



MINUTES

**FOR THE SPECIAL MEETING
OF COUNCIL**

TUESDAY 20 NOVEMBER 2012 AT

SHIRE OF MENZIES COUNCIL CHAMBERS

COMMENCING AT 10.03AM

SHIRE OF MENZIES



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SHIRE OF MENZIES

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**MINUTES FOR SPECIAL MEETING OF COUNCIL HELD AT MENZIES ON
THURSDAY 20 NOVEMBER 2012 COMMENCING AT 10.03AM**

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President (Cr Gregory Dwyer) declared the meeting open at 10.03am, welcomed the attendees and proceeded with the Agenda as planned.

2. ANNOUNCEMENT OF VISITORS

Nil

3. RECORD OF ATTENDANCE

3.1 PRESENT:

Councillors

Cr G Dwyer	President
Cr J A Dwyer	Councillor
Cr C K Purchase	Councillor
Cr I R Tucker	Councillor

Staff:

Mr N P Crawford	Chief Executive Officer
Ms R Jones	Deputy Chief Executive Officer
Mr N Mitchell	Consultant (by telephone 10.12am)

3.2 APOLOGIES

Mrs D Crawford	Executive Assistant to the CEO
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3.3 LEAVE OF ABSENCE PREVIOUSLY APPROVED

None

4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5. PUBLIC QUESTION TIME

Nil

6. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7. NOTICE OF ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS

Nil

8. CONFIRMATION OF MINUTES

8.1 SPECIAL COUNCIL MEETING – 6 JUNE 2012

VOTING REQUIREMENTS:
Simple Majority Decision required

COUNCIL DECISION/OFFICER RECOMMENDATION

No: 0243

Moved Cr J Dwyer

Seconded Cr K Purchase

That the minutes of the Special Meeting of Council held on 6 June 2012 be confirmed as a true and accurate record

Carried 4/0

10. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

None

10.1 PRESIDENT'S REPORT – TABLED AT THE MEETING

Nil

11. REPORTS OF COMMITTEES AND OFFICERS

11.3 WORKS AND SERVICES BUSINESS

11.3.1	REQUEST FOR TENDER RFT11/12 FOR THE SUPPLY AND INSTALLATION OF BRICK PAVING
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SUBMISSION TO:	Special Council Meeting, 20 November 2012
LOCATION:	Shire of Menzies
APPLICANT:	Shire of Menzies
FILE REF:	T/3/3
DISCLOSURE OF INTEREST:	The author has no interest to disclose in this item
DATE:	29 October 2012
AUTHOR:	Bret Howson, Project Manager (Consultant)
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford - Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	
PREVIOUS MEETING REFERENCE:	Item 13.1.3 of Ordinary Meeting of Council held Thursday, 27 September 2012

ATTACHMENTS:

Attachment 11.3.1a – Plan of main street paving parameters.

SUMMARY

This agenda item is to have the Council endorse the award of the Request for Tender RFT 11/12 for the Supply and Installation of Brick Paving. The brick paving is required for the Menzies Main Street Project.

BACKGROUND

The Council have previously discussed the upgrade of the main street in Menzies town site. The main street is known as Goldfields Highway however has a local name of Shenton Street. The section of this road from Florence Street to Wilson Street will be referred to as Shenton Street for this report.

Early 2010, the Council was presented with two conceptual plans, one showed brick paved road crossings across Shenton Street which did not receive support from Main Roads WA due to the amount of heavy traffic on this section of road. The other concept

diagram showed only revised parking nibs, footpaths and some crossings of side streets. This plan was endorsed by the Council.

In previous budgets, the Council made allowance for the undergrounding of the power line, which has been complete for approximately 18 months. The footpaths are in need of repair due to the trenching required for the underground power project.

Council staff prepared a tender to call for submissions from suitably qualified and experienced contractor to remove the existing brown asphalt footpaths and lay new brick paved paths.

The work only includes the footpath works, and does not include any brick paving on the median strips of roadways. The main paving bricks shall be 300x300x60 in Heritage Red colour, laid in a diamond pattern. The edge highlight bricks shall be 230x114x60 in Grey colour, laid one main brick in, parallel to the kerbing or property line. All bricks also shall be suitable for driveway and vehicle use.

