



SHIRE OF

# Chapman Valley

*love the rural life!*

## SPECIAL COUNCIL MEETING

Notice is hereby given that a Special Meeting  
of Council will be held on 29 August 2017  
at the Mid West Development Commission Board Room  
Foreshore Business Centre, Foreshore Drive, Geraldton, WA 6530  
commencing at 9:30am.

Maurice Battilana  
CHIEF EXECUTIVE OFFICER

# **CONFIRMED MINUTES**

**29 AUGUST 2017**

## DISCLAIMER



No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on **WRITTEN CONFIRMATION** of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read "M. Battilana", is written over a large, faint, circular watermark or background mark.

Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**

# INDEX

## 1.0 DECLARATION OF OPENING/ANNOUNCEMENTS OF VISITORS

The Presiding Member, Cr Collingwood welcomed Elected Members, Staff and visitors and declared the meeting open at 9.35am

## 2.0 ANNOUNCEMENTS FROM THE PRESIDING MEMBER

Nil

## 3.0 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

### 3.1 Present

#### a. Councillors

Member	Ward
Cr John Collingwood (President)	North East Ward
Cr Anthony Farrell (Deputy President)	North East Ward
Cr Pauline Forrester	North East Ward
Cr Trevor Royce	North East Ward
Cr Kirrilee Warr	North East Ward

#### b. Staff

Officer	Position
Mr Maurice Battilana	Chief Executive Officer
Mr Simon Lancaster	Deputy Chief Executive Officer

#### c. Visitors

Name	
Nicole Batten	Rob Smallwood – Mid West Development Commission
Steve Douglas – Mid West Development Commission	Kimberley Shelt
Brett Adams	

### 3.2 Apologies

Name	
Cr Peter Humphrey	South West Ward
Cr Ian Maluish	South West Ward

## 4.0 PUBLIC QUESTION TIME

### 4.1 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

## 4.2 PUBLIC QUESTION TIME

Nil

## 5.0 DISCLOSURE OF INTEREST

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

### Section 5.60A:

*"a person has a **financial interest** in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person."*

### Section 5.60B:

*"a person has a **proximity interest** in a matter if the matter concerns –  
(a) a proposed change to a planning scheme affecting land that adjoins the person's land; or  
(b) a proposed change to the zoning or use of land that adjoins the person's land; or  
(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land."*

### Regulation 34C (Impartiality):

*"**interest** means an interest that could, or could reasonably be perceived to, adversely affect the **impartiality** of the person having the interest and includes an interest arising from kinship, friendship or membership of an association."*

Item No.	Member/Officers	Type of Interest	Nature of Interest
8.1	Cr Kirrilee Warr	Impartiality	Cr Warr is a member of the Mid West Development Commission and a financial member of the Yuna Farm Improvement Group

## 6.0 PETITIONS/DEPUTATIONS/PRESENTATIONS

6.1	PETITIONS	Nil
6.2	PRESENTATIONS	Nil
6.3	DEPUTATIONS	Nil

## 7.0 ITEMS TO BE DEALT WITH EN BLOC

Nil

## 8.0 OFFICERS REPORTS

### COUNCIL RESOLUTION

**MOVED: CR FARRELL**

**SECONDED: CR WARR**

That Standing Orders for suspended to allow for open debate and discussion.

**Voting 5/0  
CARRIED**

**Minute Reference: 08/17-1**

### 8.1 FIXED WIRELESS INTERNET SERVICES

*Mr Rob Smallwood gave presentation to Council on how this project has developed.*

Ms. Nicole Batten gave a presentation to Council on how the Grower Groups views on the importance of the need for high speed internet services into the agricultural areas.

<b>AGENDA ITEM:</b>	<b>8.1</b>
<b>SUBJECT:</b>	<b>FIXED WIRELESS INTERNET SERVICES</b>
<b>PROPONENT:</b>	<b>CHIEF EXECUTIVE OFFICER</b>
<b>SITE:</b>	<b>SHIRE OF CHAPMAN VALLEY</b>
<b>FILE REFERENCE:</b>	<b>206.05</b>
<b>PREVIOUS REFERENCE:</b>	<b>MINUTE REFERENCE: 04/16-6; 06/16-26 &amp; 06/17-9</b>
<b>DATE:</b>	<b>29<sup>th</sup> AUGUST 2017</b>
<b>AUTHOR:</b>	<b>MAURICE BATTILANA, CHIEF EXECUTIVE OFFICER</b>

#### SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
Attachment 8.1(a)	Council's Purchasing Policy (CP-024)	√	
Attachment 8.1(b)	Indicative Coverage Maps	√	

#### DISCLOSURE OF INTEREST

Nil

#### BACKGROUND

Councillors may recall the decisions made to the April 2016; June 2016 and June 2017 OCMs in regards to the establishment of line-of-sight fixed wireless internet service to the shire between Mt Fairfax and Nabawa, generally following the alignment of the Chapman Valley Road.

The following resolutions on this issue were made

##### April 2016

##### *Council:*

1. *Endorse an application to be submitted to the Mid West Development Commission for the Shire of Chapman Valley to undertake a Pilot Project for the establishment of improved internet services in the Shire of Chapman Valley between Waggrakine and Nabawa;*
2. *If the grant application is successful quarantine a cash contribution of \$20,000 towards the Pilot Project in the 2016/2017 Budget;*
3. *If the grant application is successful establish a Working Group to steer the Pilot Project under the following conditions and guidelines:*
  - a) *Composition of the Working Group:*
    - ~ 2 x *Elected Members;*
    - Cr Farrell and Cr Collingwood*
    - ~ 1 x *MWDC representative*
    - ~ *Chief Executive Officer*
    - ~ *Manager Finance & Corporate Services*
    - ~ *Community Development Officer*
    - ~ 1 x *community representative (preferably from within the area to be serviced)*
  - b) *Purpose and Rules of the Working Group's role and responsibilities:*
    - ~ *Establish Specifications to undertake a "Request for Quotes" process seeking suitably qualified and capable Internet Service Provider(s) to design, construct*

and install the infrastructure to achieve the desired outcomes of the Pilot Project.

