



Shire of
Peppermint Grove

SPECIAL COUNCIL MEETING

MINUTES

HELD ON
TUESDAY 22 JANUARY 2019
AT
5.30 PM



Shire of Peppermint Grove

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Shire of Peppermint Grove

SPECIAL COUNCIL MEETING MINUTES

1 DECLARATION OF OFFICIAL OPENING

At 5.34pm, the Shire President declared the meeting open and requested that the Affirmation of Civic Duty and Responsibility be read aloud by a Councillor and requested the recording of attendance and apologies.

The media indicated that they were not recording the meeting.

The Presiding Member caused the Affirmation of Civic Duty and Responsibility to be read aloud by Councillor Horrex.

Affirmation of Civic Duty and Responsibility

I make this Affirmation in good faith on behalf of Councillors and Officers of the Shire of Peppermint Grove. We collectively declare that we will duly, faithfully, honestly, and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgment and ability. We will observe the Shire's Code of Conduct and meeting procedures to ensure the efficient, effective and orderly decision making within this forum.

2 RECORDING OF ATTENDANCE, APOLOGIES AND LEAVES OF ABSENCE

2.1 ATTENDANCE

Shire President
Deputy Shire President
Elected Member
Elected Member
Elected Member
Elected Member

Cr R Thomas
Cr C Hohnen
Cr K Farley
Cr D Horrex
Cr G Peters
Cr P Macintosh

Chief Executive Officer
Manager Library and Community Services
Manager Corporate Services
Manager Infrastructure Services
Manager Development Services

Mr D Burnett
Ms D Burn
Mr P Rawlings
Mr D Norgard
Mr R Montgomery

Visitors

Gallery 2 Members of the Public
1 Members of the Press

2.2 APOLOGIES

NIL

2.3 LEAVES OF ABSENCE

NIL

2.4 NEW REQUEST FOR A LEAVE OF ABSENCE**COUNCIL DECISION**

Moved: Cr D Horrex

Seconded: Cr K Farley

That Council grant Cr Greg Peters a leave of Absence for March 2019 meetings.

CARRIED 6/0

3 DELEGATIONS AND PETITIONS**3.1 DELEGATIONS**

NIL

3.2 PETITIONS

NIL

4 PUBLIC QUESTION TIME

At 5.35pm the Presiding Member opened the public question time by asking the gallery if there were any questions or deputation for Council.

- The Agenda
- Question to Council and
- Deputation Forms

Were placed at the end of the Council Meeting table in front of the public gallery, for the public, as well as on the Shire Webpage.

Rules for Council Meeting Public Question Time

- Public Question Time provides the public with an opportunity to put questions to the Council. Questions should only relate to the business of the Council and should not be a statement or personal opinion.*
- During the Council meeting, after Public Question Time no member of the public may interrupt the meeting's proceedings or enter into conversation.*
- Whenever possible, questions should be submitted in writing at least 48 hours prior to the start of the meeting.*
- All questions should be directed to the President and only questions relating to matters affecting Council may be answered at an Ordinary meeting, and at a Special meeting only questions that relate to the purpose of the meeting may be answered. Questions may be taken on notice and responded to after the meeting, at the discretion of the President.*
- The person presiding will control Public Question Time and ensure that each person wishing to ask a question should state his or her name and address before asking the question. If the question relates to an item on the agenda, the item number should also be stated. In general, persons seeking to ask a question will be given 2 minutes within which to address their question to the Council. The person presiding may shorten or lengthen this time in their discretion.*

4.1 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

NIL

4.2 QUESTIONS FROM MEMBERS OF THE PUBLIC

NIL

4.3 DEPUTATIONS OF THE PUBLIC

Mr Karl Paganin – Paganin PTY LTD, 53 Irvine Street, Peppermint Grove – Item 8.1.1 488 Stirling Highway

Mr Paganin addressed Council speaking on behalf of the owners of 488 Stirling Highway.

5 DECLARATIONS OF INTEREST

Councillors / Staff are reminded of the requirements of section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting when the matter is discussed, and also of the requirement to disclose an interest affecting impartiality under the Shire's Code of Conduct. Councillors / staff are required to submit declarations of interest in writing on the prescribed form.

