



Shire of
Nannup
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Minutes

Council Meeting held
Thursday 18 April 2013

CONFIRMATION OF MINUTES

These minutes comprising pages 1 – 39 were confirmed by
Council on 23 May 2013 as a true and accurate record.

.....
Tony Dean
SHIRE PRESIDENT

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairperson declared the meeting open at 16.18 hrs.

ATTENDANCE:

Councillors; Dean, Dunnet, Gilbert, Mellema, Longmore and Steer

Robert Jennings - Chief Executive Officer

Vic Smith - Manager Corporate Services

Chris Wade – Manager Infrastructure

Steve Thompson – Consultant Planner

VISITORS: 13

APOLOGIES:

Cr Camarri

Cr Lorkiewicz

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (previously approved)

None

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Ms P Fraser

Q8. Why did a Councillor not declare an interest at the January meeting about native title?

A8. With respect to the report on Native Title, the decision sought to support the proposal and to safeguard an existing use of the land. A councillor would have a proximity interest if:

- (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.

It is a matter for each councillor to determine whether or not they have an interest.”

4. PUBLIC QUESTION TIME

Ms P Fraser

Q1. My previous question did not refer to native title, can you review the response.

Question taken on notice.

Q2. Council has received petition for the dam at Donnelly Lakes and the bike trail park. Why are there no questions about the petitions?

Shire President responded

A2. If you are referring to presentations then many of the Councillors are already familiar with the issues.

Mr P Russell

Q3. Are Council aware that the commercial lease proposed in item 11.4 will cause the Bowling Club to fold?

Shire President responded

A3. You are welcome to cover this as a presentation.

Mr L Gilcrest

Q4. The Shire President said the day hospital had been approved. It hasn't. Why didn't you contact the people of Balingup and why isn't the zoning correct. Did you bring the bible to swear you didn't make the comment to Greg Sharp?

Shire President responded

A4. At the time, I answered the question that the hospital had been assessed by the Commonwealth Government Department of Health and passed their assessment with many aspects of their operation commended. State Health authorities had not yet been there and were to inspect it in the coming weeks. It has been correctly zoned and has been so for the last 4 years and this was signed off by the Planning Minister. As per my reply last month, I never made the comments you mentioned and have no need to further justify my position as this is now on public record.

Ms L Harding

Q5. You said in the February meeting that the Day Hospital had been licensed.

Shire President responded

A5. The Day Hospital has been approved by the Commonwealth Government.

5. APPLICATIONS FOR LEAVE OF ABSENCE

None.

6. PETITIONS/DEPUTATIONS/PRESENTATIONS

Peter Russell – Nannup Bowls Club

Cheryle Brown – Nannup CRC

7. DECLARATIONS OF INTEREST

There was 1 declaration of Interest presented.

1. Cr C Gilbert as member of the Historical Society, Item 11.4 Lease Agreements

8. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

8943 LONGMORE/DUNNET

That the Minutes of the Ordinary Council Meeting of the Shire of Nannup held in Council Chambers on 28 March 2013 be confirmed as a true and correct record.

CARRIED 6/0

9. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

None

10. REPORTS BY MEMBERS ATTENDING COMMITTEES

Warren Blackwood Strategic Alliance meeting

Town Hall Centenary Group meeting

WALGA Elected member finance training

DFES meeting

Australia South West

11. REPORTS OF OFFICERS

AGENDA NUMBER: 11.1
SUBJECT: Application for Planning Approval – Public Art Work
LOCATION/ADDRESS: Lot 37 Warren Road, Nannup
NAME OF APPLICANT: Uniting Church in Australia Property Trust (WA)
FILE REFERENCE: A1463
AUTHOR: Steve Thompson – Consultant Planner
REPORTING OFFICER: Robert Jennings – Chief Executive Officer
DISCLOSURE OF INTEREST: Edge Planning & Property receive planning fees for advice to the Shire therefore declare a Financial Interest – Section 5.70 of the Local Government Act 1995
DATE OF REPORT: 3 April 2013

Attachment: 1. Information provided by applicant
2. Location map

BACKGROUND:

The Council at its meeting on 24 January 2013 resolved:

“That Council:

- 1. Accepts the public comment for the Drift Public Artwork project; and*
- 2. Review the item as part of the Planning Approval and Cultural Plan processes.”*

Following on from the Council’s resolution, a Planning Application was lodged for the Drift public artwork with details outlined in Attachment 1. The artwork is proposed on Uniting Church land adjoining the “Grub Hub” commercial premise.

The Shire administration invited public comment on the Planning Application by writing to adjoining/nearby landowners. The Shire received no submissions on the Planning Application.

The church site is a Public Purpose Reserve in the *Shire of Nannup Local Planning Scheme No. 3 (LPS3)*. The use is not listed in the zoning table of LPS3. In determining planning applications on reserved land, the local government is to consider the ultimate purpose intended for the reserve along with usual planning considerations e.g. amenity, land use compatibility and safety. The site is also within the Heritage Area as set out in LPS3.

