in the Corporate Business Plan.
3. Future Fund – The Future Fund is primarily set aside for investment using some funds realised from the sale Lot 511 for future benefit. It is anticipated this fund will take the form of a trust account (or similar) with the initial amount allocated being preserved in perpetuity and the interest earned compounding and being re-invested. The fund will be managed by independent trustees appointed by Council.

It is suggested the percentage (%) of funding allocated will be determined by Council in consideration of the following factors:

- Financial projection (forecasting) in the long term based on condition assessment and 'whole of life' cost applied to Shire assets;
- Allocation of funding (current) in 'cashback' reserves weighted against condition assessment and 'whole of life' projection for specific key assets;
- Success (or otherwise) of the 'Innovations Pathway' process accounting for number and type of qualified projects and the Council's acceptance, including involvement as the facilitator or proponent;
- Capacity (resources) to deliver and achieve positive outcomes for the local community, ideally through a partnering mentality;
- Community sentiment and opinion on prioritisation of projects and standards of service delivery projected forward.

#### **Risk Assessment:**

At this stage, there is minimal risk associated with endorsement of the draft Business Plan.

However, there are a number of risks broadly associated with this matter that Council should be cognisant of:

1. Residential Aged Care Licence – With Council being the current licence holder, it is ultimately responsible for the delivery of quality age care accommodation and a high level of care for residents that reside at Kalkarni, notwithstanding the current contractual management arrangement assigned to Baptistcare to operate the facility. This presents a high risk for Council, as residential aged care is not a core business of Local Government, and the is Shire well

equipped with specialised skills, understanding and knowledge given the increasing complexity and compliance required within the age care sector. The sale of Lot 511 as a going concern will remove the current liability that Council currently carries.

2. Loss of Home Care and GP Medical Services – In selling Lot 511 there is a risk, albeit slight, that home care and general practice medical services may diminished should the purchaser not view these services as part of their business model, or they view these services as not economically viable. Presently, the Council provides generous subsidy for these services to be provided. However, from informal discussions with Baptistcare it is understood that these services will likely be retained and possibly enhanced.
3. Community Opposition – Paramount to the Business Plan is the view of the local and broader community on disposal of Lot 511. Should strong opposition be received the Council will then need to consider the other risks detailed in this report.
4. Expenditure vs Investment – There is an apparent risk in receiving a large sum of money. The expenditure and investment of these funds can present some difficulty and a real challenge. Importantly, striking a balance between community sentiment and expectation; not adversely affecting current grant income; and delivering on the needs of ‘today’ weighted against the aspirations for ‘tomorrow’ present both a risk and challenge for Council.
5. Failed Negotiations - Should negotiations fail with Baptistcare (current service provider) to purchase Lot 511 at an agreed value, Council may lose the opportunity for a relatively seamless transition of ownership and recurrent operations. This then presents a risk of possible disruption and may generate the need to consider options, be it continuing with the sale, or alternatively leasing or retaining the property.

#### **Community & Strategic Objectives:**

This proposal relates to delivery of core business and services detailed in the Shire of Brookton Corporate Compendium – May 2018, duly appended to the Next Generation BROOKTON Corporate Business Plan <2021.

Specifically, the proposed disposal of Lot 511 aligns to:

#### *Function 4 Property Management*

##### *Action 4.3 – Assess Residential Age Care and Medical Facility Tenure*

#### *Function 19 Risk Management*

##### *Action 19.3 – Implement Risk Mitigation Measures*

#### **Comment**

A couple of comments are offered from an officer perspective in relation to this matter:

- a) Council being technically responsible for residential age care, is not ideal. The age care sector is specialised and therefore requires a high level of skill and knowledge. While the Deputy Shire President and Deputy CEO do have considerable experience and understanding in this area, should they not extend beyond their current tenure with the organisation, it is highly probable the Shire will struggle to manage the service, particularly at a time when there is increasing governance and accountability within this industry.

- b) The operations of Kalkarni to a degree is constrained by the local government practices. This at times has proven challenging for Baptistcare to align the Shire's internal and external local government controls, where there has and continues to be a level of non-compliance, particularly with regard to the protocols of procurement and building maintenance.
- c) The pending sale of Lot 511 to Baptistcare as a dedicated and experienced age care provider will ensure continuity of service, while presenting further opportunity for Council to work with the incumbent on expanding service delivery to potentially become a Regional Wellness Hub.
- d) While the buildings and infrastructure on Lot 511 is relatively sound, there will continue to be mounting pressure on the Shire to maintain and upgrade the age care facility and medical centre over time at considerable cost to the Brookton ratepayers. On projection this may prove onerous and difficult to achieve long term, given other competing interests from an asset management perspective.
- e) The opportunity to realise a sizable financial return from the sale of Lot 511, while retaining the current services is attractive and viewed as a 'win' for the Shire, as this will allow Council to allocate funds to areas of need and where deemed appropriate for the betterment of the Brookton community. However, Council will also need to be diligent in its approach to managing these funds to ensure the best outcomes can be achieved for the immediate term and into the future.

Therefore, in light of the above and taking into account the risks associated with this matter, it is promoted that Council endorse the draft Business Plan and proceed to serve notice of its intent to dispose of Lot 511 Whittington Street, Brookton with public submissions being invited on this proposal.

#### **OFFICER'S RECOMMENDATION**

***That Council, pursuant to Section 3.59 the Local Government Act, 1995:***

- 1. Endorse the draft Business Plan for a Major Land Transaction and Trading Undertaking involving the proposed disposal (sale) of Lot 511 Whittington Street, Brookton (including the Kalkarni Residential Aged Care Facility and Saddleback Medical Centre), as presented in Attachment 13.11.18.01 to this report; and***
- 2. Proceed with State wide public notice of the its intent and availability to obtain the Business Plan of this proposal in the Western Australian Newspaper, through local print and electronic media, and the convening of a public meeting inviting submissions to be received over a minimum six (6) week period to conclude 31<sup>st</sup> January 2019, with the results to be brought back to Council.***

(Simple majority vote required)

#### **Attachments**

**Attachment 13.11.18.01**





## Business Plan

### Major Land Transaction and Trading Undertaking

Disposal of Lot 511 Whittington Street Brookton

(Kalkarni Residential Aged Care Facility and Saddleback Medical Centre)



November 2018

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## 1.0 Introduction

This Business Plan relates to the Shire Council potentially entering into a major land transaction and trading undertaking involving the disposal of Lot 511 Whittington Street Brookton. Lot 511, inclusive of land, buildings (that serve as the Saddleback Medical Centre and Kalkarni Aged Care Residential Facility) and aged care provider (bed) licence is currently owned by the Shire of Brookton.

The Medical Centre is presently occupied by Silver Chain (WA) under a 'peppercorn' lease arrangement, and Dr Adebayo of the Beverley Medical Practice through a contractual service agreement with the Shire. The Residential Aged Care Facility is managed on behalf of Council by Baptistcare Inc. (WA), also through a contractual service agreement.

The Business Plan has been prepared in accordance with Section 3.59 of the *Local Government Act (1995)* to facilitate opportunity for members of the community to consider and respond on the proposal prior to the Council formally determining the matter.

### 1.1 Background

The Shire of Brookton is a small traditional broad-acre farming community located within the Central Wheatbelt Region of WA, some 140km south-east of the Perth Central Business District (CBD).

Typical of most other Wheatbelt communities, Brookton has experienced a slow level of population decline over the years coupled with an ever increasing age in the local population. This together with closure of the Brookton Hospital prompted the Shire Council in late 90's to pursue the development of a Residential Aged Care Facility and a small Medical Centre to support the needs of the local community.

As a result, the Kalkarni Residential Aged Care Facility was constructed in 2003, and thereafter extended to accommodate a 43 aged care bed licence. Over the past 12 years this facility has been operated and managed through a formal service agreement between the Shire of Brookton and Baptistcare Inc. (WA).

Adjoining the Aged Care Facility on the same site is the Saddleback Medical Centre, constructed in 1994. This Centre has for many years accommodated a medical practitioner offering to the local community general practice services two days per week. Also housed in the Saddleback Facility is the Silver Chain Group. This organisation affords a comprehensive range of Commonwealth Home Care Support Services to local residents.

While the Council is mindful of the importance of these services to the local community, is also cognisant that provision of such services is not core to the business of Local Government. Rather, the provision of health and age care services commands a specialist approach that generally extends beyond the scope, expertise and capacity of a small Local Government.

Accordingly, the Shire Council has formed the view that in the interests of preserving, and ideally enhancing, the delivery of health and age care services it is opportune to on sell the Kalkarni and Saddleback facilities to a suitable health and age care provider.

## 1.2 Purpose of the Report

The purpose of the Business Plan is:

- To provide the opportunity for the community to provide comment on the Business Plan;
- Outline in detail the asset that forms the basis of this proposal;
- Outline the intended use of funds yielded from any disposal of the asset; and
- Demonstrate compliance with the requirements of the *Local Government Act (1995)* and any other relevant legislation.

## 2.0 Land Tenure, Planning and Development

### 2.1 Description of Landholding and Ownership

The Saddleback and Kalkarni developments were initially constructed on Crown Reserve 43158, being Lot 456 on Land Administration Plan 21214 which has the dedicated purpose of '*Recreation, Tourism, Health, Civic and Community Purposes*'.

In 2016 the Council sought to excise a required 1.429 hectares of land from Reserve 43158 as a 'fee simple' allotment to accommodate the Saddleback and Kalkarni developments. This resulted in Reserve 43158 being subdivided in 2017 that now reflect Lots 510, 511 and 512 created on Deposited Plan 406799.

