



NOTICE OF ORDINARY MEETING OF COUNCIL FEBRUARY 2020

To be held on

Wednesday 26 February 2020

Commencing at 5.00pm

Shire of Donnybrook Balingup Council Chambers, Donnybrook

Ben Rose
Chief Executive Officer

21 February 2020

Disclaimer

Please note the items and recommendations in this document are not final and are subject to change or withdrawal.

Information on Agenda Briefing Sessions and Ordinary Council Meetings

Agenda Briefing Sessions

All Agenda Briefing Sessions are held in the Council Chambers at 2pm on the third Wednesday of the month (except for the month of December when it is held on the second Wednesday).

There is no opportunity for public questions or deputations at the Agenda Briefing Sessions, although members of the public are welcome to attend and observe the meeting.

Ordinary Council Meetings

All Ordinary Council Meetings are held in the Council Chambers at 5pm on the fourth Wednesday of the month (except for the month of December when it is held on the third Wednesday). The April 2020 Council Meeting will be held at the Noggerup Hall and the October 2020 Council Meeting will be held at the Balingup Hall.

Agendas

The Agenda for the upcoming Agenda Briefing Session and Ordinary Council Meeting is available on the Shire's website www.donnybrook-balingup.wa.gov.au from the Friday prior to the Agenda Briefing Session or Ordinary Council Meeting.

Agenda Briefing Guidelines

The objectives of Councillor Agenda Briefing Sessions are:

1. For the Executive to brief Councillors on Agenda items; and
2. For Councillors to ask questions of the Executive, to better inform themselves in relation to Agenda items.

The following guidelines aim to ensure proper standards of probity and accountability at Councillor Agenda Briefing Sessions:

1. There is to be no decision-making during Agenda Briefing Sessions.
2. Agenda Briefing Sessions are to be held in the Council Chamber (or other nominated venue) and are open to the general public, unless discussing confidential items.
3. Agenda Briefing papers will endeavour to be distributed to all Councillors at least three days (72 hours) prior to the meeting.
4. Agenda Briefing documents will be uploaded to the Shire's website 2 days (48 hours) prior to the briefing session.
5. The Agenda Briefing Session Chair is to be the Shire President. If the Shire President is unavailable, the Deputy Shire President shall be the Chair. If the Deputy Shire President is unavailable, the attending Councillors shall select a Chair.
6. Relevant Managers, staff and other parties, as required by the Chief Executive Officer for the provision of information to Councillors, shall attend Agenda Briefing Sessions.

7. Councillors, employees, consultants and other participants shall disclose their financial and conflicting interests in matters to be discussed.
8. Interests are to be disclosed in accordance with the provisions of the Act as they apply to Ordinary Council Meetings. Persons disclosing a financial interest will not participate in that part of the briefing relating to their interest and will leave the meeting room.
9. There is to be no opportunity for a person with an interest to request that they continue in the briefing.
10. As no decisions will be made during the Agenda Briefing Session there is no requirement to keep a formal record (minutes) for each meeting.
11. Items to be addressed will be limited to matters listed on the forthcoming agenda or completed and scheduled to be listed within the next two meetings.
12. Briefings will only be given by staff or consultants for the purpose of ensuring that Councillors are more fully informed; and
13. There will be no debate-style discussion as this needs to take place in the Ordinary Meeting of Council when the issue is set for decision. This is particularly important when Shire planning matters are discussed. Councillors are to avoid expressing their opinions for or against a proposal. Under the provisions of the Town Planning Scheme and other relevant State Acts, decision-makers are required to maintain a high degree of independence from the process leading up to the decision being made.

Public Question Time

If you wish to ask a question, you can do so during Public Question Time at the start of the Ordinary Council Meeting. Each member of the public with a question is entitled to ask up to two questions and shall have two minutes to submit each question. If a question is unable to be answered at the meeting, it may be taken on notice by the Council for a later response.

Deputations

A person or group that wishes to make a deputation to Council is to apply to the Chief Executive Officer in writing prior to the Ordinary Council Meeting for approval, or request the Presiding Member's approval at the meeting. Deputations are not to exceed five persons, only two of whom may address the Council, although others may respond to specific questions from members. The deputation is not to exceed 10 minutes without the agreement of the Council.

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SHIRE OF DONNYBROOK BALINGUP
ORDINARY MEETING OF COUNCIL

To be held at the Council Chambers
Wednesday 26 February 2020 at 5.00pm

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

Shire President – Acknowledgment of Country

The Shire President to acknowledge the traditional custodians of the land, the Noongar People, paying respects to Elders, past, present and emerging.

