



Minutes

Special Council Meeting

Monday 10 March 2014

Special Council Meeting – 10 March 2014

Table of Contents

| | | |
|----|---|----|
| 1. | ATTENDANCES..... | 1 |
| 2. | ABSENT | 1 |
| 3. | PURPOSE OF MEETING..... | 1 |
| 4. | PUBLIC QUESTION TIME..... | 1 |
| 5. | DECLARATIONS OF INTEREST | 1 |
| 6. | REPORTS OF OFFICERS | 2 |
| | 6.1 Submission – Local Government Reform..... | 2 |
| 7. | CLOSE | 10 |



Minutes of the Special Meeting of Council held at the Murray Shire Council, 1915 Pinjarra Road, Pinjarra on Monday 10 March 2014.

The Presiding Member Cr W Barrett declared the meeting open the time being 9.00am

1. ATTENDANCES

| | |
|---------------|--|
| Cr W Barrett | Shire President |
| Cr C Thompson | Deputy Shire President |
| Cr P Briggs | Councillor |
| Cr B Beacham | Councillor |
| Cr A Black | Councillor |
| Cr B Thomson | Councillor |
| Cr S Lee | Councillor |
| Mr D Unsworth | Chief Executive Officer |
| Mr A Smith | Director Technical Services |
| Mr R Peake | Director Planning and Development Services |
| Mr B Flugge | Executive Manager Strategic Development |
| Mrs F Hide | Executive Assistant to Chief Executive Officer |

There were two members of staff in attendance at this time.

2. ABSENT

| | |
|---------------------|------------|
| Cr M Reid (apology) | Councillor |
| Cr E Menara | Councillor |

3. PURPOSE OF MEETING

To consider the Shire of Murray Local Government Reform Submission

4. PUBLIC QUESTION TIME

The Local Government (Administration) Regulations 1996 (7)(4)(b) states that it is not a requirement for a Council, at a special meeting, to answer a question that does not relate to the purpose of the meeting.

5. DECLARATIONS OF INTEREST

Nil

6. REPORTS OF OFFICERS

6.1 Submission – Local Government Reform

File Ref: 1006
 Author and Title: Dean Unsworth, Chief Executive Officer

COUNCIL DECISION:
SCM14/023

Moved: C Thompson
Seconded: Cr B Beacham

That Council proceeds behind closed doors as per Section 5.23(2)(a) of the Local Government Act to discuss Item 6.1 the time being 9.04am.

CARRIED UNANIMOUSLY 7:0

COUNCIL DECISION:
SCM14/024

Moved: Cr C Thompson
Seconded: Cr P Briggs

That Council proceeds with open doors the time being 10.11am.

CARRIED UNANIMOUSLY 7:0

Appendices were tabled at the Meeting

Introduction

On 29 January 2014, the Shire of Murray was brought into the Metropolitan Local Government reform process with the Minister for Local Government providing his proposal to the Local Government Advisory Board (LGAB) (Proposal 11/2013).

The proposal is:

1. to change the current boundaries of the districts of the City of Armadale and Shire of Murray, by:

(a) abolishing the current district of the Shire of Serpentine-Jarrahdale; and

(b) amending the boundaries:

(i) of the City of Armadale to include within it a portion of the land of the current district of the Shire of Serpentine-Jarrahdale, being the localities of Byford, Cardup, Darling Downs, Karrakup, Mundijong, Oakford, Oldbury, and Whitby;

(ii) of the Shire of Murray to include within it a portion of the land of the current district of the Shire of Serpentine-Jarrahdale, being the localities of Hopeland, Jarrahdale, Keysbrook, Mardella, and Serpentine.

Reason for Making the Proposal

The proposal, if implemented, would create stronger local governments, with an increased capacity to provide the best possible services to residents in the enlarged districts and with the maximum efficiency. There would be a significant opportunity to reduce administration duplication and generate significant long-term savings due to economies of scale, and rationalisation of management and administrative support staff. Through co-ordinated long term planning there would be opportunities to rationalise assets and the provision of services, for the benefit of residents and businesses across the whole of the enlarged local government districts.