With Lot 510 representing the predominant portion of Crown Reserve 43158, Lot 511 accommodates the existing Aged Care and Medical Centre developments owned by the Shire, while Lot 512 is set aside as an extension to Whittington Street to facilitate vehicle access to Lot 511.

For illustration purposes, **Figure 1** below provides an understanding of the location of Lot 511. **Figure 2** presents a copy of Deposited Plan 406799.

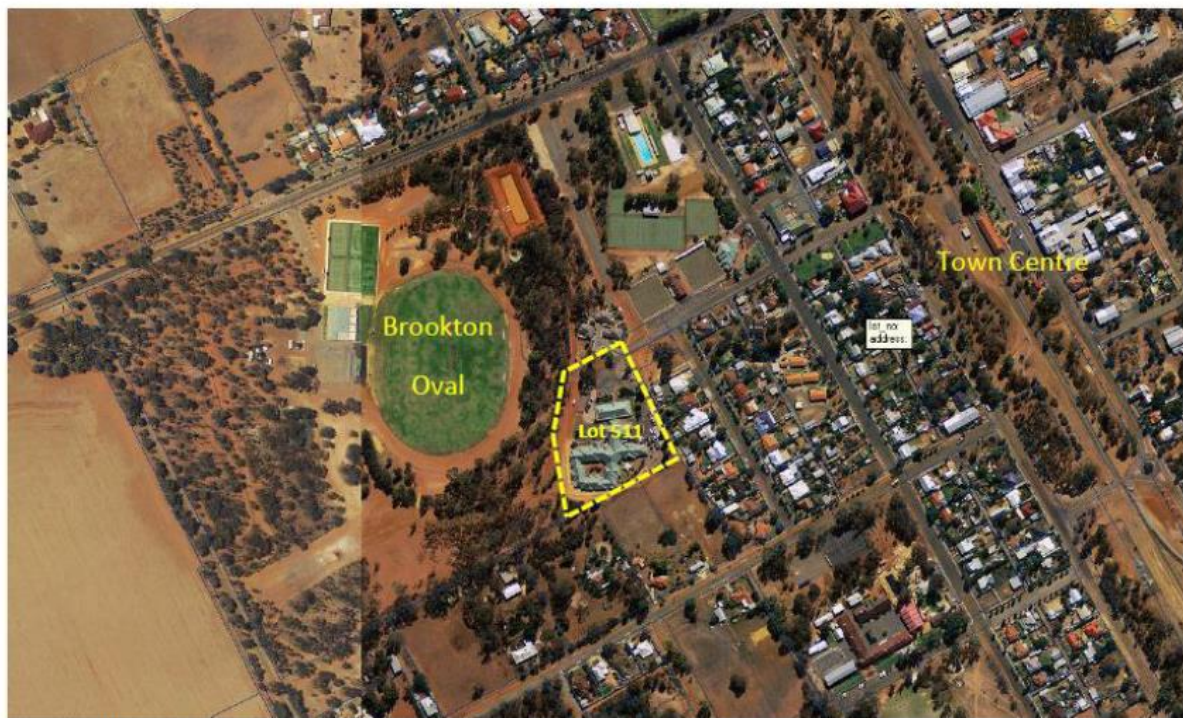


Figure 1: Location Plan - Lot 511 Whittington Street Brookton

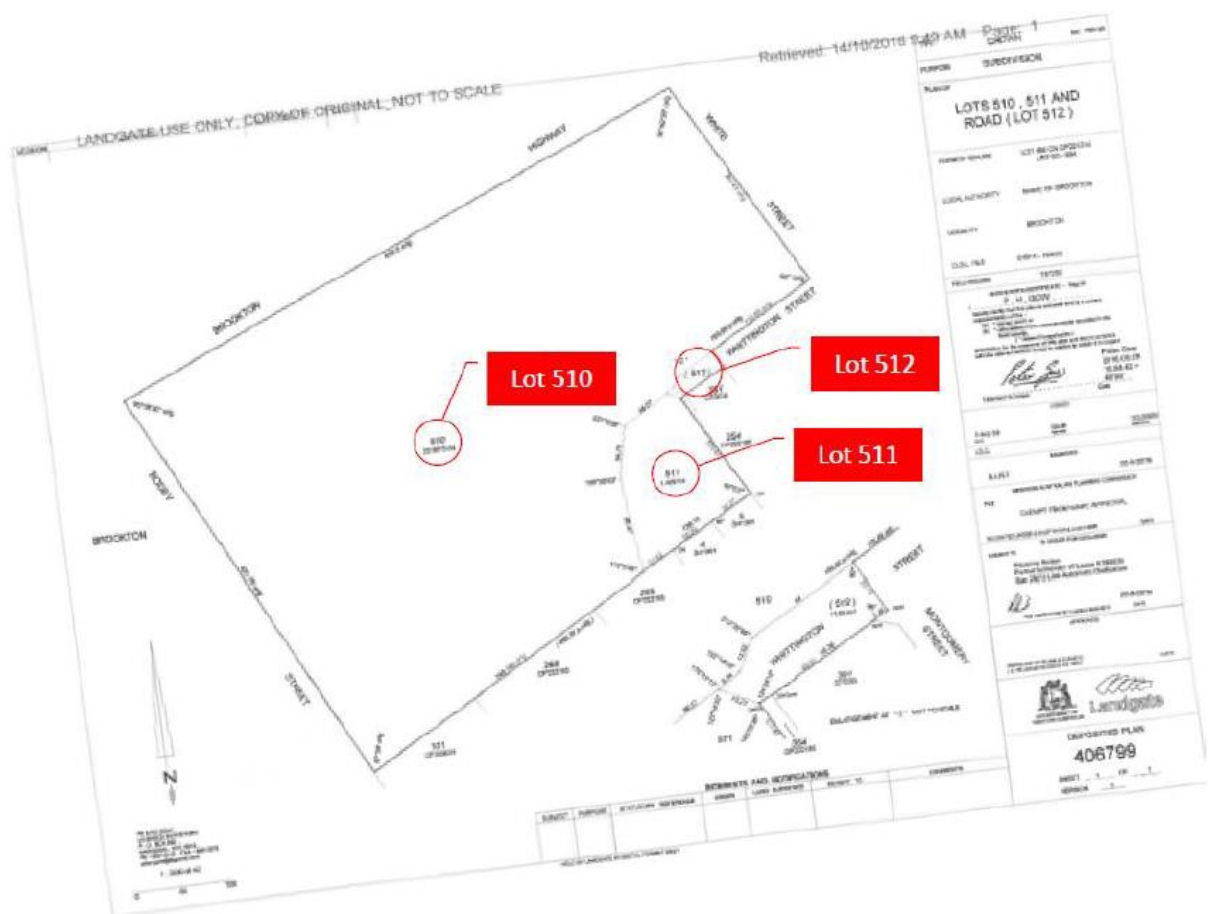


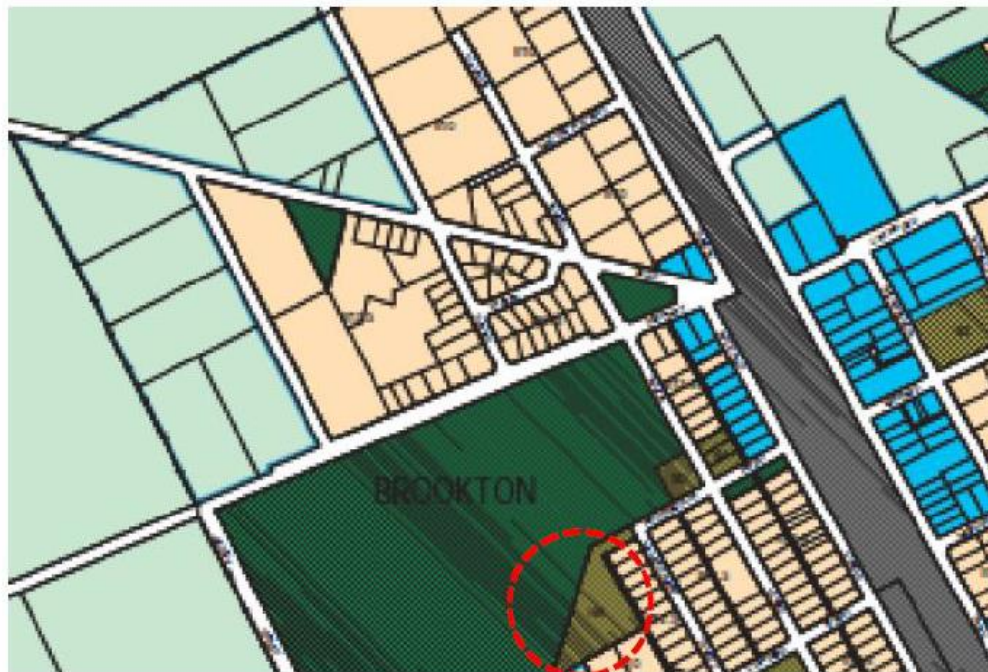
Figure 2: Deposited Plan 406799



## 2.2 Zoning and Reservation

Lot 511 is reserved as 'Community Purposes' with a denotation of 'Hostel Accommodation' under the current Town Planning Scheme (TPS) No. 3.

This is illustrated in **Figure 3** below, being an extract from the zoning map from TPS No.3.