The Shire Present to declare the meeting open and welcome the public gallery.

Shire President - Public Notification of Recording of Meetings

The Shire President advises that the meeting is being digitally recorded to assist with minute taking in accordance with Council Policy 1.25. The Shire President further states the following:

If you do not give permission for your participation to be recorded, please indicate this at the meeting. Members are reminded that no other visual or audio recording of this meeting by any other means is allowed without the permission of the Chairperson.

2 ATTENDANCE

MEMBERS PRESENT

COUNCILLORS	STAFF
Cr Brian Piesse (President)	Ben Rose – Chief Executive Officer
Cr Jackie Massey (Deputy President)	Paul Breman – Executive Manager Corporate and Community
Cr Shane Atherton	Jaimee Earl – Administration Officer Executive Services
Cr Anita Lindemann	Damien Morgan – Manager Works and Services
Cr Anne Mitchell	
Cr Chaz Newman	
Cr Shane Sercombe	
Cr Chris Smith	
Cr Leanne Wringe	

PUBLIC GALLERY

2.1 APOLOGIES

2.2 APPROVED LEAVE OF ABSENCE

Steve Potter, Executive Manager Operations

2.3 APPLICATION FOR A LEAVE OF ABSENCE

Nil.

3 ANNOUNCEMENTS FROM PRESIDING MEMBER

21/01/20	Hon Michelle Roberts Minister for Police and Road Safety, Hon Mick Murray MLA - Donnybrook
22/01/20	Department of Local Government Sport & Cultural Affairs – Council Chamber
23/01/20	Bunbury Geographe Alliance (BGEA) – Board Meeting – Albemarle, Australind
29/01/20	Hon Liza Harvey MLA and Opposition State Cabinet - Donnybrook
02/02/20	Warren Blackwood Alliance of Council – Board meeting – Bridgetown
11/02/20	Brad Hammersley, Chair BGEA – Bunbury
10/02/20	Alicia Keall re SW Highway Bush Block – Donnybrook
20/02/20	Shire Donnybrook Balingup Audit & Risk Management Committee Donnybrook
20/02/20	Donnybrook District Sporting and Recreation Precinct Working – Donnybrook
21/02/20	Berry Delightful Newlands re 21-23/02 Event

4 DECLARATION OF INTEREST

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

5 PUBLIC QUESTION TIME

5.1 RESPONSES TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil.

5.2 PUBLIC QUESTION TIME

6 PRESENTATIONS

Nil.

7 CONFIRMATION OF MINUTES

7.1 ORDINARY MEETING OF COUNCIL – 18 DECEMBER 2019

Minutes of the Ordinary Meeting of Council held 18 December 2019 are attached (*attachment 7.1(1)*).

EXECUTIVE RECOMMENDATION

That the Minutes from the Ordinary Meeting of Council held 18 December 2019 be confirmed as a true and accurate record.

7.2 BUSHFIRE ADVISORY COMMITTEE MINUTES – 17 OCTOBER 2019

Minutes of the Bushfire Advisory Committee Meeting held 17 October 2019 are attached (*attachment 7.2(1)*).

EXECUTIVE RECOMMENDATION

That the Minutes from the Bushfire Advisory Committee Meeting held 17 October 2019 be accepted

7.3 LOCAL EMERGENCY MANAGEMENT COMMITTEE MINUTES – DECEMBER 2019

Minutes of the Local Emergency Management Committee Meeting are attached (*attachment 7.3(1)*).

EXECUTIVE RECOMMENDATION

That the Minutes from the Local Emergency Management Committee Meeting held December 2019 be accepted

7.4 AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES 20 FEBRUARY 2020

Minutes of the Audit and Risk Management Committee Meeting are attached (*attachment 7.4(1)*).

EXECUTIVE RECOMMENDATION

That Council receive the unconfirmed Minutes from the Audit and Risk Management Committee Meeting held 20 February 2020 and endorse the recommendations contained within.

8 REPORTS OF COMMITTEES

8.1 AUDIT REPORT FOR YEAR ENDING 30TH JUNE 2019

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	N/A
Author	Paul Breman, Executive Manager Corporate and Community
Responsible Manager	Paul Breman, Executive Manager Corporate and Community
Attachments	8.1 (1) Audit Report 8.1.(2) Management Letter Findings 8.1.(3) Draft report to the Minister of Local Government
Voting Requirements	Simple Majority

Committee Recommendation
<p>That Council:</p> <ol style="list-style-type: none"> 1. Receive the Audit Report for the year ending 30th June 2019; and 2. Forward to the Minister for Local Government, Sport and Cultural Industries the report on significant findings as attached for the year ending 30th June 2019, as required by Section 7.12A(4)(b) of the Local Government Act 1985.

