



MINUTES
ORDINARY MEETING OF COUNCIL
13 SEPTEMBER 2016



MURCHISON REGIONAL VERMIN COUNCIL



MINUTES ORDINARY MEETING OF COUNCIL 13 SEPTEMBER 2016

TABLE OF CONTENTS

1.	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS.....	1
2.	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE	1
3.	RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE.....	1
4.	PUBLIC QUESTION TIME	1
5.	APPLICATIONS FOR LEAVE OF ABSENCE.....	1
6.	DEPUTATIONS / PRESENTATIONS / SUBMISSIONS	1
7.	CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS.....	1
8.	ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION.....	2
9.	PETITIONS.....	2
10.	DECLARATIONS OF INTEREST	3
11.	BUSINESS DEFERRED FROM PREVIOUS MEETING	3
12.	REPORTS	3
12.1	Financial Activity Statement for the Period 1 July 2015 to 30 June 2016.....	3
12.2	Financial Activity Statement for the Period 1 July 2016 to 31 August 2016	5
12.3	Accounts for Payment 1 June 2016 to 31 August 2016.....	6
12.4	Debtors - Outstanding as at 31 August 2016	10
12.5	Permit to Use Vermin Fence Access Track	11
12.6	Vermin Fence Report as at 27 July 2016	12
12.7	Investments as at 31 August 2016	13
12.8	Economic Feasibility Analysis On The Implementation of the Murchison Regional Vermin Cell	16
13.	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	21
14.	NOTICE OF MOTIONS FOR THE NEXT MEETING	21
15.	CONFIDENTIAL BUSINESS.....	21
16.	URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING	21

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairman, Cr Neil Grinham opened the meeting at 10.00 am and requested that the meeting be adjourned to allow the Acting CEO to arrive from Perth via Yalgoo. With the consensus of the members present the meeting was accordingly adjourned.

The A/CEO arrived at 11.00 am and the Chairman reconvened the adjourned meeting at 11.05am.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Present:

Chairman	Cr Neil Grinham
Member	Cr Robert Grinham
Member	Cr Les Price
Member	Cr Ross Pigdon
Member	Cr Carol Hodshon
Member	Cr Ross Pigdon
Member	Cr Beth Waldon - (Deputizing for Cr K. Key)

Apologies:

Cr Jason Homewood
Cr Kerry Key

Leave of Absence:

Nil

Also in Attendance:

Cr Eliz Morris, A/CEO Dominic Carbone

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil.

4. PUBLIC QUESTION TIME

Nil.

5. APPLICATIONS FOR LEAVE OF ABSENCE

Nil.

6. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

7.1 Minutes of Ordinary Meeting held on 28 June 2016

COUNCIL RESOLUTION

Moved: Cr Les Price

Seconded: Cr Robert Grinham

That the minutes of the Ordinary Meeting held on 28 June 2016 as circulated be confirmed as a true and correct record of the meeting.

CARRIED: 6/0

7.2 Minutes of Special Meeting held on 27 July 2016

COUNCIL RESOLUTION

Moved: Cr Ross Pigdon

Seconded: Cr Robert Grinham

That the minutes of the Special Meeting held on 27 July 2016 as circulated be confirmed as a true and correct record of the meeting.

CARRIED: 6/0

7.2 Minutes of Special Meeting held on 29 August 2016

COUNCIL RESOLUTION

Moved: Cr Robert Grinham

Seconded: Cr Carol Hodshon

That the minutes of the Special Meeting held on 29 August 2016 as circulated be confirmed as a true and correct record of the meeting.

CARRIED: 6/0

8. ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION

The Chairman Cr Neil Grinham made the following announcements.

- (1) Intention to present the Vermin Cell Fence Business Plan to the Minister.
- (2) Arrangements being made to present to the National Party in Geraldton in October 2016.
- (3) Acting CEO to prepare a power point presentation for (2) above.
- (4) Shire of Yalgoo Dog Bounty.

9. PETITIONS

Nil.

10. DECLARATIONS OF INTEREST

Nil.

11. BUSINESS DEFERRED FROM PREVIOUS MEETING

Nil.