### LOCAL SCHEME RESERVES

	CONSERVATION		RECREATION
	PUBLIC PURPOSES		ROAD
	PUBLIC PURPOSES (DENOTED AS FOLLOWS)		
C	CEMETERY		
CC	COMMUNITY CENTRE		
ED	EFFLUENT DISPOSAL		
H	HOSPITAL		
HA	HOSTEL ACCOMMODATION		
M	MUSEUM		
MD	DEPOT - MAIN ROADS		
P	POLICE STATION		
SC	SCHOOL SITE		
SD	DEPOT - SHIRE		
SH	SHIRE HALL		
SO	SHIRE OFFICE		
	RAILWAY		

**Figure 3:** Extract of Zoning Map – Town Planning Scheme No.3

Further, the Shire has a draft Local Planning Scheme No.4 that seeks to amend the zoning of Lot 511 from 'Community Purpose' to 'Special Use' zone. This change is to better reflect the current development and use of the property for

medical and age care services. Table 2 of draft Local Planning Scheme No.4 below details the uses permitted on Lot 511.

**Table 2**

***Special use zones in Scheme area***

No.	Description of land	Special use	Conditions
SU1	Lot 511 Whittington Street and its successors in title.	Aged Persons Accommodation; Community purpose; Medical Centre;	All uses other than existing uses shall be subject to application for the local government's planning consent.

- (1) *A person must not use any land, or any structure or buildings on land, in a special use zone except for a class of use that is permissible in that zone and subject to the conditions that apply to that use.*

## 2.3 Existing Development

The existing development contained within Lot 511, includes:

- a) Kalkarni Residential Age Care Facility – This facility was first constructed in 2003 and extended twice in subsequent years to yield:
- ✓ A gross floor area of some 2,773 m<sup>2</sup>
  - ✓ Total of forty three (43) bed places:
    - 32 being approved high care
    - 11 set aside for low care
    - 5 double bed rooms with no ensuite
    - 26 single bedrooms - shared ensuite
    - 7 single bedrooms - own ensuite
  - ✓ All accommodation distributed across three wings
  - ✓ A communal external court yard areas
  - ✓ An internal sitting room and dining area
  - ✓ A large (main) commercial kitchen
  - ✓ commercial laundry on-site manager's residence at rear of main building
  - ✓ car parking and circular turn around area to front of the building – refer to **Figure 4**.

The following photos providing an understanding of the standard of this facility.



b) Saddleback Medical Centre - The Medical Centre was constructed in 1994 and consists of:

- ✓ A central reception/waiting area
- ✓ Total of seven (7) consulting rooms
- ✓ A kitchen/lunch room informal meeting room
- ✓ An office
- ✓ Disabled ablution amenities
- ✓ Store rooms and a utility room
- ✓ Small car parking area to front of Medical Centre.







Both facilities are shown in **Figure 4** below.



**Figure 4:** Aerial Photo illustrating location of Saddle Back Medical Centre and Kalkarni Residential Aged Care Accommodation Facility

## 2.4 Utilities and Services

Lot 511 is serviced by:

- A reticulated town water supply to potable drinking water standards (Water Corporation);
- A reticulated mains power supply (Western Power) supported by a photovoltaic system (solar) and back-up 100 kVA automatic diesel generator (Shire).
- A land line and mobile telecommunications network (Telstra), with ability to connect to a fixed wireless broad band service (NBN).
- A hybrid effluent disposal system (Shire).

## 2.5 Existing Management and Tenure Arrangements

The Kalkarni Residential Aged Care Facility has operated since 2003, initially under the auspice of the Shire until July 2007 when it subsequently reverted to Baptistcare Inc. (WA). This management arrangement is based on terms of a contractual service agreement with the Shire Council. The service agreement is presently structured on payment of an annual management fee (Perth CPI indexed) and a 50% profit/loss share arrangement between the Shire and Baptistcare Inc. (WA). The current service agreement is scheduled to expire on 30<sup>th</sup> June 2019 with Council having the option to extend for a further a further twelve (12) month period.

The Shire also has a contractual service agreement with Adebayo Services Pty Ltd for provision of General Practice Medical Services for a minimum two days per week provided form the Saddleback Medical Centre. This arrangement is as an extension to the Beverley Medical Practice that has been in place since 1<sup>st</sup> December 2011, and is fully funded by the Shire on an annual payment basis. Similarly, this agreement is to expire on 30<sup>th</sup> June 2019, with the option to extend for a further year at the Council's discretion.

Additionally, the Saddleback Medical Centre accommodates the Silver Chain Nursing Association Inc. This not for profit organisation delivers home care services to residents within the Shire of Brookton and surrounding districts. The current tenure arrangement with Silver Chain is structured on a formal lease agreement at a 'peppercorn' rental of one dollar a year, with all routine maintenance and cleaning covered by Silver Chain. The last iteration of the lease ensures this agreement aligns to the time frame of the other service contracts to achieve a common expiry date and period of extension, if required.

## 2.6 Surrounding Development

Lot 511 is surrounded by a number of land uses and development illustrated in **Figure 5** that includes:

- Residential housing immediately to the east and south;
- The Brookton oval, sport pavilion and tennis courts to the north-west;



- Senior citizen units adjoining to the north;
- Men's Shed building (*fmr.* Bowling Club) to the north-east, with Shire Administration Office adjacent.

It is assessed the surrounding land use and development is compatible with the existing Age Care and Medical Centre developments.



Figure 5: Aerial illustration of Surrounding Land Use and Development

## 3.0 Legislation

### 3.1 Creation of Business Plan

Pursuant to Section 3.59(2) and Section 3.59(3) of the *Local Government Act 1995* (the Act), a Local Government is required to prepare a Business Plan before it commences a major trading undertaking, enters into a major land transaction, or enters into a land transaction that is preparatory to entry into a major land transaction. In interpreting these Sections of the Act, Section 3.59(1) prescribes the following definitions:

**major land transaction** means a land transaction other than an exempt land transaction if the total value of —

- (a) *the consideration under the transaction; and*
- (b) *anything done by the local government for achieving the purpose of the transaction, is more, or is worth more, than the amount prescribed for the purposes of this definition;*

**major trading undertaking** means a trading undertaking that —

- (a) *in the last completed financial year, involved; or*
- (b) *in the current financial year or the financial year after the current financial year, is likely to involve,*

*expenditure by the local government of more than the amount prescribed for the purposes of this definition, except an exempt trading undertaking;*

Also, when considering the above there is a need to reference the Local Government (Functions and General) Regulations, 1996. Specifically, Regulation 8A states:

- (1) **The amount prescribed for the purposes of the definition of *major land transaction* in section 3.59(1) of the Act is —**
  - 1. *if the land transaction is entered into by a local government the district of which is in the metropolitan area or a major regional centre, the amount that is the lesser of —*
    - (i) *\$10 000 000; or*
    - (ii) *10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year;*

Or
  - 2. *if the land transaction is entered into by any other local government, the amount that is the lesser of —*
    - (i) *\$2 000 000; or*
    - (ii) *10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year.*

Applicable to the Shire of Brookton is Regulation 8A(1)(b) based on the sworn valuation for Lot 511, provided as Appendix 1. This valuation indicates a greater dollar value to be realised from the sale of Lot 511 than the minimum amounts prescribe under Regulation 8A(1)(b).

In light of this, the Council is required to prepare this Business Plan that offers an overall assessment of the major trading undertaking or major land transaction being entertained. Further, the Council is to canvas the views of the community prior to giving further consideration to the disposal of Lot 511.

Specifically, Section 3.59(4) of the Act states:



- (4) *The local government is to —*
- (a) *give state-wide public notice stating that —*
    - (i) *the local government proposes to commence the major trading undertaking or enter into the major land transaction described in the notice or into a land transaction that is preparatory to that major land transaction; and*
    - (ii) *a copy of the business plan may be inspected or obtained at any place specified in the notice; and*
    - (iii) *submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6 weeks after the notice is given;*
  - And*
  - (b) *make a copy of the business plan available for public inspection in accordance with the notice.*
- (5) *After the last day for submissions, the local government is to consider any submissions made and may decide\* to proceed with the undertaking or transaction as proposed or so that it is not significantly different from what was proposed.*

*\* Absolute majority required.*

## 3.2 Disposal of Property

Generally, the disposal of property by a local government must be performed in accordance with Section 3.58 of the *Local Government Act, 1995*.

In this context Section 3.58 specifies:

### 3.58. *Disposing of property*

- (1) *In this section —*
- dispose** *includes to sell, lease, or otherwise dispose of, whether absolutely or not;*
- property** *includes the whole or any part of the interest of a local government in property, but does not include money.*
- (2) *Except as stated in this section, a local government can only dispose of property to —*
- (a) *the highest bidder at public auction; or*
  - (b) *the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.*

- (3) *A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property —*
- (a) *it gives local public notice of the proposed disposition —*
    - (i) *describing the property concerned; and*
    - (ii) *giving details of the proposed disposition; and*
    - (iii) *inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given;*
  - and*
  - (b) *it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.*
- (4) *The details of a proposed disposition that are required by subsection (3)(a)(ii) include —*
- (a) *the names of all other parties concerned; and*
  - (b) *the consideration to be received by the local government for the disposition; and*
  - (c) *the market value of the disposition —*
    - (i) *as ascertained by a valuation carried out not more than 6 months before the proposed disposition; or*
    - (ii) *as declared by a resolution of the local government on the basis of a valuation carried out more than 6 months before the proposed disposition that the local government believes to be a true indication of the value at the time of the proposed disposition.*
- (5) *This section does not apply to —*
- (a) *a disposition of an interest in land under the Land Administration Act 1997 section 189 or 190; or*
  - (b) *a disposition of property in the course of carrying on a trading undertaking as defined in section 3.59; or*
  - (c) *anything that the local government provides to a particular person, for a fee or otherwise, in the performance of a function that it has under any written law; or*
  - (d) *any other disposition that is excluded by regulations from the application of this section.*

In this instance, notwithstanding the exemption under Section 3.58(5)(b), the intention of Council is to follow process stated Section 3.58(3) and (4) of the Act as outlined above.