The successful contractor shall provide the following works for approximately 4,550 square metres:

- Removal all existing brown asphalt as shown on the layout plan.
- Removal of all existing concrete surfaces as shown on the layout plan.
- Removal of all existing brick paved surfaces as show on the layout plan.
- Re-work existing bedding fill material. Including additional fill material to the base of the paving bricks, and wetting and compacting with a plate compactor to the satisfaction of the Shire of Menzies.
- Lifting, and where necessary repairing, Telstra and other service lids to ensure flush surface with new paving bricks.
- Supply all necessary brick paving, including laying as shown on the layout plan.
- Concrete all header courses and joint edges with other surfaces, such as adjoining footpaths, driveways and building walls.
- Cut and lay paving around all kerbing, buildings, fittings, bins, posts and other fixed street furniture
- Allow four 2metre x 2metre concrete (temporary) slab to be removed at a later date by the Shire of Menzies for future artwork.
- Repair any kerbing or other damage caused by this work. The Shire of Menzies will determine the fault of the damage.

This tender was advertised in Saturday's West Australian newspaper on 29 September 2012 and closed on Tuesday 16 October 2012.

COMMENT

The tender box was opened on the 17 October 2012 in the presence of CEO, Peter Crawford, Executive Assistant, Daphne Crawford and Councillor Keith Purchase. Seven (7) submissions were received, these were as follows:

- Penning Construction (Complying Submission)
- Penning Construction (Alternative Tender)

- A Class Pavers
- Roadline Contracting Pty Ltd
- ABS Stonehaul
- W.P Reid
- Yarnell Civil and Mining Pty Ltd

Assessment of these submissions was carrying out on Friday 26 October 2012 by Manager Works and Services, Brian Howson and Consultant Project Manager Bret Howson. Below is the assessment and recommendations:

Company	Pricing (70%)	Availability and Capability (15%)	References (15%)	Total Assessment Score (100%)	Comments
A Class Pavers	66	0	10	76	Only to supply and lay pavers. Could not do entire scope of works
Roadline Contracting	58	0	5	63	To use subcontractor
Yarnell Civil and Mining P/L	68	15	15	98	Same Company awarded liquid evaporation basins
Jenera Nominees (Complying)	62	10	2	74	Could not be contacted
Jenera Nominees (Alternative)	64	10	2	76	Could not be contacted
ABS Stonehaul	60	5	0	65	No references supplied
W P Reid	70	2	0	72	No references supplied

Areas of the contract which require confirmation are:

- Confirmation of selected bedding material (if not cracker dust)
- Hourly rates for items of plant and labour for any variations.

Subject to the confirming the above 2 points, and the above assessment, the Officer's recommendation below is to award Tender RFT11/12 to Yarnell Civil and Mining P/L.

CONSULTATION

A number of consultation sessions were held with the council regarding the type, style and colour of the footpaths materials in the main street.

Display was set up in the Shire Administration building foyer for public comments.

Community survey was sent to all residents to obtain comments of proposed footpath materials and colours.

STATUTORY OBLIGATIONS

Legally a Local Government, as a public body, has the responsibility to follow the appropriate processes and to treat all tenderers fairly. The terms and conditions set out in this contract is the standard WALGA contract document and imply that the Shire of Menzies has acted legally and fairly to all tenderers in this case.

Section 3.57(1) of the Local Government Act 1995 requires a Local Government to invite tenders before it enters into a contract for a purchase of a prescribed kind, however Part 4 (Provision of Goods and Services) of the Local Government (Functions and General) Regulations 1996, Regulation 11 states this is only required for purchases worth more than \$100,000 unless Council has delegated otherwise.

POLICY IMPLICATIONS

There are no known policy implications at the time of preparing this report.

FINANCIAL IMPLICATIONS

The Council has an allocation of \$485,000 (Ex. GST) in the 2012/13 annual budget.

The proposed scope and estimated costs of the project is:

Supply and lay of brick paving	\$386,000 (RFT 11/12)
450m additional kerbing	\$19,250
Additional drainage works	\$11,500
Project Management	\$18,500
10% contingency	\$43,525
<u>TOTAL Estimated Costs</u>	<u>\$478,775 (ex GST)</u>

VOTING REQUIREMENTS:

Simple Majority Decision required

COUNCIL DECISION/OFFICER RECOMMENDATION
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No: 0244

Moved Cr J Dwyer

Seconded Cr K Purchase

That Council awards the Request for Tender 11/12 for the Supply and Installation of Brick Paving to Yarnell Civil and Mining Pty Ltd for \$424,600 (including GST). Noted the unit rate for additional works is awarded at \$93.31 (including. GST) per square metre.