COMMENT:

It is recommended that Council approve the Planning Application given:

- the proposed public artwork will assist to activate the southern section of the main street, providing a further point of interest for visitors and locals alike;

- it has the potential to draw visitors to Nannup which supports local businesses; and
- the proposed artwork has been subject to public comment in November and December 2012 and more recently on the Planning Application in March 2013. No objections were raised through these consultations.

Considerations with the public artwork include:

- the compatibility with the heritage area and the character of Warren Road. While public art work is not mentioned in the *Nannup Main Street Heritage Precinct Guidelines* (Local Planning Policy No. 8), it is suggested the public artwork is not consistent with the guidelines. While noting this, the guidelines in part state “The development guidelines contained in this Policy are not intended to create a “time capsule” and stifle new development. Rather they set out to guide and encourage new contemporary development and redevelopment, and to ensure that the important heritage values, and unique town character of Nannup, will be preserved for the enjoyment of future generations”;
- the matters raised by the applicant (Attachment 1) including the proposed Memorandum of Understanding (MOU) e.g. maintenance of the grounds near the public art work and ongoing up-keep costs associated with maintaining the public art work;
- ensuring that appropriate public liability insurance covers the public artwork. The MOU should clarify whether the applicant or the Shire meets public liability insurance. It is suggested the Shire should meet this cost in this instance; and
- ensuring that the public art work is structurally sound and appropriately constructed with details addressed through the Building Permit.

The completion of the Memorandum of Understanding (MOU) and the Planning Approval are two separate processes. The MOU negotiations on the access and Council maintenance will occur subsequent to this planning approval.

STATUTORY ENVIRONMENT: *Planning and Development Act 2005* and LPS3.

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS:

Costs are met through the grant of \$2,500 and approximately \$7,500 from the budget for the Cultural Plan and Drift promotion. There will be ongoing up-keep costs associated with maintaining the public art work.

STRATEGIC IMPLICATIONS:

The public art work has the potential to draw visitors to Nannup which supports local businesses. It is consistent with the *Shire of Nannup Forward Plan 2011/12 – 2015/16*.

RECOMMENDATION:

That Council approve the Planning Application for the “Drift” Public Artwork on Lot 37 Warren Road, Nannup subject to the following condition:

1. The development hereby approved is to be carried out in accordance with the plans and specifications submitted with the application, addressing all conditions, or otherwise amended by the local government and shown on the approved plans and these shall not be altered and/or modified without the prior knowledge and written consent of the local government.

Advice

- A) The proponent is advised that this Planning Approval is not a Building Permit.
- B) The local government will separately consider a Memorandum of Understanding for the public art work. Amongst matters, this will ensure that adequate public liability insurance is maintained to the satisfaction of the local government.
- C) Part 14 of the *Planning and Development Act 2005* provides the right to apply to the State Administrative Tribunal for review of some planning decisions and you may wish to take professional advice to determine whether or not such a right exists in the present instance. The *State Administrative Tribunal Rules 2004* require that any such applications for review be lodged with the Tribunal within 28 days of the date on which notice of the decision is given.

8944 DUNNET/STEER

That Council approve the Planning Application for the “Drift” Public Artwork on Lot 37 Warren Road, Nannup subject to the following condition:

1. The development hereby approved is to be carried out in accordance with the plans and specifications submitted with the application, addressing all conditions, or otherwise amended by the local government and shown on the approved plans and these shall not be altered and/or modified without the prior knowledge and written consent of the local government.

Advice

- A) The proponent is advised that this Planning Approval is not a Building Permit.
- B) The local government will separately consider a Memorandum of Understanding for the public art work. Amongst matters, this will ensure that adequate public liability insurance is maintained to the satisfaction of the local government.
- C) Part 14 of the Planning and Development Act 2005 provides the right to apply to the State Administrative Tribunal for review of some planning decisions and you may wish to take professional advice to determine whether or not such a right exists in the present instance. The State Administrative Tribunal Rules 2004 require that any such applications for review be lodged with the Tribunal within 28 days of the date on which notice of the decision is given.

CARRIED 6/0

AGENDA NUMBER:	11.2
SUBJECT:	Council Support for Firebreak Fines Procedure
LOCATION/ADDRESS:	Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	FRC 7
AUTHOR:	Terese Levick-Godwin CESM
REPORTING OFFICER:	Chris Wade Manager Infrastructure
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	8 April 2013

BACKGROUND:

In the last two years Council has taken a more proactive approach to firebreak compliance and enforcement in the Shire of Nannup. The revised fire break notice and the engagement of a firebreak consultant have made significant inroads into the existing firebreak awareness and compliance.

There is a new Council procedure in place to deal with firebreak infringements whereby if the offender does not complete the work and pay Council the \$250 fine within 21 days, it will now be referred to the WA Government Fines Infringement Registry.

The Fines Infringement Registry will pursue the non compliant person, with the end result being that unless the fine is paid, it is possible that the offender will lose either his/her drivers license, his/her vehicle registration or both plus fines.

