



**MINUTES 26 March 2014**

**ORDINARY MEETING  
OF COUNCIL**



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**SHIRE OF WONGAN-BALLIDU  
MINUTES  
FOR THE ORDINARY MEETING OF COUNCIL**

Held in the Council Chambers  
on Wednesday 26 March 2014



**1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The President Cr Peter Macnamara declared the meeting opened at 3.00pm

**2. ATTENDANCE, APOLOGIES, LEAVE OF ABSENCE PREVIOUSLY GRANTED**

**ATTENDANCE:**

Cr Peter Macnamara	Cr Brad West
Cr David Armstrong	Cr Sandra Hartley
Cr Tracey deGrussa	Cr Alfreda Lyon
Cr Michael Godfrey	Cr Hugh Barrett – Lennard

**STAFF:**

Stuart Taylor	Chief Executive Officer
Len deGrussa	Manager Building Services
Tanya Greenwood	Manager Community Services
Karl Mickle	Works & Services Manager
Irene Myring	(Minutes)

**APOLOGIES**

Cr Richard Morgan

**PUBLIC**

Sgt Aaron Cleaver – Wongan Hills Police Station

**3. PUBLIC QUESTION TIME**

Sgt Cleaver spoke to Council on an incident which occurred regarding a helicopter and an Optus tower. He commended Council on having the foresight on insisting that these towers have lights.

Sgt Cleaver then spoke on a spate of burglaries which had been occurring, the alleged perpetrator had been apprehended and burglaries have since ceased he stated that apart from that the police incidents around the Shire have been minimal.

**4. ANNOUNCEMENTS FROM THE PRESIDING MEMBER**

The Shire President suggested the agendas be delivered on the Friday prior to Council, after some discussion Councillors agreed.

**5. PETITIONS AND PRESENTATIONS**

Nil



## 9. REPORTS OF OFFICERS AND COMMITTEES

### 9.1 ADMINISTRATION & FINANCIAL SERVICES

#### 9.1.1 ACCOUNTS SUBMITTED

FILE REFERENCE:	F1.4
REPORT DATE:	28 March 2014
APPLICANT/PROPONENT:	N/A
OFFICER DISCLOSURE OF INTEREST:	Nil
PREVIOUS MEETING REFERENCES:	Nil
AUTHOR:	David Taylor -Deputy Chief Executive Officer
ATTACHMENTS:	February 2014

#### **PURPOSE OF REPORT:**

That the accounts as submitted be received.

#### **BACKGROUND:**

This information is provided to the Council on a monthly basis in accordance with provisions of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

#### **COMMENT:**

Refer to attachment.

#### **POLICY REQUIREMENTS:**

There are no known policy requirements related to this item.

#### **LEGISLATIVE REQUIREMENTS:**

Local Government (Financial Management) Regulations 1996 Sections 12 & 13 require the attached reports to be presented to Council.

#### **Lists of Accounts**

Section 6.10 of the Local Government Act regulation 12 of the Financial Management Regulations (FMR's) requires a list of accounts paid for the month, and where the Council has delegated the payment of these accounts to the CEO under regulation 13 there must be a list of accounts paid, and the listing shall disclose the following:

- The payee's name
- The amount of the payment
- The date of the payment
- The fund from which it is paid; and
- Sufficient information to identify the transaction.

#### **STRATEGIC IMPLICATIONS:**

There are no strategic implications in relation to this item.

**SUSTAINABILITY IMPLICATIONS:****Ø Environment**

There are no known environmental implications associated with the proposals.

**Ø Economic**

There are no known environmental implications associated with the proposals.

**Ø Social**

There are no known environmental implications associated with the proposals.

**FINANCIAL IMPLICATIONS:**

All payments are within the confines of Councils adopted budget. There have been no other material outstanding creditors since the cheques were prepared.

**VOTING REQUIREMENTS:**

**ABSOLUTE MAJORITY REQUIRED: No**

**STAFF RECOMMENDATION:**

That the accounts submitted from 1 February 2014 to 28 February 2014 totalling \$370,256.98 having been checked and certified in accordance with the requirements of the Financial Management Regulations 12 be received, as shown on the summary of accounts paid schedule and the payroll EFT batches.

**COMMITTEE RECOMMENDATION:**

That the accounts submitted from 1 February 2014 to 28 February 2014 totalling \$370,256.98 having been checked and certified in accordance with the requirements of the Financial Management Regulations 12 be received, as shown on the summary of accounts paid schedule and the payroll EFT batches.