Carried 4/0

11.4 MANAGEMENT AND POLICY BUSINESS

11.4.1 GERCG – Integrated Planning Project

SUBMISSION TO:	Special Meeting of Council, 20 November 2012
LOCATION:	Shire of Menzies
APPLICANT:	Goldfields Esperance Regional Collaborative Group
FILE REF:	W/1/3
DISCLOSURE OF INTEREST:	Consultant previously engaged to assist with documentation, and may be further engaged
DATE:	9 November 2012
AUTHOR:	Niel Mitchell, Consultant
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford, Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	
PREVIOUS MEETING REFERENCE:	None

ATTACHMENTS:

None

SUMMARY:

The Goldfields Esperance Regional Collaborative Group has been working with the other local governments of the region for the preparation of various models and plans for the integrated planning process now mandated by the State government.

Only two plans are required by Administrative Regulations –

- r.19C – Strategic Community Plan, and
- r.19DA – Corporate Business Plan

The plans are required to be in place by 30 June 2013, and the 2013-2014 Budget must be based on the priorities identified in the Corporate Business Plan.

Preparation of the two required plans incorporates specified information, which in turn necessitates the development of a number of supporting documents, being –

- asset management plan
- long term financial plan, which includes forward capital works plan
- workforce plan
- plant replacement plan

KPMG was engaged by the GERCG to prepare models and plans for the local governments, and have now essentially completed their task.

As a condition of State Government funding, the work was required to be completed by 30 November 2012, and various reports submitted to Dept of Local Government. In order for this to occur, the GERCG Executive Officers have requested comment from the Councils prior to 23 November 2012, for consideration at a meeting of the GERCG and submission to DLG by the contracted date.

COMMENT:

In compliance with their contract with the GERCG, KPMG has provided templates for –

- Strategic Community Plan (SCP)
- Asset Management
 - o Improvement Framework (AMF) and
 - o Plan (AMP)
- Long Term Financial Plan, (LTFP) which includes –
 - o Forward Capital Works estimates (FCW)
 - o Plant Replacement Program (PRP) schedules and estimated costs
- Workforce Plan (WFP)
- Corporate Business Plan (CBP)

All the templates have a lot of gaps where information is required to be entered by each of the councils. This is in accordance with the contract with KPMG who were not engaged to complete the plans for each of the Shires, but to provide the documentation so that each council could insert the necessary data for the end result to be calculated.

It is clear from the templates provided that much of the public and readily available information has been collected and inserted by KPMG, enabling completion of the plans by the councils to be faster.

In discussion with Ms Westcott, she advised –

1. *30 November 2012 – contracted date for finalisation of process of Plan development. This is contracted with DLG, accordingly, they have to be advised that KPMG have satisfied their contract with the group to provide the various Plans. It is recognised that the Plans will not be complete, as to do them to the detail required for each Shire can't be achieved. It has always been expected that the Shires will need to do work to ensure that each Plan meets their own local needs etc.*
2. *Acceptance of KPMG's work to date means that they are not obligated to do any more. Ms Westcott considers that they have satisfied their contract with the group, and actually gone beyond what they needed to do to satisfy the original EOI.*
3. *While the Plans don't have to be finalised and adopted before 30 June 2013, it is suggested that the Plans should be adopted as soon as they are finalised, and not left until the last moment. This allows for tweaking if necessary, and avoids the rush at the end.*

4. *Ms Westcott asked if she could have any feedback prior to 23 November on the process, comments on how people found KPMG to work with and so on.*
5. *In addition, Ms Westcott also asked if the GERCG could be given some indication of what each Council needs to do to finalise/individualise their Plans, how they'll do this, whether the KPMG draft (or other drafts) have been read, and any comments.*

As the 2013-2014 Budget must incorporate priorities as identified in the CBP, the CBP has to be completed before the Budget can be finalised, so this becomes the critical practical event for administrative staff, although some Budget work can be done before the CBP is in place.

As the revised draft Strategic Community Plan has had some substantial amendments from the KPMG draft, it will be recommended to the November 2012 Ordinary Council meeting that it should be put out again for public submissions. Variations made to KPMG draft include –

- addition of a fourth theme of Heritage
- elimination of much unnecessary and irrelevant information
- inclusion of much greater detail in several areas, e.g. –
 - o services provided (business as usual)
 - o challenges to recruitment and retention
 - o future strategies

The Workforce Plan has some final information regarding current workforce composition to be included, and then it will also be complete for adoption at the November 2012 Ordinary Council meeting.