The enlargement of the City of Armadale will capture a larger portion of the social, commercial, retail and governance 'catchment' of the Armadale strategic metropolitan centre. As significant population growth is anticipated in the enlarged City, there is expected to be a heightened focus on managing urban growth, development and service provision. The boundary change also presents the opportunity to facilitate a more co-ordinated approach to environmental issues, including bushfire management. The southern portion of the Shire of Serpentine-Jarrahdale is considered to have more in common with the Shire of Murray.

The City of Armadale has also provided the same proposal (05/2013) to the LGAB.

The LGAB formally advised that it is considering these two proposals, as well as a further 32 proposals. The LGAB advised on 29 January 2014 that it would undertake a formal inquiry into these proposals with written submissions due to it on 10 March 2014. The LGAB also invited Councils to present to it the submissions. The Shire of Murray presented its draft submission on 6 March.

Council is requested to review the attached draft submission and adopt or amend it at this meeting to enable the final submission to be provided to the LGAB by the closing date of 13 March.

The attached draft submission is presented to Council under confidential cover. Components of the submission are potentially subject to Section 5.23 (2) of the Local Government Act where, if discussed, would be required to be behind closed doors.

Background/Proposal

The Ministers proposal, while challenging, has given the Shire of Murray the opportunity to analyse the benefits of what it could deliver. While acknowledging there are costs that should rightly be funded by the State Government, there are also many benefits. Given the State Government's original proposal was for the entire Shire of Serpentine-Jarrahdale to be merged with the City of Armadale and effectively lost to the Peel region, having the southern portion of Serpentine-Jarrahdale (south of Mundijong Road) is considered a better result for the Peel region.

The benefits of the Ministers proposal as compared with the original Armadale/Serpentine-Jarrahdale are many. Southern Serpentine-Jarrahdale's lifestyle is rural in nature with a very strong agricultural and equine base. The towns of Serpentine, Jarrahdale, Keysbrook and surrounds have much in common with the Shire of Murray. There is a consistent lifestyle that share the same way of life, the same environmental challenges and the communities are much more attached and aligned with the Peel region.

From a land-use planning perspective, the Shire of Murray already has a strong focus on planning for agricultural activity and diversity. It also has a strong commitment to the Peel-Harvey estuary and both the Serpentine and Murray rivers. The Shire of Murray is developing a \$10 million Regional equine facility that would provide many benefits to the

southern portion of Serpentine-Jarrahdale. There would also be much better elected member representation given that Murray currently has a population of just fewer than 16,000 whereas the City of Armadale's population is approximately 75,000.

The Shire of Murray was given a grant of \$50,000 to undertake a due diligence review of the Ministers proposal. An extensive business plan has subsequently been prepared over the previous four weeks to be able to consider this proposal and to clearly illustrate the risks, impacts and proposed structure of an expanded Shire of Murray.

The submission has undertaken a thorough review of the impacts and these are included within the submission.

While the benefits are evident, there are also financial challenges for this proposal. In the proposed split of Serpentine-Jarrahdale, the City of Armadale receives approximately 16,000 residents while the Shire of Murray receives 4300. Further, the Shire of Murray receives a total of 347 km of rural (253km of sealed and 94 km of unsealed) roads. A very recent external review of the road network illustrates that at a minimum, \$2.8 million is required to be injected into the road network immediately to bring the road system to a level where it is manageable and affordable. If this injection of \$2.8 million is made now and a commitment of \$900,000 per annum is made via municipal funds (rates), the road network of the Serpentine-Jarrahdale will be brought to a standard that is expected of such a rural area. If this investment is not made then the cost to maintain roads in ten years will be \$20 million. This initial requested cash injection and a \$900,000 commitment over 10 years will cost \$11.8 million and effectively saving \$8.2 million. A long-term finance/business plan shows that \$900,000 per annum is manageable. Failure to have this cash injection now effectively means that the annual cost of road renewal is higher than rates income generated and in turn would cause financial duress to the Shire of Murray.