**MOTION:****MOVED****Cr West/Cr Lyon**

**That the accounts submitted from 1 February 2014 to 28 February 2014 totalling \$370,256.98 having been checked and certified in accordance with the requirements of the Financial Management Regulations 12 be received, as shown on the summary of accounts paid schedule and the payroll EFT batches.**

**CARRIED: 8/0  
RESOLUTION NO: 030314**

## 9.1.2 FINANCIAL REPORTS

FILE REFERENCE:	F1.4
REPORT DATE:	28 March 2014
APPLICANT/PROPONENT:	N/A
OFFICER DISCLOSURE OF INTEREST:	Nil
PREVIOUS MEETING REFERENCES:	Nil
AUTHOR:	David Taylor - Deputy Chief Executive Officer
ATTACHMENTS:	Financial Reports

### PURPOSE OF REPORT:

That the following statements and reports for the month ended February 2014 be received:

### BACKGROUND:

Under the Local Government (Financial Management) Regulations 1996 the Council is to prepare financial reports outlining the financial operations at the previous month end date.

Listed below is a compilation of the reports that will meet compliance, these are listed under Sections and the relevant regulations below.

### Financial activity statement report

Section 6.4 of the Local Government Act regulation 34.1 of the FMR requires a Local Government to prepare each month a statement of financial activity reporting on the sources and application of funds, as set out in the annual budget containing the following detail:

- Annual budget estimates
- Budget estimates to the end of the month to which the statement relates (known as YTD Budget) Actual amounts of expenditure, revenue and income to the end of the month to which the statement relates (known as YTD Actuals)
- Material variances between the comparatives of Budget v's Actuals
- The net current assets (NCA) at the end of the month to which the statement relates

Regulation 34.2 - Each statement of financial activity must be accompanied by documents containing:-

1. An explanation of the composition of the net current assets of the month to which it relates, less committed assets and restricted assets containing the following detail:
  - An explanation of each of the material variances
  - Such other supporting information as is considered relevant by the local government

Regulation 34.3 - The information in a statement of financial activity may be shown:

- According to nature and type classification
- By program; or
- By business unit

Each financial year a Local government is to adopt a % value, calculation in accordance with AAS5, to be used in reporting material variances.

### COMMENT:

Refer to attachment.

**POLICY REQUIREMENTS:**

Policy F64 - Monthly Financial Reporting Requirements

**LEGISLATIVE REQUIREMENTS:**

- 1. Local Government Act 1995
- 2. Local Government (Financial Management) Regulations 1996

**STRATEGIC IMPLICATIONS:**

There are no Strategic Implications relating to this item.

**SUSTAINABILITY IMPLICATIONS:**

Ø **Environment**

There are no known environmental implications associated with the proposals.

Ø **Economic**

There are no known economic implications associated with the proposals.

Ø **Social**

There are no known social implications associated with the proposals.

**FINANCIAL IMPLICATIONS:**

The financial reports for the periods ending February 2014 are attached to the Council agenda.

**VOTING REQUIREMENTS:**

**ABSOLUTE MAJORITY REQUIRED: No**

**STAFF RECOMMENDATION:**

That the following Statements and reports for the months ended February 2014 be received:

- 1. Monthly Statements as follows;
  - a. Statement of Financial Activity (by Nature and Type) FM Regs 34
  - b. Statement of Operating Activities by Programme/Activity (Summary) FM Regs 34
  - c. Statement of Net Current Assets (NCA) FM Regs 34
  - d. Rate setting statement Discretionary
  - e. Disposal of Assets Discretionary
  - f. Rates Outstanding Report Discretionary
  - g. Debtors Outstanding Report Discretionary
  - h. Bank Reconciliation Report Discretionary
  - i. Investment Report Discretionary
  - j. Reserve Account Balances Report Discretionary
  - k. Loans Schedule Discretionary

**COMMITTEE RECOMMENDATION:**

That the following Statements and reports for the months ended February 2014 be received:

- 1. Monthly Statements as follows;
  - a. Statement of Financial Activity (by Nature and Type) FM Regs 34
  - b. Statement of Operating Activities by Programme/Activity (Summary) FM Regs 34
  - c. Statement of Net Current Assets (NCA) FM Regs 34
  - d. Rate setting statement Discretionary
  - e. Disposal of Assets Discretionary





### 9.1.3 COMPLIANCE AUDIT RETURN 2013

FILE REFERENCE:	F1.7.1
REPORT DATE:	4 February 2013
APPLICANT/PROPONENT:	N/A
OFFICER DISCLOSURE OF INTEREST:	Nil
PREVIOUS MEETING REFERENCES:	Nil
AUTHOR:	Stuart Taylor – Chief Executive Officer
ATTACHMENTS:	Compliance Return

#### **PURPOSE OF REPORT:**

To consider and adopt the 2013 Compliance Audit return.