12. REPORTS

12.1 Financial Activity Statement for the Period 1 July 2015 to 30 June 2016

File:

Author: Dominic Carbone, A/CEO

Interest Declared: No interest to disclose

Date: 5 September 2016

Attachment 1

- Financial Activity Statement for the Period 1 July 2015 to 30 June 2016
- Summary of Current Assets and Liabilities as at 30 June 2016
- Detailed Worksheets

Matter for Consideration

Adoption of the monthly financial statements.

Background

The Local Government Act and Regulations require local governments to prepare monthly reports containing the information that is prescribed.

Statutory Environment

Local Government Act 1995

Section 6.4-Specifies that a local government is to prepare such other financial reports as are prescribed.

Local Government (Financial Management) Regulations 1996

Regulation 34 states:

- (1) A local government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget regulation 22(1)(d) for that month in the following detail:
 - (a) Annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);
 - (b) Budget estimates to the end of month to which the statement relates;

- (c) Actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
- (d) Material variances between the comparable amounts referred to in paragraphs (b) and (c);
- (e) The net current assets at the end of the month to which the statement relates.

Sub regulations 2, 3, 4, 5 and 6 prescribe further details of information to be included in the monthly statement of financial activity.

Strategic Implications

Provision of timely accounting information to inform Council of the financial status and financial affairs of local government.

Reports showing year to date financial performance allow monitoring of actual expenditure, revenue and overall results against budget targets.

Financial Implications

Nil

Consultation

Nil

Comment

The Shire utilizes the services of accountants RSM to prepare the monthly financial statements in the statutory format and provide general accountancy support and advice.

It is noted that the monthly financial statements prepared by RSM are not consistent with the requirements of Reg. 34 Local Government (Financial Management) Regulations 1996. The Regional Council has a minimum requirement to prepare a monthly Financial Activity Statement and is to be accompanied by an explanation of the composition of the net current assets of the month to which the statement relates. The Regional Council may want to produce other management reports at its discretion but it must meet its statutory obligation.

Accordingly the Acting Chief Executive Officer has produced the above mentioned financial statements in order that the MRVC meets its statutory compliance.

Voting Requirement

Simple Majority

The Acting CEO presented the financial statements to the Elected Members.

COUNCIL RESOLUTION

Moved: Cr Carol Hodshon

Seconded: Cr Ross Pigdon

That Council adopts the Financial Activity Statement for the period ending 30 June 2016.

CARRIED: 6/0

12.2 Financial Activity Statement for the Period 1 July 2016 to 31 August 2016

File:

Author: Dominic Carbone, A/CEO

Interest Declared: No interest to disclose

Date: 5 September 2016

Attachment 2

- Financial Activity Statement for the Period 1 July 2016 to 31 August 2016
- Summary of Current Assets and Liabilities as at 31 August 2016
- Detailed Worksheets

Matter for Consideration

Adoption of the monthly financial statements.

Background

The Local Government Act and Regulations require local governments to prepare monthly reports containing the information that is prescribed.

Statutory Environment

Local Government Act 1995

Section 6.4-Specifies that a local government is to prepare such other financial reports as are prescribed.

Local Government (Financial Management) Regulations 1996

Regulation 34 states:

- (1) A local government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget regulation 22(1)(d) for that month in the following detail:
 - (a) Annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);

- (b) Budget estimates to the end of month to which the statement relates;
- (c) Actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
- (d) Material variances between the comparable amounts referred to in paragraphs (b) and (c);
- (e) The net current assets at the end of the month to which the statement relates.

Sub regulations 2, 3, 4, 5 and 6 prescribe further details of information to be included in the monthly statement of financial activity.

Strategic Implications

Provision of timely accounting information to inform Council of the financial status and financial affairs of local government.

Reports showing year to date financial performance allow monitoring of actual expenditure, revenue and overall results against budget targets.

Financial Implications

Nil

Consultation

Nil

Comment

Voting Requirement:

Simple Majority

The Acting CEO presented the financial statements to the Elected Members.

COUNCIL RESOLUTION	
Moved: Cr Les Price	Seconded: Cr Ross Pigdon
<i>That Council adopts the Financial Activity Statement for the period ending 31 August 2016.</i>	
CARRIED: 6/0	

12.3 Accounts for Payment 1 June 2016 to 31 August 2016

File:	
Author:	Dominic Carbone, A/CEO
Interest Declared:	No interest to disclose
Date:	5 September 2016
Attachment	Nil

Matter for Consideration

Council approve the Accounts for payment list for the period 1 June 2016 to 31 August 2016 as detailed in the report below.