5.1 FINANCIAL INTEREST

NIL

5.2 PROXIMITY INTEREST

NIL

5.3 IMPARTIALITY INTEREST

NIL

5.4 INTEREST THAT MAY CAUSE A CONFLICT

NIL

5.5 STATEMENT OF GIFTS AND HOSPITALITY

NIL

6 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

NIL

7 CONFIRMATION OF MINUTES

NIL

8 CHIEF EXECUTIVE OFFICER REPORTS

8.1 URBAN PLANNING

8.1.1 Development – Revised Approved Plan – Heritage Management - Lot 91 (488-490) Stirling Highway, Peppermint Grove

URBAN PLANNING

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment	Locality Plan, Replacement Plan; Approved Plan Heritage Survey Report – Griffiths Architecture Replacement Plan; Approved Plan

Voting Requirement	:	Simple Majority
Subject Index	:	DB027B
Location / Property Index	:	Lot 91 (488-490) Stirling Highway, Peppermint Grove
Application Index	:	DA2018/00032
LPS No 4 Zoning	:	District Centre
Land Use	:	Retail
Lot Area	:	1013m ²
Disclosure of any Interest	:	Nil.
Previous Items	:	DA2018/00030
Applicant	:	Rodrigues Bodycoat Architects
Owner	:	Pagjon Pty Ltd
Responsible Officer	:	Mr Ross Montgomery

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government / body / agency.*

- Executive** *The substantial direction setting and oversight role of the Council eg. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*

- Legislative** *Includes adopting local laws, town planning schemes & policies.*

- Review** *When Council reviews decisions made by Officers.*

- Quasi-Judicial** *When Council determines an application / matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include town planning applications, building licences, applications for other permits / licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

PURPOSE OF REPORT

Following Council approval in 2017 (DA2017 07 and 08) on to redevelop 488 Stirling Highway, the applicant Pagjon P/L has submitted revised plans to modify the shop portion of the premises, a heritage listed building made of limestone, timber and steel dating back to 1872.

Changes to Approved Plan include:-

- Display windows and virtual window/box
- Re-instated heritage façade pediment
- Dismantled recreated shopfront (replace with display window)
- Alterations to rear access stairs to building.

SUMMARY AND KEY ISSUES

- Plan seeks to replace Approved Plan for DA2018/00030.
- Building is Heritage Listed and proposed alterations are to accommodate a furniture and interior design showroom.
- Previous advice from Shire to applicant indicated it would not consider major alterations to the premises which would remove large sections of the original limestone random rubble walls or introduce modern design elements which would diminish the extent of original heritage construction.
- A heritage report prepared by Griffiths Architects addresses the heritage significance of the premises, the opportunities of the proposal and highlighting the key elements of the premise which needs careful management and protection.
- The Applicant has reviewed the Report, met with Griffiths to discuss implications and revised the submitted proposal to reflect this heritage design management advice.
- It is necessary for Council to consider and make its decision pursuant to the LPS 4 and pursuant to Regulation 77(1) c of the Deemed Provisions for a revised Approved Plan to replace the Plan of DA2018/00030.
- It is proposed to introduce a single large display window and illuminated display box into the premises – transforming the northern edge from being a service, delivery and dispatch area to being a showroom display area.
- The shopfront will be returned to its original proportions, albeit with a contemporary rendition of design to homage rather than re-instate the original structure.
- The proposed alterations to the building will remove a portion of an original limestone rubble wall to install display window, replace a recreated timber shopfront with glass window, restore the masonry pediment to its original form and design, and minor changes to improve the function of the building as a showroom and offices.
- This modification will re-orient the premises' entrance towards a side-laneway.

LOCATION

Lot 91 (488 – 490 Stirling Highway)

BACKGROUND

- The site is in the process of being amalgamated (with neighbouring lot 250) to create a larger lot, due to be completed between end of February and mid-March 2019.
- The Shire granted approval in 2018 to refurbish this building and adjoining existing buildings to update and improve the commercial presentation towards Stirling Highway.
- 488 Stirling Highway has a long and varied history in the local business and social affairs of the community. (Refer to historical report – Attachment 2)
- It was built and initially used as a shop and supply outlet, it was also used for the offices of a political movement which advocated for women's rights in Australia and abroad and is associated with famous citizens. Most recently it has been used for a dry-cleaning business – dating from 1955; it is possibly the longest serving use of a premises by a dry-cleaning business in Perth.
- The proposal also involves an adjoining shop which dates from a different time but has been included as part of the heritage listing.
- Now the owner has a potential tenant for the premises the proposed modifications to the Approved Plan are necessary to ready the premises for its next commercial activity as a home interior wares showroom/studio outlet as part of the District Centre.