An appropriate timetable for the next few months then, would appear to be –

- By 23 Nov – advise GERCG of comments on IPR process, and intentions
- 29 Nov – Ordinary Council Meeting –
 - o approve draft Strategic Community Plan
 - o adoption draft Workforce Plan
- 30 Nov – GERCG to finalise contractual obligations with DLG
- 21 Dec – Ordinary Council Meeting –
 - o target – present Long Term Financial Plan
 - o also incorporating forward capital works and plant replacement
- 31 Jan 2013 – Ordinary Council Meeting –
 - o adopt SCP (after public comment invited)
 - o target – present Asset Management Plan
- 28 Feb – Ordinary Council Meeting –
 - o target – approve Corporate Business Plan
- 28 Mar – Ordinary Council Meeting –
 - o final adoption – Corporate Business Plan
- 25 Apr – Ordinary Council Meeting –
 - Note – Anzac Day
 - Preliminary Budget considerations
- 30 May – Ordinary Council Meeting –

- Preliminary Budget considerations
- 27 June – Ordinary Council Meeting –
 - Preliminary Budget considerations
- 27 July – Ordinary Council Meeting –
 - Budget adoption

Ms Westcott has requested comments on the KPMG documents, the process to date and intentions for completion and formal adoption.

At this point –

Document	Stage	Complete	Status
Strategic Community Plan	Final draft	95%	To Nov 2012 Mtg for advertising
Workforce Plan	Final draft	85%	To Nov 2012 Mtg for adoption
Asset Management Plan	KPMG draft		Essentially unusable in current format Refer separate comments below
Long Term Financial Plan	KPMG draft	40%	Most data still needs to be entered
o Forward Capital Works	In LTFP	Inadequate	KPMG considers to be adequate
o Plant Replacement Program	In LTFP	Inadequate	KPMG considers to be adequate
Corporate Business Plan	KPMG draft	60%	Preliminary work can be done, but unable to compete without LTFP and AMP info

The SCP, WFP and CBP are essentially narrative type documents, while the LTFP and AMP need to be financially based.

In this regard, the LTFP is quite comprehensive except for deficiencies with the forward capital works sections, and the AMP is far from satisfactory.

My observations and comments on the documents presented –

Overall –

- a) This process, incorporating 10 local government across a diverse region, and varying in size and complexity from Ngaanyatjarraku to Kalgoorlie-Boulder, is never going to meet all expectations of all participants. There will always be substantial gaps that the individual councils will need to fill.
- b) The models KPMG have provided –
 - are unnecessarily lengthy, containing much that is not relevant for the intended reader and main future users,

- contain too much data that is date specific and therefore will become out-dated very quickly,
 - do not appear to have been written with the main users in mind,
 - despite these comments, they do provide a quality and substantial foundation for development of individual plans
- c) The regional effort for the development of these templates has been very worthwhile, and has saved Menzies an enormous amount of time, effort and expense. The LTFFP spreadsheet alone is very involved and intricate, and the Asset Management documents are both quite technical, even with the financial templates not provided. Very few local governments will have the expertise internally to do the asset management work in anything approaching the detail achieved by KPMG,
- d) Most of the Plans have multiple commitments that are well in excess of what's appropriate or unsuitable for smaller local governments. I would be reluctant to recommend these aspects to Council and suggest editing the Plans to remove commitments that cannot be carried through or for which there is no intention of meeting. It may be in time that some of these are necessary, but I am far from convinced that they are appropriate. Such commitments include –
- use of social networking
 - training where unnecessary or suggested participants have no interest
 - establishment of an Asset Management Working Group
 - quarterly reporting of asset management
 - constant public consultation for no value purpose (e.g. annual survey of residents to rate the importance of the various services and facilities)
- e) from an administrative point of view, the presentation of the documents is unwieldy, with unnecessary and uneditable graphs, diagrams, tables etc constantly inserted. It makes future review frustrating, time consuming and awkward.

Long Term Financial Plan –

- a) the Forward Capital Works schedules in the Long Term Financial Plan, are significantly deficient –
- they do not have provision for inclusion of funding details – CLGF, other grant, reserves, loan, general funding etc
 - the income details then need to be incorporated into the various formulae elsewhere in the LTFFP
 - the FCW schedules are overly long and complex, with unnecessary category splits and differentiation –
 - o the UHY Haines Norton spreadsheet from December 2010 is preferable being simpler, much shorter, and including funding details.
 - o however to use the UHYHN format will mean that all the details would have to be separately entered into KPMG format, so that the rest of the LTFFP calculates.
 - KPMG have been requested to advise on the FCW income matters and also a technical issue relating to the LTFFP spreadsheet

- b) Similarly, Plant Replacement Program details (part of FCW schedules) are incomplete, having no provision for sale/trade of asset, and other funding details
- c) There is no clear integration of the Asset Management information. This is needed to ensure that the required financial commitments for asset maintenance are incorporated.
- d) Otherwise, highly useful and useable, although lengthy and involved. The detail which is necessary to comply with requirements, means that realistically, it would be unlikely to be able to abbreviate it to any relevant extent.