Background

The Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 requires the Chief Executive Officer to present a list of accounts paid and/or payable to Council and such to be recorded in the minutes of the meeting.

Statutory Environment

Local Government Act 1995

6.10. Financial management regulations

Regulations may provide for —

- (a) the security and banking of money received by a local government; and
- (b) the keeping of financial records by a local government; and
- (c) the management by a local government of its assets, liabilities and revenue; and
- (d) the general management of, and the authorisation of payments out of —
 - (i) the municipal fund; and
 - (ii) the trust fund,of a local government.

Local Government (Financial Management) Regulations 1996

13. Payments from municipal fund or trust fund by CEO, CEO's duties as to etc.

- (1) If the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, a list of accounts paid by the CEO is to be prepared each month showing for each account paid since the last such list was prepared —
 - (a) the payee's name; and
 - (b) the amount of the payment; and
 - (c) the date of the payment; and
 - (d) sufficient information to identify the transaction.
- (2) A list of accounts for approval to be paid is to be prepared each month showing —
 - (a) for each account which requires council authorisation in that month —
 - (i) the payee's name; and
 - (ii) the amount of the payment; and
 - (iii) sufficient information to identify the transaction;

- and
- (b) the date of the meeting of the council to which the list is to be presented.
- (3) A list prepared under subregulation (1) or (2) is to be —
 - (a) presented to the council at the next ordinary meeting of the council after the list is prepared; and
 - (b) recorded in the minutes of that meeting.

Strategic Implications

Nil

Financial Implications

Nil

Consultation

Nil

Comment:

The list of accounts paid for the period 1 June 2016 to 31 August 2016 are as follows:

**MURCHISON REGIONAL VERMIN COUNCIL
LIST OF ACCOUNTS PAID AND PAYABLE
FOR THE PERIOD 1 JUNE 2016 TO 31 AUGUST 2016**

DATE	PAYEE	PARTICULARS	AMOUNT
PAID	No.		\$
6/1/2016	COMMONWEALTH BANK	ACCOUNT FEE	5.00
6/1/2016	COMMONWEALTH BANK	TRANSACTION FEE	0.40
6/28/2016	RSM	ACCOUNTING SERVICES FOR 1-01-2016 TO 31-03-2016	2,101.14
6/28/2016	SHIRE OF MOUNT MAGNET	SATELLITE PHONE RENTAL	200.00
6/28/2016	CR JOE O'BRIEN	MEETING FEE MAY 2016	150.00
6/28/2016	SHIRE OF CUE	REFUND OF MEMBER CONTRIBUTION CELL FENCE OVERPAID	10,000.00
6/28/2016	CR CAROL HODSHON	MEETING FEE MAY 2016	150.00
6/28/2016	CR JASON HOMEWOOD	MEETING FEE MAY 2016	150.00
6/28/2016	CR NEIL GRINHAM	MEETING FEE MAY 2016	300.00
6/28/2016	SOUTHERN WIRE	FENCING MATERIALS	528.00
6/28/2016	CR ROSS PIGDON	MEETING FEE MAY 2016	150.00
6/28/2016	CR LES PRICE	MEETING FEE MAY 2016	150.00
6/30/2016	CR ROSS PIGDON	MEETING FEE JUNE 2016	150.00
6/30/2016	CR JASON HOMEWOOD	MEETING FEE JUNE 2016	150.00
6/30/2016	CORE BUSINESS AUSTRALIA	CONSULTANCY FEE BUSINESS CASE CELL FENCE	22,595.10
6/30/2016	CR HARVEY NICHOLS	MEETING FEE JUNE 2016	150.00
6/30/2016	CR ROBERT GRINHAM	MEETING FEE JUNE 2016	150.00
6/30/2016	CR JASON HOMEWOOD	TRAVEL FOR MEETING	31.25
6/30/2016	DOMINIC CARBONE	REIMBURSEMENT ADVERTISING FEE MEETINGS	303.58
6/30/2016	CR NEIL GRINHAM	MEETING FEE JUNE 2016 AND CHAIRMAN ALLOWANCE	425.00
6/30/2016	CR LES PRICE	MEETING FEE JUNE 2016	150.00
6/30/2016	MOUNT MAGNET SENIORS	CATERING FOR MEETING	275.00
7/1/2016	COMMONWEALTH BANK	ACCOUNT FEE	5.00
7/1/2016	COMMONWEALTH BANK	TRANSACTION FEE	0.20
8/1/2016	COMMONWEALTH BANK	ACCOUNT FEE	5.00
8/1/2016	COMMONWEALTH BANK	TRANSACTION FEE	0.20
8/16/2016	ANDERSON MUNRO AND WYLLIE	INTERIM AUDIT FOR 2015-16	2,281.08
8/16/2016	RSM	ACCOUNTING SERVICES FOR 1-04-2016 TO 30-06-2016	2,101.14
8/16/2016	SHIRE OF MOUNT MAGNET	SATELLITE PHONE RENTAL AND CATERING FOR MEETING	114.98
8/16/2016	FITZPATRICK CONTRACTING SERVICES	FENCE MAINTENANCE JULY 2016	3,960.00
8/16/2016	DOMINIC CARBONE	NET SALARY AND TRAVEL PERIOD 02/05/2016 TO 28/06/2016	2,421.00
8/16/2016	DEPARTMENT OF AGRICULTURE AND FOOD	RESTRICTED CHEMICAL PERMIT ASSESSMENT FEE	77.00
8/16/2016	LGIS	INSURANCE PREMIUM 2016-17	825.00
	TOTAL		50,055.07