### **3.3 Disposal of Age Care Licence**

As reflected in Section 4.3 of the Valuation Report (refer to Appendix 1) the licenced aged care places have been granted to the Shire of Brookton under Commonwealth Aged Care Act (1997), with accreditation to be maintained

through the Australian Aged Care Quality Agency ensuring the service is operating in accordance of the Aged Care Act.

The transfer of the residential age care places is to be enacted under this legislation, with the purchaser needing to be certified as suitably qualified and accredited to hold the forty three (43) allocated bed licence.

#### **4.0 Statutory Issues addressed by Business Plan**

Pursuant to Section 3.59(3) of the *Local Government Act, 1995* the Business Plan is required to address a number of matters in relation to services and facilities, as listed below. Accordingly, this section provides a response to each of these matters:

1. *Do the services and facilities integrate and coordinate with those provided by Governments or public bodies?*

The provision of general medical practice and residential age care accommodation services has for the past 18 years been integrated into the Shire's service delivery program. The Shire over this time initially operated the residential aged care for a period of 5 years, before engaging Baptistcare to manage this service on a daily basis. While this has proven effective over the past 11 years, it is no longer considered ideal for the Shire to be directly involved given the increase in compliance and associated complexity in relation to the provision of aged care and medical/health services.

To this end, the Council acknowledges that responsibility for age and medical care services extends beyond the general remit of Local Government core business, particularly at the scale of the Shire of Brookton, although it does recognise the importance of these highly specialised and regulated services to the local community.

Therefore, the Council is seeking to exit as the service provider yet ensure the provision of medical and age care services continue relatively unabated.

2. *Do the services and facilities duplicate to an inappropriate extent, with those provided by Governments, anybody or person, whether public or private?*

Quite simply the sale of Lot 511 will not result in duplication of services. The very nature of this proposal is to sell Lot 511 as a going concern, with the view that the medical and age care accommodation services continue to be provided. However, the Council does acknowledge the current contractors may or may not continue as the service providers.

3. *How can the Council itself be satisfied that the services and facilities are managed efficiently and effectively?*

The Council is seeking to entertain negotiations with Baptistcare in the first instance for the purchase Lot 511, with the view that current services continue to be delivered in a professional and seamless manner. This approach is reflected in the Valuation Report – Executive Summary provided as Appendix 1 to this Business Plan.

4. *What is the expected effect of the proposals on the provision of services and facilities provided by the Shire?*



The pending sale of Lot 511 as a going concern will result in continuation, if not improvement, of medical and age care services to the community, while similarly creating greater capacity for the Council to redirect resources and funds to other core services and management of assets. The funds received will also assist in addressing matters/projects identified as priority through the Council's Integrated Planning and Reporting Framework.

5. *What is the expected effect of the proposal on other persons providing services and facilities in the Shire?*

It is acknowledged that successful negotiation in the sale of Lot 511 and associated age care licences may result in the Silver Chain Group and Beverley Medical Practice not retaining tenure of their respective office and consulting/treatment areas within the Saddleback Medical Centre. This does not necessarily preclude their continued service delivery, but may require alternative premises to be secured in Brookton.

The Council has indicated a willingness to assist with advice should this situation arise.

6. *What is the expected financial effect on the Shire?*

On projection it is anticipated the Shire will benefit financially from the sale of Lot 511 with an expected return to the ratepayers of between \$7.4 million - \$8.0 million dollars. This projection is based on the sworn valuation for Lot 511 as a 'going concern', with the value assessed at \$7,370,000 excl. GST (\$5,120,000 property value and \$2,250,000 bed licences).

However, it is acknowledged by Council that disposal of assets are subject to negotiation and mutual acceptance by the vendor and purchaser.

7. *What is the expected effect of the proposal in relation to the Strategic Community Plan?*

The proposal to sell Lot 511 and associated age care licences will generate financial capacity for Council to better position delivery against the aspirations of the Strategic Community Plan, and deliver on projects identified in the Corporate Business Plan and assessed through the 'Innovations Pathway' that forms part of the Integrated Planning and Reporting Framework.

Further, it is recognised the sale of the asset as a going concern will continue to retain the service that satisfies 'Aspiration 5 – Older Population' of the BROOKTON 20, as detailed in the Shire of Brookton Strategic Community Plan 2017>.

8. *Has the Shire the ability to manage the service and facilities?*

With the Shire not seeking to increase its service delivery, but rather shift existing services to other organisations more equipped to do so, it is expected demands on Shire resources will reduce allowing for improvement in areas of core business delivery.

## 5.0 Financial Analysis and Allocation

The Valuation Report provided in Appendix 1 provides a detailed assessment and explanation of the current market value of the property, together with applicable operational licences for Lot 511.

In regard to the allocation of funds received by Council should the Lot 511 be sold, it is the Council's intention to prepare a financial strategy. It is envisaged that this strategy will be structured to create a number of distinct holding funds, with a percentage of the monies received from selling Lot 511 allocated to each fund, summarized below:

1. Asset Preservation and Replacement Fund – This fund is to accommodate a percentage of the proceeds from the sale of Lot 511, with accrued interest generated through investment being placed in existing 'cashback' reserves set up by Council for the purpose of maintaining, repairing and replacing Shire assets in accordance with the Council's Asset Management Framework.
2. Innovations Fund – This fund is to support and complement the Shire's Integrated Planning and Reporting (IPR) Framework that consists of the Community's Strategic Community Plan and Council's Corporate Business Plan, inclusive of the 'Innovations Pathway' and various other integrated plans for the Shire. It is envisaged the funding will notionally be used as investigative, seed or leverage funding for initiatives and projects endorsed by Council, and subsequently listed in the Shire's Corporate Business Plan.
3. Future Fund – The Future Fund is primarily set aside for investment using some funds realised from the sale Lot 511 for future benefit. It is anticipated this fund will take the form of a trust account (or similar) with the initial amount allocated being preserved in perpetuity, and the interest earned compounding and being re-invested. The fund will be managed by trustees appointed by Council.

The percentage (%) of funding allocated will be determined by Council in consideration of the following factors:

- Financial projection (forecasting) in the long term based on condition assessment and 'whole of life' cost applied to Shire assets;
- Allocation of funding (current) in 'cashback' reserves weighted against condition assessment and 'whole of life' projection for specific key assets;
- Success (or otherwise) of the 'Innovations Pathway' process accounting for number and type of qualified projects and the Council's acceptance, including involvement as the facilitator or proponent;
- Capacity (resources) to deliver and achieve positive outcomes for the local community, ideally through a partnering mentality;
- Community sentiment on prioritisation of projects and standards of service delivery.

## 6.0 Consultation

### 6.1 Statutory Requirement

Section 3.59 of the *Local Government Act (1995)* requires the Shire Council to advertise its intent to enter into any major land transaction and/or any major trading undertaking. The required notification must be done through State-wide advertising with a request for public submissions to be lodged with the Council.

Submissions received during a minimum six (6) week period will be considered by Council prior to any decision being made on the proposal.

A public forum will also be convened by Council during the consultation period to field questions and provide clarification on this proposal.

### 6.2 How to Make a Public Submission

Members of the public are invited to provide feedback to Council on this proposal by 4.00pm on Thursday 31<sup>st</sup> January 2019 using the submission form provided in Appendix 2 to this Business Plan.

All public submissions are to be posted to:

Chief Executive Officer  
Shire of Brookton  
P.O. Box 42  
Brookton WA 6306

Submissions may also be received across the counter at the Shire Administration Office or via email: [mail@brookton.wa.gov.au](mailto:mail@brookton.wa.gov.au)

Further information can be obtained by telephoning the Shire on 9642 1106.

## Appendices

### Appendix 1 - Valuation Report – Executive Summary (March 2018)

*Note – A full copy of Valuation Report is available from the Shire on request.*

### Appendix 2 - Submission Form





## Valuation Report

**Kalkarni Residency and Saddleback  
Medical Centre,  
Lot 511 Whittington Street, Brookton, WA**

23 March 2018

Under instruction from  
Shire of Brookton



Reference: V114/2018 CM

Knight Frank Australia Pty Ltd  
ABN 17 004 973 684

Level 10, Exchange Tower  
2 The Esplanade, Perth WA 6000  
Tel: +61 (0)8 9325 2533  
Fax: +61 (0)8 9325 6918

[www.knightfrank.com.au](http://www.knightfrank.com.au)

*Liability limited by a scheme approved under Professional Standards  
Legislation.*