#### **BACKGROUND:**

Council is required to carry out a compliance audit for the period 1 January 2013 to 31 December 2013 against the requirements included in the 2013 Compliance Audit Return.

The Compliance Audit Return is to be,

- a. Presented to Council at a meeting of the Council,
- b. Adopted by the Council, and
- c. The adoption recorded in the minutes of the meeting at which it is adopted.

The adopted Compliance Audit Return is to be submitted to the Director General, Department of Local Government and Regional Development by 31 March 2014.

#### **COMMENT:**

Areas of compliance covered by the 2013 CAR have been restricted to those considered high risk, resulting in a CAR that contains substantially fewer questions..

Amendments to regulation 13 of the *Local Government (Audit) Regulations 1996*, to be gazetted on 30 December 2011, allowed these changes to occur.

A further change to regulation 14 requires that the local government's Audit Committee now reviews the CAR and reports the results of that review to the Council prior to adoption by Council and the March submission to the Department.

#### **POLICY REQUIREMENTS:**

There are no known legislative requirements related to this item.

#### **LEGISLATIVE REQUIREMENTS:**

Local Government Act 1995 Section 7.13(i)  
Local Government (Audit) Regulations Regulation 13. 14 and 15

#### **STRATEGIC IMPLICATIONS:**

There are no strategic implications in relation to this item.

**SUSTAINABILITY IMPLICATIONS:**

Ø **Environment**

There are no known environmental impacts associated with this proposal.

Ø **Economic**

There are no known economic impacts associated with this proposal.

Ø **Social**

There are no known social implications associated with this proposal.

**FINANCIAL IMPLICATIONS:**

There are no financial implications in relation to this item.

**VOTING REQUIREMENTS:**

**ABSOLUTE MAJORITY REQUIRED: Yes**

**STAFF RECOMMENDATION:**

That Council adopt the 2013 Compliance Audit Return as presented.

**COMMITTEE RECOMMENDATION:**

That Council adopt the 2013 Compliance Audit Return as presented.

**MOTION:**

**MOVED**

**Cr Barrett-Lennard/Cr West**

**That Council adopt the 2013 Compliance Audit Return as presented.**

**CARRIED: 8/0  
RESOLUTION NO: 050314**

### 9.1.4 CHANGE IN CAPITALISATION THRESHOLD

FILE REFERENCE:	A2.20.4
REPORT DATE:	13th February 2014
APPLICANT/PROPONENT:	David Taylor - Deputy Chief Executive Officer
OFFICER DISCLOSURE OF INTEREST	Nil
PREVIOUS MEETING REFERENCES:	Nil
AUTHOR:	David Taylor - Deputy Chief Executive Officer
ATTACHMENTS:	Nil

#### PURPOSE OF REPORT:

For the Council to consider the amendment of the current policy 5.5 Accounting Policy Sub-Clause (i) for the capitalisation of non-current assets.

#### BACKGROUND:

As of 30<sup>th</sup> June 2013, all local governments are required to commence the process of recognising all of its assets at fair value in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996. The following table indicates the timeframe in which particular asset classes are required to undergo an assessment of fair value.

Classification	Initial Revaluation	Subsequent Revaluation
Plant & Equipment	30 June 2013	30 June 2016
Land and buildings	30 June 2014	30 June 2017
Infrastructure assets and all other classes of assets	30 June 2015	30 June 2018

The policy review for capitalisation of assets is aimed at applying the most reasonable level of acquisitions to reduce the impost in revaluing all assets every three years, whilst still ensuring that all major assets are still appropriately accounted for.

#### COMMENT:

Council is currently undergoing a review of the current asset register to ensure that the Shire can revalue all of its assets in accordance with Regulation 17A. As part of the asset review and in a measure to improve efficiency within Council operations, it is proposed that the current adopted capitalisation thresholds per asset class are reconsidered.

Asset capitalisation thresholds are a dollar amount below which expenditure is treated as recurrent expenditure even if it is associated with an activity that is typically capital in nature.

The current threshold for the capitalisation of assets is between \$500 and \$1,000, which is considered far too low given the new requirements to revalue assets on a regular basis. Increasing the capitalisation threshold can avoid unnecessary details in the asset register and allow expenditure for immaterial purchases to be expensed to the Statement of comprehensive Income. The following table illustrates the current capitalisation threshold for each asset classification and the corresponding proposed thresholds.