Voting Requirement:

Simple Majority

COUNCIL RESOLUTION	
Moved: Cr Carol Hodshon	Seconded: Cr Les Price
<i>That Council approve the list of accounts paid for the period 1 June 2016 to 31 August 2016 amounting to \$50,055.07 and the list be recorded in the minutes.</i>	
CARRIED: 6/0	

12.4 Debtors – Outstanding as at 31 August 2016

File:	
Author:	Dominic Carbone, A/CEO
Interest Declared:	No interest to disclose
Date:	5 September 2016
Attachment	Nil

Matter for Consideration

That Council receive the Debtors Outstanding Report as at 31 August 2016.

Background

Council be informed of debtors outstanding

Statutory Environment

Nil

Consultation

Nil

Comment:

The outstanding debtors as at 31 August 2016 are detailed below:

Private Works (MRWA)	\$ 8,170.95
Fence Rental	\$ 8,524.08
Recovery of Expenses	\$ 249.29
Total	<u>\$16,944.32</u>

Details of Outstanding debtors are available to members under a separate document.

Voting Requirement

Simple Majority

Moved Cr Carol Hodshon, Seconded Cr Ross Pigdon that the Officer's Recommendation be adopted after further debate and with agreement of the mover and seconder the officer's recommendation be amended to insert part (2) as stated below.

COUNCIL RESOLUTION

Moved: Cr Carl Hodshon

Seconded: Cr Ross Pigdon

(1) That Council receive the Outstanding Debtors Report as at 31 August 2016.

(2) That the A/CEO pursue the reinstatement of the grid on Great Northern Highway and that the matter be referred to the RRG Murchison Subgroup.

CARRIED: 6/0

12.5 Permit to Use Vermin Fence Access Track

File:

Author: Dominic Carbone, A/CEO

Interest Declared: No interest to disclose

Date: 5 September 2016

Attachment 3 - Ms Norma Phillips request including map

Matter for Consideration

Council give consideration to granting access to a portion of the MRVC Vermin Fence track.

Background

Requests for permission to use the MRVC Vermin Fence access track to be referred to Council.

Statutory Environment

Nil

Consultation

Nil

Comment

A request has been received from Ms Norma Phillips a sandlewood contractor to use a stretch of the MRVC Vermin Fence Access Track to travel 75 kilometers North and South of Campsite. The request is for various vehicles and machinery utilized by her workers. The permit to be valid for 5 years ending in 2021.

Voting Requirement

Simple Majority

COUNCIL RESOLUTION	
Moved: Cr Robert Grinham	Seconded: Cr Carol Hodshon
<i>That Council.</i>	
1. <i>Not grant a permit to use the portion of the MRVC vermin fence access track as detailed on the map attached to Report No. 12.5 to Ms Norma Phillips a sandlewood contractor.</i>	
2. <i>Subject to (1) above Ms Norma Phillips be advised accordingly.</i>	
3. <i>That photographs be taken for the section of the fence track.</i>	
CARRIED: 6/0	

The Chairman asked that the meeting be adjourned for lunch.