COMMENT:

The above procedure does not solve the problem of the actual firebreak becoming compliant. Under the Bushfires Act Local Government can engage contractors to do the works on these properties and then go through the legal system again to recover all costs, including any officer time. Obviously on larger lots this would be a considerable cost to Council until the expenditure is recovered. The Officers' recommendation is to pursue both the fine recovery and to carry out the compliance works.

At the last Bushfire Advisory Committee (BFAC) meeting on Monday, 5 March 2013, discussion was held regarding the outstanding firebreak infringements, the most important being the large series of lots in Folly Plantation that have yet to be paid and are not yet compliant.

The following motion was put forward;

Comment – motion to Council that Council pursue all firebreak order infringements to the full extent of the law.

Moved M Scott

Seconded R Mellama

Carried

It is a requirement that any motions from the BFAC are presented to Council for endorsement. As the motion is consistent with Council's Fuel Reduction Notice and cost recovery philosophies, the motion has been supported by officers.

STATUTORY ENVIRONMENT: None.

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: There will be a cost to Council in the short term to proceed with engaging contractors to clear firebreaks, but all expenditure and time cost is anticipated be recovered.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATION:

That Council support the Bushfire Advisory Committee's recommendation to pursue all firebreak infringements and compliance issues to the full extent of the law and Bushfires Act.

8945 MELLEMA/GILBERT

That Council support the Bushfire Advisory Committee's recommendation to pursue all firebreak infringements and compliance issues to the full extent of the law and Bushfires Act.

CARRIED 6/0

AGENDA NUMBER:	11.3
SUBJECT:	Rates Equalisation Options
LOCATION/ADDRESS:	Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	RAT 9
AUTHOR:	Vic Smith – Manager Corporate Services
REPORTING OFFICER:	Vic Smith – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	5 April 2013

Attachment 1: Council Policy FNC4

BACKGROUND:

A key consideration in preparing the annual budget is the balance to be struck between Gross Rental Valuation (GRV) and Unimproved Valuation (UV) properties in raising rates. A budget workshop held with councillors on 21 February 2013 identified the following alternative approaches:

1. Equalisation of minimum rates
2. Equalisation of yield
3. Equalisation by Grant Commission Assessment
4. Equalisation by ratepayer/assessment

Council considered a report on the issue at its meeting on 28 March 2013. It was resolved to lay the report on the table to allow councillors more time to digest the contents and for more information to be obtained. The meeting revoked resolution 8243 of 27 August 2009, which leaves a clean slate for a new policy to be determined on rate modelling.

The rate model for 2012/13 is:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.091602	\$675	\$657,642	49.16%
UV	0.003280	\$885	\$578,549	49.60%
			\$1,236,191	

The application of this model resulted in 1,092 rateable properties facing an increase in their rate bill for 2012/13, with 13 of these being more than 11%. In all of these cases this was the result of valuation changes during 2011/12 independent of the general UV revaluation.

The range of increases was broken down as follows:

0% - 5%	4
5% - 11%	1,072
11% - 15%	7
15% - 20%	1
20% - 25%	2
25% - 30%	1
30% - 50%	1
Over 50%	1

COMMENT:

Timing of the Decision

At the meeting on 28 March councillors expressed some concerns about considering this matter so early in the budget process and that making a decision in March would limit options for rate setting when the formal budget is considered.

The purpose of taking a report to the March meeting was twofold:

1. To revoke Resolution 8243
2. To replace Resolution 8243 with new guidance on rate modelling

As explained in the March report Resolution 8243 was proving ineffective as a Council policy to inform the rate making process because it was out of date and capable of differing interpretations. It needed to be replaced with clearer guidance.

Guidance on rate models is required to allow officers to present options to Council in developing the budget. This guidance will allow officers to develop rate setting options that will be broadly supported by Council, allowing the best use of officer resources by excluding work on options that are unlikely to receive sufficient support at Council.

The guidance does not limit Council's option when considering the budget, since Council does not have to follow it. Indeed, in setting the rate in the dollar for 2012/13 the officer recommendation, which was based on Resolution 8243, was overruled in favour of a different model.

This decision is also unaffected by other issues (e.g. whether or not additional funding is received from ex gratia rates or the size of the budget). Put simply, this decision seeks to define how the cake is divided and not the size of the cake.

Equalisation Options

In order to evaluate the potential impact of the alternative equalisation options identified in the workshop the following assumptions have been made:

1. An increase of 5% is required in the rate yield for 2013/14 (i.e. an additional \$61,811)
2. Valuations used are those currently in force and take no account of any revisions from the Valuer General that will apply from 1 July 2013.

Equalisation of Minimum Rates Charge

Council could take the view that every ratepayer should pay a uniform minimum rate irrespective of the type of property. Currently there are two minimum rates based on property type; these are \$675 for GRV properties and \$885 for UV properties.

This objective can be achieved by either reducing the sum raised from UV minimum rated properties or by increasing the sums raised from GRV minimum rated properties, or by a combination of both.