The Chief Executive Officer can appoint the successful respondent under the existing Purchasing Policy and Delegated Authority;

- ~ Develop a Draft Agreement between the preferred Internet Service Provider and the Shire of Chapman Valley for areas such as (yet not limited to) the ongoing ownership, maintenance, operational costs, capital upgrades/replacement of the infrastructure, and the ongoing established internet service arrangement to constituents covered by the pilot project area, etc.;
- ~ Assist with steering the project to achieve the desired outcomes, yet not direct staff, contractors, service provider, etc. as this is the role of the Chief Executive Officer;
- ~ The Group will have no delegated authority and cannot commit the Shire of Chapman Valley in any way whatsoever. All decisions not provided to the Chief Executive Officer under delegation must be made by Council;
- ~ The Chief Executive Officer will determine if any variations to the scope of works for the Pilot Project are minor or major. Minor variations, which do not affect the overall budget allocation to the project and do not breach funding agreement conditions, can be dealt with by the Chief Executive Officer.

Any variation considered as being major by the Chief Executive Officer, whether there is an effect on the budget allocated to project and/or breach funding agreement conditions or not, is to be brought back to Council for determination;

Voting 8/0  
CARRIED

Minute Reference: 04/16-6

#### June 2016

MOVED: CR FORRESTER

SECONDED: CR FARRELL

Council:

1. Endorse the reallocation of \$10,000 budgeted for in 2015/2016 under COA 0682 for "ICT Shared Services with the Northern Country Zone" to the establishment of a dedicated fixed wireless service specifically for the Shire Administration Offices in Nabawa;
2. If the funds reallocated in Item 1 above are not spent in 2015/2016 then this full amount, or the unspent residual amount, be quarantined in the 2016/2017 Budget to complete this dedicated fixed wireless service;
3. The Chief Executive Officer to establish maintenance agreements/arrangements with an external contractor(s) for all assets associated with the dedicated fixed wireless service and bring this back to Council for consideration prior to implementing the establishment of the dedicated fixed wireless service;
4. If the Mid West Development Commission grant application is successful for the Internet Pilot Project then Council retain its endorsed position (as per Minute Reference: 04/16-6) to quarantine a cash contribution of \$20,000 towards the Pilot Project in the 2016/2017 Budget to improve community internet services.

Voting 8/0  
CARRIED

Minute Reference: 06/16-26

June 2017

MOVED: CR FORRESTER

SECONDED: CR MALUISH

Council:

1. *Discontinue with the expenditure allocations made in the 2016/2017 Budget for:*
  - i. *MWDC Pilot Project for fixed wireless internet service - \$70,000 expenditure (COA 3132/Job CD017) and \$50,000 revenue MWDC Grant (nett saving of \$20,000); and*
  - ii. *Dedicated fixed wireless internet service - \$10,000 expenditure (COA 3132/Job No CD018).*
2. *Endorse the allocation of \$30,000 to be budgeted for in 2017/2018 for either:*
  - i. *The establishment of a dedicated fixed wireless service to the Shire Offices, Nabawa, with the ability for the infrastructure installed to be added to if local businesses/residents wish to also use this Internet Service Provider (ISP) service in the future; and/or*
  - ii. *The establishment of a regional internet service to the Northern Country Zone region.*
3. *The Chief Executive Officer to establish a maintenance agreements/arrangements with the preferred ISP as a contribution towards assets associated with either service mentioned in Item 2 above and bring this back to Council for consideration prior to implementing the establishment of the any internet service;*
4. *Council waiver the condition in Purchasing Policy CMP-024 stating purchases between \$15,000 and \$40,000 requiring at least three verbal or written quotes and in this instance rely on the Chief Executive Officer's investigations and due diligence to determine the best infrastructure type and cost to establish the internet service under the condition the cost come within budget.*

Voting 6/0

CARRIED

Minute Reference 06/17-9

At the time of developing the 2017/2018 Budget it was agreed at the Budget Workshop and subsequently at the Special Council Meeting to adopt the Budget, to remove the \$30,000 amount for the fixed wireless internet service project in 2017/2018. This was predominantly due to the poor agricultural season and the need at the time to keep any rate revenue increase to a minimum.

Since then the issue of establishing a fixed wireless internet service in the Shire of Chapman Valley has gained significant momentum, with the Shire being promoted as having a *shovel ready* fixed wireless project waiting for funding. The State Government appears to be willing to assist in establishing a number of small digital telecommunication projects across the State, with Chapman Valley being one of these projects being put forward for consideration.

#### **COMMENT**

Earlier this year (prior to the election) State Cabinet allocated \$22m to an 'Ag-Tech Communications Fund', aimed at kick-starting agricultural initiatives through communications technology beyond mobile phone towers. The new state government has retained this program, but no funding has yet been allocated to specific projects.

I have been working with Rob Smallwood at the Mid West Development Commission (MWDC) to produce an expression of interest (EOI) document. As indicated, we have been advised the Minister for Regional Development's office is seeking out "shovel-ready" initiatives capable of delivering near-term outcomes for the agriculture sector. We believe Chapman Valley could benefit significantly by having a small part of this funding used to commercialise a project which would otherwise be marginal to capitalise on a commercial basis.

The EOI looks at establishing high speed fixed wireless internet service to the most of the Shire, including a large part of the Yuna area, making available to a great deal of the Shire an internet services at a similar speed and capacity and cost to what is available in Geraldton.

The idea behind the project is to obtain a one-time injection from State Government to fund the project start-up Capex, with business case/cashflow projections demonstrating long-term self-funding financial sustainability once operational.

