



Shire of
Nannup
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Minutes

Special Council Meeting
Wednesday 18 December 2019

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Minutes

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS:

The Shire President declared the meeting open at 5.00pm. There were no visitors.

2. RECORD OF ATTENDANCE:

Shire President: Cr T Dean
Deputy Shire President: Cr R Mellema

Councillors: P Fraser, V Hansen, C Stevenson, C Buckland, V Corlett, C Brown.

Tracie Bishop – Manager Corporate Services
Jon Jones – Manager Infrastructure

3. APOLOGIES:

David Taylor – Chief Executive Officer

4. LEAVE OF ABSENCE:
(Previously Approved)

Nil

4. PUBLIC QUESTION TIME:

Nil.

6. REPORTS OF OFFICERS:

AGENDA NUMBER:	6.1
SUBJECT:	Acceptance of Shire of Nannup Annual Report 2018/19
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	ADM 17
AUTHOR:	Tracie Bishop – Manager Corporate Services
REPORTING OFFICER:	Tracie Bishop – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	13 December 2019
ATTACHMENT	6.1.1 - Annual Report 2018/19

BACKGROUND:

Section 5.53(1) of the Local Government Act 1995 (The Act) stipulates that a Local Government is to prepare an Annual Report for each financial year. A draft Annual Report has been circulated under separate cover for consideration.

COMMENT:

The Annual Report contains all the statutory information required, including the Annual Financial Statements for the year under review and will also form the main document for scrutiny at Council's Annual Electors Meeting.

The Independent Auditors Report (the report) and the Annual Financial statements have now been received from The Office of the Auditor General and are included as an attachment to this item. Within the report it is noted that the Auditor's opinion is that all financial statements are:

- (i) based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of Shire of Nannup for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Requirements of *The Act* S7.12A(2) and (3) state:

(2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.

(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.*

Regulatory Requirements included with Auditors report

It was noted with the Auditors report of an adverse trend in the financial position. This was in relation to the Operating Surplus Ratio(OSR). The OSR is used to assess if a local government has sound long term financial plans, in particular in regards to asset management and the community service levels. While it is obviously less than ideal to receive a negative ratio, the reality is that this ratio is based on total own source revenue being able to be used to fund capital expenditure, transfers to cash reserves and to reduce debt.

Given Council's reduced capacity to rate 85% of land within the Shire of Nannup it is extremely difficult to meet the basic benchmark of 1% - 15%. As per the Department of Local Government guidelines, in order to meet this benchmark Council has two options.

1. Council would need to consider increasing rating capacity by the negative amount to achieve a break even operating result for that given year. In this year's Annual Statements this would mean a 25% rate increase. While this would, no doubt, be an extremely unpopular decision, it does draw light on the fact that Council needs to consider increased rating over time to ensure that it remains sustainable and has funds available to cover capital spending and maintenance issues for all of Council's assets.

2. Council would need to reduce spending. Officers continue to assess where there are areas available to reduce spending however, as Council is aware, over the past years the Annual Budget has continued to be cut in any areas not required and it is not possible to reduce to this level.
3. A combination of the two options shown above. As always this will become a focus of the upcoming budget.

Overall, what the ratio highlights the difficulty in achieving a basic standard as per the Department of Local Government guidelines for Councils that do not have a large fees and charges basis as a means of revenue. Officers will begin to look at ways in which this can be achieved starting with looking at a rating strategy in the new year to clarify how this required increase may be achieved in the long term.

2018/19 Surplus

Reported in the 2018/19 Annual Budget was a projection of a surplus of \$872,521. This figure was made up of various savings within anticipated expenses and additional income known at the time and was included as a carried forward figure in the budget calculations.