On being queried, KPMG advised –

As you will no doubt be aware the LTFP modelling sits as part of the complete suite of IPR documents.

The CBP is where master projects list should reside and deal with project identification and whole of life costs. The CBP should identify funding sources where possible or available.

Generally the project controls should hold the approach to make sure a project is presented to council with all appropriate business case material including funding sources etc. The LTFP modelling tool receives summary FCWP information for modelling purposes.

Therefore, this information has been deliberately not added to drive the separate project controls and CBP process.

Once council make decisions on a project then summary information can be entered to model impacts

The LTFP was never meant to capture all this information but we can of course look to add this in and we would be happy to discuss and cost this on an individual council basis.

(Underlining added)

In essence they consider the template to be complete, and not defective, but will amend for a fee.

I don't disagree that the Corporate Business Plan holds the final master projects list. The CBP is a summary of the other plans. The projects need to be in the LTFP so as to have all financial information integrated rather than dispersed, and the likely impact on rates and whether or not a project is affordable, can be judged. Without the anticipated funding being included in the LTFP, the rates income in the rate setting statement is significantly distorted.

I consider it essential to have funding estimates and probable origins at the level of consideration of the forward capital works, otherwise it is impossible to realistically complete the LTFP accurately. Dept of Regional Development and Lands for the Country Local Government Fund requires funding origins and estimates to be provided in the Forward Capital Works Plan they stipulate, and similar details are required for every grant application to Sport and Recreation, Lotteries etc.

Asset Management Framework and Plan –

- a) the Asset Management Framework and Plan, is not considered a useful tool for the Shire in its current format, as it –
 - overly complex and technical, unlikely to make sense non-technical people, with staff unable to input data into many tables or graphs,
 - requires a high level of technical expertise to prepare, maintain and review.
 - is overly date specific, so that any review will require very large slabs to be rewritten and amended,
 - the Framework document is full of data rather than being a document that establishes standard policies, procedures, processes and principles,
 - the Plan does not allow staff to enter figures and information to update in similar fashion to the LTFP,
 - refers to a Summary Asset Management Plan, which has not been provided
- b) the documents should be fully editable as is the LTFP, without tables and spreadsheets being placed in the document as uneditable objects.
- c) a template plan similar to the LTFP should have been expected to be developed and produced, such as NAMS from Institute of Public Works Engineering (enquiry made regarding access to the spreadsheets etc),
- d) I would expect this template to also provide information suitable for use in the annual insurance review and reporting of fair value as required by regulation,
- e) Direct and clear links between the AMP and LTFP are needed, so that the financial impact of asset management can be seen and adjustments made within either of the plans as needed for affordability.

On being queried, KPMG advised –

Could you please expand on your "substantial amendments" comments as these may have an impact across the GERCG as approach, templates etc are deliberately similar to allow comparisons?

We need to be aware of major changes so the board can be briefed.

Regards spreadsheets, tables and graphs – these are built with Menzies supplied data through renewal modelling tools that are not available for distribution due to IP rules. I am happy for a set of data to be supplied and if this is validated we can arrange for the graphs etc to be recreated at minimal cost. (please be aware the data would have to be validated again). Alternatively I am sure we can arrange for Menzies to buy a licence to the system that would make it available on-site the council offices.

As far as I am aware, there is no requirement for Council to adopt the Plans provided by KPMG or to be identical to other Shires. I have queried regarding the use of their data in preparation of a revised Asset Management Plan.

In advising the CEO of KPMG's response to my queries, I noted that –

The amendments would be to remove what does not need to be said, that adds nothing to the process. I would also remove graphs and diagrams as far as

possible. While these look pretty, they are difficult to edit in future years ... It should be developed on the premise that future updates and editing will be in-house, allowing the choice of whether to engage a consultant or not, rather than forcing engagement. Especially in light of their licence (purchase) requirement The background processes and data will need high level technical expertise, but what appears in the report should be able to be manipulated by the Shire. I would also expect a model to have been provided to Menzies (all the Shires for that matter) similar to the LTFP. They effectively stated that they will not supply the background info in a format that can be utilised by the Shire. To do any amendments, the Shire will have to engage them.

From the perspective of a small local government, and being perhaps the most important document of the whole raft of the integrated planning requirements, as it summarises the process of asset management planning, it is disappointing that it is so inaccessible, uninformative and contributes so little to the IPR imposition.

Use of NAMS would mean that much of the top end data can be input and used by almost anyone with even a small organisation, however, it is emphasised that the background processes are still highly likely to require specialist expertise.