One of the models envisaged is once an asset ownership model is agreed, the winning provider would be given control of the assets on the provision of delivering to contractual outcomes. On review of the performance, (review period to be determined) should those outcomes not be met, or if the service provider becomes insolvent, Council would have the option of re-acquiring control of the assets (e.g., towers, equipment, power supply, etc.) and re-allocating these assets to another service provider.

At the time of writing this report the EOI is still very much in the draft form; however, the basis of the submission is as follows:

- The EOI process will be designed to reach out to and engage with regional service providers and request pitches to the Shire on how they would establish a high speed fixed wireless Internet service to as much of the Shire of Chapman Valley district and constituents as possible, within the funds available for the Capex of the project.

It will be up to the service providers to convince the Evaluation Panel they are the best organisation to provide the service, with the best methodology and ongoing operational model for such a service and the stability to commit to operating the network for a specified period (e.g. a minimum of five years). How they propose to do this to maximise the coverage area, retain affordability and expand upon the service is how the Panel will evaluate the most appropriate proponent to establish the service.

For example, the evaluation criteria could be based on (yet not limited to):

- ~ Methodology for implementation an ongoing operational model for the provision of such a service;
  - ~ How it is proposed to introduce a service to maximise the coverage area, retain affordability and expand upon the service;
  - ~ Establishment of a customer price structure for the service which reflects the competitive market being experienced in the Geraldton urban area;
  - ~ Asset ownership, ongoing maintenance and asset replacement model for the ongoing provision of the service;
  - ~ Local content.
- The project will make high-capacity, enterprise-grade (business grade) broadband services available to residents in Chapman Valley (including the majority of businesses and farming areas) at prices equivalent to what similar capabilities cost in the Geraldton urban area, an area with some of the best digital connectivity in Australia;
  - While not all dwellings would be capable of accessing the new service (due to geography restrictions), most would benefit;
  - Government must acknowledge access to affordable, enterprise-grade broadband is now an ESSENTIAL UTILITY for regional survival and global-competitiveness; on par with the need for



roads, power and water; and without which commerce and a sustainable social fabric cannot sustainably exist in Regional Australia;

- The Fixed Wireless Project is an alternative and complimentary service to the mobile tower network and the NBN Skymuster satellite. Mobile phone data capabilities, while often fast and low-latency, are not available in many locations, and where service is available, data quotas are often lower and 10X (or more) more costly than data over fixed wireless;
- Due to the high capacity of the data backhaul networks, opportunity to re-broadcast high-capacity, low latency Wi-Fi over the property, and ability to cover gaps in the network, it opens a new world of opportunities for business efficiencies, education and growth for areas within Chapman Valley;
- This fixed wireless design will suit Chapman Valley's needs and has the capacity to be a critical enabler in enhancing growth and development in the economic and social spaces, aiding education, tourism, health, small business, cultural and social connections;
- Free Public Wifi spots for tourists are another economic enabler for the region. Due to the high capacity of data available over the backhaul networks, cost-effective delivery of free public WiFi access points becomes affordable--not possible when delivered over SkyMuster satellite or via the mobile phone network;

As you will recall the concept of establishing a fixed wireless service to the Shire (or part of it) was discussed at the April 2016 OCM where it was resolved to submit an application to the MWDC for the Internet Pilot Project with the outcome of the applications being unsuccessful. The application was for a \$70,000 project with The Shire contributing \$20,000 and the MWDC Grant for \$50,000. After the closure of applications I was approached by the MWDC requesting the Shire adjust its contribution to \$35,000 (i.e. 50% of the estimated project costs).

As the NCZ Internet Project was gaining momentum at the time and there was in-principle support from the local parliamentarians (aligned to the previous State Government) the MWDC suggestion to increase the Shire's contribution from \$20,000 to \$35,000 was not considered appropriate. The problem I also had was the 2016/2017 Budget only had a total of \$30,000 allocated to internet services i.e.

- \$20,000 – allocated as the Shire's contribution to the MWDC Pilot Project Internet Service; &
- \$10,000 – Allocated to a dedicated internet service.

With the State Government changing in March 2017 the support for the Northern Country Zone (NCZ) Internet Project was deferred and to date is yet to be recognised by the new State Government as a worthy project. However; the NCZ CEO Working Group continue to work on this project.

As previously stated, I have been working with the MWDC and various local ICT/ISP organisation to determine if a dedicated fixed wireless internet service can be established through new and existing Shire owned infrastructure (i.e. Bushfire Radio Tower) to service the Shire Administration Offices at Nabawa. This would hopefully solve the Shire's internet service being provided solely through the Telstra 4Gx network and hopefully expand into the Shire's agricultural areas to service some constituents in the vicinity of the towers.

At the time the dedicated fixed wireless was proposed to address the internet service at the Shire administration building only and it was also hoped the infrastructure established for this service could be used to accommodate businesses and residents within proximity and line-of-sight of the proposed towers (e.g. Burnt Barrel, Lavender Farm, Nukara, etc.). This project has now expanded significantly since then with the main emphasis being to service the broad-acre agricultural areas of the Shire to enhance the economic viability and sustainability of this important industry.

The alternative to a line-of-sight fixed wireless service is the Satellite NBN (SkyMuster) being advocated by the Commonwealth Government as the internet solution to remote areas of the country. The SkyMuster service is not being portrayed by many ICT/ISP experts as a satisfactory solution due to high costs to customer, time lags/delays, minimal capacity, capped download/upload speeds and

volumes. If a new fixed wireless internet service is established it could complement, or work in conjunction with, the SkyMuster and Mobile 4Gx services.

Once a fixed wireless service has been established all new clientele would need to cover the costs required for any additional equipment needed for them to access the service. This scenario creates a situation where perhaps a Shire cash contribution could be used to enhance the establishment of client take-up of the new fixed wireless internet service, which could be seen as a defacto *Community Service Obligation* to assist some businesses and residents. The concept being discussed is for the Shire to allocate its cash contribution for cover say the first \$500 to purchase the new equipment for the first say 30 clients (i.e. total of \$15,000).