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.3	Monitor and measure organisational performance

EXECUTIVE SUMMARY

The Office of the Auditor General has completed the Audit of the Annual Financial Report for the year ended 30th June 2019. The audit opinion was issued on 11th February 2020 and is attached to this item for reference.

The audit opinion is unqualified and concludes that the report fairly represents the results of the operations of the Shire for the period ended 30th June 2019.

There are two items included under the heading of 'Report on Other Legal and Regulatory Requirements' which require consideration by the Committee and the Council and relate to a significant adverse trends opinion as follows:

1. *The asset sustainability ratio as reported in Note 31 on the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years; and*
2. *The operating surplus ratio as reported in Note 31 on the annual financials report is below the DLGSCI standard for the last three years.*

There is one item included under the heading of 'Report on Other Legal and Regulatory Requirements' which requires consideration by the Committee and the Council and relates to statutory compliance as follows:

The Shire has not reported the Asset Renewal Funding Ratio for 2019, 2018 and 2017 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996 as there is not a current long term financial plan and asset management plan.

In addition to the items on the face of the Audit report mentioned above, the Auditor also provided a management letter with two items not mentioned on the Audit report. These items were rated as a moderate risk rather than significant and as such did not warrant reporting in the audit report. The findings are attached and will be addressed by the Chief Executive Officer in the ordinary course of business.

BACKGROUND

The Shire of Donnybrook Balingup audit for year ending 30th June 2019 was conducted by the Office of the Auditor (OAG) (using a private contractor; Anderson Munford Down, Chartered Accountant) for the first time.

The timing of completion of the audit and issue of the audit report has been delayed by staff turnover issues and is expected to be completed earlier in future years.

The Shire is required by the *Local Government (Financial Management) Regulations 1996* to calculate and include in the audited annual financial report seven financial ratios. The calculation components of the ratios relevant to this item are set out below:

Operating surplus ratio

$$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$$

Own source operating revenue means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.

The Operating Surplus Ratio measures the extent to which revenues raised cover operational expenses (including depreciation). The DLGSCI considers the ratio standard is met if the ratio is above 0.00. To achieve a positive level in the ratio requires operating revenue (excluding capital grants and contribution) to be greater than operating expenditure (including depreciation).

Asset sustainability ratio

$$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$$

Capital renewal and replacement expenditure means expenditure to renew or replace existing assets;

The asset sustainability ratio measures the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives. The DLGSCI considers the ratio standard is met if the ratio is above 0.90, meaning that spending on renewal in any one year is 90% of the level of depreciation in that year.

Asset renewal funding ratio

$$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

The asset renewal funding ratio measures the level of alignment between spending in the Long Term Financial Plan (LTFP) on asset renewals and the timing of asset renewal requirements set out the asset management plan(s). The closer the ratio is to one the closer alignment.

The DLGSCI currently have the calculation methodology and target levels of seven statutory ratios under review as they acknowledge issues relating to their suitability as an indicators of financial health. This review is being undertaken by WA Treasury Corp. It is expected changes will occur to these ratios in conjunction with future amendments to the *Local Government (Financial Management) Regulations 1996*.

FINANCIAL IMPLICATIONS

Nil

POLICY COMPLIANCE

Not Applicable.

STATUTORY COMPLIANCE

7.12A. Duties of local government with respect to audits

- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

- (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.*

CONSULTATION

Not Applicable

OFFICER COMMENT/CONCLUSION

The draft report to the Minister as required by *Section 7.12A(4) of the Local Government Act 1995* is attached to this item.

The OAG have adopted a different position to the Shire's previous auditors in relation to a number of issues including the assessment of what constitutes a significant adverse trend in the financial position of the Shire and also the level of information necessary to support the calculation of the asset renewal ratio.

In relation to the issues under the significant adverse trend in financial position, the matter of the adverse operating surplus ratio was raised in the Shire's audit report last year and was the subject of a report to the Audit and Risk Management Committee and the Council.

Essentially, last year's response to this issue was to focus on improvements in integrated planning and reporting outcomes as a means of establishing the Shire's capacity to make improvements in this ratios outcome. This is again the focus however, to place this issue in context, to achieve this minimum standard, the Shire of Donnybrook Balingup would need to find an extra \$3.3m in revenue or reduce operating expenses by the same amount, or a combination of both. To find this amount in rates revenue would mean an increase of 67% on the current levels. This would require a significant level of structural change to the Council's financial structure over time and may not be within the communities' capacity or willingness to pay. As these ratios and the targets set by the DLGSCI are under review, it is important for the ratios and targets not to guide the Council's future financial structures.