CONSULTATION

There has been no specific public consultation undertaken in respect to this matter. The Revised Plan has been referred to the Heritage Consultant for review and advice.

STRATEGIC IMPLICATIONS

The building and the site are one of the most important remaining commercial remnants of the Peppermint Grove business precinct located on Stirling Highway. The fabric of the building with original limestone rubble walls, distinctive façade pediment silhouette and conspicuous loading and storage portal for goods are visible evidence and evoke its rich and varied origins as a provender and goods supplier to pioneering residents and businesses of Peppermint Grove and passing traders between Perth and Fremantle. Conservation of the premises is of the highest importance.

In addition to this however the location in the centre of the District Centre is the prime location of commercial business in Peppermint Grove. It is imperative that premises remain suitable for use for commercial activities, to enliven the local economy, support local people and provide the goods and services necessary for the local area.

Considering the proposal, the modifications and the implications for remnant heritage to be conserved, the Shire is tasked to find a balance which is reasonable, conservative, and yet does not diminish the local heritage values or set an unsustainable precedent for future activities.

POLICY IMPLICATIONS

Local Planning Policy 3 – Heritage applies. LPP 3 states that the contribution of a heritage building to the streetscape should be protected from adverse development impact.

In considering this application the Shire must also determine the extent to which the changes draw focus upon the site and its history, and whether the proposal can be justified on balance as a reasonable and pro-active conservation and interpretation of the heritage of the site.

STATUTORY IMPLICATIONS

Local Planning Scheme No.4

The Scheme outlines six objectives for the District Centre.

Although these may not be entirely pertinent to this site, they nevertheless set the context for the future character and operation of this part of Peppermint Grove as the centre for the district. The proposal is not considered to be contrary to these objectives and may (in association with thoughtful implementation and commercial tenancy) provide a means of delivering these objectives.

<u>LPS 4</u>		
LPS4 Zone Objectives – District Centre		Assessment/Comment
1.	Provide a community focal point for people, services, employment and leisure that are highly accessible and do not adversely impact on adjoining residential areas.	No impact, depends on the future operation of occupant.
2.	Provide for district centres which focus on weekly needs and services for a wider district catchment.	No impact, upgraded premises may however contain business of economic and social benefit of the wider district.

3.	Provide for a broad range of employment opportunities to encourage diversity within the Centre.	Potential for an occupied and successful business to create employment and possibly a niche for interior design specialists in the Shire.
4.	Ensure a mix of commercial and residential development, which provides for activity and accessibility at the street level and supports the provision of public transport and pedestrian links.	Potential to deliver this objective.
5.	Provide for a wider range of different types of residential accommodation, including high density residential, to meet the diverse needs of the community.	Will not deliver this.
6.	Provide a basis for future detailed planning in accordance with the provisions of this scheme or the Activity Centres State Planning Policy	Will not advance this, other than to conserve an important heritage building, to relate its story and interpret relevance for future.

FINANCIAL IMPLICATIONS

There are no financial implications evident at this time.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications at this time.

SOCIAL IMPLICATIONS

Introduction of new display windows and glass entrance will open the shopfront and increase sight lines from the store. This will introduce a greater level of activation and night lighting towards the street to improve on-street security and safety.

OFFICER COMMENT

The building it dates from the origins of Peppermint Grove as a neighbourhood and a community. This site and building remains from what was the origin for business activity in the suburb. The premises has subsequently been a centre for critical social and political thought and community activism. Most recently it has been a conspicuous landmark dry-cleaning business feature of Stirling Highway. The building and site are classified in the highest category of local heritage in the Municipal Heritage Inventory.

The heritage advice confirms the wall along the northern edge to be of importance due to its authenticity and to destroy anything more than one small portion of this wall would be to the overall detriment of the heritage value. To this effect it is now recommended for only one section of this wall to be removed to introduce one display window.

The premises is a shop with an industrial component to the rear, and was never a showroom, but has over its long history been used for a variety of interesting uses, which influenced and shaped this suburb and society.