It is emphasised that –

- i) asset management process are certain to require regular and consistent attention, and the Plan itself is certain to require a consistent approach. The mandatory 2 year period between reviews will be far too long, and it is suggested that consideration be given to arrangements to ensure at least 6-monthly update.
- ii) What is called the Framework is essentially the rules for asset management, and the Plan presented is more of a report. The critical aspects of asset management are the processes that use the Framework to produce the “Report”, and it is the information from these processes that need to be incorporated into annual budget considerations etc.

Summary

While there has been a great deal of work done in the preparation and supplied in these documents, and they generally meet the requirements of the EOI, they do not meet what I would be looking for in planning documents. The basic principles I would apply, is that front office staff need to be able to understand the document and answer queries from members of the public. For this to occur –

- irrelevant or unnecessary information removed where able and appropriate,
- date specific details removed where unnecessary,
- over-commitments excluded,
- enabling in-house review and update with minimal input from consultants being required.

Given the current workload of staff, external assistance will be needed to complete the work still required to be done particularly as the current process has been one of initiating all the requirements, rather than simply checking, reviewing and updating.

CONSULTATION:

Ms Helen Westcott, GERCG Executive Officer
Mr Peter Crawford, CEO Shire of Menzies
Mr Chris Morrison, Mr Edward Day, KPMG
Mr Tony Doust, Acting CEO Shire of Wiluna
Ms Tanya Browning, DCEO, Shire of Leonora

STATUTORY ENVIRONMENT:

Local Government Act 1995 –
- s.5.56 – planning for the future
Administration Regulations 1996 –
- r.19C – mandatory Strategic Community Plan, required details to be included
- r.19DA – mandatory Corporate Business Plan, required details to be included

POLICY IMPLICATIONS:

Budget preparation timetable may be affected

FINANCIAL IMPLICATIONS:

Expense of contracting consultants to complete plans within practical and required timeframes

STRATEGIC IMPLICATIONS:

Compliance with legislation and planning for the future

VOTING REQUIREMENTS:

Simple Majority Decision required

COUNCIL DECISION/OFFICER RECOMMENDATION
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No 0245

Moved Cr J Dwyer

Seconded Cr I Tucker

That the Goldfields Esperance Regional Collaborative Group be advised that –

- a) the Shire of Menzies considers that KPMG have satisfied their contractual obligations to the GERCG for the integrated planning project, with the exceptions that –
 - the Asset Management Framework and Plan is not accepted,
 - the Long term Financial Plan has deficiencies that need updating,
- b) the difficulty of designing templates that suit all requirements of such a diverse region are noted,
- c) the Long Term Financial Plan is considered deficient in that –
 - the forward capital works schedules, both infrastructure and plant assets, do not have provision for inclusion of funding details to be entered and incorporated into the main part of the LTFP,
 - asset management requirements are not clearly identified and integrated,
- d) the Asset Management Framework and Plan does not meet expectations –

- it is considered that its current format and presentation and inability to amend data is unacceptable,
 - no template as per LTFP is provided
- e) while forming a solid foundation, the documents will be simplified and abbreviated, bearing in mind that the intended users of the documents are Menzies residents,
- f) as the various document are finalised, they will be presented to Council for approval and adoption,
- g) the aim is to have all plans and supporting documents finalised and in place by 31 March 2013, prior to preparation of the 2013-2014 Budget,
- h) given Menzies workload and other commitment, external assistance will be required to complete the required plans within the desired timeframe.

Carried 4/0

***CEO left the meeting at 10.35am
CEO returned to the meeting 10.28am***

***Cr J Dwyer left the meeting at 10.44am
Cr J Dwyer returned to the meeting at 10.48am***

11.4.2 GERCG – Integrated Business Plan

SUBMISSION TO:	Special Council Meeting, 20 November 2012
LOCATION:	Shire of Menzies
APPLICANT:	Goldfields Esperance Regional Collaborative Group
FILE REF:	W/1/3
DISCLOSURE OF INTEREST:	Consultant previously engaged to assist with documentation, and may be further engaged
DATE:	7 November 2012
AUTHOR:	Niel Mitchell, Consultant
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford, Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	
PREVIOUS MEETING REFERENCE:	None

APPENDIX 11.4.2a:
GERCG Regional Business Plan

ATTACHMENT 11.4.2a:
Report on assessment of Regional Business Plan and proposed Business Cases

SUMMARY:

The Goldfields Esperance Regional Collaborative Group has been working with the other local governments of the region for the preparation of a Regional Business Plan and Business Cases.

