



Western Australia

Minutes of the Special Meeting of the Murchison Shire Council,
In accordance with Section 5.4(a) (i) of the Local Government Act 1995
a Special Meeting of the Shire of Murchison was held in the
Council Chambers, Carnarvon Mullewa Road, Murchison,
On Friday **7th December 2012**, commencing at 3.00 pm.

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The President welcomed everyone and opened the meeting at 3.08 pm.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

Elected Members:

Councillor S A Broad, Shire President
 Councillor R Foulkes-Taylor, Deputy Shire President
 Councillor D A McTaggart,
 Councillor M W Halleen,
 Councillor B M Seaman
 Councillor P R Squires

Staff:

Mrs Jenny Goodbourn, Chief Executive Officer
 Mr Brian Wundenberg – Works Supervisor

Gallery:

Nil

Leave of Absence:

Nil

Apologies:

Nil

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. PUBLIC QUESTION TIME

Nil

4.1 Standing Orders

Council Decision:

Moved: Councillor Foulkes-Taylor

Seconded: Councillor McTaggart

That the following Local Law-Standing Orders 2001 be stood down:

- 8.2 Limitation on the number of speeches
- 8.3 Duration of speeches

Carried

For: 5

Against: 1

5. NEXT MEETING

The scheduled date for the next ordinary meeting is Thursday 20th December, 2012.

6. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7. NOTICE OF ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS

None

8. REPORTS

8.1 Reports – Chief Executive Officer

In accordance with S5.4 (a) (i) of the Local Government Act 1995 a Special Meeting was called by the President for the purpose of dealing with three items:-

The Ballinyoo Bridge Business Case;
Main Roads proposal on the SKA access route and ASKAP Maintenance Agreement; and
Review of the Fuel Pricing Policy and Roadhouse Arrangements.

Officers Recommendation:

That the Chief Executive Officer's report be accepted

Voting:

Simple Majority

Council Decision:

Moved: Councillor McTaggart

Seconded: Councillor Foulkes-Taylor

That the Chief Executive Officer's report be accepted.

Carried

For: 6

Against: 0

9. PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS

None

10. Administration

10.1 Review of the Ballinyoo Bridge Business Case Proposal

File:	12.6
Author:	Jenny Goodbourn- Chief Executive Officer
Interest Declared:	No interest to disclose
Date:	5 th December 2012
Attachments:	Ballinyoo Bridge Business Case Proposal – Draft 2

Matter for Consideration:

The review of the 2nd Draft Business Case on the Ballinyoo Bridge

Background:

This matter had been ongoing for some years and the Shires of Meekatharra and Upper Gascoyne have supported the Shire of Murchison's proposal to allocate our component of the 2012/2013 and 2013/2014 Regional CLGF funds to this project. Along with this the Shire is hopeful of attracting funding from the Royalties for Regions Mid West Investment Plan. To progress either of these applications a business case proposal is required and Main Roads had said they would produce this. Recent discussion had led to the 1st Draft produced at the December meeting.

Comment:

Council at its' November meeting received a presentation on the draft business case for the Ballinyoo Bridge project with Tim Glenister from main Roads and Steve Douglas of the Mid West Development Commission. Main Roads had worked on the draft of the case. Following the presentation at the December meeting it was felt that more work had to be undertaken on the business case, including expanding the reasons for the application and the contribution of monies by the Shire of Murchison, possibly from R2R monies. Council had thought that the shortfall in the project was going to be funded with funds from Main Roads but this is unlikely to happen due to the massive demand for bridge funding. An application for these funds would push the project out to 2015/2016, which causes problems with the Regional CLGF funding which is already being treated as a 'special case' to allow us to use 2012/2013 and 2013/2014 in the 2013/2014 financial year. The case as presented showed all money coming from Royalties for Regions which would not be approved as it is not the intention of the funding to fully fund projects but to encourage joint projects with other funding parties.

The motion was left to lay on the table at the November meeting to allow time for the changes and a revised draft is being tabled today for Council's consideration. This draft has brought back in some more of the history of the bridge and further reasons for the request, especially focusing on how the bridge impacts on not just the Shire of Murchison but inter-regional access to surrounding shires and the coast and inland regions.