This application has been subject to consultation between staff, Councillors and heritage consultants and the proposal has been modified several times to improve and accommodate the input from the consultation.

Specialist advice confirms that through a careful and thoughtful design approach; with interpretive documentation; a remodelling of the premises can re-instate important design elements to deliver a conservatively re-imagined and better appreciated heritage building.

This work can highlight why this building is significant due to its local history. Revealing many interesting layers of meaning through events, influential local and national people, can update the story of how this site and activities played an influential role in the development of the Peppermint Grove and Cottesloe district.

Council in considering the proposal should be satisfied the modifications to the building conserve the fabric of this important heritage listed building and do not diminish its meaning or capacity to relate the history. The destruction of original and authentic material is not to be undertaken lightly, however the investment in works can achieve restoration, and an authentic re-telling of its story to a new generation.

The proposed works to the shopfront includes a new display window and display box on the northern wall. The external limestone walls of the property carry the much heritage significance and therefore alterations should be sympathetic of this.

Two new aspects to the northern limestone wall are in line with a heritage report prepared by Griffiths Architects which identifies as one additional window on the northern wall as acceptable, and only a minor detraction from the heritage value of the building.

The new illuminated display box would be in the place of existing signage on the wall. The display box does not affect the heritage fabric of the building and may be removed in the

future if required. A new window will be on the eastern side of the existing door. The window is set 600mm from the existing door to maintain structural integrity of this fragile wall and does not significantly detract from the heritage aspect of the building.

Alterations to the existing window on the western wall will be done in a way to ensure new works differentiate from the existing heritage fabric without distracting from the overall heritage character of the building.

The revised plans change the rear and internal structure of the building from the approved plans (DA2017/00007 & DA2017/00008). The new plans show an enclosed staircase at the rear of the building, where it was initially on the exterior, as well as a small increase in floor space. These changes were made in response to comments about potential noise coming from the building during operating hours and are considered a design improvement.

Minor changes to the interior of the building involve the removal of some interior walls to create a more open floor plan as well as removing a remodelled timber shopfront to be replaced by a glass display window. The interior of the building is described as having less heritage significance than the exterior which reflects the authentic silhouette and finish.

On balance therefore, it is recommended that the Council as provided by Regulation 77 (1) c of the Deemed Provisions approves the substitution of the Approved Plan which includes modifications to the building to re-instate the façade including the pediment, veranda, doorway and display windows, as well as introduce a new box window onto the northern face of the building and modify the rear stair access.

OFFICER RECOMMENDATION/S – ITEM NO 8.1.1

Council approves the application to replace the Approved Plan DA2018/00030 and thereby amend Planning Approval (No. DA2017/00007 and DA2017/00008) to make exterior and internal changes to the heritage building at 488 Stirling Highway Peppermint Grove as Rodrigues Bodycoat Architects described in the application and shown in the submitted plans (Plan Reference No:DA01 to DA02) submitted by Pagjon and subject to the following Conditions:-

General Conditions

1. The development the subject of this approval must at all times comply with the plans approved and also the land use allowed by Local Planning Scheme 4 and as part of this approval;
2. The Approved Plans are to be consistent with all Building Permit Plans and therefore all building works on site are to comply with the terms of the Planning Approval and associated Approved Plans at all times.
3. Prior to the commencement of works the applicant is to re-submit detailed plans confirming the faithful restoration of heritage elements to the façade, pediment and all related works associated with this approval for the review and confirmation of compliance of the Shire.
4. Reconstruction of the laneway shall be undertaken to address the issues of:-
 - a. stormwater collection and disposal;
 - b. control of traffic speed;
 - c. demarcation of pedestrian routes to be separate from vehicle thoroughfare (use re-constituted limestone spall finishes); and
 - d. sufficient protection of the heritage structure (verandas and other extensions) from damage due to service or other vehicles.
5. All conditions of approval required by the Approval DA2017/00007 and DA2017/00008 shall apply to this Approval.
6. Applicant is to prepare an updated heritage survey and report on the premises for submission to and satisfaction of the Shire of Peppermint Grove.