The least complex alternative would be to freeze the UV minimum and raise any additional rates from non-minimum UV properties and all GRV properties. In this scenario the GRV minimum would increase to \$730 (+8.1%), other GRV rated properties would increase by 8.3% and non-minimum UV properties would increase by 3.3%. The model would be as follows:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.099200	\$730	\$710,116	49.23%
UV	0.003315	\$885	\$587,912	49.74%
			\$1,298,027	

In this scenario it would take more than two years for the minimums to be equalised.

The alternative approach would be to reduce the minimum for UV properties and raise the required rates from non-minimum UV and all GRV properties. Under this scenario the UV minimum would reduce to \$710 (i.e. the GRV minimum +5%) and the GRV minimum would increase to the same figure. The rate in the dollar for the remaining properties would need to increase by 10.1% for non minimum GRV properties and 7.3% for non minimum UV properties to fund the reduction in the UV minimum. The model would be as follows:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.100860	\$710	\$711,241	43.93%
UV	0.003520	\$710	\$586,784	34.55%
			\$1,298,025	

In this scenario the number of UV minimums would reduce by 61 properties.

Between these two extremes there would be a range of other options.

Equalisation of Yield

To equalise the yield from UV and GRV properties it would be necessary to increase the rate for UV properties at a higher rate than GRV properties. At the extreme there would be a rate freeze for GRV properties, with the rate increase being funded entirely by UV properties.

In this scenario the UV minimum would increase to by 9.2% and for non-minimum UV properties would increase by 10.4%. The model would be as follows:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.091602	\$675	\$656,048	49.23%
UV	0.003621	\$966	\$642,049	49.74%
			\$1,298,097	

This would fall short of the objective in the first year but could be equalised in the following year with minor differences between the two rate structures. A staged approach over two or more years would lessen the impact in any single year.

Equalisation by Grant Commission Assessment

The WA Gants Commission assesses each local government's rate raising capacity using statistical techniques based on information at the State level and averaged over three years. The assessed capacity is used in the calculation of the General Purposes Grant. This is a notional calculation only and the actual decisions on rate levels do not affect the level of the grant awarded.

The presentation to Council by the Grants Commission on 14 February 2013 set out the assessed rate capacity as follows:

Sector	Actual \$	Assessed \$	Difference \$
Residential/Commercial/Industrial	464,234	460,228	-4,006
Agricultural	430,527	688,672	258,145
Mining	0	36,548	36,548
Total	894,761	1,185,448	290,687

As the actuals used by the Grants Commission are three year averages they do not represent the current position on rates raised. If the budgeted rate yields for 2012/13 were substituted for the three year averages the table would be represented as follows:

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Sector	Actual \$	Assessed \$	Difference \$
Residential/Commercial/Industrial	656,901	460,228	-196,673
Agricultural	567,953	688,672	120,719
Mining	11,335	36,548	25,213
Total	1,236,189	1,185,448	-50,741

The current rate yield is well in excess of the Grants Commission assessed capacity. If the assessed capacity were to be used as a benchmark then the budget would have to be reduced by \$50,741, so that rates raised was equal to the assessment.

To equalise the rates raised in line with the assessed capacity then the proportion raised from GRV would need to be decreased and the proportion raised from UV increased.

To achieve this in a single year would see a dramatic shift between rate levies for GRV and UV properties. This scenario would see a reduction in GRV rates of around 22% and increases in UV rates between 30% and 36%. The model would be as follows:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.072378	\$528	\$516,503	48.26%
UV	0.004445	\$1150	\$781,497	47.38%
			\$1,298,000	

The equalisation could be achieved over a four year period by freezing the GRV rates and raising all of the additional requirement from UV properties. The impact in 2013/14 of this policy would be to raise UV rates between 8.5% and 10.5%. The model would be as follows:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.091602	\$675	\$656,048	49.23%
UV	0.003629	\$960	\$641,927	49.48%
			\$1,297,976	

Equalisation by ratepayer/assessment

It is possible to calculate an average rate bill per assessment by dividing the rate yield for a class of property by the number of assessments. If this is done for GRV and UV properties the results are as follows:

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	Yield (\$)	Properties (No.)	Average (\$)
GRV	656,048	717	914.99
UV	583,504	382	1,527.50
Total	1,239,553	1,099	1,127.89

To achieve a consistent average levy across all classes of property in a single year would see a dramatic shift between rate levies for GRV and UV properties. The average levy would be \$1,181.07 and would require a reduction in UV rates of around 23% and an increase in GRV rates of approximately 29%. The model would be as follows:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.118185	\$872	\$846,827	49.23%
UV	0.002544	\$679	\$451,144	49.74%
			\$1,297,971	

The equalisation could be achieved over an eleven year period by freezing the UV rates and raising all of the additional requirement from GRV properties. The impact in 2013/14 would be a rise in non minimum UV properties of around 1% (to account for minor changes in valuations since the budget was set) and an increase of just over 8% for GRV properties. The model would be as follows:

	Rate in the Dollar	Minimum Rate	Yield	Minimums
GRV	0.099202	\$730	\$710,125	49.23%
UV	0.003315	\$885	\$587,874	49.74%
			\$1,297,999	

Other Options Identified by Council on 28 March 2013

Three other issues connected with the equalisation options were put forward for debate on 28 March; these were:

1. Rate Capping
2. Moving all UV properties to GRV
3. Applying GRV rating to Special Rural properties

The last of these issues is the easiest to resolve since all Special Rural properties are already rated as GRV.