The other major cost is the cost of transition. Local Governments are a creature of the State Government and it is reasonable to argue it is not local government business to wind up another local government. To bring into the Shire of Murray another 30% land area but with only a rates income of \$3.1 million and 347 km of roads, while challenging, is sustainable only on the condition of the State Government providing the necessary 'up front' costs, and for it to be responsible for all expenses in implementing its proposal. These costs are still being refined and finalised.

Consultation

- Minister for Local Government, Community Services, Seniors and Volunteering;
- Staff from Department of Local Government;
- Local Government Advisory Board;
- City of Armadale;
- Shire of Serpentine-Jarrahdale.

Sustainability Implications

Economic - (Financial impact to the community)

For the Shire of Murray to deliver the Ministers proposal without having an adverse effect on the current Murray ratepayers, transitional funding is required. These costs are very real and required to bring to fruition the reform proposal from the Minister. If the LGAB recommends, and then the Minister accepts this proposal without financial support there will be significant financial duress brought to bear on the Shire of Murray. As the Council will in effect be forced to pay for the transition, the likelihood of obtaining loans for this magnitude and purpose is doubtful. While this premise has not been tested with State Treasury it would appear unlikely that this magnitude of loan would be approved, as there would be little collateral in which to use. If the Ministers proposal eventuates unfunded, the Shire of Murray would be subject to massive rates increases never experienced before.

Social - (Quality of life to community and/or affected landowners)

The proposal from the Minister (if funded) would most likely provide a sense to the new ratepayers that their current rural way of life will be preserved as opposed to the option previously mooted that Serpentine-Jarrahdale be merged with Armadale. This feedback has already been provided via two separate formal submissions from residents of Keysbrook in both 2009 and 2013 and also anecdotally from some residents in the Serpentine and Jarrahdale areas in recent times.

However, if the State enacts the Minister's proposal without the necessary financial support, the quality of life will be significantly affected. The Shire of Murray would be grappling with significant debt and much high rates rises over a number of years and reduced capital works or social programmes.

Environment – (Impact on environment's sustainability)

If reform is implemented, management of the challenging environmental issues would be more efficiently and effectively coordinated from the Peel region. The southern portion of Serpentine-Jarrahdale has very similar environmental challenges with the Shire of Murray. Further, the management of the Peel-Harvey estuary and waterways is naturally linked to the Peel region.

Governance/Risk Statement – (Policy implications/level of risk)

Without funding, a boundary change to Mundijong Road has catastrophic financial risk to the Shire of Murray. However with appropriate (costed) funding, the attached business case demonstrates that there is significantly lower financial risk to Council and that there will be many bigger picture benefits not only to the new Murray but in turn to the Peel region and the State. A financial injection will foster a very vibrant and sustainable hinterland to service the rest of the region and the states Capital city. A strong hinterland is critical to a strong Capital City.

Strategic Outcomes*Murray 2023 – Strategic Community Plan*

| Theme 6 <i>Governance and Leadership</i> | |
|---|--|
| Objective 6.2 <i>Ensure high level governance</i> | Strategy 6.2.2 <i>Provide effective corporate governance that meets legislative requirements</i> |

Statutory Environment**Schedule 2.1 — Provisions about creating, changing the boundaries of, and abolishing districts**

[Section 2.1(2)]

1. Terms used

In this Schedule, unless the contrary intention appears —

affected electors, in relation to a proposal, means —

- (a) electors whose eligibility as electors comes from residence, or ownership or occupation of property, in the area directly affected by the proposal; or
- (b) where an area of the State is not within or is not declared to be a district, people who could be electors if it were because of residence, or ownership or occupation of property, in the area directly affected by the proposal;

affected local government means a local government directly affected by a proposal;

notice means notice given or published in such manner as the Advisory Board considers appropriate in the circumstances;

proposal means a proposal made under clause 2 that an order be made as to any or all of the matters referred to in section 2.1.

2. Making a proposal

- (1) A proposal may be made to the Advisory Board by —
 - (a) the Minister; or
 - (b) an affected local government; or
 - (c) 2 or more affected local governments, jointly; or
 - (d) affected electors who —
 - (i) are at least 250 in number; or
 - (ii) are at least 10% of the total number of affected electors.
- (2) A proposal is to —
 - (a) set out clearly the nature of the proposal, the reasons for making the proposal and the effects of the proposal on local governments; and
 - (b) be accompanied by a plan illustrating any proposed changes to the boundaries of a district; and
 - (c) comply with any regulations about proposals.