Research on the outcomes of audit reports and the ratio calculations of the Shire's neighbouring local governments (Dardanup, Busselton, Collie, Boyup Brook, Bridgetown Greenbushes and Nannup) shows that, in relation to the operating surplus ratio, all of them have been issued with a similar significant adverse trend in financial position of some kind by their Auditor due to a series of negative ratio outcomes.

The OAG has also identified that the Shire recorded three consecutive asset sustainability ratios under the DLGSCI target thresholds. This ratio relates to the level spending on renewing assets in a year compared to the leakage in value of the asset base due to depreciation in the same year. The ratio doesn't take into account any money transferred to Cash Reserves as future saving for future renewal works on large items so should only be assessed on a very long term basis. There is little merit in applying only a three-year period as an assessment of this ratio as a LTFP.

The Shire's Asset Sustainability ratio has been under the target level of 0.90 for the past three consecutive years. The Shire is about to embark on a substantial capital works program over

the next five years on renewing and upgrading key assets and this is predicted to result in a spike in the ratio during this time and is likely to be above the DLGSCI's target. Research on the neighbouring Shires shows that Bridgetown Greenbushes, Boyup Brook and Capel are in a similar situation to Donnybrook Balingup in relation to this ratio and others have two consecutive under target ratios and may fall into this category next year.

The shortcoming in the calculation of these ratios and the associated target levels set by the DLGSCI are part of the reason the ratios are under review at present. It is not considered that the existence of three consecutive ratios under the DLGSCI targets presents a short to mid-term threat to the financial position of the Council. The structural issues surrounding these ratios results will be considered as part of the development of the LTFP.

The asset renewal funding ratio requires a completed assets management plan for all categories of assets and a current LTFP. In previous years, the Shire's Auditors prior to the OAG have accepted the calculations made by staff in the absence of an adopted asset management plan for all asset classes and an older LTFP received in 2017. The OAG has changed this approach and they are not prepared to accept these calculations without a formal asset management plan for all categories and a current LTFP.

Progress has been made by staff on completing the following asset management plan categories and planning is underway to complete the remaining categories and prepare an updated LTFP to be used as a basis of calculating the ratio for the 2019/20 financial year.

Asset Category	Introduced
Asset Management Plan – Vehicles	2018
Asset Management Plan – Buildings	2019
Asset Management Plan – Parks & Reserves	2019

The following plans have been identified as required and are planned to be completed in 2020.

Asset Management Plan – Plant, Furniture and Equipment
Asset Management Plan – Roads and Pathways

The two additional items concerning the establishment of a rehabilitation provision for the Donnybrook Waste Management Facility and the related party disclosure processes are minor items and will be corrected in future annual financial reports.

8.2 ANNUAL REPORT FOR THE YEAR ENDING 30TH JUNE 2019

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	N/A
Author	Paul Breman, Executive Manager Corporate and Community
Responsible Manager	Paul Breman, Executive Manager Corporate and Community
Attachments	8.2 (1) Annual Financial Report 2018/2019
Voting Requirements	Absolute Majority

Committee Recommendation
That Council approve the Annual Report for the year ending 30th June 2019.

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.2	Seek a high level of legislative compliance and effective internal controls

EXECUTIVE SUMMARY

The annual report seeks to provide a record of the events and operations of the Shire for the past financial year. The minimum content is prescribed and includes a full copy of the annual financial report and a copy of the Auditor's report.

The annual report is required to be accepted by the Council prior to making it publically available to the community by posting it on the Shire's website and presenting it to the annual meeting of electors.

BACKGROUND

The Shire's annual financial report for the year ending 30th June 2019, shows an improvement in the Shire's net result (negative \$1.09m) compared to the previous year (negative \$1.61m). This was principally due to an increase in operating and capital grants for the period and is shown on the Statement of Comprehensive Income.

The Cash Flows Statement shows a net increase in the amount of cash held from the beginning of the year \$8.5m to \$14.96m at the end of the year. Approximately \$5.05m of this increase was due to an inflow of cash from the Trust account to the Municipal account relating to bonds and deposits.

Analysis of the Rate Setting Statement reveals a net cash amount of \$3.34m in rate revenue remained after the operations of the Shire and the opening surplus of \$1.56m. The \$3.34m together with net financing activities of \$0.2m, was used to fund the Shire's net contribution to the capital works program \$3.52m.