Moved: Cr Carol Hodshon **Seconded:** Cr Beth Walton that the meeting be adjourned.
Carried: 6/0.

The adjourned meeting reconvened at 12.45pm with all members being present.

12.6 Vermin Fence Report as at 27 July 2016

File:	
Author:	Dominic Carbone, A/CEO
Interest Declared:	No interest to disclose
Date:	5 September 2016
Attachment 4	- Contractors Report

Matter for Consideration

Council give consideration to the Contractor's Report on the condition and repairs undertaken to the vermin fence.

Background

The MRVC engages contractors to undertake periodic maintenance of the vermin fence under its control.

Statutory Environment

Nil

Consultation

Liam Fitzpatrick

Comment

A report is attached from the contract in relation to the maintenance of the vermin fence undertaken in July 2016. The contractors report details the following:

- (1) That the MRVC consider purchasing 20 traps which the contractor would be happy to set on both sides of the fence.
- (2) Dog activity present around breakaways.
- (3) Fence is good condition.
- (4) Need for floodgates.
- (5) Another run required in November/December 2016.

Members are requested to determine the maintenance program to be undertaken during the 2016-17 financial year and that quotations be obtained from suitable contractor/s to undertake the works.

Voting Requirement

Simple Majority

COUNCIL RESOLUTION	
Moved: Cr Robert Grinham	Seconded: Cr Ross Pigdon
<i>That Council.</i>	
<i>1. Receive the report on the condition and maintenance of the vermin fence as at July 2016.</i>	
<i>2. That the 2016-17 maintenance program for the vermin fence shall comprise of the following tasks:</i>	
<i>- Co-ordinator to inspect the fence minimum of 4 times per annum.</i>	
<i>- Contractor to undertake repairs and maintenance program at least 4 times per annum based on the Co-ordinator's report.</i>	
<i>3. Subject to (2) that the current maintenance contractors be requested to undertake the works and that the A/CEO obtain quotations from suitable contractors to undertake at least 4 inspections per annum.</i>	
CARRIED: 6/0	

12.7 Investments as at 31 August 2016

File:	
Author:	Dominic Carbone, A/CEO
Interest Declared:	No interest to disclose
Date:	5 September 2016
Attachment	Nil

Matter for Consideration

That Council receive the Investment Report as at 31 August 2016.

Background

Money held in the Municipal Fund of a Regional Local Government that is not required for the time being may be invested under the Trustee Act 1962 Part III.

Local Government Act 1995

Statutory Environment

6.14. Power to invest

- (1) Money held in the municipal fund or the trust fund of a local government that is not, for the time being, required by the local government for any other purpose may be invested as trust funds under the *Trustees Act 1962* Part III.
- (2A) A local government is to comply with the regulations when investing money referred to in subsection (1).
- (2) Regulations in relation to investments by local governments may —
 - (a) make provision in respect of the investment of money referred to in subsection (1); and
 - [(b)deleted]*
 - (c) prescribe circumstances in which a local government is required to invest money held by it; and
 - (d) provide for the application of investment earnings; and
 - (e) generally provide for the management of those investments.

Local Government (Financial Management) Regulations 1996

19. Investments, control procedures for

- (1) A local government is to establish and document internal control procedures to be followed by employees to ensure control over investments.
- (2) The control procedures are to enable the identification of —
 - (a) the nature and location of all investments; and
 - (b) the transactions related to each investment.

19C. Investment of money, restrictions on (Act s. 6.14(2)(a))

- (1) In this regulation —

authorised institution means —

 - (a) an authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) section 5; or

(b) the Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*;

foreign currency means a currency except the currency of Australia.

- (2) When investing money under section 6.14(1), a local government may not do any of the following —
- (a) deposit with an institution except an authorised institution;
 - (b) deposit for a fixed term of more than 12 months;
 - (c) invest in bonds that are not guaranteed by the Commonwealth Government, or a State or Territory government;
 - (d) invest in bonds with a term to maturity of more than 3 years;
 - (e) invest in a foreign currency.

Strategic Implications

Nil

Consultation

Nil

Comment

The worksheet below details the investments held by the MRVC as at 31 August 2016.