The draft has been sent to Steve Douglas for his review and it is hoped to have his comments available at the time of the meeting.

Council worked through the business case which had been reviewed by Steve Douglas (MWDC) prior to the meeting and discussed several points and made some alterations. Councillor Halleen raised the issue of whether the shire would consider taking out a loan if any of the grants fall through. However council would not undertake the project unless they were assured of the \$3m and \$1.5m grant monies.

Statutory Environment:

S3.53 of the Local Government Act 1995 and s55 (2) of the Land Administration Act 1997. The local government within the district of which a road is situated has the care, control and management of the road.

Strategic Implications:

A business case is required to enable us to obtain grant funding which is necessary to facilitate the new bridge.

Policy Implications:

Nil

Financial Implications:

This is a major project which will have financial implications on the 2013/2014 and 2014/2015 budgets and the long term financial planning of the Shire.

Consultation:

Tim Glenister – MRWA
Steve Douglas - MWDC

Recommendation:

That the Shire accepts the Draft Business Case Proposal, as amended, so that it can be forwarded to the appropriate funding bodies to support our grant applications.

Voting Requirements:

Simple Majority

Council Decision:

Moved: Councillor Halleen

Seconded: Councillor McTaggart

That the Shire accepts the Draft Business Case proposal, as amended, so that it can be forwarded to the appropriate funding bodies to support our grant applications.

Carried

For: 6

Against: 0

10.2 Main Roads Proposal on the SKA Access Road and ASKAP Maintenance Agreement.

File:	14.11
Author:	Jenny Goodbourn – Chief Executive Officer
Interest Declared:	Cr Squires Declared a Financial Interest
Date:	5 th December 2012
Attachments:	MRWA letter of 12 th November 2012

Matter for Consideration:

The letter of the 12th November from Bernie Miller of Main Roads WA which Tim Glenister brought with him on the day of the November meeting and the issues arising from this letter which were raised at the WARAG meeting held in Geraldton on the 29th November.

Background:

ASKAP Road Agreement

The issue of the ASKAP road agreement for the additional maintenance works during operation of the ASKAP/MRO is an ongoing issue following the expiration of the agreement which the shire had during the construction phase. On the 19th of November following advice from Civic Legal I sent the following email to James Abbot:-

James

After waiting some time we have had a reply from Civic Legal.

They have advised that: *the Shire should proceed with a Deed based on the one previously drafted by Civic Legal (**Civic Deed**). On a quick review of the Deed of Agreement provided by the CSIRO (**CSIRO Deed**), it appears that they have used the Civic Deed as a foundation and stripped it right back. For example, it appears that their obligations under the CSIRO Deed have been reduced considerably. If you wish to use the Civic Deed, it will need to be amended in light of the fact that the construction phase is complete*

Therefore we seem to be no further along than we were in September. The shire does not want to incur costs for Civic Legal to effect these changes if you are then going to say the document is unacceptable.

Council were happy with the original agreement and wish to use this as the basis for the new agreement – which is already some five months overdue – please can you advise your position.

Regards

Jenny Goodbourn
Chief Executive Officer
Shire of Murchison

On the 20th November James rang to say that there are a couple of main issues;-

- They have a limited amount of funding and will have to put a Cap on the annual budgeted amount.
- The original agreement said joint inspections, this would no longer be possible as Barry Turner is no longer involved in this side of the project, so they would need the shire to carry out the inspections and advise them on the work required.

He said that he was working on the agreement with Mark Baker, their lawyer and would get back to us shortly. He also advised that he and Ant were planning on coming to the December 20th meeting of council.

SKA Access Route

This has been an ongoing issue and we are currently hoping to arrange a meeting with the Hon John Day, Minister for Planning; Culture and the Arts; Science and Innovation.

In the meantime we received a letter from Main Roads suggesting the way we should approach the matter and how to go about the funding submission. Tim Glenister discussed some of these points with council at the meeting. The emphasis was on the council being the applicant behind the project, applying for the funding and carrying out the sealing of the remaining 90kms of the Carnarvon-Mullewa Road (including 28kms in the City of Great Geraldton) and that this was a fantastic opportunity for the shire. At the time council said they felt that the road should be done as part of the SKA project and not left up to the shire.