Discussion continues on the best model for ownership and ongoing maintenance of the infrastructure. The feeling is the project could be structured in a similar way to how the Commonwealth and State established the mobile telecommunication project (i.e. Telstra own the asset, yet they are obliged to permit access to the towers under specific circumstances). It is felt this model is flawed as it creates a monopoly the any third party access is usually unviable due to the lease costs imposed by Telstra being too high (i.e. unregulated).

### **STATUTORY ENVIRONMENT**

Local Government Act, 1995

Local Government (Functions & General) Regulations, 1996

### **POLICY/PROCEDURE IMPLICATIONS**

In the event the Shire is to facilitate the procurement process there will be a need to follow the tender regulation and Council's Purchasing Policy (CP-024). See **Attachment 8.1(a)**.

### **FINANCIAL IMPLICATIONS**

The feeling from discussions on the new proposed fixed wireless internet service is the application may be more favorably looked at by the Minister if there was a cash contribution made by the Shire and/or a third party(s).

The recommendation being made is for the Shire to quarantine a portion of the \$30,000 allocated in the 2017/2018 Budget for the Community Growth Fund (CFG). It is considered the fixed wireless internet project is probably the most important community growth and economic development project we have to assist with the economic viability and sustainability of the agricultural industry in the Shire. A fast, reliable internet service is also imperative to encourage Cottage Industry developments and tourism to the Shire. Therefore; for the CGF allocation to be reduced in 2017/2018 to accommodate this worthy project in this financial year is not considered a significant price to pay for one year of the CFG program.

- **Long Term Financial Plan (LTFP):**

There is nothing specifically mentioned in the LTFP in regards to the improvement of internet services. However; this is a strong part of the Strategic Community Plan (both the current and Draft Reviewed Plans) and I do not see this having a significant impact on the LTFP.

### **STRATEGIC IMPLICATIONS**

The Shire of Chapman Valley has historically been strong on improving telecommunication services to the community. This is supported by the recently released MWDC Blue Print, which highlights improved telecommunications as one of the Blue Print's Pillars and a high priority.

- **Strategic Community Plan/Corporate Business Plan:**

We want to be able to spend our money locally and encourage others to do the same	Develop tourism in the Shire, including cottage industries, caravan park and events
We want to strengthen our community's position for the future	Maintain a resilient and independent Shire
Increase mobile phone coverage and improve power, road and water services	Essential services help us to grow and prosper as a community

## CONSULTATION

There has been dialogue over the past twelve months (or more) between the MWDC, ICT/ISPs and shire staff on how to improve the internet services to the Shire's Administration in Nabawa. The current Telstra 4Gx service is working; however, there is a need to improve the service and hopefully address some of the poor (or no) services to the Office and in some areas between the Moresby and Nabawa. This project has now been expanded to look at providing the fixed wireless service to as much of the Shire community as possible.

The consultation has also included discussions with the MWDC and local ISP organisations to assist with the technical aspects and cost estimate of the internet service project.

In regards to the NCZ Regional Internet Project the CEO has been part of a Working Group comprising of three NCZ CEOs to investigate options to progress this concept over the past twelve months. This has involve consultation with ICT/ISP providers, MWDC and parliamentarians.

## RISK ASSESSMENT

It is considered there is a risk in the Shire becoming an Internet Service Provider (ISP) and/or being responsible for the maintenance of assets associated with such a service. Hence the reason I have been working towards the ISP or a third party taking on these responsibilities and the Shire simply assisting with funding the installation of the initial infrastructure required to provide the service. This aspect of the project is still being developed. Therefore, in this instance I see the risk as being **moderate** i.e.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Moderate (3)	Medical type injuries	\$10,001 - \$50,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies

## VOTING REQUIREMENTS

Recommendation 1 - Absolute Majority  
 Recommendations 2; and 3 – Simple Majority

**COUNCIL RESOLUTION**

**MOVED: CR FARRELL**

**SECONDED: CR WARR**

That Standing Orders be reinstated.

**Voting 5/0  
CARRIED  
Minute Reference: 08/17-2**

**COUNCIL RESOLUTION / STAFF RECOMMENDATION 1**

**MOVED: CR FORRESTER**

**SECONDED: CR FARRELL**

Council:

Endorse the reallocation of \$15,000 in 2017/2018 from the Community Growth Fund as a contribution towards the establishment of a fixed wireless internet service to the Shire of Chapman Valley to cover the Shire's operational requirements and to service as many of the Shire constituents as possible;

**VOTING 5/0  
CARRIED  
SC Minute Reference: 08/17-3**

**COUNCIL RESOLUTION / STAFF RECOMMENDATION 2**

**MOVED: CR ROYCE**

**SECONDED: CR FARRELL**

Council:

1. If required, submit an application to the State Government for grant funds to establish a fixed wireless service to the Shire of Chapman Valley to cover the Shire of Chapman Valley's operational requirements and to service as many of the Shire constituents as possible;
2. If required, agree to undertaking the Expression of Interest (EOI) and/or procurement component of the project to establish a fixed wireless internet service to cover as much of the Shire district and constituents as possible under the following conditions:
  - i. An appropriate Scope of Works is developed by those with the technical knowledge and expertise of establishing the fixed wireless internet service at no cost to Council other than staff time;
  - ii. An Evaluation Panel be established (as determined by the Chief Executive Office);
  - iii. External expertise be provided (at no cost to the Shire) to Project Manage the installation of a fixed wireless internet service to the Shire of Chapman Valley to cover the Shire of Chapman Valley's operational requirements and to service as many of the Shire constituents as possible;

**VOTING 5/0  
CARRIED  
SC Minute Reference: 08/17-4**

**COUNCIL RESOLUTION / STAFF RECOMMENDATION 3**

**MOVED: CR FORRESTER**

**SECONDED: CR FARRELL**

If required, the Chief Executive Officer be delegated authority to continue to work on behalf of the Shire for the establishment of an asset ownership and ongoing operational maintenance agreements/arrangements with the State Government, the preferred Internet Service Provider and/or any relevant third party and only bring this back to Council for consideration if there is to be any obligation to be placed on the Shire for this component of the project;