Heritage

7. Works undertaken to alter the premises should document photographically and/or retain any discovery of materials which may add to the heritage understanding of the premises and to refer these to the Shire for recording.
8. Applicant to prepare and submit to the satisfaction of the Shire a Heritage Management Plan detailing schedule of restoration/repairs to be carried out prior to the issue of a building permit.
9. Works are to be undertaken as part of this Approval to re-instate significant design elements of the building to resemble historical record of appearance, and to repair

and upgrade aspects of building maintenance such as damp-course control, stormwater disposal and maintenance of original joinery and other original building finishes. Reconstruction of the shop parapets shall be completed in accordance with the documentary evidence.

10. Applicant shall undertake heritage management works to the premises to:-
- a. Re-instate all limestone walls with re-pointed lime mortar joints;
 - b. Replace and repair rainwater goods generally including:-
 - i. Fit a new ogee gutter to the eaves;
 - ii. Install downpipes to conduct and dispose of stormwater;
 - iii. Seal up redundant vent through north wall;
 - iv. Conserve fascia;
 - v. Conserve high level air vents; and
 - c. Conserve/expose timber lifting beam over door in north wall.

Advice

1. For conditions 3, 4,6 and 8 these details should be submitted to the satisfaction of the Shire (CEO);
2. In approving the replacement of the Approved Plans to affect these modifications to the premises the Shire is cognizant that the modification and destruction to the original fabric of the premises is minimised to reach a balance between the conservation of the values and providing continued sustainability and reinvestment in the building as an important relic of the heritage of Peppermint Grove.
3. The Shire does not intend this decision to represent a shift away from heritage conservation, but rather to assert it is part of the strategy to conserve and interpret heritage as a dynamic story which is linked to the present and the future of the Shire.

COUNCIL DECISION – ITEM NO 8.1.1

Moved: Cr C Hohnen

Seconded: Cr K Farley

Council approves the application to replace the Approved Plan DA2018/00030 and thereby amend Planning Approval (No. DA2017/00007 and DA2017/00008) to make exterior and internal changes to the heritage building at 488 Stirling Highway Peppermint Grove as Rodrigues Bodycoat Architects described in the application and shown in the submitted plans (Plan Reference No:DA01 to DA02) submitted by Pagjon and subject to the following Conditions:-

General Conditions

- 1. The development the subject of this approval must at all times comply with the plans approved and also the land use allowed by Local Planning Scheme 4 and as part of this approval;**
- 2. The Approved Plans are to be consistent with all Building Permit Plans and therefore all building works on site are to comply with the terms of the Planning Approval and associated Approved Plans at all times.**

3. **Prior to the commencement of works the applicant is to re-submit detailed plans confirming the faithful restoration of heritage elements to the façade, pediment and all related works associated with this approval for the review and confirmation of compliance of the Shire.**
4. **Reconstruction of the laneway shall be undertaken to address the issues of:-**
 - a. **stormwater collection and disposal;**
 - b. **control of traffic speed;**
 - c. **demarcation of pedestrian routes to be separate from vehicle thoroughfare (use re-constituted limestone spall finishes); and**
 - d. **sufficient protection of the heritage structure (verandas and other extensions) from damage due to service or other vehicles.**
5. **All conditions of approval required by the Approval DA2017/00007 and DA2017/00008 shall apply to this Approval.**
6. **Applicant is to prepare an updated heritage survey and report on the premises for submission to and satisfaction of the Shire of Peppermint Grove.**

Heritage

7. **Works undertaken to alter the premises should document photographically and/or retain any discovery of materials which may add to the heritage understanding of the premises and to refer these to the Shire for recording.**
8. **Applicant to prepare and submit to the satisfaction of the Shire a Heritage Management Plan detailing schedule of restoration/repairs to be carried out prior to the issue of a building permit.**
9. **Works are to be undertaken as part of this Approval to re-instate significant design elements of the building to resemble historical record of appearance, and to repair and upgrade aspects of building maintenance such as damp-course control, stormwater disposal and maintenance of original joinery and other original building finishes. Reconstruction of the shop parapets shall be completed in accordance with the documentary evidence.**
10. **Applicant shall undertake heritage management works to the premises to:-**
 - a. **Re-instate all limestone walls with re-pointed lime mortar joints;**
 - b. **Replace and repair rainwater goods generally including:-**
 - i. **Fit a new ogee gutter to the eaves;**
 - ii. **Install downpipes to conduct and dispose of stormwater;**
 - iii. **Seal up redundant vent through north wall;**
 - iv. **Conserve fascia;**
 - v. **Conserve high level air vents; and**
 - c. **Conserve/expose timber lifting beam over door in north wall.**

11. The proposed display window in the Northern wall is not approved, however the CEO is authorised to approve an illuminated display box up to the same area/size as the display window;
12. That the CEO be authorised to approve a window on the western side of the door of the North wall to the same dimensions as the proposed illuminated display box.