Asset Class	Current Threshold	Proposed Threshold
Buildings	\$1,000	\$5,000
Infrastructure	\$1,000	\$5,000
Infrastructure – Road Seals	\$1,000	\$5,000
Furniture and Equipment	\$ 500	\$5,000
Computer Equipment	\$1,000	\$5,000

Light Vehicles	\$1,000	All
Heavy Plant	\$1,000	All
Other Plant & Equipment	\$1,000	\$5,000

The Shire's fixed asset register should only record significant fixed assets that are to be depreciated and revalued in accordance with Accounting Standards and Local Government Financial Management Regulations. As a result there will be many 'portable and desirable items' that will be under the capitalisation threshold and hence not included on the Asset Register. This poses a risk that these items may not be managed and/or accountable and therefore be unmaintained or go missing. As a result a register of portable equipment and desirable items should and will be maintained and monitored separate to the Asset Register.

**POLICY REQUIREMENTS:**

Review and amendment of the current policy 5.5 Accounting Policy Sub-Clause (i) for the capitalisation of non-current assets

**LEGISLATIVE REQUIREMENTS:**

Local Government (Financial Management) Regulations 1996  
Australian Accounting Standards

**STRATEGIC IMPLICATIONS:**

This amendment to the policy is in accordance with the Shire's Integrated Planning requirements.

**SUSTAINABILITY IMPLICATIONS:**

Ø **Environment**

There are no known environmental implications associated with this item.

Ø **Economic**

There are no known economic implications associated with this proposal.

Ø **Social**

There are no known social implications associated with this item.

**FINANCIAL IMPLICATIONS:**

There will be significant savings in future revaluation cost by reducing the number of assets included in the asset register.

The removal of assets from the asset register will result in a current year write-off. These write-offs will be recorded as a loss on disposal of assets in the statement of comprehensive income. Whilst these assets are being written-off (removed) from the statement of financial position and being removed from the asset register; they will not be physically removed from the Shire's control or use.

This loss of disposal will be in addition to the budgeted loss on disposal of assets already accounted for in the current budget.

A separate line item in the statement of comprehensive income will be shown to reflect the impact of the adjustment in the annual financial report.

**VOTING REQUIREMENTS:**

**SIMPLE MAJORITY REQUIRED:**

**STAFF RECOMMENDATION:**

That Council

1. Endorse the amendments to Policy 5.5 Accounting Policy Sub-Clause (i) in relation to changes to capitalisation of asset values as included below;
  - a. Buildings \$5,000
  - b. Infrastructure \$5,000
  - c. Infrastructure – Road Seals \$5,000
  - d. Furniture and Equipment \$5,000
  - e. Computer Equipment \$5,000
  - f. Light Vehicles All
  - g. Heavy Plant All
  - h. Other Plant and Equipment \$5,000
2. Write-off the assets that fall below the revised capitalisation thresholds from the Asset Register.
3. Establish a register for 'Portable and Desirable Items' for the items that have been removed from the Asset Register and remain under the control of the Shire.

**COMMITTEE RECOMMENDATION:**

That Council

1. Endorse the amendments to Policy 5.5 Accounting Policy Sub-Clause (i) in relation to changes to capitalisation of asset values as included below;
  - a. Buildings \$5,000
  - b. Infrastructure \$5,000
  - c. Infrastructure – Road Seals \$5,000
  - d. Furniture and Equipment \$5,000
  - e. Computer Equipment \$5,000
  - f. Light Vehicles All
  - g. Heavy Plant All
  - h. Other Plant and Equipment \$5,000
2. Write-off each asset that fall below the revised capitalisation thresholds from the Asset Register.
3. Establish a register for 'Portable and Desirable Items' for the items that have been removed from the Asset Register and remain under the control of the Shire.

**MOTION: MOVED Cr Armstrong/Cr West**

**That Council**

1. **Endorse the amendments to Policy 5.5 Accounting Policy Sub-Clause (i) in relation to changes to capitalisation of asset values as included below;**
  - a. Buildings \$5,000**
  - b. Infrastructure \$5,000**
  - c. Infrastructure – Road Seals \$5,000**
  - d. Furniture and Equipment \$5,000**
  - e. Computer Equipment \$5,000**
  - f. Light Vehicles All**
  - g. Heavy Plant All**
  - h. Other Plant and Equipment \$5,000**
2. **Write-off each asset that fall below the revised capitalisation thresholds from the Asset Register.**

3. Establish a register for 'Portable and Desirable Items' for the items that have been removed from the Asset Register and remain under the control of the Shire.

**CARRIED: 8/0**  
**RESOLUTION NO: 060314**

**10. QUESTIONS FROM MEMBERS WITHOUT NOTICE**

Nil

**11. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING**

Nil

**12. MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

Nil

**13. CLOSURE**

There being no further business the President, Cr Macnamara declared the meeting closed at 3.29pm.

These minutes were confirmed at a meeting on April 014

Signed \_\_\_\_\_  
President