The RBP was prepared by KPMG, funded by the State Government as part of the reform initiatives for local government. The contract with Department of Local Government requires the project to be completed by the end of November 2012.

The Regional Business Plan identified five themes for consideration –

1	Improving workforce capacity	Supporting service delivery to the community by ensuring our workforce is supported and deployed in the most efficient way
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2	Developing and sharing knowledge	Identifying how we can develop our workforce and share leading practice across organisations to minimise investment and maximise benefits
3	Operations are supported by efficient and effective processes	Supporting service delivery to the community by ensuring our internal and external processes are delivered in the most efficient way
4	Service delivery supported by effective management of assets	Developing effective strategic asset management, day to day management of assets and sharing physical assets
5	Maximising investments in and quality of systems	Systems that are well maintained, allow sharing of resources, develop remote access and facilitate improved service delivery

COMMENT:

The consultants have done a thorough job with the Regional Business Plan and Business Cases, and specific comments on the Main Report and the 5 Business Cases are attached.

Generalised observations of the information presented –

a) Applicability –

While sent to all participants, it is clear that much of the information and many of the suggestions made in the documents have applicability to the larger local governments. Many of the matters have minimal or no relevance to the smaller councils, and if pursued, may be detrimental. It is an inherent difficulty with a project covering 10 organisations, and ranging from large to small. This is a fact that simply needs to be recognised and acknowledged as it would be impossible to provide in a reasonable time and cost, a series of documents that will be completely applicable to every Shire.

b) Level of detail –

KPMG do note that not every detail was able to be included, so the existence of gaps must also be accepted. Each Shire will have to identify these when able.

c) Benefit / cost estimates –

Consistently throughout the RBP and the Business Cases, it is considered that the likely benefits are well over-stated, as is many of the costs. Accordingly, the net benefits noted are also considered to be significantly out of line with accurate expectations.

d) Consultancy costs –

Consultancy costs for further development of detailed business plans seems extraordinarily high.

e) Assumptions –

Part of the inaccuracies in (c) above will be caused by unfamiliarity with specific local circumstances, and assumptions that a role may be carried out by one person, taking all of that person's time. For instance, rates function in Menzies is not a full time position, nor is the payroll function, but is a large component of two positions, each also having other responsibilities. Centralisation of rates therefore, does not mean a \$70,000 saving to Menzies as noted in the Business Case, but probably more in the order of \$20,000, given that some basic capacity must be retained in house, it is only a portion of a job being transferred, and presumes that Council is willing to export this labour component and opportunity to an external agency.

f) Duplication –

Many of the Business Cases list elimination of duplication as being a benefit. This statement needs to be challenged since the same service in different towns is not duplication, but meeting community expectation. Duplication can only occur if the same thing is being done by different sections of the same organisation. In most instance where duplication is suggested, what should be pursued is the use of spare capacity within another organisation, however, it may be found that the spare capacity is not economically viable. For instance, the rubbish service in Menzies is not a duplication of the same service in Leonora. Menzies has much spare capacity of the compactor, but no spare capacity of the operator since that employee is engaged for that purpose only. But for Leonora to take up the spare capacity of the Menzies compactor, extending the engagement of the employee may not be economically viable due to travel costs.

g) Predominant economic focus –

The RBP and Business Cases are almost exclusively focussed on the economic advantages of cooperation, and rarely consider impact on the local communities. Many of the suggestions for centralisation on either a regional or sub-regional basis will mean the loss of opportunity within a town, either for employment or business. It is suggested that this social cost needs to have a far higher importance than currently given. In the case of rate and payroll being centralised, the social cost is potential loss of one position, the loss of one person the community, the removal of an opportunity for a local person to be employed etc. it eliminates the possibility of local multi-skilling, and exposure to additional career paths. Similarly, centralising procurement will have the effect of eliminating local businesses. Sometimes economics must be a distant second to social/community benefit.

There are many suggestions made that would be worthwhile pursuing cooperatively, as a region, sub-region or just those willing to participate.

The necessity of high quality asset management capability is particularly emphasised, and is suggested that this should be the foremost priority for the region. It is stressed that whatever asset management regime is put in place be accessible and usable by non-technical people, or else there is no capacity in-house to use whatever system is

adopted. Unfortunately, ROMAN 2 is a prime example of what to avoid – a program of great flexibility and capability that is so complex and difficult that it is essentially unusable and inaccessible to general office staff. With an annual fee/maintenance cost payable to WALGA of \$6,000, ROMAN 2 is unreasonably expensive for what the Shire can get out of it.