The application of UV or GRV to land is explained in *Local Government Guideline No2: Changing Methods of Valuation of Land*, recently provided to councillors. It states:

Under section 6.28 of the Local Government Act 1995 (the Act), the Minister for Local Government is responsible for determining the method of valuation of land to be used by a local government as the basis for a rate.

In determining the method of valuation, the Minister is to have regard to the general principle that the basis for a rate on any land is to be:

- *where the land is used predominantly for rural purposes, the UV of the land; and*
- *where the land is used predominantly for non-rural purposes, the GRV of the land.*

Each local government has a role in ensuring that the rating principles of the Act are correctly applied to rateable land within their district such that rural land is rated on its UV and non-rural land is rated on its GRV.

To this end, local governments should have systems and procedures in place to:

- *identify and record any changes in land use;*
- *review the predominant use of land affected by significant land use changes; and*
- *ensure timely applications for the Minister's approval.*

In other words, where a local government is satisfied that the predominant use of the land is non-rural then the GRV basis of valuation can be applied. Council policy FNC4 spells out the Council's policy with regard to rating land and is attached for information. There would appear to be no basis for changing the valuation of all properties from UV to GRV.

The question as to whether there exist powers to cap rates to ensure that all ratepayers receive the same increase has been referred to the Department of Local Government for advice. At the time of writing this report no response had been received; any response will be circulated at the meeting.

The officers' view is that Council is able to set a rate increase that is evenly spread for the vast majority of ratepayers under the existing arrangements. However, there will always be a small percentage which will vary because of changes to valuations and as a result of amalgamations or subdivisions that occur between one year and another.

Conclusions

The current rating structure can be viewed as inequitable by either GRV ratepayers or UV ratepayers. In models where the balance between the two classes of property is based on the yield generated or the assessed rating capacity, those ratepayers with GRV properties would see themselves as shouldering more of the rate burden than those with UV properties. Conversely, where the model is based on the minimum rate paid or the average rate paid per property those ratepayers with UV

properties would see themselves as shouldering more of the rate burden than those with GRV properties.

Changing the rating structure will mean that there will be one or more class of ratepayer that will face a disproportionate increase in their rates while others will benefit from a freeze or a reduction. If changes are introduced incrementally to reduce the impact then it will take a number of years to achieve the balance sought by Council (irrespective of the model of equalisation adopted).

Another option is to accept that whilst the current structure has its weaknesses that it continues to form the basis for determining rates into the future and that the impact of increased rates is spread as evenly as possible across all classes of ratepayer. This is the position outlined in the officer recommendation.

STATUTORY ENVIRONMENT: Local Government Act 1995 Section 6.

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: Potential increased rate yield.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATION:

In preparing rate models for Council consideration officers should:

1. adopt the principle that future rate increases should be at or above CPI and more closely linked to the LGCI (Local Government Cost Index) given that the latter has more relevance to local governments' costs; and
2. the current balance of payment between UV and GRV properties be maintained; and
3. the rate in the dollar for UV and GRV properties be adjusted up or down, as the case may be, to compensate for general increases or reductions in rateable values for each class of property before applying new rate models.

8946 GILBERT/LONGMORE

In preparing rate models for Council consideration officers should:

1. adopt the principle that future rate increases should be at or above CPI and more closely linked to the LGCI (Local Government Cost Index) given that the latter has more relevance to local governments' costs; and
2. the current balance of payment between UV and GRV properties be maintained; and

3. the rate in the dollar for UV and GRV properties be adjusted up or down, as the case may be, to compensate for general increases or reductions in rateable values for each class of property before applying new rate models.

CARRIED 5/1

Voting for the motion: Dean, Dunnet, Longmore, Mellema and Steer
Voting against the motion: Gilbert.

Cr Gilbert declared an impartiality interest as a member of the Historical Society.

8947 DUNNET/STEER

Cr Gilbert to stay, participate and vote on item 11.4 – Lease Agreements

CARRIED 5/0

NOTE:

Additional information on the community storage sheds submitted (attached) after the agenda had been distributed removed the need for recommendation 5 in the report.

AGENDA NUMBER:	11.4
SUBJECT:	Lease Agreements
LOCATION/ADDRESS:	Nannup
NAME OF APPLICANT:	N/A
FILE REFERENCE:	ADM 36
AUTHOR:	Vic Smith – Manager Corporate Services
REPORTING OFFICER:	Vic Smith – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	28 March 2013

Attachment: MOU – Community storage sheds

BACKGROUND:

Council adopted a standard lease document at its meeting on 28 July 2011 that is to be used as the basis for all future leases of council property. It was noted in the Strategic Implications section of the report that:

Council's adopted Forward Plan contains targets which include the review of leases at 2 Brockman Street (Action Plan 9.2 (E)), Nannup Bowling Club (Action Plan 11.1 (C)), implementation of a lease for Recreation Centre premises (Action Plan 11.2 (E)) and the Visitor Centre (Action Plan 13.3 (C)).