Comment:

Cr Seaman and I attended the WARAG meeting on the 29th November held in Geraldton.

Tim Glenister did a presentation on the road access issue and it turned into quite a lengthy debate.

Dr Brian Boyle, Acting SKA Director, said that the route and the standard of the SKA access route had been set out in the original SKA bid and that as the successful bid had been based on this, the route and the standard that would be required had already been decided.

The route was to be via the Carnarvon-Mullewa Road to the Meeberrie turn off then across to the site. As previously advised in Dr Megan Clark's response to the shire the road needed to be an all weather road – this does not mean that the road would be sealed all the way – most likely the Carnarvon-Mullewa Road would be sealed to the turn off, then certain stretches of the remainder of the route would be sealed or upgraded as necessary to enable all weather access. Main roads are suggesting that a detailed safety audit will need to be carried out to assess the extent of the works required on this stretch.

Main Roads had assumed that the Shire of Murchison was planning to continue sealing the Carnarvon-Mullewa road every year and was therefore suggesting that we handle the funding submissions and continue with the work but with the money being provided by an alternative body rather than from our own funds. Main Roads have offered to assist with business case and funding applications.

I advised that I wasn't sure that this was the case and that I thought the Shire's objective had been to extend the seal as far as the Ballinyoo Bridge and then concentrate on some other roads and capital works on improving them, however I would need to refer the matter to council.

I pointed out that we only have a small workforce and the current year's project had taken all our resources and a great deal of the Works Supervisors time and it might be unrealistic to expect us to be able to complete the remainder of the seal within the next few years. Also the administration staff is minimal and whilst Main Roads have offered to help it would still dominate much of the time and capacity of the administration team to handle such a project.

A further point is that if we were to tie up our construction crew on this project for the next few years how would we be able to utilise all the other grant monies and income we receive which has to be spent and acquitted in a way that best benefits the shire and its' residents. We would not have the staff capacity to carry this out and would have to employ contractors to carry out all the shire work and this might not be the most cost effective way of operation.

We advised that the shire had been expecting the road works to be carried out as part of the SKA project but not with the work to be actually undertaken by the Shire. Tim Glenister advised that as we are the Local Government and therefore responsible for the road, nothing could be done without our authority and that no-one could take over and just tell us what was being done to the road. I said that when the road had been sealed from Mt Magnet to Leinster (a local shire road) that although we had meetings with Main Roads to discuss what and when etc, that was exactly what had happened. They had handled the whole project from start to finish. Tim advised that in that case it had always been the intention of Main Roads to take over the road once the upgrade and sealing had been completed.

The road seal was completed in 2002 and Main Roads officially took over the road in 2010. This is also something the shire would need to consider. Depending on the width and type of seal the cost of ongoing maintenance can be quite high compared to the maintenance and upkeep of a gravel road. In the case of Sandstone we had to evaluate the impact of a reduced FAG against the required expenditure to maintain the road. This meant looking at what the impact would be of losing 160km of shire maintained road in the annual FAG – which was some \$300-\$400k per annum at the time against the cost of a re-seal which would be due in 10 years at the then estimated cost of \$6m. At the end of the day it was actually beneficial for Main Roads to take over the road. However that was based on a 7m seal and a higher volume of traffic than currently using the Carnarvon-Mullewa Road.

Tim Glenister said that if the shire was not interested in the opportunity to do the work then they would look at alternative options, such as the City of Greater Geraldton to see if they had the capacity.

We said we would need to take the matter to council to get direction.

Main Roads see the way forward as:-

- Safety audit to be done – \$20-\$30K funding submission to be done
- Subject to results of the audit – funding submission for the work required

Council needs to consider this proposal and decide on a response as it will determine the way we proceed and could impact on the proposed meeting with the Minister.

Council discussed the matter at some length regarding whether the shire could take on this job or not .Cr Foulkes-Taylor stated that it was not a case that we didn't want to do the job but that we did not have the capacity. Cr Halleen queried where the funding was to come from and was advised that it would not come from the shire's own funds but from external funding specific to the project. Mr. Wundenberg said that by the shire doing the work it would probably save money as has been shown on the current sealing project. It was discussed whether the shire could look at running the project and using contractors to do the work, that then caused problems for the supervisor's workload as he would be in charge of the contractors and our own construction team.