**VOTING 5/0**

**CARRIED**

**SC Minute Reference: 08/17-5**

## ATTACHMENT 8.1(a)

<b>POLICY NO</b>	CP-024
<b>POLICY</b>	PURCHASING
<b>RESPONSIBLE DIRECTORATE</b>	FINANCE
<b>PREVIOUS POLICY No.</b>	5.90
<b>LEGISLATION</b>	LOCAL GOVERNMENT ACT, 1995 LOCAL GOVERNMENT (FUNCTIONS & GENERAL) REGULATIONS, 1996
<b>RELEVANT DELEGATIONS</b>	DELEGATION No. 3004

### OBJECTIVES:

- To provide compliance with the **Local Government Act 1995** and the **Local Government (Functions and General) Regulations 1996**.
- To deliver best practice approach and t internal purchasing processes for the Shire of Chapman Valley.
- To ensure consistency for all purchasing activities within the Shire of Chapman Valley.

### POLICY STATEMENT/S:

#### Why do we need a Purchasing Policy?

The local government is committed to setting up efficient, effective, economical and sustainable processes in all purchasing activities.

This policy:

- Provides the local government with a more effective way of purchasing goods and services.
- Ensures that purchasing transactions are carried out in a fair and equitable manner.
- Strengthens integrity and confidence in the purchasing system.
- Ensures that the local government receives value for money in its purchasing.
- Ensures that the local government considers the environmental impact of the procurement process across the life cycle of goods and services.
- Ensures the local government is compliant with all regulatory obligations.
- Promotes effective governance and definition of roles and responsibilities.
- Uphold respect from the public and industry for the local government's purchasing practices that withstand probity.

#### Ethics and Integrity

All officers and employees of the local government shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the local government.

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money.
- all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the local government policies and Code of Conduct.
- purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently.
- all processes, evaluations and decisions shall be transparent, free from bias and fully

documented in accordance with applicable policies and audit requirements.

- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed.
- any information provided to the local government by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

### **Value for Money**

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the local government. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

An assessment of the best value for money outcome for any purchasing should consider:

- all relevant whole-of-life costs and benefits whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal.
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality;
- financial viability and capacity to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable.

Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

### **Sustainable Procurement**

**“Sustainable Procurement”** is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services.

The Shire of Chapman Valley is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes in accordance with the Shire of Chapman Valley's sustainability objectives.

Practically, sustainable procurement means the Shire of Chapman Valley shall endeavour at all times to identify and procure products and services that:

- have been determined as necessary.
- demonstrate environmental best practice in energy efficiency and/or consumption which can be demonstrated through suitable rating systems and eco-labelling.
- demonstrate environmental best practice in water efficiency.
- are environmentally sound in manufacture, use, and disposal with a specific preference for products made using the minimum amount of raw materials from a sustainable resource, that are free of toxic or polluting materials and that consume minimal energy during the production stage.
- where products that can be refurbished, reused, recycled or reclaimed shall be given priority, and those that are designed for ease of recycling, re-manufacture or otherwise to minimise waste.
- for motor vehicles – select vehicles featuring the highest fuel efficiency available, based on vehicle type and within the designated price range.
- for new buildings and refurbishments – where available use renewable energy and technologies.

### Supporting local industry

The Shire of Chapman Valley recognises that it has a role in the economic development of the local community and in assisting local industry in accessing opportunities to conduct business with the Shire.

In supporting or encouraging local industry, matters relating to:

- Value for money;
- Environmental performance;
- National Competition Policy; and
- Transparency of decision-making must be addressed.

In order to assist local industry to conduct business with the Shire, the following steps shall be undertaken:

- Procurement shall be undertaken in accordance with the Procurement Policy and within the guidelines for “Purchasing Thresholds” of this Policy.
- All tenders and requests for expressions of interest shall be advertised in **The Geraldton Guardian** newspaper, placed on noticeboards in the Shire's libraries and administration centre.
- All tenders and requests for expressions of interest will be available to access and, where applicable, download through the Shire's website.
- A Request for Quotation process shall be investigated that will enable effective communication with the local business community of the Shire's upcoming requests for quotation.

The major considerations in accepting any tender or quotation for provision of goods or service shall be:

- Capacity to deliver the goods or services according to the Shire's specification and the contract conditions; and
- Value for money.

Any canvassing of the Shire's Elected Members or staff shall disqualify businesses seeking to do business with the Shire.

### Local Purchasing

Local businesses may be used for the supply of goods and services in accordance with the Shire's *Regional Price Preference Policy (CP-025)*.

### Purchasing Thresholds

Where the value of procurement (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be:

	Amount of Purchase	Purchase Conditions	Recording Conditions
<b>Standard Purchases</b>			
A	Up to \$5,000	Direct purchase from suppliers	Standard Purchase Order
B	\$5,001 - \$15,000	Obtain two verbal quotations.	<b>Endorse Purchase Order</b> verbal quotes obtained
C	\$15,001 - \$40,000	Obtain at least three verbal or written quotations.	<b>Verbal</b> - Endorse Purchase Order verbal quotes obtained; or <b>Written Quotes</b> – Copies Attached to Purchase Order
D	\$40,001 - \$50,000	Obtain at least three written quotations.	<b>Written Quotes</b> – Copies Attached to Purchase Order
E	\$50,001 - \$149,999	Obtain at least three written quotations containing price and specification of goods and services (with procurement	<b>Written Quotes</b> – Copies Attached to Purchase Order