Key analysis of the Statement of Financial Position (Balance Sheet) follows:

	Movement	Direction
Current Assets		
Cash	\$6.48m	Increase
Trade Receivables	\$0.78m	Increase
Current Liabilities		
Trade and Other Payables	\$5.57m	Increase
Noncurrent assets		
Property Plant and Equipment	\$1.30m	Reduction in WDV
Infrastructure	\$1.12m	Reduction in WDV
Equity		
Retained Surplus	\$3.80m	Reduction
Cash Reserves	\$2.71m	Increase
Net Assets	\$1.09m	Reduction

FINANCIAL IMPLICATIONS

Nil

POLICY COMPLIANCE

Not applicable

STATUTORY COMPLIANCE

5.54. Acceptance of annual reports

- (1) *Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.*

** Absolute majority required.*

- (2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

5.55. Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

5.55A. Publication of annual reports

The CEO is to publish the annual report on the local government's official website within 14 days after the report has been accepted by the local government.

CONSULTATION

Not applicable.

OFFICER COMMENT/CONCLUSION

The annual report is presented for acceptance prior to calling the annual electors meeting.

9 REPORTS OF OFFICERS

9.1 EXECUTIVE MANAGER OPERATIONS

9.1.1 PERFORMANCE CONCERNS WITH STATE MANAGED ROADS – SHIRE OF DONNYBROOK BALINGUP

Location	Shire of Donnybrook Balingup
Applicant	Not applicable
File Reference	WRK/20
Author	Steve Potter, Executive Manager Operations
Responsible Manager	Steve Potter, Executive Manager Operations
Attachments	Nil
Voting Requirements	Simple Majority

Recommendation
<p>That Council:</p> <ol style="list-style-type: none"> 1. Instructs the Chief Executive Officer to write to Main Roads WA advising that the Shire of Donnybrook Balingup is deeply concerned with the standard of sealing works on the South Western Highway and Donnybrook–Boyup Brook Road which have suffered from substantial flushing/bleeding in recent years during periods of high temperatures. 2. Instructs the Chief Executive Officer to write to Main Roads WA requesting they undertake remedial action during 2020 to permanently rectify the recurrence of flushing/bleeding on the South Western Highway and the Donnybrook – Boyup Brook Road. 3. Authorises the Chief Executive Officer to present a report to the South West Zone of WALGA to seek WALGA's support in taking an advocacy position on the matter with Main Roads WA as detailed in Resolution 2. 4. Authorises the Chief Executive Officer to formally seek the endorsement of the South West Regional Road Group (SWRRG) for Council's actions as outlined in Resolutions 1-3.

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome:	2.1	<i>An attractive and maintained built environment.</i>
Strategy:	2.1.1	<i>Maintain, renew and improve infrastructure within allocated resources</i>
Action:	2.1.1.2	<i>Seek funding for development and renewal of infrastructure</i>

EXECUTIVE SUMMARY

Over the past two summers, the performance of recent sealing works administered by Main Roads Western Australia (MRWA) on State Highways and significant roads located in the Shire of Donnybrook Balingup has been of on-going concern to Council, businesses, residents, tourists and motorists during extended periods of high temperatures.

It is recommended that the Shire make formal representation to Main Roads WA and seek the endorsement of the Warren Blackwood Alliance of Councils (WBAC) and the South West Regional Road Group (SWRRG) for Council taking a report to the SW Zone of WALGA to request WALGA take an advocacy position on the matter.

BACKGROUND

In the summer of 2017/18, large sections of recently completed MRWA works on State Highways and significant roads suffered from substantial flushing/bleeding of new seals, during periods of high temperatures. This also occurred in the summer of 2018/19 and again in the early heat wave in late 2019/20.

When flushing/bleeding does occur, it results in bitumen and aggregate collecting on vehicle tyres, which is subsequently flicked off, potentially causing damage to both the vehicle being driven and those travelling in close proximity.

The collected material is also spreading well beyond the problem areas, impacting on the amenity of the Shire's townsites and residential areas, when it is carried by vehicles (and subsequently pedestrians) into businesses, parks, reserves and private properties.

The bleeding has been severe enough in some cases, to remove (or reduce the visibility of) line markings on the road, which has resulted in motorists travelling outside of designated traffic lanes, and increases the risk of accidents occurring.

MRWA have previously advised that this issue typically only occurs in the first year of a new seal, and that the treatment is to apply aggregate or sand to the affected area to mop up the excess bitumen. Unfortunately, the Shire has noted repeated occurrences of the flushing/bleeding in the same sections of highways and significant roads over multiple summers,

The Shire's concern is that the remedial treatment being undertaken represents a temporary short-term fix (rather than an enduring solution) and is not reducing the frequency of the flushing/bleeding of these seals, nor is it dealing with the cause. Furthermore, unless MRWA adopts an alternative methodology for future upgrades and re-sealing works, it is anticipated that the South Western Highway and the Donnybrook - Boyup Brook Road are likely to face this issue on an ongoing annual basis.