Advice

1. For conditions 3, 4,6 and 8 these details should be submitted to the satisfaction of the Shire (CEO);
2. In approving the replacement of the Approved Plans to affect these modifications to the premises the Shire is cognizant that the modification and destruction to the original fabric of the premises is minimised to reach a balance between the conservation of the values and providing continued sustainability and reinvestment in the building as an important relic of the heritage of Peppermint Grove.
3. The Shire does not intend this decision to represent a shift away from heritage conservation, but rather to assert it is part of the strategy to conserve and interpret heritage as a dynamic story which is linked to the present and the future of the Shire.

CARRIED 5/1

8.2 INFRASTRUCTURE

NIL

8.3 COMMUNITY DEVELOPMENT

NIL

8.4 MANAGEMENT / GOVERNANCE / POLICY

NIL

8.5 CORPORATE

8.5.1 2017/18 Annual Report and Annual Electors Meeting

CORPORATE

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment	Draft 2017-2018 Annual Report

Voting Requirement	:	Simple Majority
Subject Index	:	CM139A
Location / Property Index	:	N/A
Application Index	:	N/A
LPS No 4 Zoning	:	N/A
Land Use	:	N/A
Lot Area	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Officer	:	Don Burnett, Chief Executive Officer

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government / body / agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, town planning schemes & policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application / matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include town planning applications, building licences, applications for other permits / licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

PURPOSE OF REPORT

The purpose of this report is to approve the draft annual report and set the date for the annual electors meeting

SUMMARY AND KEY ISSUES

- The draft 2017/18 annual report, incorporating the financial statements is submitted for approval
- The date for the annual electors meeting is required to be set

LOCATION

N/A

BACKGROUND

The Audit Committee has considered a report on the 2017/128 financial statements and the audit report and has recommended adoption.

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC IMPLICATIONS

There are no Strategic Plan implications evident at this time.

POLICY IMPLICATIONS

There are no significant policy implications evident at this time.

STATUTORY IMPLICATIONS

Under the Local Government Act 1995, Council is required to adopt the 2017/18 annual report and set a date for the annual electors meeting.

FINANCIAL IMPLICATIONS

There are no financial implications evident at this time.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications at this time.

SOCIAL IMPLICATIONS

There are no social implications at this time.

OFFICER COMMENT

In order to comply with the requirements of the Local Government Act, a preliminary date for the annual electors meeting has been set for Tuesday 12 February, commencing at 5.00pm in the Chambers. This is immediately before the Agenda Briefing forum set to commence at 5.30pm.

OFFICER RECOMMENDATION– ITEM NO 8.5.2

That Council:

1. Adopt the annual report for the financial year ended 30 June 2018.
2. Set the date for the annual electors meeting to be on Tuesday, 12 February commencing at 5.00pm in the Council Chambers.

COUNCIL DECISION – ITEM NO 8.5.2

Moved: Cr C Hohnen

Seconded: Cr P Macintosh

That Council:

1. **Adopt the annual report, subject to minor amendments, for the financial year ended 30 June 2018.**
2. **Set the date for the annual electors meeting to be on Tuesday, 12 February commencing at 5.00pm in the Council Chambers.**

CARRIED 6/0

8.6 AUDIT COMMITTEE REPORTS

8.6.1 Finance and Audit Report for the year ended 30 June 2018

CORPORATE

Attachment No	Details
Attachment	Finance & Audit Report 30 June 2018

Voting Requirement	:	Simple Majority
Subject Index	:	Finance and Audit Report
Location / Property Index	:	Nil
Application Index	:	N/A
TPS No 3 Zoning	:	N/A
Land Use	:	N/A
Lot Area	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Officer	:	Paul Rawlings, Manager Corporate Services

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government / body / agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, town planning schemes & policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application / matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include town planning applications, building licences, applications for other permits / licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

PURPOSE OF REPORT

The purpose of this report is to adopt the finance and audit report for the 2017/18 financial year.