It was felt that the shire had concentrated on getting the 4m seal as far as it has over the past few years and that other roads and projects would be worked on in the coming years. Council is answerable to all the rate payers and has other roads which are in need of construction/heavy maintenance work.

Council referred to the Road Upgrade Report carried out by Greenfields in 2011.

Statutory Environment:

S3.53 of the Local Government Act 1995 and s55 (2) of the Land Administration Act 1997. The local government within the district of which a road is situated has the care, control and management of the road.

Strategic Implications:

The matter could have major strategic implications on the Integrated Planning process of the shire.

Policy Implications:

Nil

Financial Implications:

The matter could have major implications on the Long Term Financial Planning process of the shire.

Consultation:

Tim Glenister – MWA

Penny Griffin – Department of Commerce

Recommendation:

TBA

Voting Requirements:

Simple majority

Council Decision:

Moved: Councillor Foulkes-Taylor

Seconded: Councillor Seaman

In response to the letter received from Mr Bernie Miller of Main Roads WA dated 12th November 2012, Council provide a copy of the Road Upgrade Report prepared in 2011. The route and standard of the access road has been specified as part of the SKA bid and has therefore been set. The Shire of Murchison is unable to progress the seal any further than the Ballinyoo Bridge and does not have the capacity to undertake the proposed works.

Carried

For: 6

Against: 0

10.3 Review of Fuel Pricing Policy and Roadhouse Arrangements

File:	13.11
Author:	Jenny Goodbourn- Chief Executive Officer
Interest Declared:	No interest to disclose
Date:	5 th December 2012
Attachments:	

Matter for Consideration:

Re-visit the Fuel Pricing Policy adopted by council at the August 2012 meeting and discussion on arrangements for the lease of the Murchison Oasis Roadhouse.

Background:

Following discussion council adopted a Fuel Pricing Policy at the August meeting that was based on setting a pump price to recover costs. Council looked at the expenditure for 2011/2012 and the % that would be required to build cost recovery into the cost of the fuel. The costs included were the commission paid to the roadhouse operators (.05cpl), the maintenance costs of the OPT and pumps and the depreciation on the bowsers. This equated to approx 15.5% and this was the policy set:-

Policy Statement:

The price of fuel be set at 15.5% above the highest of the purchase price (including freight) of newly delivered ULP or diesel which provides for provision for the payment of five cents/litre to the Murchison Road House lessee for all fuel dispensed through the road house bowsers as from 1st September, 2012.

This has resulted in a current pump price of \$1.70. Some councillors have expressed concern as they had not realised the full impact on the price that this policy would have.

Comment:

Council can amend the policy to a lower % if they wish to maintain the fuel at a lower retail price to be competitive or lower than surrounding fuel suppliers but must understand that they are then actually subsidising the fuel as an incentive to come to Murchison and as part of a promotion of the area.

The fuel price as of Monday 3rd December was:-

Diesel 128.2cpl + 5.5cpl surcharge + 10% GST =147.07

Petrol 126.7cpl + 5.5cpl surcharge+10% GST = 145.42

Under the current policy this would mean a pump price here of 169.86. The current price for diesel in Mullewa is 163 or 166 depending on which service station you go to. In Geraldton it is around 156 -159 and in Meekatharra is around 167.

If council were to set the policy to be 10% above the highest of the purchase price (including freight) of newly delivered ULP or diesel this would result in a current pump price of 161.77 which is slightly under Mullewa and competitive with Geraldton considering our remote location, however it would not fully recoup all expenditure associated with provision of the fuel.

Another thing which council needs to consider is the 5cpl paid to the roadhouse operators for all fuel sold. This was set up as an additional incentive as previously it was only on fuel that was dispensed by the roadhouse operators. In the whole course of things this only amounts to approx \$6,000 per annum based on current turnover and is not a great deal of money.

In the recent advertising for new operators the biggest problem has been the lack of an assured income during the warmer months of November – March. This has limited the number of people who are able to apply as many have existing monthly commitments they have to meet. Various packages have been offered to the road house operators over the past years and it might be time to offer a ‘retainer’ of a weekly payment during say the months of November to March. As we are just in the process of negotiating a new lease this would be an ideal opportunity to discuss options and decide how we wish to proceed.