The Shire appreciates the significant role that major transport routes play in the region, and the challenges associated with maintaining and upgrading them. The Shire also acknowledges that flushing/bleeding is always a risk when new seals are applied and that this issue has occurred in the past. However, the frequency and the extent of the flushing/bleeding appears to be far greater than in the years prior to the summer of 2017/18, and appears to be occurring at higher rates than in other regions of the State.

The impacts of this reoccurring issue have not been measured, however the Shire has received a number of complaints from both private residents, visitors and business operators. Furthermore, the Shire is aware of significant negative publicity that has been generated across all forms of media (including social media) which is likely to have influenced road users (including tourists) to use alternative routes, thereby impacting on local businesses. The Shire is concerned that this issue is likely to be compounded in the next 3-5 years given the forecast increase from circa 8,300 current traffic movements a day through Donnybrook to more than 11,000 plus in the next three years and with particular reference to the increased road train and axle loadings relating thereto.

FINANCIAL IMPLICATIONS

Nil – this only applies to roads managed by Main Roads WA.

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Nil.

CONSULTATION

The Shire has received a number of complaints from members of the public on this issue, and has raised this matter with MRWA on a number of occasions.

If the resolution is supported by Council, Staff will seek the support of the Warren Blackwood Alliance of Councils and the South West Regional Road Group, prior to taking a report to the SW Zone of WALGA.

OFFICER COMMENT/CONCLUSION

Due to the adverse impacts on local residents, businesses and visitors; and the repeated nature of the issue over several summer periods, it is considered appropriate that the Shire make formal representation to Main Roads WA and seek the support of neighbouring local government authorities and WALGA to identify an enduring solution to the matter.

9.2 EXECUTIVE MANAGER CORPORATE AND COMMUNITY

9.2.1 ACCOUNTS PAID LISTING

The Schedule of Accounts Paid (attachment 9.2.1(1)) under Delegation (No 3.1) is presented to Council for information.

9.2.2 MONTHLY FINANCIAL REPORT – DECEMBER 2019

The Monthly Financial Report for December is attached (9.2.2 (1)).

EXECUTIVE RECOMMENDATION

That the monthly financial report for the period ended 31 December 2019 be received.

9.2.3 MONTHLY FINANCIAL REPORT – JANUARY 2020

The Monthly Financial Report for January is attached (9.2.3 (1)).

EXECUTIVE RECOMMENDATION

That the monthly financial report for the period ended 31 January 2020 be received.

9.2.4 STRATEGIC PRICING REVIEW RESIDENTIAL AGED CARE CHARGES

Location	Tuia Lodge Residential Aged Care Facility
Applicant	Manager Aged Care Services
File Reference	N/A
Author	Bob Lowther - Manager Aged Care Services
Responsible Manager	Bob Lowther - Manager Aged Care Services
Attachments	9.2.4(1) Stewart Brown Benchmarking Report 2019
Voting Requirements	Simple Majority

Recommendation
<p>That Council:</p> <ol style="list-style-type: none"> Instructs the Chief Executive Officer to amend the rates of Refundable Accommodation Deposits (RAD's) paid for entry to rooms at Tuia Lodge as below and to use these changes as the basis for calculating any Daily Accommodation Payments (DAP's) should RAD's not be made: <ol style="list-style-type: none"> 1.1 Marri Wing – Standard Ensuite Single Room – (Rooms 1-10, 13 and 15) \$320,000 1.2 Marri Wing – Renovated Standard Ensuite – (Room 11) - \$350,000 1.3 Marri Wing – Renovated Standard Ensuite room with Sensory Garden Access (Rooms 10-12-14) - \$360,000 1.4 Jarrah Wing – Deluxe Ensuite Single Room – (Rooms 17-26) \$400,000 1.5 Red Gum Wing – Superior Ensuite Single Room (Rooms 27 -40) - \$420,000 1.6 Tuart Wing – Superior Ensuite Secure Wing Single Room (Numbers to be assigned once constructed) \$420,000 Instructs the Chief Executive Officer to apply the new rates as set out in item 1 immediately and that the new rates only apply to new admissions to the facility and not existing residents. Instructs the Chief Executive Officer to ensure that as rooms 1-10 and 13 and 15 are renovated that these rates apply to any new residents occupying these rooms.