## Executive Summary



Kalkarni Residency and Saddleback Medical Centre, Lot 511 Whittington Street, Brookton, WA	
Instructing Party	Mrs K D'Arcy Senior Governance Officer Shire of Brookton
Registered Owners	Shire of Brookton
Relying Party/Parties & Purpose of Valuation	<p>The valuation may be relied upon internal asset determination purposes only by the Shire of Brookton.</p> <p>We advise that we have carried out an inspection of the subject property and have undertaken market research with respect to the available sales and rental evidence, prepared our calculations and report formally herein. The valuation has been prepared in conformity with the Code of Professional Ethics and Conduct laid down by the Australian Property Institute.</p>
Interest Valued	<ol style="list-style-type: none"> <li>1. Current Market Freehold Going Concern Value, subject to the lease agreements detailed herein, assuming the management agreement for the aged care facility had expired as at the date of valuation.</li> <li>2. Market Value of the 43 allocated places (i.e. bed licences) attached to the Residential Aged Care Facility (RACF).</li> </ol> <p>Included in the amount of this valuation are the normal fixtures, fittings and furniture. This valuation is determined on the basis that the property, the title thereto and its use are not affected by any matter other than that mentioned within this report.</p>
Certificate of Title	Volume 2942 Folio 258 (Lot 511 on Deposited Plan 406799)
Encumbrances	Nil
Last sale	Not applicable within the previous 3 years.
Land Area	14,290 sqm (332 sqm per allocated place).
Building Area	<p>Kalkarni Residency 2,773 sqm (64.48 sqm per allocated place).</p> <p>Saddleback Medical Centre 243 sqm</p>
Zoning	<p>"Public Purposes - Hostel Accommodation" Shire of Brookton (Town Planning Scheme No.3)</p> <p><u>Draft Town Planning Scheme No.4</u></p> <p>"Special Use"</p>
RACS ID	7423
Approved Provider	Shire of Brookton
Aged Care Planning Region	Wheatbelt (Western Australia)
Description	<p>A purpose-built, single level medical centre and adjoining aged care facility located in the townsite of Brookton situated some 138 kilometres south-east of the Perth CBD with a permanent estimated population within the local authority of 975 persons.</p> <p>The Saddleback Medical Centre was constructed in 1994, incorporating a central reception and waiting area, 7 consulting rooms, a kitchen/lunch room, informal meeting area, office, disabled ablution amenities, store rooms and a utility room.</p> <p>The aged care facility incorporates 43 bed places within 41 accommodation rooms, with the bed licences attached to the site.</p>

<b>Tenancy Status</b>	A portion of the medical centre is leased to Silver Chain for a peppercorn rent, with the lease commencing on 1 July 2017 for a 2 year term, with a further 1 year option.
<b>Management status</b>	<p>The aged care facility has been operating under management by Baptistcare since July 2007, with the current management term commencing in 1 July 2017, expiring 30 June 2019 (with a further 1 year option).</p> <p>Management fees are currently \$156,648 per annum (with annual CPI review provisions), in addition to 50% of any operational surplus after payment of the annual fee.</p> <p><b>In keeping with your specific instructions, we have assumed the management agreement had been terminated as at the date of valuation.</b></p>
<b>Medical Services Contract</b>	<p>A portion of the medical centre is reserved as part of contractual agreement for medical services with a general practitioner (2 days per week), with the Shire of Brookton paying a fee of \$24,177.45 per annum (paid quarterly in advance).</p> <p>The contract incorporates annual CPI review provisions.</p> <p>There are no rental payments incorporated within the contractual agreement for the portion of the medical centre utilised by the general practitioner.</p> <p>The contract commenced on 1 December 2016, expiring 30 June 2019, incorporating an extension term of up to 1 year.</p>

<b>Valuation Details</b>	
<b>Valuation Methodology</b>	Capitalisation and Direct Comparison approaches.
<b>Date of Inspection</b>	23 March 2018
<b>Valuation Date</b>	23 March 2018

<b>Current Market Freehold Going Concern Value</b>	<b>\$5,120,000 (exclusive of GST)</b>	
<b>Valuation Analysis</b>	<p>The above assessment reflects:</p> <ul style="list-style-type: none"> <li>Maintainable EBITDAR (Ex DAP's.): \$842,900 (\$56.11/bed day)</li> <li>DAP's: \$75,332</li> <li>Going Concern Capitalisation Rate: 17.0%</li> <li>Going Concern Bed Rate: \$119,767/allocated place</li> </ul>	
<b>Current Bond/RAD Liability</b>	\$182,585	
<b>Net Realisable Value (Assumes Settles Net at Date of Valuation)</b>	<ul style="list-style-type: none"> <li>Gross Freehold Going Concern Value: \$5,150,000</li> <li>RAD/Bond Redeemable Value: (\$182,585)</li> <li>GP Contract Services Fees: (\$31,331)</li> <li>Net Realisable Value: \$4,935,000 (Rounded)</li> </ul>	

<b>Market Value of the 43 Allocated Places (i.e. Bed Licences)</b>	<b>\$2,250,000 (exclusive of any GST applicable)</b>	
<b>Valuation Analysis</b>	\$52,326/licence	

#### Key Points

- A well maintained, purpose built, co-located medical centre and aged care facility, which commenced operations during the 1994 calendar year and subject to extensions and renovations during the early 2000's.
- The Saddleback Medical Centre incorporates a central reception and waiting area, 7 consulting rooms, a kitchen/lunch room, informal meeting area, office, disabled ablution amenities, store rooms and a utility room.
- The Kalkarni Residency aged care facility provides a total of 43 licensed bed places, within 3 accommodation wings, which are attached to the site.
- Kalkarni Residency features 41 accommodation rooms incorporating single bedrooms with ensuites (7 rooms), single bedrooms with shared bathroom amenities (32 rooms), with the remaining 2 accommodation rooms providing "family accommodation" incorporating 2 beds and private ensuites.

#### Management Agreement (Kalkarni Residency)

- The aged care facility has operated under management with the approved aged care providers, Baptistcare, since July 2007, with the current management agreement commencing on 1 July 2017 for a 2 year term (expiring 30 June 2019), incorporating a 1 year option.
- Management fees are currently \$156,648 per annum (exclusive of GST), paid monthly in advance, together with a 50% share of any Operational Surplus or Deficit of the aged care facility calculated after payment of the Annual Fee. Management fees incorporate annual CPI fixed increases without market rent review provisions.
- In keeping with your specific instructions, we have assumed the management agreement had been terminated as at the date of valuation.

#### Silver Chain Lease Agreement (Saddleback Medical Centre)

- Relating to a portion of the medical centre, which commenced on 1 July 2017 for a 2 year term, incorporating a 1 year option.
- Peppercorn rent (without any rent review provisions)
- For the provision and administration of health and community services for local residents.

#### Contract for Provision of Medical Services

- Relating to a portion of the medical centre for the provision of medical services for local residents.
- Extension of contract commenced 1 December 2016, expiring 30 June 2019, incorporating a 1 year option.
- Initial Contract Price \$24,000 (inclusive of GST), payable 3 months in advance by 4 equal instalments.
- Agreed hours: 2 days (each of 7 hours).
- Contract Price incorporates annual CPI reviews.

#### Trading Performance & Profitability (Kalkarni Residency aged care facility)

- During the 3 previous financial periods, based on the trading accounts provided to us, the aged care facility has been progressively generating higher levels of profitability.

FYE	2015	2016	2017	2018 YTD	Annualised
Revenue	\$3,725,159	\$3,825,714	\$4,041,064	\$2,504,074	\$4,251,102
Average Occupancy	90.34%	94.04%	98.05%	99.19%	
Adjusted Expenses	\$3,636,303	\$3,523,138	\$3,464,140	\$2,051,186	\$3,482,246
EBITDA	<b>\$88,856</b>	<b>\$302,576</b>	<b>\$576,924</b>	<b>\$452,888</b>	<b>\$768,856</b>
% Revenue	2.39%	7.91%	14.28%	18.09%	

- The average residential care supplements within the facility (ACFI) during the financial year ending 30 June 2017 equated to \$187.16 per day. For the current financial year to date, the average ACFI equated to \$191.98 per day.
- We consider this funding is reflective of a well performing aged care facility with a competent, experienced management team.



### Critical Assumptions

- Knight Frank has made primary reliance on the trading accounts and documentation provided by the instructing party of this report. Any error or amendment may have a consequential impact on our assessment of Market Value and we reserve the right to amend our assessment of value accordingly.

### Important

*This valuation has been prepared in accordance with the Australia and New Zealand Banking Group Limited's reporting standards. The information in this summary is derived from and should be read in conjunction with the full context of our valuation report contained herein. Liability limited by a scheme approved under Professional Standards Legislation.*

### Assumptions, Conditions and Limitations

1. This report is prepared for the private and confidential use of the reliance party/parties named in Section 1.1 of this report, and only for the purpose outlined in Section 1.1. It should not be relied on by the nominated party/parties for any other purpose and should not be reproduced in whole or part for any other purpose without the express written consent of Knight Frank Valuations. Any party that is not named as a reliance party/parties may not rely on this report for any purpose and should obtain their own valuation before acting in any way in respect of the subject property.
2. This valuation may not be relied upon for mortgage security purposes by any other party without the express written approval/assignment by Knight Frank Australia Pty Ltd.
3. The valuation specifically may not be relied upon by any party in connection with any Managed Investment Scheme (within the meaning of the Corporation Law) which:
  - a) has as its prime or as a substantial purpose, the provision of tax benefits to investors; or
  - b) is involved in any form of direct or indirect investment in primary production including "property used for primary production".
4. This valuation is prepared on the assumption that the lender who relies on this valuation report (and no other) may rely on the valuation for first mortgage finance purposes, and the lender has complied with its own, as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio. This clause (Prudent Lenders Clause) only applies if the lender is not a lender regulated by the Banking Act of 1959.
5. Unless otherwise stated, all valuation figures stated herein are net of GST, are on a before tax basis, are before acquisition or selling expenses, and do not reflect any withholding amounts or impact upon sale proceeds that may apply under foreign investor transaction legislation (including under mortgage sale conditions).
6. Reliance on this report should only be taken upon sighting an original document that has been signed by the valuer and countersigned by a senior executive of Knight Frank Australia Pty Ltd. The counter-signatory verifies that this report is genuine and issued and endorsed by Knight Frank Australia Pty Ltd. The opinion of value expressed in this report, however, has been arrived at by the prime signatory acting as the valuer. Please note that the counter signatory has not inspected the subject property, and counter-signs this report only in his capacity as Director of Valuation/Consultancy for Knight Frank Australia Pty Ltd.
7. This valuation is current at the date of valuation only. The timing and extent of market movements is impossible to accurately predict and we do not attempt to do so. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements, or factors specific to the particular property as identified in this report. Losses resulting from such movement in value subsequent to the date of valuation are not foreseeable and we do not accept any duty to protect your financial interests against such movements in value.
8. In accordance with industry guidelines and requirements, Knight Frank Australia Pty Ltd cannot assign or confirm the original or initial valuation after the expiration of 3 months from the date of valuation. Any written assignment of the valuation by Knight Frank Australia Pty Ltd within this 3-month period is required to contain a statement that the valuer has not re-inspected the property nor undertaken further investigations or analysis since the original/initial valuation and accepts no responsibility for reliance upon the original/initial valuation other than as a valuation of the property at the original/initial date of valuation.
9. This valuation is conditional on there being no material change (including as a result of general market movements, or factors specific to the particular property) between the date of inspection, date of issue, and the date of valuation that would impact on the value of the subject property. Should such an event occur, the valuer should be contacted for comment prior to reliance upon the valuation.
10. This valuation is not intended to be used to provide financial advice, express or implied, and we confirm that the valuer and Knight Frank Australia Pty Ltd are not licensed to provide financial product advice under the Corporations Act 2001.