		decision based on all value for money considerations).	
F	\$150,000 and above	Conduct a public tender process or use the WALGA Preferred Suppliers process.	Tender Register Requirements & Filing of Tender Documents
<b>Registered Aboriginal Business – Local Government (Function &amp; General Reg. 11(h))</b>			
G	Up to \$5,000	Direct purchase from suppliers	Standard Purchase Order
H	\$5,001 - \$15,000	Obtain two verbal quotations.	<b>Endorse</b> Purchase Order verbal quotes obtained verbal quotes obtained
I	\$15,001 - \$40,000	Obtain at least three verbal or written quotations.	<b>Verbal</b> - Endorse Purchase Order verbal quotes obtained; or <b>Written Quotes</b> – Copies Attached to Purchase Order
J	\$40,001 - \$50,000	Obtain at least three written quotations.	<b>Written Quotes</b> – Copies Attached to Purchase Order
K	\$50,001 - \$249,999	Obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations).	<b>Written Quotes</b> – Copies Attached to Purchase Order
L	\$250,000 and above	Conduct a public tender process or use the WALGA Preferred Suppliers process.	Tender Register Requirements & Filing of Tender Documents
<b>Australian Disability Enterprises - Local Government (Function &amp; General Reg. 11(i))</b>			
M	Up to \$5,000	Direct purchase from suppliers	Standard Purchase Order
N	\$5,001 - \$15,000	Obtain two verbal quotations.	<b>Endorse</b> Purchase Order verbal quotes obtained verbal quotes obtained
O	\$15,001 - \$40,000	Obtain at least three verbal or written quotations.	<b>Verbal</b> - Endorse Purchase Order verbal quotes obtained; or <b>Written Quotes</b> – Copies Attached to Purchase Order
P	\$40,001 - \$50,000	Obtain at least three written quotations.	<b>Written Quotes</b> – Copies Attached to Purchase Order
Q	> \$50,001	Obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations).	<b>Written Quotes</b> – Copies Attached to Purchase Order

Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the legislated thresholds. If a decision is made to seek public tenders for contracts of less than legislated thresholds, a “Request for Tender” process that entails all the processes for tendering outlined in this policy must be followed in full.

***Purchasing value not greater than \$5,000***

Where the value of procurement of goods or services does not exceed \$5,000, purchase is subject to budget allocation. However it is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value

is maintained. This purchasing method is suitable where the purchase is relatively small and low risk.

***Purchasing value between \$5001 and \$15,000***

This category is for the procurement of goods or services where the value of such procurement ranges between \$5001 and 15,000. At least two verbal quotations are required. Where this is not practical, e.g. due to limited suppliers, it must be noted through records relating to the process.

The general principles for obtaining verbal quotations are:

- Ensure that the requirement/specification is clearly understood by the local government employee seeking the verbal quotations.
- Ensure that the requirement is clearly, accurately and consistently communicated to each of the suppliers being invited to quote.
- Read back the details to the supplier contact person to confirm their accuracy.
- Written notes detailing each verbal quotation must be recorded.

Record keeping requirements must be maintained in accordance with record keeping policies.

The ***Local Government Purchasing and Tender Guide*** contains sample forms for recording verbal and written quotations.

***Purchasing value between \$15,001 and \$40,000***

For the procurement of goods or services where the value exceeds \$15,001 but is less than \$40,000, it is required to obtain at least three verbal or written quotes (commonly a sufficient number of quotes would be sought according to the type and nature of purchase).

The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements. Record keeping requirements must be maintained in accordance with record keeping policies.

The ***Local Government Purchasing and Tender Guide*** contains sample forms for recording verbal and written quotations.

***Purchasing value between \$40,001 and \$50,000***

For the procurement of goods or services where the value exceeds \$40,001 but is less than \$50,000 it is required to obtain three written quotes (commonly a sufficient number of quotes would be sought according to the type and nature of purchase).

The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements. Record keeping requirements must be maintained in accordance with record keeping policies.

The ***Local Government Purchasing and Tender Guide*** contains sample forms for recording written quotations.

***Purchasing value between:***

- ~ ***\$50,001 and \$149,999 (Standard Purchases)***
- ~ ***\$50,001 and \$249,999 (Registered Aboriginal Businesses Purchases)***
- ~ ***> \$50,000 (Australian Disability Enterprises Purchases)***

For the procurement of goods or services for the abovementioned value ranges it is required to obtain at least three written quotations containing price and a sufficient amount of information relating to the specification of goods and services being purchased.

For this procurement range, the selection should not be based on price alone, and consideration shall be given to qualitative factors such as quality, stock availability, environmental performance, accreditation, time for completion or delivery, warranty conditions, technology, maintenance requirements, organisation's capability, previous relevant experience and any other relevant factors as part of the assessment of the quote.

Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases

under the legislated threshold. If a decision is made to seek public tenders for Contracts of less than the legislated threshold, a Request for Tender process that entails all the processes for tendering outlined in this policy must be followed in full.

**Purchasing value:**

- ~ **\$150,001 (Standard Purchases)**
- ~ **\$250,001 (Registered Aboriginal Businesses Purchases)**

Public tender process to be undertaken in accordance with legislations and this Policy.

OR

Obtain quotations directly from a tender exempt and pre-qualified panel of suppliers which include WALGA Preferred Supply Contracts. It is recommended that wherever possible, the Local Government source multiple competitive quotations (at least three Preferred Suppliers) using a formal Request for Quotation process either through eQuotes or directly in writing.

The general principles for verbal and written quotations shall be followed as noted in this Policy.

General principles for obtaining verbal quotations

- Ensure that the requirement / specification is clearly understood by the Shire of Chapman Valley employee seeking the verbal quotations.
- Ensure that the requirement is clearly, accurately and consistently communicated to each of the suppliers being invited to quote.
- Read back the details to the Supplier contact person to confirm their accuracy.
- The responsible officer shall demonstrate due diligence when seeking quotes and shall comply with the Shire's record keeping policies and audit requirements.

All documents relating to the quotation process must be saved in the Shire's Electronic Management System (i.e. SYNERGY).