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome 4.1 A strategically focused, open and accountable local government

Strategy 4.1.1 Provide Accountable and strategic leadership

Action 4.1.1.1 Review service delivery methodologies for Shire services and implement improvements where appropriate.

EXECUTIVE SUMMARY

The actions recommended in this report are to ensure that the Shire maintains a level of income in its Aged Care facility that is consistent with the quality of accommodation offered and relative to the market.

In line with maintaining a high standard facility at Tuia Lodge, it is recommended that a prudent course of action is to consistently apply a reasonable level of “user pays” charges balancing the needs of the ageing community with the ongoing funding provided by the ratepayers.

It is recommended that the charges be increased to the following levels:

Marri Wing – Standard Ensuite Single Room – (Rooms 1 – 10 & 13 & 15) from \$300,000 to \$320,000

Marri Wing – Renovated Standard Ensuite – (Room 11) – from \$300,000 to \$350,000

Marri Wing – Renovated Standard Ensuite room with Sensory Garden Access (Rooms 10-12-14) – from \$300,000 to \$360,000

Jarraah Wing – Deluxe Ensuite Single Room – (Rooms 17-26) Maintain at \$400,000

Red Gum Wing– Superior Ensuite Single Room (Rooms 27 -40) – Increase from \$400,000 to \$420,000

Tuart Wing– Superior Ensuite Secure Wing Single Room (Numbers to be assigned once constructed) to be priced at \$420,000.

BACKGROUND

Under the Aged Care Act, all residents must agree to an accommodation price before they enter care. These prices are then used as the basis for calculating the costs that either the resident will pay or the government will assist with.

Whether an approved provider can ask the resident to pay this full amount will depend on their means assessment.

Services Australia decide, based on this assessment if the resident will need to pay the agreed accommodation price or if the Australian Government will pay some or all of the resident's accommodation costs through the accommodation supplement.

If the resident is eligible for Government assistance with some of their accommodation costs, they will need to pay their contribution as either:

- a refundable accommodation contribution; or
- a daily accommodation contribution; or
- a combination of these two.

If the resident is not eligible for Government assistance with their accommodation costs, they will need to pay the full costs of their accommodation as either:

- a refundable accommodation deposit (RAD); or
- a daily accommodation payment (DAP); or
- a combination of these two.

Tuia Lodge has been in operation since 1983. Over the years as the facility has aged renovations and extensions have taken place which have resulted in the expenditure of millions of dollars in capital cost. Each time there has been major renovations the room rates have been revised.

It is clear (with 49% of Aged Care providers reporting a loss in the calendar year 2019) the rebates received through the government funding as outlined above have not kept up with the costs of maintaining a facility at the level enjoyed by Tuia Lodge.

Whilst there is little doubt this will be addressed by the current Aged Care Royal Commission it is incumbent on each provider to set room rates that balance their return of investment and minimize losses to the community whilst providing this very important service.

Any change to the level of refundable accommodation rates are required to be advertised in accordance with the Aged Care Act before they may be applied.

In making this recommendation to Council it should be noted that:

- The room prices have not changed since 2015 when the new addition was added.
- Capital expenditure since 2015 to end of FY19-20 will be in excess of \$1M.
- Demand for care services at the facility remains strong

FINANCIAL IMPLICATIONS

- Increasing the RAD's to the recommended levels offers a potential maximum of 8.9% increase in RAD's moving from \$13.9M currently to \$15.1M if all residents and all available rooms are occupied under the new rates.
- If DAP's were to be paid instead of RAD's (Where new residents chose not to pay a RAD) the increase in income would be approximately \$68,000 per annum depending on room turnover timing.
- The average room price would rise from \$347,500 to \$378,750 still well below the State average in the Stewart Brown benchmarking being \$411,366.

POLICY COMPLIANCE

Not applicable

STATUTORY COMPLIANCE

Aged Care Act 2010

CONSULTATION

N/A

OFFICER COMMENT/CONCLUSION

This proposal is made on the basis that the Shire annually reviews all its charge out rates. The rooms at Tuia Lodge have been excluded from this review in the past and after almost 5 years without change.

it is suggested that the room rates be increased in line with the market to maintain consistency and recognizing the investment that has taken place and is planned for the facility.

9.3 CHIEF EXECUTIVE OFFICER

Nil

10 ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

10.1 2020/21 DRAFT BUDGET PARAMETERS

Location	Donnybrook Balingup
Applicant	Cr Anne Mitchell
File Reference	Not applicable
Author	Cr Anne Mitchell
Responsible Manager	Paul Breman, Executive Manager Corporate and Community
Attachments	Nil
Voting Requirements	Simple Majority

Councillor Recommendation

That Council instruct the Chief Executive Officer to prepare the draft 2020/21 Annual Budget with an increase in the General Rate in the Dollar of no greater than 3.0% on the levels contained in the adopted 2019/20 budget.