Since the adoption of the standard lease document officers have been working to implement the document for new leases and to review its application to existing leases.

COMMENT:

The standard lease document has now been applied to the following leases:

- FROGS Early Learning Centre – Nannup Occasional Child Care Association (Inc)
- Supper Room – Nannup Music Festival (Inc)
- Community Centre – Nannup Sports and Recreation Association (Inc).

In addition to this, new tenancy agreements have been drawn up and signed by the Chief Executive Officer and Manager Corporate Services for the staff housing in Carey Street.

The need to implement a new lease agreement for the visitor centre proved unnecessary following the dissolution of the Nannup Tourism Association.

2 Brockman Street (Op Shop)

This tenancy commenced on 1 August 2001 with a rental of \$1 per calendar month, if demanded. The tenancy has no fixed term and can only be terminated if:

- (a) both parties agree in writing; or
- (b) in Council's opinion, the Tenant continually operates outside of this agreement, or continues with unacceptable behaviour whilst using the premises.

The agreement includes a clause allowing the rent to be varied but this is limited to an amount no greater than CPI or the average change in the local rental market, whichever is the greater.

The commercial rental for the premises is \$160 per week.

Council's options appear to be limited; in order to move this lease forward it would be necessary to reach agreement with the tenants to adopt the standard lease. They are unlikely to do this unless the lease is on substantially the same terms and conditions as the current lease.

Nannup Bowling Club

There appears to be no existing lease agreement with the Bowling Club. A draft agreement drawn up in May 2003 has been located but this does not appear to have ever been executed. A letter to the Secretary of the Bowling Club, written by the Manager Development Services in August 2009 about another matter, notes that the lease agreement had expired and the lease would be discussed "at a future date".

The water rates relating to the reserve, which also includes the Town Hall and Supper Room, are paid by the Council; the element allocated to the Bowling Club was \$1,612.80 in 2011/12.

The Bowling Club has been raising income by letting out the premises. The lack of a lease means that the legal basis for this is questionable, given that the Bowling Club does not own the premises.

The commercial rental of the building has been assessed at \$200 per week.

Old Roads Board Building

This tenancy commenced on 1 August 2002 with a rental of \$1 per annum, if demanded. The tenancy has no fixed term and can only be terminated if:

- (c) both parties agree in writing; or
- (d) in Council's opinion, the Tenant continually operates outside of this agreement, or continues with unacceptable behaviour whilst using the premises.

The agreement includes a clause allowing the rent to be varied but this is limited to an amount no greater than CPI or the average change in the local rental market, whichever is the greater.

The commercial rental for the premises is \$150 per week.

As with the lease on 2 Brockman Street, Council's options appear to be limited; in order to move this lease forward it would be necessary to reach agreement with the tenants to adopt the standard lease. They are unlikely to do this unless the lease is on substantially the same terms and conditions as the current lease.

Community Kindergarten

The occupation of the Community Kindergarten is governed by a Memorandum of Understanding, which sets out the obligations of the Shire and Nannup Community Kindergarten Inc. The organisation is responsible for utility charges (except for water), internal fittings and the playground equipment. The Council is responsible for building maintenance, building insurance, water charges and grounds maintenance.

There is no rental or lease payment charged. Now that the FROGS Early Learning Centre is operating and paying a commercial lease there seems little justification for this to arrangement continue.

The Memorandum of Understanding is for a one year term and requires the terms to be reviewed each year on the anniversary of the agreement date (19 February). Where there are no changes proposed to the terms and conditions the Chief Executive Officer has delegated authority to extend the term of the agreement for another year. The last review was carried out in 2011 and the agreement has lapsed.

The commercial rental for the Community Kindergarten has been assessed at \$180 per week.

Community Storage Sheds

The Council owns four community storage sheds in Kearney Street; these buildings are used for storage by the Nannup Music Festival, the Arts Council, the Flower and Garden Committee and the Youth Advisory Council. The council bears the cost of utilities and maintains the buildings (e.g. gutter cleaning).

A Memorandum of Understanding (MOU) setting out the arrangements for the use and funding of the buildings was drawn up in December 2006. The MOU states that the community groups listed would contribute \$1,000 each to the construction of the sheds and that the Council would forego any rental from these groups for the use of the sheds. There is provision to amend the charging structure if the anticipated costs were to change. The Council may also charge new groups, not subject to the original agreement, a rental for the use of the facilities.

Although the MOU has been signed on behalf of the Council by the Chief Executive and the Community Development Officer, it has not been endorsed by Council.

No commercial rental information has previously been obtained for the buildings.

Conclusions

The Council has adopted a general principle of “user contributes” but in terms of its arrangements for the lease of its buildings there is no common approach. New leases have been agreed on commercial terms but some agreements have no expiry date and limited options to achieve change.

The Memorandum of Understanding governing the occupation of the Community Kindergarten has expired and needs to be reviewed. This should now be offered on a commercial lease. In order to allow the lease to be agreed Council are recommended to extend the current Memorandum of Understanding to 30 June 2013.