[Clause 2 amended by No. 49 of 2004 s. 67(2).]

3. Dealing with proposals

- (1) The Advisory Board is to consider any proposal.
- (2) The Advisory Board may, in a written report to the Minister, recommend* that the Minister reject a proposal if, in the Board's opinion —
 - (a) the proposal is substantially similar in effect to a proposal on which the Board has made a recommendation to the Minister within the period of 2 years immediately before the proposal is made; or
 - (aa) where the proposal was made by affected electors under clause 2(1)(d), that the majority of those electors no longer support the proposal; or
 - (b) the proposal is frivolous or otherwise not in the interests of good government.

** Absolute majority required.*

- (3) If, in the Advisory Board's opinion, the proposal is —
 - (a) one of a minor nature; and
 - (b) not one about which public submissions need be invited,the Board may, in a written report to the Minister, recommend* that the Minister reject the proposal or that an order be made in accordance with the proposal.

** Absolute majority required.*

- (4) Unless it makes a recommendation under subclause (2) or (3), the Advisory Board is to formally inquire into the proposal.

[Clause 3 amended by No. 64 of 1998 s. 52(2); No. 49 of 2004 s. 67(3).]

4. Notice of inquiry

- (1) Where a formal inquiry is required the Advisory Board is to give —
 - (a) notice to affected local governments, affected electors and the other electors of districts directly affected by the proposal; and
 - (b) a report to the Minister.
- (2) The notice and report under subclause (1) are to —
 - (a) advise that there will be a formal inquiry into the proposal; and
 - (b) set out details of the inquiry and its proposed scope; and
 - (c) advise that submissions may be made to the Board not later than 6 weeks after the date the notice is first given about —
 - (i) the proposal; or
 - (ii) the scope of the inquiry.
- (3) If, after considering submissions made under subclause (2)(c), the Advisory Board decides* that the scope of the formal inquiry is to be significantly different from that set out in the notice and report under subclause (1), it is to give —
 - (a) another notice to affected local governments, affected electors and the other electors of districts directly affected by the proposal; and
 - (b) another report to the Minister.
- (4) The notice and report under subclause (3) are to —
 - (a) set out the revised scope of the inquiry; and
 - (b) advise that further submissions about the proposal, or submissions about matters relevant to the revised scope of the inquiry, may be made to the Board within the time set out in the notice.

* *Absolute majority required.*

5. Conduct of inquiry

- (1) A formal inquiry is to be carried out, and any hearing for the purposes of the inquiry is to be conducted, in a way that makes it as easy as possible for interested parties to participate fully.
- (2) In carrying out a formal inquiry the Advisory Board is to consider submissions made to it under clause 4(2)(c) and (4)(b) and have regard, where applicable, to —
 - (a) community of interests; and
 - (b) physical and topographic features; and
 - (c) demographic trends; and
 - (d) economic factors; and
 - (e) the history of the area; and
 - (f) transport and communication; and
 - (g) matters affecting the viability of local governments; and
 - (h) the effective delivery of local government services,but this does not limit the matters that it may take into consideration.

6. Recommendation by Advisory Board

- (1) After formally inquiring into a proposal, the Advisory Board, in a written report to the Minister, is to recommend* —
 - (a) that the Minister reject the proposal; or
 - (b) that an order be made in accordance with the proposal; or
 - (c) if it thinks fit after complying with subclause (2), the making of some other order that may be made under section 2.1.

** Absolute majority required.*

- (2) The Advisory Board is not to recommend to the Minister the making of an order that is significantly different from the proposal into which it formally inquired unless the Board has —
 - (a) given* notice to affected local governments, affected electors and the other electors of districts directly affected by the recommendation of its intention to do so; and
 - (b) afforded adequate opportunity for submissions to be made about the intended order; and
 - (c) considered any submissions made.