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome: 4.1 A strategically focused, open and accountable local government

Strategy: 4.1.1 Provide accountable and strategic leadership

Action: 4.1.1.5 Endeavour to serve the needs of the entire community while balancing competing interests

EXECUTIVE SUMMARY

Cr Mitchell has provided the CEO with a notice of motion under the clause 5.3 of the Shire of Donnybrook-Balingup Meeting Procedures Local Law 2017.

BACKGROUND

The Shires Meeting Procedures Local Law 2017, set out the process for receiving a notice of motion as follows:

5.3 *Motions of which previous notice has been given*

- (1) Unless the Act, Regulations or this local law otherwise provides, a Member may raise at a meeting such business as he or she considers appropriate, in the form of a motion, of which notice has been given in writing to the CEO and which has been included on the agenda.
- (2) A notice of motion under subclause (1) is to be given at least 14 clear working days before the meeting at which the motion is moved.

- (3) A notice of motion is to be accompanied by supporting reasons and must relate to the good governance of the district.
- (4) The CEO:
 - (a) may, following consultation with the President, exclude from the agenda any notice of motion deemed to be, or likely to involve, a breach of this local law or any other written law;
 - (b) will inform Members on each occasion that a notice has been excluded and the reasons for that exclusion;
 - (c) may, after consultation with the Member where this is practicable, make such amendments to the form but not the substance as will bring the notice of motion into due form; and
 - (d) may provide to the Council relevant and material facts and circumstances pertaining to the notice of motion on such matters as policy, budget and law.
- (5) A motion of which notice has been given is to lapse unless:
 - (a) the Member who gave notice of it, or some other Member authorised by the originating Member in writing, moves the motion when called on; or
 - (b) the Council on a motion agrees to defer consideration of the motion to a later stage or date.
- 6) If a notice of motion is given and lapses under subclause (5), notice of a motion in the same terms or to the same effect is not to be given again for at least 3 months from the date of such lapse.

FINANCIAL IMPLICATIONS

The item seeks to limit selected components of the 2020/21 draft budget prior to presentation of the draft to the Council.

POLICY COMPLIANCE

Not applicable.

STATUTORY COMPLIANCE

The notice of motion as contained in this report complies with the requirements in accordance with 5.3 of the Shire of Donnybrook-Balingup Meeting Procedures Local Law 2017.

CONSULTATION

Not applicable.

ELECTED MEMBER COMMENT

Cap on Rates Increase in the 2020/21 Draft Budget

A Councillor initiated Council Resolution (41/19) in April 2019 required the Chief Executive Officer to develop the 2019-20 draft budget containing a maximum rate increase of 3%. This appeared to work well, giving the CEO and Officers clear direction to prepare the budget with a rate increase cap. It is intended to provide the same guidance to the CEO in relation to the 2020/21 Draft Budget.

OFFICER COMMENT

In relation to a cap on the level of rate increase in the draft budget presented by the Staff, it is the intention of staff to present the draft budget within reasonable rating parameters and offer to the Council information relevant to the projects (both operating and capital) that the Staff considered, but could not fit into a reasonable rating increase.

This approach presents the Council with the opportunity to consider matters of prioritisation in the context of the level of rates in the budget.

It is not considered that the adoption of a Council resolution that establishes a cap on a rate increase in the draft budget binds the Council to the final level of rate increase in the adopted budget.

11 QUESTIONS FROM MEMBERS

12 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

13 MEETINGS CLOSED TO THE PUBLIC

13.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

The following confidential reports and recommendations have been distributed separately and are not for circulation:

13.1.1 WRITE OFF OF RATES AND CHARGES

This report is confidential in accordance with Section 5.23 of the *Local Government Act 1995*, which permits the meeting to be closed to the public for business relating to the following:

- (e) a matter that if disclosed, would reveal –
 - (ii) information that has a commercial value to a person

13.1.2 UNIT 8 PRESTON RETIREMENT VILLAGE - MARKETING

This report is confidential in accordance with Section 5.23 of the *Local Government Act 1995*, which permits the meeting to be closed to the public for business relating to the following:

- (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting.

13.2 PUBLIC READING OF RESOLUTIONS THAT MAY BE MADE PUBLIC

14 CLOSURE

The Shire President to advise that the next Ordinary Council Meeting will be held on Wednesday 25 March 2020 commencing at 5.00pm in the Shire of Donnybrook Balingup Council Chamber.