The actual carried forward figure, once grant carried forward (including both tied and untied grants) and inclusions to the 19/20 budget and are removed results in a surplus of true savings to Council of \$88,708. From Officers perspective these savings allow Council to consider projects that were discounted from the original budget as well as projects not known at the inception of the Annual budget. The list of priorities identified by Officers for breakdown of the surplus is as follows:

Total Surplus Identified	\$ 1,864,842	
Untied grants	-\$ 695,220	Being early payment of Federal Assistance Grant and Direct Road Grant.
Tied Grants reported in Annual Statements	-\$ 169,393	A breakdown of this figure is shown on Note 19 of the Annual Financial Statements.
	-\$ 39,000	Funds received for Scott River Strategy
Included in budget 19/20	-\$ 872,521	Projects carried forward for completion in 19/20 and savings included and used within current budget.
Savings Surplus Identified- not already accounted for within the 19/20 Budget	\$ 88,708	Actual savings once carried forward projects/grant monies and returned funds are accounted for.
Suggested inclusions		
<i>Regional Economic Development Grant Co-contribution</i>	-\$ 49,000	This grant is being looked at to build/install infrastructure required in order to progress Nannup to becoming a Trails Town. It requires a co-contribution of same amount as grant to be applied.
<i>Synergy Soft upgrade to overhaul general accounting system</i>	-\$ 25,000	A quote has been received to overhaul current system. This would improve efficiencies to all areas of Council in terms of reporting and analyse of costs and budgets.
<i>Public Health Plan</i>	-\$ 9,708	50% contribution towards fees associated with getting this Regulatory Plan completed by 2020.

STATUTORY ENVIRONMENT:

Section 5.54(1) of the Act requires that the Annual Report be accepted by 31 December, with an absolute majority vote being required. However, if the auditor’s report is not available in time for the Annual Report to be accepted by 31 December section 5.54(2) requires that it be accepted no later than two months after the auditor’s report becomes available.

Section 5.27(2) states that a general meeting of electors is to be held on a day selected by the local government, but not more than 56 days after the local government accepts the annual report for the previous financial year. Section 5.29(1) requires that the CEO gives at least 14 days’ local public notice of the date, time, place and purpose of the meeting.

Assuming that the Draft Annual Report is accepted at today’s meeting, it is proposed to hold the Annual Electors Meeting at 5pm Thursday 30th of January 2020.

Notice of the availability of the Annual Report is to be given as soon as practical after its acceptance by Council. An advertisement informing electors of the proposed timing of the Electors Meeting has been prepared. To meet the statutory requirement this notice will be published on our website, on our Facebook page and placed on noticeboards within the Townsite from the date of endorsement plus one day. i.e.as at 19 December 2019, if endorsed at this meeting. This will cover the requirement for 14 days’ local public notice being given.

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Inclusion of identified surplus within the 2019/20 Annual Budget through budget amendments.

STRATEGIC IMPLICATIONS:

Our Economy

Sustainability is the key to Nannup’s future.

RECOMMENDATION:

That Council;

1. Accept the Draft Annual Report for the Shire of Nannup for the year ended 30 June 2019 as required by section 5.54(1) and 5.54(2) of the Local Government Act 1995.
2. Endorse the inclusion of the identified surplus to the current budget via projects shown below:
 - Regional Economic Development Grant Co-contribution \$49,000
 - Synergy Soft upgrade to overhaul accounting system \$25,000
 - Contribution towards Public Health Plan \$9,708
3. Hold its Annual Electors Meeting on Thursday 30 January 2020 in the Council Chambers commencing at 5 pm.

19168 BUCKLAND/HANSEN

That Council;

1. *Accept the Draft Annual Report for the Shire of Nannup for the year ended 30 June 2019 as required by section 5.54(1) and 5.54(2) of the Local Government Act 1995.*
2. *Endorse the inclusion of the identified surplus to the current budget via projects shown below:*
 - *Regional Economic Development Grant Co-contribution \$49,000*
 - *Synergy Soft upgrade to overhaul accounting system \$25,000*
 - *Contribution towards Public Health Plan \$9,708*
3. *Hold its Annual Electors Meeting on Thursday 30 January 2020 in the Council Chambers commencing at 5 pm.*

CARRIED BY ABSOLUTE MAJORITY (8/0)

7. CLOSURE OF MEETING:

The Shire President declared the meeting closed at 5.08pm.