A lease needs to be developed for the Nannup Bowls Club. Given the current state of the club’s membership it is unlikely that they would be able to afford a commercial lease on this building.

If the leases on the Old Roads Board building and 2 Brockman Street are to be reviewed it is unlikely that agreement could be reached to bring these onto a full commercial lease basis. However, there may be some benefits to be gained in bringing these leases onto the standard lease document on similar terms and conditions to the current tenancy agreements.

STATUTORY ENVIRONMENT: Residential Tenancies Act

POLICY IMPLICATIONS: Nil.

FINANCIAL IMPLICATIONS: If full commercial leases were applied to all Council owned buildings included in this report then an additional \$35,880 per annum in lease rental income would be generated.

STRATEGIC IMPLICATIONS:

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATIONS

1. The current Memorandum of Understanding with the Community Kindergarten be extended to 30 June 2013;
2. Council offer the Nannup Community Kindergarten a five year lease based on the commercial assessment of \$180 per week, commencing on 1 July 2013;
3. Council offer new leases to the Nannup Historical Society and Nannup Op Shop on the existing terms and conditions for a five year period commencing on 1 July 2013; and
4. Nannup Bowling Club be offered a lease on the bowling club building at the commercial rental of \$200 per week for a five year period commencing on 1 July 2013.

GILBERT/LONGMORE

1. The current Memorandum of Understanding with the Community Kindergarten be extended to 30 June 2013;
2. Council offer the Nannup Community Kindergarten a five year lease based on the commercial assessment of \$180 per week, commencing on 1 July 2013;
3. Council offer new leases to the Nannup Historical Society and Nannup Op Shop on the existing terms and conditions for a five year period commencing on 1 July 2013; and
4. Nannup Bowling Club be offered a lease on the bowling club building at the commercial rental of \$200 per week for a five year period commencing on 1 July 2013.

LOST 0/6

Reason:

Inappropriate and out of character to the community and such dramatic change is not supported.

AGENDA NUMBER: 11.5 SUBJECT: Asset Management Plan LOCATION/ADDRESS: Nannup NAME OF APPLICANT: Shire of Nannup FILE REFERENCE: ADM 29 AUTHOR: Vic Smith – Manager Corporate Services DISCLOSURE OF INTEREST: Nil. DATE OF REPORT: 9 April 2013

Attachment 1: Council Policy ADM 17

Attachment 2: Infrastructure Report April 2012

Attachment 3: Asset Management Plan Summary

BACKGROUND:

The Asset Management Plan is a second tier document that sits below the Strategic Community Plan, Corporate Plan and Annual Budget in the Integrated Planning Framework. The Asset Management Plan sets out the Council's overall approach to asset management and provides detailed information on:

1. Detailed descriptions of the assets held
2. The reason for holding the asset
3. The condition of those assets
4. The value of the assets
5. The running costs of assets
6. Investment requirements

The Council's approach to asset management is set out in Council Policy ADM 17. This policy has been reviewed (Attachment 1). A number of changes are recommended to bring the policy up-to-date; wording which is recommended for deletion is shown as crossed through and new wording as underlined.

Detailed information on the Council's buildings and infrastructure assets was compiled in January 2012 and this data has been reviewed, refined and cross checked against other property records to develop the draft Asset Management Plan. The findings from this exercise are set out in the following paragraphs.

COMMENT:

Freehold Land

The council owns 18 plots of freehold land, of which 14 are for investment purposes and four are held for service delivery. The four plots held for service delivery purposes include the land used for housing senior employees and the land in Grange Road used for the FROGS Early Learning Centre.

The 14 plots held for investment purposes have been valued at \$485,000 and comprise:

1. Lot 82 Wilson St - \$40,000
2. Lot 294 Carey St - \$95,000
3. Lots 202 – 213 Monaghan St - \$350,000

These last lots comprise undeveloped land to the rear of the Nannup Cemetery and would require the construction of infrastructure for the investment to be realised.

Buildings

The Council owns 53 buildings and other heritage assets (e.g. the war memorial) with an estimated replacement cost of \$17,378,000 and a current value of \$7,744,100. The valuation held in the council's balance sheet is \$3,630,127, representing the depreciated historical cost of the assets; a revaluation will be required in the 2012/13 financial statements to bring these assets up to the current value as set out in the Asset Management Plan.

Buildings have been divided into three classes:

1. Core – buildings required to provide statutory services (17)
2. Non-Core – buildings required to provide discretionary services (27)
3. Disposable – those buildings that will not be replaced at the end of their useful lives (9)

The annualised replacement cost of the assets is \$493,316; that is to say that if these assets were to be replaced at the end of their useful lives then an annual contribution of this amount would need to be made to the Asset Management Reserve. The current annual contribution to the Asset Management Reserve is \$180,000 (i.e. an additional \$300,000 per annum would be required).

However, not all of these buildings are currently assessed as needing to be replaced. If the disposable assets are not included the annualised replacement cost falls to \$462,070. Clearly, the fewer assets that are classed as core and non-core the lower the annualised replacement cost becomes.