SUMMARY AND KEY ISSUES

- The finance and audit report for the 2017/18 financial year is presented for committee review and recommendation to Council for adoption.
- The Shire achieved a financial health indicator score for 2017/18 of 82 with the financial ratio benchmark being achieved in six out of seven categories.

LOCATION

N/A

BACKGROUND

The 2017/18 finance report reveals a closing surplus position at 30 June 2018 totalling \$60,999. This figure includes a current liability provision for annual and long service leave totalling \$188,779. However, Council holds cash reserves of \$170,577 for this purpose. Accordingly, for the purposes of the 2018/19 budget the opening surplus figure is increased to \$60,999 + \$170,577 = \$231,576. The 2018/19 budget anticipated a surplus brought forward of \$234,565, an immaterial difference.

The audit report highlights only one area of concern – the fact that the asset sustainability ratio is below the industry benchmark of 90% (see Officer Comment section below for further information).

The Shire of Peppermint Grove is required to meet with its auditor at least once in every year to examine the report of the auditor and determine if any matters raised require action to be taken.

To this end, Ms Marcia Johnson representing Council's auditor, Mr Marius van der Merwe, will be available at the meeting to comment on the audit and answer any questions committee members may have.

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC IMPLICATIONS

There are no Strategic Plan implications evident at this time.

POLICY IMPLICATIONS

There are no Policy implications evident at this time.

STATUTORY IMPLICATIONS

The Shire of Peppermint Grove is required to meet with its auditor at least once in every year to examine the report of the auditor and determine if any matters raised require action to

FINANCIAL IMPLICATIONS

2017/18 saw a number of projects successfully completed including:

- Replacement of the temporary fence along the eastern side of the Shire office & community centre with a masonry wall;
- Ongoing river foreshore works including pathway fencing and repairs to the river wall;
- Opening of the *Freshwaters Café* at Keane's Point following the demolition of the old kiosk and toilet block; and
- Road resurfacing along part of The Esplanade with the balance of works to be completed in 2018/19.

Except for depreciation expenses all categories of revenue and expenditure were largely in line with the original budget. No allowance was made for infrastructure depreciation in the 2017/18 budget due to the requirement to revalue such assets during the year. However, at the request of the auditor such expenses were charged for the full year but, due to their non-cash nature, no variation was made to the budget.

Following extensive discussions during the audit, infrastructure assets were re-valued by around \$1.9 million, mainly reflecting the increasing cost of renewing such assets since the last re-valuation three years ago.

Additionally, a further \$831,190 fair revaluation adjustment to land under the control of Council was recorded due to the commencement of the ground lease for the *Freshwaters Cafe*. This adjustment was required to recognise the value of a property and was obtained by using the present value of the market rent to be derived over the 21 years of the lease which was then adjusted by a fair rate of return to determine the property value.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications at this time.

SOCIAL IMPLICATIONS

There are no social implications at this time.

OFFICER COMMENT

The audit report highlights the fact that the asset sustainability ratio (0.72 or 72%) fails to meet the industry benchmark (0.90 or 90%). This indicator measures the ratio of capital renewal and replacement expenditure on existing assets (net of asset sale proceeds) to total depreciation expense.

For 2017/18 net renewal CAPEX totalled \$318,578 and depreciation (as an estimate of the value of consumption of those assets) totalled \$442,382 resulting in the 72% ratio.

Part of the reason for not making the benchmark has been the increase in annual depreciation (from \$408,341 to \$442,382) reflecting the increase in infrastructure asset values (\$1.9 million) noted above.

The increase in planned capital expenditure requirements has been included in the revision of the ten-year financial plan.

Additionally, some CAPEX projects (notably Hobbs Place) have been carried forward to 2018/19 due to the need to do additional planning.

As a result, Council will certainly achieve the sustainable asset benchmark indicator in 2018/19.

COMMITTEE RECOMMENDATION/COUNCIL DECISION 8.6.1
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Moved Cr P Macintosh

Seconded: Cr G Peters

That Council accepts and adopts the Finance and Audit Report for the financial year ending 30 June 2018.

CARRIED 6/0

9 CLOSURE

At 6.40pm, there being no further business the meeting closed.