** Absolute majority required.*

Options

Council has the option of:

1. Adopting the submission without amendment;
2. Adopting the submission with amendments;
3. Rejecting the submission.

Resource Implications

Financial

Contained within the attached draft submission.

Resources

Contained within the attached draft submission.

Conclusion/Justification of Officer Recommendation

The Ministers proposal is an opportunity for the Shire of Murray to expand and be a more predominant local government. It is seen by many that this is a much better option and much more logical for the land south of Mundijong Road to be kept within the Peel region as opposed to the other option that the Ministers original proposal in Mid 2013 to have this land and the entire of Serpentine-Jarrahdale merged with the City of Armadale.

With this proposal however comes a cost. This cost is beyond the capacity of the Shire of Murray (and most likely even the City of Armadale). It is also grossly unfair for the ratepayers of Murray to pick up the reform bill. The Shire of Murray should be, and has been to date, prepared to consider the Ministers reform proposal for the benefit of the Peel region. It should not however consider the proposal that will cause at best significant duress on Murray, which in the end will be funded by the Murray ratepayers through a significant rate rise in 2015/16.

Voting Requirements

Simple Majority

OFFICER RECOMMENDATION:

That Council:

1. thanks to consultants Mr Andrew Macnish, Mr Ron Back and staff for their significant work and Shire of Murray staff for their efforts in presenting the Shire of Murray reform submission;
2. thanks the Department of Local Government for its documented guidance and as needed advice in formulating this report;
3. thanks the Local Government Advisory Board for its time and advice in assembling to hear Council's presentation on 6 March 2014;
4. adopts the Shire of Murray submission considering the Ministers reform proposal 11/2013;
5. requires the CEO to provide the Shire of Murray submission to the Local Government Advisory Board in response to the Ministers reform proposal 11/2013; and
6. requires the CEO to continue to solicit support for the Council's business case position and advise the Council in a timely fashion on any updates/progress.

COUNCIL DECISION:**SCM14/025****MOVED: Cr B Beacham****SECONDED: Cr P Briggs**

That Council:

1. **thanks consultants Messrs Andrew Macnish and Ron Back and Council staff for their significant work in presenting the Shire of Murray reform submission;**
2. **thanks the Department of Local Government for its documented guidance and as needed advice in formulating this submission;**
3. **thanks the Local Government Advisory Board for its time and advice in assembling to hear Council's presentation on 6 March 2014.**
4. **supports the Minister's Reform proposal (11/2013) and City of Armadale's proposal (5/2013) only on the condition that the Shire request negotiations to cover all transition costs including the infrastructure injection to meet the 10 year asset management plan objectives as detailed within the Business Case which would produce a substantial cost saving over a ten-year period;**
5. **in the event of the Minister's proposal being enacted by a Governor's Order, return to a Ward Structure with the current Murray 'ward' being reduced from 9 to 8, and that 2 offices from the Serpentine-Jarrahdale 'ward' be included on Council from the October 2015 elections to ensure that there is representation on a fair and equitable basis based on population;**

- 6. endorses the Working Papers as Council’s position on Proposals 5/2013 (City of Armadale) and 11/2013 (Minister for Local Government).
 - 7. endorses the Summary Document as Council’s position on Proposals 5/2015 (City of Armadale) and 11/2013 (Minister for Local Government);
 - 8. requires the CEO to cause them to be submitted to the Local Government Advisory Board by 13 March 2013;
 - 9. requires the CEO to continue to solicit support for the Council's business case position and advise Council in a timely fashion on updates and progress; and
 - 10. instructs the CEO to use his discretion regarding sensitivities within the reform submission pursuant to the Local Government Act (Section 5.23 (2) (a)) and (Section 5.95 (3)).
- CARRIED UNANIMOUSLY 7:0**

Reason for Change

Council changed the officer recommendation to adopt both the Reform Submission and attached business case and to propose an elected member structure in the event reform is enacted.

7. CLOSE

There being no further business, the Presiding Member declared the meeting closed the time being 10.21am.

I confirm that these minutes were confirmed at the Ordinary Council Meeting held on 27 March 2014 as being a true and correct record.

.....
Presiding Member

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Date