General principles relating to written quotations

- The request for written quotation should include as a minimum: An appropriately detailed specification should communicate requirement(s) in a clear, concise and logical fashion.
- The request for written quotation should include as a minimum:

o Written Specification

o Selection Criteria to be applied

o Price Schedule

o Conditions of responding

o Validity period of offer

- Invitations to quote should be issued simultaneously to ensure that all parties receive an equal opportunity to respond.
- Offer to all prospective suppliers at the same time any new information that is likely to change the requirements.
- Responses should be assessed for compliance, then against the selection criteria, and then value for money and all evaluations documented.
- Respondents should be advised in writing as soon as possible after the final determination is made and approved.

The **Local Government Purchasing and Tender Guide** produced by the Western Australian Local Government Association (WALGA) should be consulted for further details and guidance.

**(Amended ref 21/03-10)**

**Regulatory Compliance**

- *Tender Exemption*

In the following instances public tenders or quotation processes are not required regardless of the value of expenditure):

o An emergency situation as defined by the **Local Government Act 1995**.

- o The purchase is under a contract of WALGA (Preferred Supplier Arrangements), Department of Treasury and Finance (permitted Common Use Arrangements), Regional Council, or another local government.
- o The purchase is under auction which has been authorised by Council.
- o The contract is for petrol, oil, or other liquid or gas used for internal combustion engines.
- o Any of the other exclusions under Regulation 11 of the *Local Government (Functions and General) Regulations 1996* apply.

### **Sole Source of Supply (Monopoly Suppliers)**

The procurement of goods and/or services available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources must be made. Written confirmation of this must be kept on file for later audit.

**Note: The application of provision "sole source of supply" should only occur in limited cases and procurement experience indicates that generally more than one supplier is able to provide the requirements.**

### **Anti-Avoidance**

The Shire of Chapman Valley shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below the level of any legislated threshold, thereby avoiding the need to publicly tender.

### **Tender Criteria**

The Chief Executive Officer shall determine in writing the criteria for deciding which tender should be accepted.

The evaluation panel shall be established by the Chief Executive Officer

### **Advertising Tenders**

Tenders are to be advertised in a state wide publication, e.g. *The West Australian* under the "Local Government Tenders" section, with preference on a Wednesday or Saturday.

The tender must remain open for at least fourteen (14) days after the date the tender is advertised. Care must be taken to ensure that fourteen (14) **full** days are provided as a minimum.

The notice must include:

- a brief description of the goods or services required
- information as to where and how tenders may be submitted
- the date and time after which tenders cannot be submitted
- particulars identifying a person from who more detailed information as to tendering may be obtained
- detailed information shall include:
  - such information as the local government decides should be disclosed to those interested in submitting a tender
  - detailed specifications of the goods or services required
  - the criteria for deciding which tender should be accepted
  - whether or not the local government has decided to submit a tender
  - whether or not tenders can be submitted by facsimile or other electronic means, and if so, how tenders may so be submitted.

### **Issuing Tender Documentation**

Tenders will not be made available (counter, mail, internet, referral, or other means) without a robust process to ensure the recording of details of all parties who acquire the documentation.

This is essential as if clarifications, addenda or further communication is required prior to the close of tenders, all potential tenderers must have equal access to this information in order for the Shire of Chapman Valley not to compromise its Duty to be fair.

### **Tender Deadline**

A tender that is not received in full in the required format by the advertised tender deadline shall be rejected.

### **Opening of Tenders**

No tenders are to be removed from the tender box, or opened (read or evaluated) prior to the tender deadline.

Tenders are to be opened in the presence of the Chief Executive Officer's delegated nominee and preferably at least one other Council officer. The details of all tenders received and opened shall be recorded in the "Tenders Register".

Tenders are to be opened in accordance with the advertised time and place. There is no obligation to disclose or record tendered prices at the tender opening, and price information should be regarded as "commercial-in-confidence" to the local government. Members of the public are entitled to be present.

The tenderer's offer form, price schedule and other appropriate pages from each tender shall be date stamped and initialled by at least two local government officer's present at the opening of tenders.

### **No Tenders Received**

Where the Shire of Chapman Valley has invited tenders, however no compliant submissions have been received, direct purchases can be arranged on the basis of the following:

- a sufficient number of quotations are obtained
- the process follows the guidelines for seeking quotations between \$50,001 & \$149,999 (listed above)
- the specification for goods and/or services remains unchanged
- purchasing is arranged within 6 months of the closing date of the lapsed tender.

### **Tender Evaluation**

Tenders that have not been rejected shall be assessed by the Shire of Chapman Valley by means of a written evaluation against the pre-determined criteria. The tender evaluation panel (as determined by the Chief Executive Officer) shall assess each tender that has not been rejected to determine which tender is most advantageous.

### **Addendum to Tender**

If, after the tender has been publicly advertised, any changes, variations or adjustments to the tender document and/or the conditions of tender are required, the Shire of Chapman Valley may vary the initial information by taking reasonable steps to give each person who has sought copies of the tender documents notice of the variation.

### **Minor Variation**

If after the tender has been publicly advertised and a successful tenderer has been chosen but before the Shire of Chapman Valley and tenderer have entered into a contract, a minor variation may be made by the Shire. A minor variation will not alter the nature of the goods and/or services procured, nor will it materially alter the specification or structure provided for by the initial tender.

### **Notification of Outcome**

Each tenderer shall be notified of the outcome of the tender following Council resolution. Notification shall include:

- The name of the successful tenderer
- The total value of consideration of the winning offer

The details and total value of consideration for the winning offer must also be entered into the Tenders Register at the conclusion of the tender process.

### **Records Management**

All records associated with the tender process or a direct purchase process must be recorded and retained. For a tender process this includes:

- Tender documentation
- Internal documentation
- Evaluation documentation

- Enquiry and response documentation
- Notification and award documentation.

For a direct purchasing process this includes:

- Quotation documentation
- Internal documentation
- Order forms and requisitions.