**Assumptions, Conditions and Limitations (cont'd)**

11. This valuation report is to be read in its entirety and in particular we draw your attention to the Important Notices, Disclaimers and Qualifications set out in the body of the report and the Assumptions, Conditions and Limitations section of the Executive Summary.
12. Any forecasts, including but not limited to, financial cash flow projections or terminal value calculations noted within this report are a valuation tool only undertaken for the purpose of assisting to determine the market value. No party may rely upon any financial projections or forecasts within this report on the understanding that they are undertaken for the specific purpose of determining the market value only and therefore should not be represented in any way as providing an indication of likely future profit or realisable cash flow.
13. Any objective information, data or calculations set out in the valuation will be accurate in so far as is reasonably expected from a qualified valuer, reflecting due skill, care and diligence.
14. The law of the Australian state in which a property is located will apply in every respect in relation to the valuation and the agreement with the client which shall be deemed to have been made in that state of Australia. In the event of a dispute arising in connection with a valuation, unless expressly agreed otherwise in writing by Knight Frank, the client, and any third party using the valuation, all will submit to the jurisdiction of the Australian Courts only. This will apply wherever the property or the client is located or the advice is provided.
15. This valuation includes real estate, plant and equipment.
16. We have been provided with financial information relating to the aged care facility by the instructing party and on preparing this report we have relied upon this information as being accurate. Should any of the information be found to be otherwise, then this report and valuation should be referred back for review and possible amendment.
17. The assessments of value herein are subject to, where appropriate, the following qualification:  
That the facilities Accreditation will not be revoked or suspended and that it will continue to meet and/or improve accreditation standards as monitored by the Australian Aged Care Quality Agency.

**Valuer's Details**


**CHRIS MURPHY FAPI**  
**Certified Practising Valuer**  
**Licensed Valuer No. 44039**  
**Director – Valuations & Consultancy**

**Important**

*All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.*

*This Executive Summary forms a part of and should not be used or read independently from the complete report. Particular attention is drawn to the Qualifications, Important Notices and Disclaimers included in this report.*



## Major Land Transaction and Trading Undertaking

### Submission Form

Disposal of Lot 511 Whittington Street Brookton  
(Kalkarni Residential Aged Care Facility and Saddleback Medical Centre)

Pursuant to Section 3.59(4) of the Local Government Act 1995

TO: **The Chief Executive Officer** (PO Box 42 Brookton 6306 or email [mail@brookton.wa.gov.au](mailto:mail@brookton.wa.gov.au))

#### SUBMISSION ON BUSINESS PLAN

Name: \_\_\_\_\_

Organisation / Company: (if applicable): \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Please indicate your position: Support ☐ Object ☐ Indifferent ☐

Please state your interests, concerns, objections or support, whether as a private citizen, or on behalf of a company or other organisation.

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Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Please attach additional comment if required.



<b>13.11.18.02</b>	<b>DRAFT PROCUREMENT POLICY NO. 2.36</b>
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<b>File No:</b>	N/A
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	N/A
<b>Author/s:</b>	Vicki Morris – Deputy Chief Executive Officer
<b>Authorising Officer:</b>	Ian D’Arcy – Chief Executive Officer
<b>Declaration of Interest:</b>	The author & authorising officer have no interest in this matter.
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

**Summary of Item:**

This policy has been developed in response to a discussion with Councillors in October 2018 where the issue of the current Buy Local Policy (Policy number 2.23) and the Purchasing Policy (Policy number 2.20) were discussed in relation to the interpretation of buying local, and current procurement procedures and policies overall.

This draft Policy 2.36 is an amalgam of both existing policies and has been developed to address the issue of overall procurement and purchasing locally, while complying with the current requirements under the *Local Government Act, 1995*; Local Government (Financial Management) Regulations, 1996; and the recent audit reports as issued by the WA Office of the Auditor General.

**Description of Proposal:**

This report recommends the adoption of a new Procurement Policy that better reflects the current procurement practices in line with the legislative requirements following the review of two current policies.

**Background:**

Review of the current Purchasing and Buy Local Policies has arisen as a result of concerns raised by local businesses, including a question from a member of the public at the October 2018 Ordinary meeting of Council where Mr Barry Coote asked a question about purchasing locally.

This led to a discussion with Councillors on the current issues being experienced by Shire staff in the procurement of good and services generally, and the application of the principles of value for money.

The role of procurement is to conduct activities where goods and services are procured from the right sources, at the right cost, with the right quality and quantity, and delivered on time and within budget to meet value for money for the Shire.

This means that any procurement or purchasing policy must not only guide the Shire in how it procures goods and services, but must also demonstrate accountability to ratepayers within the Shire that there is a best practice approach and documented procedures. Moreover, there must be consistency for all purchasing activities that apply across all areas of the Shire, and transparency in the way the Shire procures any goods or services.

In line with consistently in procuring good and services, the new draft policy allows the Shire to purchase from Disability Enterprises and Aboriginal business, where appropriate. This fulfils the Shire’s

obligations under Disability Action and Inclusion Plan (DAIP), and accords with Commonwealth and State procurement guidelines with respect to Aboriginal organisations.

The Shire of Brookton is also a member of the Small Business Friendly Local Government (SBFLG) initiative that commits the Shire to identifying and improving strategies in order to deliver better services, and build relationships with small business in Brookton. As an initiative to support small business the Shire has recently supported the establishment of a Business Advisory Group (chaired by Cr Walker) with the aim of possibly formulating, into the future, a Brookton Chamber of Commerce and Industry. As part of the Integrated Planning and Reporting process, 103 businesses were identified within Brookton with one of the aims of the Business Advisory group being a discussion on matters that directly affect business within Brookton. It should be noted that Small Business WA does not directly advocate buying locally, however, does endorse the principles of supporting small business where it can be demonstrated that local business can adhere to the principles and objectives of procurement and value for money as defined in this policy.

#### **Consultation:**

Consultation has been conducted with the all staff across the organisation as well as the Small Business Development Corporation WA.

#### **Statutory Environment:**

*Local Government Act 1995- Section 2.7(b)*

*Local Government (Financial Management) Regulations 1996*

Shire of Brookton Code of Conduct

WALGA Procurement Handbook

*WA State Records Act 2000*

Other legislation such as the *Corruption, Crime and Misconduct Act 2003* (CCC Act)

#### **Relevant Plans and Policy:**

Current policies:

Purchasing Policy – No 2.20

Buy Local Policy – No 2.23

#### **Financial Implications:**

While the intent is to provide clarity around how the Shire procures goods and services that achieve value for money, the proposed procurement policy changes the following financial aspects currently in the Purchasing Policy (2.20) and the Buy Local Policy (2.23).

<b>Current Clause</b>	<b>Proposed new clause</b>
Amount of Purchasing Threshold in Purchasing Policy 2.20 is \$2500.00	\$2000 – this is consistent with other local government procurement current practice.
Purchasing Policy 2.20 - Request where practical 2 written quotations for procurement up to \$29,999.	Request at least 3 written quotations after providing a brief outlining the specific requirements for purchases between \$2001 - \$29,999
Buy Local Policy 2.23 – Apply a 5% price preference for all quotation for goods and services over \$2000 up to a maximum \$150,000.	A 5% price preference to a maximum of \$10,000 in value applies to all goods for those suppliers that meet the eligibility requirements & The 5% price preference does not apply to the purchase of goods less than \$2000 in value.
Advertising in a State-wide paper is required upon proposed amendment of this policy.	Note – the Buy Local Eligibility definition of “local” is now defined as – locally based contractors and

There are no other changes to the general principles contained within this existing policy. Request for quotations from local business wherever possible will still be sought.	suppliers within a fifty (50) kilometre radius of the Shire of Brookton boundary.* * This means that suppliers and contractors who may have an office in neighbouring Shires such as Beverley or Pingelly would be considered “local”.
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#### **Risk Assessment:**

There is no significant risk in this new policy. The policy mitigates a number of risks currently in existence for the Shire such as clearly defining the instances where emergency purchases may be required, recording (as per the WA State Records Act 2000) information required to be kept, anti0-avoidance and so on. Moreover, the policy makes it clear that the principles of ethics and integrity apply to all persons (including elected members) undertaking purchasing activities for the Shire.

#### **Community & Strategic Objectives:**

This proposal generally aligns with the Shire of Brookton Corporate Compendium – Financial Management. Specifically, the draft Procurement Policy aligns to:

#### *Function 1 - Governance*

##### *Action 1.1 - Review of Policy Manual*

#### **Comment**

This Policy strengthens the way the Shire procures goods and services. It also clearly defines the requirements that all members and officers of the Shire should adhere to when procuring goods and/or services.