MRVC INVESTMENTS AS AT 31 AUGUST 2016								
INSTITUTIONS	SHORT TERM RATING	INVESTMENT TYPE	ACCOUNT NO.	TERM	DATE OF TRANSACTION	DATE OF MATURITY	INTEREST RATE	PRINCIPAL
Commonwealth Bank	N/A	Operating A/c	65210311201	Ongoing	N/A	N/A	0.50%	80,696.60
Commonwealth Bank	N/A	Cash Deposit at Call	36558508	Ongoing	N/A	N/A	1.70%	203,588.76
TOTAL								284,285.36

INVESTMENT REGISTER

01 JULY 2016 TO 31 AUGUST 2016

Commonwealth Bank of Australia - Cash Deposit Account Number 36558508

Maturity Date	Interest Rate	Opening Balance	Interest Earned to 31.08.2016		Investment Transfers	Closing Balance 31.08.2016
At Call	1.70%	202,985.53	603.23		NIL	203,588.76
TOTAL		202,985.53	603.23		NIL	203,588.76

Voting Requirements

Simple Majority

COUNCIL RESOLUTION	
Moved: Cr Les Price	Seconded: Cr Beth Walton
<i>That the Investment Report as at 31 August 2016 be received.</i>	
CARRIED: 6/0	

12.8 Economic Feasibility Analysis On The Implementation of the Murchison Regional Vermin Cell

File:	
Author:	Dominic Carbone, A/CEO
Interest Declared:	No interest to disclose
Date:	5 September 2016
Attachment 5	- Economic Feasibility Analysis on the Implementation of the Murchison Regional Vermin Cell

Matter for Consideration

That Council give consideration and receive the report prepared by Grant Consultants on the Economic Feasibility Analysis on the Implementation of the Murchison Regional Vermin Cell.

Background

Council at its Special Council Meeting held on 27 July 2016 adopted the following resolution in part:

“That Council

(1) Engage the services of Grant Consultants to prepare an Economic Feasibility Analysis in the Implementation of the Murchison Regional Vermin Cell Fence at a cost of \$6,500.”

Statutory Environment

Nil

Strategic Implications

Nil

Consultation

Grant Consultants

Comment

The summary report prepared by J Grant states the following:

Economic Feasibility Analysis on the implementation of the Murchison Regional Vermin Cell

Prepared by

J. Grant
August, 2016

Report Summary

The report on the economic feasibility of the Murchison Regional Vermin Cell and its potential to improve the profitability and productivity of agricultural businesses in the region, identifies it as a very economically viable option, with the potential to generate significant private and public benefit.

Over recent years, the Murchison region has been severely impacted, socially, economically and environmentally, as a result of predation to managed livestock by wild dogs, and an overall degradation of landscape. Total livestock products produced between the 2001-2006 period have declined by 118%, with properties within the Cell currently stocking 45% of carrying capacity. It is estimated throughout the Cell area, wild dogs cost the producers and the community upwards of \$8,728,216 annually in lost production, management time, employment, community investment; and should population and densities expand, costs are expected to increase rapidly.

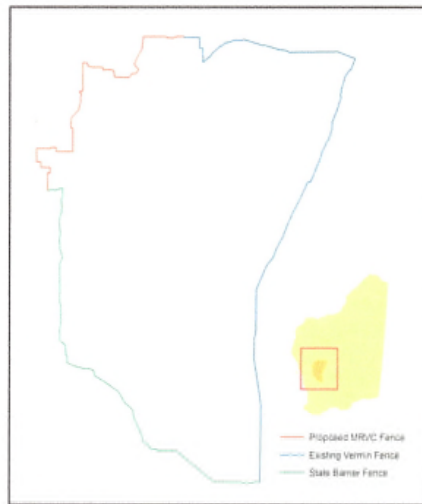
Table 1 - Summary of current economic costs

Economic impact	Estimated annual cost (\$)
<i>Current wild dog impacts</i>	
Livestock losses	6,118,267
Community losses	358,206
Landholder management	2,184,000
Local government management	67,743
<i>Other current economic impacts</i>	
Kangaroo competitive grazing	457,949
Total current wild dog impacts	8,728,216
Total other current economic impacts	457,949
Total current economic costs	9,186,165

The Murchison Regional Vermin Council proposal to construct 326 kilometres of exclusion fence to surround 6,820,079 hectares, represents 25% of the total fence perimeter. Whilst the proposed Cell is significantly larger than the optimal cell size for the land type (being 508,000 ha to 2,000,000 ha depending on the average property size), implementation of the Cell is recognised as an important first step in