### **Register of Policies**

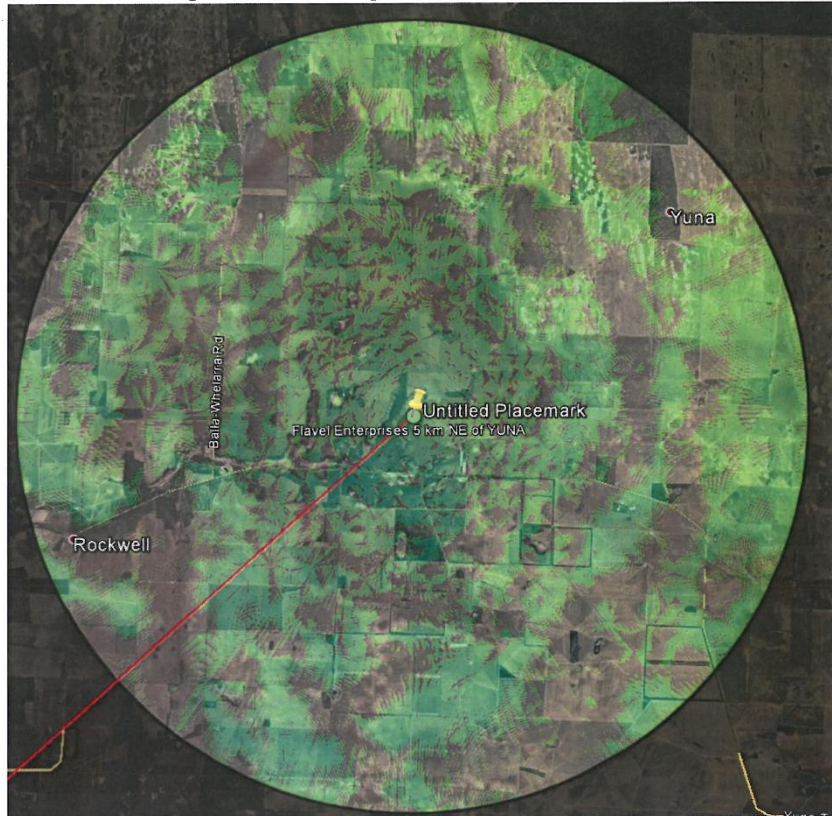
Record retention shall be in accordance with the minimum requirements of the ***State Records Act 2000***, and the Shire of Chapman Valley's internal records management policy.

**ATTACHMENT 8.1(b)**

**REPRESENTATIVE (FIRST ESTIMATES BASED ON COMPUTER MODELS) COVERAGE PATTERNS OF TWO SUCH TOWER LOCATIONS.**

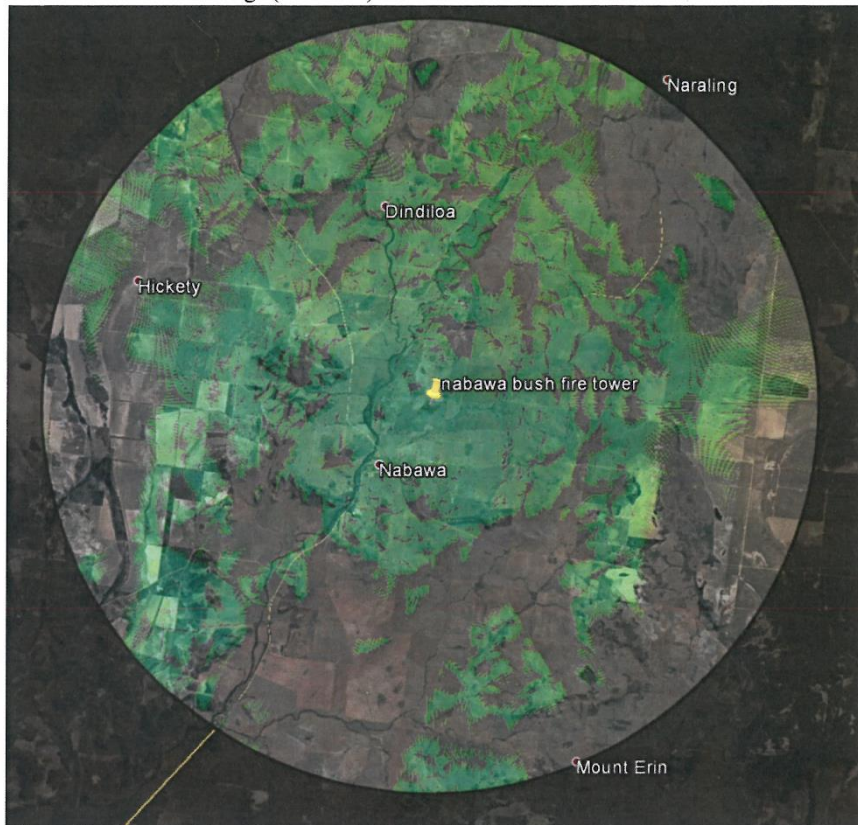
Green areas are expected locations where coverage would be anticipated.

Coverage from Flavel Enterprises site, 5km north of SouthYuna



(Note that the 'Yuna' location on the above map is from a Google Maps marker and is not an accurate representation of Yuna's actual location)

Coverage (estimated) from Nabawa Bush Fire Tower



NOTES:

- A number of potential variations to this plan are possible, and these are only broadly representative, possibly representing a worst-case scenario. A more refined coverage map will provide more detailed information when providers are permitted to pitch actual maps based on specific access point locations.
- Engineering assessments may also vary the location of access points based on the suitability of existing towers to house transmission equipment. For example, the Nabawa Bushfire tower may be capable of hosting an access point and receiver dish, however an engineering assessment will determine whether the dish may destabilise the tower under wind loading to make this an unviable location, necessitating the need to erect a separate tower at a higher cost.

**9.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

Nil

**10.0 CLOSURE**

The Chairman thanked the Elected Members and Staff for their attendance and closed the meeting at 10.32am.