There are a number of overarching principles that Council should consider –

- i) Export of function will only be considered if labour can be retained
- ii) Export of function will not be considered if there is indirect cost to the community whether economic, or social
- iii) Centralisation or regionalisation pursued particularly if the function is new (e.g. asset management) or relieves workload (e.g. HR for recruitment etc)
- iv) Before any proposal is approved, the social and community cost must be acceptable, and reliance solely on economic benefit is rejected
- v) Automatic assumption of duplication based on same type of plant time, services or function but in multiple locations is not accepted

CONSULTATION:

Ms Helen Westcott, GERCG Executive Officer
Mr Peter Crawford, CEO Shire of Menzies
Mr Edward Day, KPMG

STATUTORY ENVIRONMENT:

Local Government Act 1995

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine local government policies; and

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

POLICY IMPLICATIONS:

Council has no Policies in relation to this matter

FINANCIAL IMPLICATIONS:

1. Expense of contracting consultants to complete plans within practical and required timeframes
2. Potential project commitments

STRATEGIC IMPLICATIONS:

Regional cooperation

VOTING REQUIREMENTS:

Simple Majority Decision required

Moved Cr I Tucker

Seconded Cr J Dwyer

- 1. That the Goldfields-Esperance Regional Collaborative Group be advised that –**
 - i) the Shire of Menzies considers that KPMG have satisfied their contractual obligations to the GERCG for the Regional Business Plan and Business Cases**
 - ii) the difficulty of producing a Plan and developing Business Cases for such a diverse and widely separated region are noted.**

- 2. Over-arching principles that the Shire of Menzies wish to have applied to all proposals are –**
 - a) Export of function will only be considered if labour can be retained or redeployed,**
 - b) Export of function will not be considered if there is indirect cost to the community whether economic, or social,**
 - c) Centralisation or regionalisation of functions may be pursued if the function is –**
 - new (e.g. asset management),**
 - relieves workload (e.g. HR for recruitment etc),**
 - a specialist role**
 - d) Before any proposal is approved, the social and community cost must be acceptable, and reliance solely on economic benefit is rejected,**
 - e) The assertion of duplication simply because of an identical service or function in multiple locations is not accepted.**

- 3. That member Councils of GERCG be requested to –**
 - a) advise which functions, roles and services they are prepared to commit to being centralised, accepting the resultant loss of capacity/opportunity in the workplace and town,**
 - b) advise their priorities they are prepared to commit to, for shared specialisation, services and functions.**

- 4. That it be recommended to the GERCG that –**
 - a) continue to support and lobby for regional subsidiary legislation to be passed**
 - b) endorse governance arrangements, whether under GERCG or a regional subsidiary local government, where project participation is on the basis of opt in, not automatic inclusion**
 - c) pursue the development of a range of abbreviated Business Plans for future reference, and implementation if funding is accessible or made available,**
 - d) initiate a brief study on staff movements over the past 3 years, within GERCG and local government generally – actuality, consistency, positions, directions.**

5. That it be recommended to the GERCG that the priority for regional cooperation business cases be –
 - a) Asset management specialist unit – strategic and day to day (highest priority)
 - b) HR specialist unit – recruitment, training
 - c) Records management and archival
 - d) Regional integration of services and options for aged/seniors

6. That GERCG be advised that for the Shire of Menzies to support a proposal for asset management regional cooperation, a fundamental principle must be adopted that the system is able to be accessed and used by non-technical staff with minimal training.

7. That GERCG be advised that the Shire of Menzies, within the terms noted above, and for relevant opportunities within each theme, preparation of Business Cases –
 - Theme 1 Improving workforce capacity – strongly supported
 - Theme 2 Developing and sharing knowledge – supported
 - Theme 3 Operations are supported by efficient and effective processes – limited support
 - Theme 4 Service delivery supported by effective management of assets – limited support
 - Theme 5 Maximising investments in and quality of systems – generally not supported except where can be incorporated into other initiatives.

Carried 4/0

Mr N Mitchell left the meeting at 11.08am

12. ELECTED MEMBERS MOTION OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

None

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

None

14. ITEMS FOR CONSIDERATION BEHIND CLOSED DOORS

None

15. NEXT MEETING

The next Ordinary Meeting of Council will be held on Thursday 29 November 2012 in the Council Chambers at Menzies commencing at 10.00am

16. CLOSURE OF MEETING

There being no further business, the President, Cr G Dwyer, declared the meeting closed at 11.10am

17. CERTIFICATION BY CHAIRMAN

I, _____ hereby certify that the Minutes of the Special Meeting of Council held 20 November 2012 are received as a true and correct record, as per the Council Resolution of the Ordinary Meeting of Council held on 29 November 2012.

Signed _____

Dated: _____ 2012