The new draft policy also seeks to redefine the way the Shire purchases goods and services in relation to clearly outlining the process and principals involved at all stages of procurement. This is in line with general verbal advice from the Office of the Auditor General that has highlighted the need for the Shire’s financial policies to better reflect the legislative frameworks in which the Shire operates, and the overall tightening of the processes used internally.

Therefore, it is viewed that this policy is the beginning of a much broader review of the Shire’s financial policies, given the auditing and governance requirements under which local government is now subjected to.

#### **OFFICER’S RECOMMENDATION**

***That Council pursuant to Section 2.7(2)(b) of the Local Government Act (1995) revoke Purchasing Policy No 2.20 and the Buy Local Policy No 2.23, and adopt the Procurement Policy No. 2.36 as presented in Attachment 13.11.18.02 to this report.***

#### **Attachments**

**Attachment 13.11.18.02**

## 2.36 PROCUREMENT POLICY

<b>Policy Owners:</b>	Chief Executive Officer		
<b>Policy Origin:</b>			
<b>Statutory Environment:</b>	<i>Local Government Act 1995 (as amended) sections 5.42, 5.44, 6.2(4a)</i> <i>Local Government (Financial Management) Regulations 1996, Part 4</i> <i>Corruption, Crime and Misconduct Act 2003 (CCC legislation)</i> <i>Shire of Brookton Code of Conduct</i>		
<b>Council Adoption:</b>	<b>Date:</b>		<b>Resolution #:</b>
<b>Last Amended:</b>	<b>Date:</b>		<b>Resolution #:</b>
<b>Review Date:</b>	Annually		

### Objective:

The objectives of this policy are to ensure all purchasing activities:

- Demonstrate that best value for money is attained for the Shire
- Are compliant with relevant legislation including any Acts and Regulations that apply to procurement
- Are documented and recorded in compliance with the *State Records Act 2000* and associated records and information management policies and procedures as adopted by the Shire from time to time
- Mitigate probity risk by establishing consistent and demonstrated processes that promote openness, transparency, fairness and equity to all potential suppliers,
- Deliver sustainable benefits such as environmental, social and local economic factors in the context of overall value for money assessment and
- Are conducted in a consistent and efficient manner across the Shire and that ethical decision making is demonstrated.

### Statement:

The Shire of Brookton (the Shire) is committed to delivering best practice in the procurement of goods, services and works that align with the principles of transparency, probity and good governance as promoted in the *Local Government Act 1995* and subsidiary regulations.

The procurement processes and practices to be complied with are defined within this Policy.

### Policy Scope:

This policy encompasses all procurement undertaken by the Shire.

### Ethics & Integrity

#### Misconduct

All employees of the Shire authorised to undertake purchasing activities must:

- Apply accountable and ethical decision making principles within the work environment

- Behave in accordance with legislation, the Shire of Brookton Code of Conduct and the Shire of Brookton adopted policies
- Understand and observe the definitions, guidelines and legislative obligations in the Corruption Crime and Misconduct Act 2003 and any Auditor General (WA) recommendations or guidelines as issued from time to time
- Report any information about actual or potentially fraudulent, corrupt or illegal activities including breaches of the Shire Code of Conduct to the CEO.

## **Purchasing Principles**

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure fair and equitable treatment of all parties:

- All purchases of goods and services must have an allocated Council budget prior to purchase
- Full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money
- All purchasing practices shall comply with relevant legislation, regulation and requirements consistent with the Shire's policies and Code of Conduct
- Purchasing is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and consistently
- All process, evaluation and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation,
- Any actual or perceived conflict of interest are to be identified, disclosed and appropriately managed.

## **VALUE FOR MONEY**

Value for money is determined when the consideration of price, risk and qualitative factors are assessed to determine the most advantageous outcome to be achieved for the Shire. As such, purchasing decisions must be made with greater consideration than obtaining lowest price, but also to incorporate qualitative and risk factors into the decision.

An assessment of the best value for money outcome for any purchasing process should consider:

- All relevant Total Costs of Ownership (TCO) and benefits including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance, supplier changeover costs and disposal;
- The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality, including but not limited to an assessment of levels and currency of compliances, value adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc.;
- Financial viability and capability and capacity to supply to the Shire without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);

- A strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable;
- The safety requirements associated with both the product design and specification offered by suppliers and the evaluation of risk when considering purchasing goods and services from suppliers;
- Purchasing of goods and services from suppliers that demonstrate sustainable benefits and good corporate social responsibility; and
- Providing opportunities for businesses within a fifty (50) kilometre radius of the Shire of Brookton municipal boundary are to be given the opportunity to quote for providing goods and services wherever possible and where the supplier can demonstrate compliance with the principles of this policy.

## **PURCHASING REQUIREMENTS**

### **Legislative / Regulatory Requirements**

The requirements that must be complied with by the Shire, including purchasing thresholds and processes, are prescribed within the Regulations, this Policy and associated purchasing procedures in effect at the Shire.

Purchasing that is \$150,000 or below in total value for the life of the contract (excluding GST) must be in accordance with the purchasing requirements under the relevant threshold as defined in this Procurement Policy. Purchasing that exceeds \$150,000 in total value for the life of the contract (excluding GST) must be put to public Tender when it is determined that a regulatory Tender exemption is not deemed to be suitable – refer to Purchasing Value Definition below.

### **Purchasing Value Definition**

Determining purchasing value is to be based on the following considerations:

1. Exclusive of Goods and Services Tax (GST);
2. The actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the Shire will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased. A best practice suggestion is that if a purchasing threshold is reached within three (3) years for a particular category of goods, services or works, then the purchasing requirement under the relevant threshold (including the tender threshold) must apply.

### **Purchasing from Existing Contracts**

Where the Shire has an existing contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows. When planning the purchase, the Shire must consult its Contracts Register through the Finance Team in the first instance before seeking to obtain quotes and tenders on its own accord.

## Purchasing Thresholds

The table below prescribes the purchasing process that the Shire must follow, based on the purchase value:

PURCHASE VALUE THRESHOLD	PURCHANSING REQUIREMENTS
Up to \$2000.00	<p>Purchase directly from a suppliers using a Purchase Order or Corporate Credit Card issued by the Shire or obtain at least one (1) oral or written quotation from a suitable supplier either from:</p> <ul style="list-style-type: none"> <li>• An existing panel of pre-qualifies suppliers administered by the Shire or</li> <li>• A pre-qualified supplier on the WALGA Preferred Supply Program or State Government Common Use Arrangement (CUA) or</li> <li>• From the open market</li> </ul> <p>A credit card will only be used as a last resort of payment for a good or service.</p>
Over \$2001 and up to \$30,000	<p>Request at least three (3) written quotations for suppliers after providing a brief, outlining the specified requirements either from:</p> <ul style="list-style-type: none"> <li>• An existing panel of pre-qualified suppliers administered by the Shire or</li> <li>• A pre-qualified supplier on the WALGA Preferred Supply Program or State Government Common Use Arrangement (CUA) or</li> <li>• From the open market</li> </ul> <p>Where the value of the procurement is considered high risk, the Officer shall seek advice from the CEO to establish if a formal contract process is required.</p> <p>Where three (3) written quotations cannot be provided, the Officer must provide written evidence of why quotations could not be provided. The Officer must also demonstrate that every attempt was made to source written or verbal quotations.</p>
Over \$30,001 and up to \$149,999	<p>Request at least three (3) written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy. The Finance Team shall facilitate the quotation process. Quotations within this threshold may be obtained from:</p> <ul style="list-style-type: none"> <li>• an existing panel of pre-qualified suppliers administered by the Shire; or</li> <li>• a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or</li> <li>• from the open market utilising the electronic tendering portal and placing an advertisement in the local paper.</li> </ul> <p>Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Shire through</p>

	the WALGA preferred supply program or State Government CUA) are not required to be invited using a Request for Quotation form, however at least three written quotes are still required to be requested.
\$150,000 and above	<p>Conduct a public tender process</p> <p>Where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender exempt arrangement, conduct a public Request for Tender process in accordance with Part 4 of the Local Government (Functions and General) Regulations 1996, this policy and the Shire's tender procedures. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p>

### Approval Limits

- The Chief Executive Officer has delegated authority from Council to undertake purchases of goods and services which are, or expected to be, up to the value of \$149,999.00
- The Chief Executive Officer may on delegate authority from Council to any employee to maintain efficient and effective purchasing operations.

### Tendering Exemptions

An exemption to publicly invite tenders may apply in the following instances:

- The purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement.
- The purchase is from a Regional Local Government or another Local Government;
- The purchase is acquired from a person registered on the WA Aboriginal Business Directory, as published by the Small Business Development Corporation, where the consideration under contract is worth \$250,000 or less and represents value for money;
- The purchase is acquired from an Australian Disability Enterprise and represents value for money;
- The purchase is from a pre-qualified supplier under a Panel established by the Shire; or
- Any of the other exclusions under Regulation 11 of the *Local Government (Functions and General) Regulations 1996* apply.

### Inviting Tenders under the Tender Threshold

Where considered appropriate and beneficial, the Shire may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the tender threshold. This decision should be made after considering the benefits of this approach in comparison with the costs, risks, and timeliness and compliance requirements and also whether



the purchasing requirement can be met through the WALGA Preferred Supply Program or State Government CUA.

If a decision is made to undertake a public Tender for contracts expected to be \$150,000 or less in value, the Shire's tendering procedures must be followed in full.