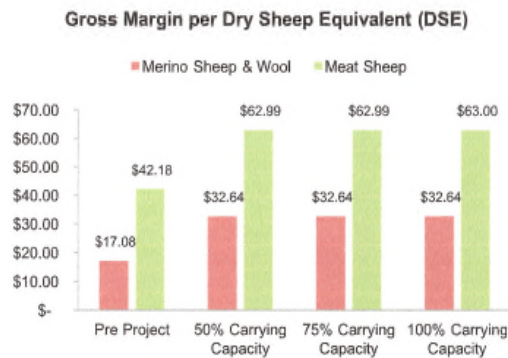
protecting the region. It is highly recommended that the Cell be subdivided in the future as project benefits flow.

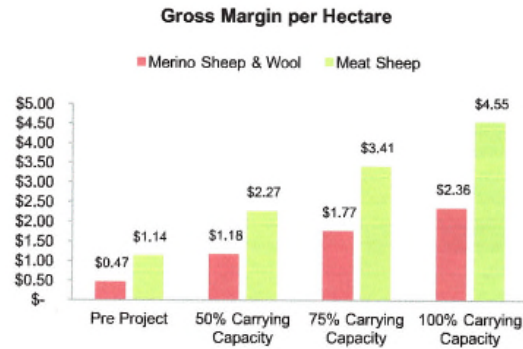
Map 2 - Murchison Regional Vermin Cell



A gross margin analysis shows that implementation of the project (assuming that a revitalisation plan is well established) has the potential to provide significant return on investment for both the merino and meat sheep industries. Across the merino wool and meat sheep industries, it is expected that gross margin per hectare will increase by 49.4% - 91% depending on the production type.

Graph 3 - Comparison of business operation gross margin per hectare and per DSE





With an estimated payback period, across different production structures, ranging from 0.53 to 15.4 years without funding assistance; the project's payback however could be reduced to 0.2 to 2.2 years should government provide the requested assistance. Landholders in the region present a significantly limited ability to fund the project through cash flow or debt, and as such, it is expected to not be implemented if assistance cannot be obtained.

A cost-benefit analysis identifies significant private and public benefit with a benefit-cost ratio of 18.88 - 33.81 and a NPV of \$123.3 million - \$214.6 million, at a 7% discount rate across varying scenarios of 75% and 100% of carrying capacity. Public benefit is considered significant, as a result of a substantial increase in community investment over the project's life. Through increased agricultural production, landholders receive the largest portion of benefit from the project's implementation. Public benefit is also considered significant as a result of a substantial increase in community investment over the project's life. Given the scale of the new fence required relative to the total perimeter length, project costs are considered very low comparative to project benefits as identified in the benefit cost ratio.

At an upfront cost of \$3,500,000, landholders are proposed to contribute 20%, with the contribution increasing to 63% after factoring in maintenance and future replacement expenses. Although the gross margin analysis indicates payback periods without government assistance are short term, landholders within the Cell area have an average EBIT profit of -\$107,819 with a finance ratio of 33%. Despite the indicative private benefits of the project, landholders have a limited ability to fund the project through profit or debt. Under the proposed model of 80% upfront investment by government, it is projected landholders will have a stronger capacity to finance the residual, and implement subdivision once project benefits flow.

Voting Requirement

Simple Majority

COUNCIL RESOLUTION

Moved: Cr Robert Grinham

Seconded: Cr Ross Pigdon

That Council

- (1) *Receive the Economic Feasibility Analysis prepared by Grant Consultants in the implementation of the Murchison regional vermin cell.*
- (2) *Subject to (1) above the report along with the Business Plan and Revitalisation Program be presented to the relevant Minister, Members of Parliament and the Mid West Development Commission.*
- (3) *Authorise the additional charge of \$250.00 by Grant Consultants for spatial data services.*

CARRIED: 6/0

13. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

14. NOTICE OF MOTIONS FOR THE NEXT MEETING

Nil.

15. CONFIDENTIAL BUSINESS

Nil.

16. URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING

Nil.

17. ELECTED MEMBER MATTERS

Nil.

18. NEXT MEETING

Tuesday, 13 December 2016

19. CLOSURE OF MEETING

There being no further business, the Chairman closed the meeting at 1.50pm..