Options would be to:-

1. Leave things as they are – no retainer and .05cpl on fuel (Approx cost \$6,000pa)
2. Pay a retainer November to March of say \$500 per week and commission of .05cpl on fuel (Approx cost \$16,500pa)
3. Pay a higher retainer November to March of say \$650 per week and no commission on fuel (Approx cost \$13,650pa)

These figures are only suggestions and council could of course look at any combination it wished.

Personally I think that option 2 is the best, whilst it might cost council more it gives a guaranteed income during the hotter months and an incentive to sell fuel throughout the whole year. As with most caravan parks and tourist operations in remote shires there is little chance that the businesses will ever fully cover the operating costs to the shire or turn a profit. We have to look at the broader aspect of attracting people to the area and increasing the viability of the region by providing the basic services that are expected.

Council discussed the item. Cr Seaman felt that as we had only recently asked the DCEO to calculate the % to provide for cost recovery the price should be left as it is. Cr Foulkes-Taylor said that the shire is providing a service and that it was better to keep the fuel price lower to encourage people to use it. Cr Squires said that 10% should cover costs. It does cover the fuel, delivery and the 5c per litre commission but does not cover all costs for pump maintenance and depreciation. In the usual course of a roadhouse business these additional costs would be part of the operational costs and off set against profits from other aspects of the business, however as the shire leases the business out, it does not get this opportunity.

Regarding the payment of a retainer Cr Halleen asked if this was to come from the Community Fund as it had once before. It was decided that the money would come directly out of the shires operating budget and an adjustment be made at the budget review.

Cr McTaggart asked how much it was costing the shire to staff the roadhouse currently with direct employees. Based on the opening hours of 7am – 6pm Monday to Friday and 9am – 5pm Saturday the weekly wages are in the region of \$2,000.

Statutory Environment:

S6.16 of the Local Government Act 1995 – Allows a local government to impose and recover a fee or charge for any services it provides or proposes to provide. Fees and charges are to be imposed when adopting the annual budget, but may be imposed during the financial year and amended from time to time by giving public notice.

Strategic Implications:

Operation of the Murchison Oasis Roadhouse and Caravan Park, including the provision of fuel forms an integral part of the strategic operation of the shire.

Policy Implications:

Amended policy as below.

Financial Implications:

Adjustment of operating costs for the roadhouse can be included as part of the budget review to be carried out in January.

Consultation:

Dianne Daniels – Deputy CEO

Recommendation:

- That Council amend its' fuel pricing policy to be - The price of fuel be set at 10% above the highest of the purchase price (including freight) of newly delivered ULP or diesel which provides for provision for the payment of five cents/litre to the Murchison Road House lessee for all fuel dispensed through the road house bowsers.
- That Council pay a retainer from November to March of \$500 per week to the lessee of the Murchison Oasis Roadhouse.

Voting Requirements:

Absolute Majority

Councillor Seaman Foreshadowed a Motion:

That point 1 of the motion be:-

That the fuel pricing policy be left at 15.5% above the highest of the purchase price (including freight) of newly delivered ULP or diesel which provides for provision of five cents/litre to the Murchison Roadhouse lessees for all fuel dispensed through the roadhouse bowsers.

Council Decision:

Moved: Councillor Foulkes-Taylor

Seconded: Councillor Squires

- 1) That council amend its' fuel pricing policy to be: – The price of fuel be set at 10% above the highest of the purchase price (including freight) of newly delivered ULP or diesel which provides for provision for payment of five cents/litre to the Murchison Roadhouse lessee for all fuel dispensed through the Roadhouse bowsers.
- 2) That Council pay a retainer from November to March of \$500 per week to the lessee of the Murchison Oasis Roadhouse

Carried by Absolute Majority

For: 5

Against: 1

11. URGENT BUSINESS

Nil

12. ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS

Nil

13. MEETING CLOSURE

There being no further business the President declared the meeting closed at 5.21 pm

These Minutes were confirmed at the Council meeting held on 20th December 2012.

Signed.....Presiding Officer