### **Sole Source of Supply**

Where the purchasing requirement is over the value of \$2,000 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process. This is only permitted in circumstances where the Chief Executive Officer of the Shire is satisfied and can evidence that there is only one source of supply for those goods, services or works. The Shire must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by the Chief Executive Officer, prior to a contract being entered into.

From time to time, the Shire may publicly invite an expression of interest to effectively determine that one sole source of supply still genuinely exists.

### **CEO Discretion**

Where it is not practical to obtain multiple written and/or verbal quotations for amounts between \$2,000 and less than \$150,000 the Chief Executive Officer may approve the purchase of goods and services where deemed appropriate after approving a written request from the Officer justifying the reasons for the purchase.

### **Anti-Avoidance**

The Shire shall not enter into two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender.

### **Emergency Purchases**

An emergency purchase is defined as an unanticipated and unbudgeted purchase which is required in response to an emergency situation as provided for in the Local Government Act 1995. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken. An emergency purchase does not relate to purchases not planned for due to time constraints. Every effort must be made to anticipate purchases required by the Shire in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.

### **Records Management**

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000* (WA).

### **Buy Local**

As much as practicable, the Shire will:

- Where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- Consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- Ensure that procurement plans address local business capability and local content; and
- Provide adequate and consistent information to potential suppliers.

### **Buy Local Eligibility**

- A preference is applicable to locally based contractors and suppliers within a fifty (50) kilometre radius of the Shire of Brookton boundary; and
- To qualify as a local contractor a supplier must have had a permanent office and staff within the fifty kilometre radius for a period of at least six (6) months prior to the closing date of the quotation/tender submission.

### **Price Preference for Local suppliers/contractors**

- A 5% price preference from \$2000 to a maximum of \$10,000.00 in value applies to all goods for those supplier(s) that meet the eligibility requirements (as above);
- Where the procurement is for goods for a period exceeding twelve (12) months, the 5% price preference from \$2000 to a maximum of \$10,000.00 shall be applied per annum.
- Price preference does not apply to the procurement of goods less than \$2000 in value.

### **Purchasing from Disability Enterprises & Aboriginal Businesses**

Pursuant to Part 4 of the *Local Government (Functions and General) Regulations* 1996, the Shire may purchase from Disability Enterprises and Aboriginal Business contingent upon demonstration of value for money.

## **PANELS OF PRE-QUALIFIED SUPPLIERS**

### **Objectives for Panels**

In accordance with Regulation 24AC of the *Local Government (Functions and General) Regulations* 1996, a Panel of Pre-qualified Suppliers ("Panel") may be created where most of the following factors apply:

- The Shire determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- There are numerous potential suppliers in the local and regional procurement related market sector(s) that satisfy the test of 'value for money';
- The purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- The Panel will streamline and will improve procurement processes; and

- The Shire has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The Shire will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

### **Establishing a Panel**

Should the Shire determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the *Local Government (Functions and General) Regulations* 1996. Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel. Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate by the Shire. Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.

Where a Panel is to be established, the Shire will endeavour to appoint at least two (2) suppliers to each category, on the basis that best value for money is demonstrated. In each invitation to apply to become a pre-qualified supplier (through a procurement process advertised through a state-wide notice), the Shire must state the expected number of suppliers it intends to put on the panel. Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under Regulation 24AD(5)(d) and (e) when establishing the Panel.

### **Distributing Work amongst Panel Members**

To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel of prequalified suppliers, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the Shire intends to:

- i. Obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases; and/or
- ii. Purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; and/or
- iii. Purchase goods and services on a rotational basis from each pre-qualified supplier and endeavour to provide an even amount of work amongst prequalified suppliers.

In considering the distribution of work among Panel members, the detailed information must also prescribe whether:

- a) Each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be awarded on the basis of value for money in every instance; and/or
- b) Service requests that are not possible to obtain a fixed price may be rotated between pre-qualified supplier(s) to obtain the most advantageous result for the Shire which may take into account the existing familiarity with a suppliers previous work on a specific Council asset; and/or

- c) Should the list of panel members be exhausted with no panel member accepting the offer to provide goods/services under the Panel, the Shire may then invite suppliers that are not on the panel to provide the goods/services in line with the purchasing thresholds. In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond twelve (12) months, which includes options to extend the contract.

### **Purchasing from the Panel**

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise. Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award communications must all be captured on the Shire's electronic records system. A separate file is to be maintained for each quotation process made under each Panel that captures all communications between the Shire and Panel members.

### **Recordkeeping**

Records of all communications with Panel members, with respect to the quotation process and all subsequent purchases made through the Panel, must be kept. For the creation of a Panel, this includes:

- The Procurement initiation document such as a procurement business case which justifies the need for a Panel to be created.

Procurement planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel including (but not limited to);

- Request for Applications documentation;
- Copy of public advertisement inviting applications;
- Copies of applications received;
- Evaluation documentation, including clarifications sought;
- Negotiation documents such as negotiation plans and negotiation logs;
- Approval of award documentation;

must be kept.

### **LEGISLATION AND OTHER REFERENCES:**

- *Local Government Act 1995*
- *Local Government Act (Financial Management) Amended Regulations 2015*
- *Local Government (Functions and General) Regulations 1996*
- *Shire of Brookton Code of Conduct*
- *Corruption Crime and Misconduct Act 2003*
- *State Records Act 2000*

### 13.02.18.03 APPOINTMENT OF AUTHORISED PERSON – MUNICIPAL RANGER

<b>File No:</b>	ADM 0582
<b>Date of Meeting:</b>	15/11/2018
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	N/A
<b>Author/s:</b>	Danni Chard – Customer Service and Administration Officer
<b>Authorising Officer:</b>	Ian D’Arcy - CEO
<b>Declaration of Interest:</b>	The author has no interest in this matter other than being responsible for the contractual arrangement with WA Contract Ranger Services
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

#### Summary of Item:

This Report addresses the need for an officer of WA Contract Ranger Services, Mr Morné W. Pfister, to be appointed as an Authorised Person under various legislation applicable to the function and jurisdiction of the Shire of Brookton.

Mr Pfister has experience as a Municipal Ranger having worked for the City of Wanneroo.

#### Description of Proposal:

As above.

#### Background:

It is a statutory requirement for the Shire’s Contract Officers to be duly authorised to exercise powers in accordance with relevant legislation, and therefore need Council authorization and appointment to do so. Without an official appointment, the Council cannot enable its legislative functions (particularly in the area of Ranger Services) to be delivered in a lawful manner.

Accordingly, with the employment of a new Ranger by WA Contract Ranger Services there is a need for Council to consider this report and grant authorisation to Mr Pfister.

#### Consultation:

Consultation has not been entertained in relation to this matter.

#### Statutory Environment:

The authorisations will enable Mr Pfister when working on behalf of the Shire to administer law enforcement under a range of legislation, including:

- Shire of Brookton Local laws (various)
- *Dog Act 1976*
- *Cat Act 2011*
- *Litter Act 1978*
- *Control of Vehicle (Off Road Areas) 1978*
- *Animal Welfare Act 2002*
- *Caravan and Camping Grounds Act 1995*
- Dogs (Restricted Breeds) Regulations 2002
- *Local Government Act (Miscellaneous Provisions) Act 1960*
- *Local Government Act 1995*
- *Road Traffic Act 1974*

- *Bushfires Act 1954*

and subsidiary legislation/regulations.

**Relevant Plans and Policy:**

Nil.

**Financial Implications:**

Nil.

**Risk Assessment:**

Without appropriate authorisation the Mr Pfister cannot effectively and lawfully perform his duties, placing the Local Government at risk of breaching its statutory responsibilities.

**Community & Strategic Objectives:**

This proposal relates to delivery of core business and services for the BROOKTON Community, and accordingly is listed in the Council Corporate Compendium May 2018, as follows:

**7 Ranger Services**

- 7.2 *Conduct firebreak inspections*
- 7.3 *Perform animal control and management*

**Comment**

It is considered an imperative that authorizations be granted to enable the WA Contract Ranger Services Officers to administer law enforcement under the various pieces of legislation as listed in the Statutory Section of this report.

**OFFICER'S RECOMMENDATION**

***That Council:***

1. ***Endorse WA Contract Ranger Services employee Morné Pfister as an authorised officer within the Shire of Brookton to effect the relevant provisions of the following legislation:***
  - ***Road Traffic Act 1974 (Road Traffic Code 2000) – Part 12***
  - ***Cat Act 2011 and Regulations***
  - ***Dog Act 1976 and Regulations***
  - ***Litter Act 1979 and Regulations***
  - ***Animal Welfare Act 2002***
  - ***Control of Vehicle (Off Road Areas) 1978 and Regulations***
  - ***Caravan and Camping Grounds Act 1995 and Regulations***
  - ***Dogs (Restricted Breeds) Regulations 2002***
  - ***Local Government Act 1995 and Regulations***
  - ***Local Government (Parking for Disabled Persons) Regulations 1988***
  - ***Local Government (Miscellaneous Portions) Act 1960***
  - ***Shire of Brookton Local Laws (various)***
  - ***Bushfires Act 1954***
2. ***Proceed to publish a notice in the local newspaper for this authorisation to take effect from the Monday 19<sup>th</sup> November 2018.***

<b>14.11.18</b>	<b>ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN</b>
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<b>15.11.18</b>	<b>NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING</b>
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<b>16.11.18</b>	<b>CONFIDENTIAL REPORTS</b>
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<b>17.11.18</b>	<b>NEXT MEETING &amp; CLOSURE</b>
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The next Ordinary meeting of the Council will be held on 13<sup>th</sup> December 2018 commencing at 5.00 pm.