The condition of the buildings has also been assessed and graded on a scale from 0 - 10, where 0 represents a new building and 10 represents a building at the end of its useful life. Works would normally be undertaken to improve a building when it reached a score of between 4 and 6. Scores have been given to each major component of the building; these are:

1. Building structure
2. Roof
3. Mechanical infrastructure
4. Internal structure and fittings

Some initial modelling has been carried out to determine the investment needs over the next 10 years to inform the Long Term Financial Plan. This has been based on works being undertaken once the score for an element reaches 10 and will need to be refined to provide more accurate information based on an agreed trigger score.

For example the trigger score to carry out works to a core building might be 4, whereas the score for a non-core building is 6. To provide some context the following buildings are shown with their condition score:

Shire Offices – 3

Town Hall – 6

Recreation Centre – 7

Cundinup Hall - 10

If all buildings, including those currently classed as disposable, are included in the model then over the next 10 years an investment of \$2,185,482 would be required. This represents an annual contribution to the Asset Management Reserve of \$218,550. However, almost half of this cost relates to assets currently classed as disposable and if these are omitted then the investment requirement over the next 10 years falls to \$1,355,882, representing an annual contribution to the Asset Management Reserve of \$135,600. Part of the reason for the dramatic drop is that the assets classed as disposable (such as Cundinup Hall) are the ones most in need of investment because they have condition scores close to 10.

Once the modelling has been refined to set earlier trigger points for investment to occur then these costs will rise because work will need to be carried out earlier.

Infrastructure Assets

An assessment of the council's infrastructure was carried out using data contained in the ROMAN asset management system; this covers road and drainage assets. A full copy of the report is shown at Attachment 2.

The report shows that the council has 130 roads comprising just over 607 kilometres and with a replacement cost of \$101,112,857 and written down value of \$66,490,551.

The overall condition of the roads is good with a score of 6 out of 10 (where 10 represents well maintained and 1 represents a road in poor condition). The main area for attention is shown to be the maintenance of drainage and shoulders and a small amount of isolated pavement cracking and associated subgrade failures.

The report concludes that the council should be allocating \$2,955,957 per annum to infrastructure preservation and improvement; this is just over 2½ times more than the current road maintenance and construction budget (ignoring the funds allocated to the construction of Mowen Road).

Conclusions

The total value of all the Council's land and property assets (including infrastructure) included in this report is \$118,975,857, with a current value of \$74,719,651.

To replace these assets would require an annual budget contribution of \$3,449,273, compared to an existing budget of \$1,318,000. To achieve this would require rates to increase almost 300%. To put this into context, this gap between the existing

budgetary provision and the required investment budget as assessed in the Asset Management Plan will be a common issue for most local governments.

Next Steps

Council will need to demonstrate that its adopted Asset Management Plan has been informed by community consultation. The key issues are:

1. Which buildings should be retained and which disposed of? This decision will inform the investment requirement that needs to be included in the annual budget.
2. At what point in their expected life should buildings be improved (i.e. when major investment should occur)? Whilst normal day-to-day maintenance will be funded for all core and non-core buildings, significant investment will be required to renew structural elements.
3. Is the community willing to fund the investment necessary to maintain the buildings that should be retained?
4. Should all of the council's road infrastructure be maintained?
5. For that infrastructure that should be maintained, what condition would be classed as acceptable?
6. Is the community willing to fund the investment required to maintain the road infrastructure to the desired level?

Further work will need to be undertaken on modelling to refine the investment requirements for building and infrastructure before the draft Asset Management Plan can be released.

The early timing of the April Council meeting means that the draft Asset Management Plan is not sufficiently developed to be presented to Council before it goes for public consultation. The draft will therefore be presented to the May budget workshops for endorsement.

Once consultation has been completed an Asset Management Strategy will need to be developed and adopted by Council.

STATUTORY ENVIRONMENT:

Local Government Act 1995.

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: None.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATION:

1. Council note the current progress on developing the Asset Management Plan
2. Council approve the changes to the Asset Management Policy as set out in Attachment 1.

8948 GILBERT/STEER

1. Council note the current progress on developing the Asset Management Plan
2. Council approve the changes to the Asset Management Policy as set out in Attachment 1.

CARRIED 6/0

AGENDA NUMBER:	11.6
SUBJECT:	Budget Review – March 2013
LOCATION/ADDRESS:	Nannup Shire
NAME OF APPLICANT:	N/A
FILE REFERENCE:	FNC 8
AUTHOR:	Tracie Bishop – Finance Officer
REPORTING OFFICER:	Vic Smith – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	9 April 2013

Attachment 1: Table Showing Detailed Variances for 2012/2013

Attachment 2: Monthly Financial Statements for the period ending 31 March 2013

BACKGROUND:

It is a statutory requirement that Council report monthly on the financial activity from all the various operating and capital divisions. Previously this has resulted in all variances of 10% or more being identified and reported. While this achieved the objective of showing these variances as at the date of the report, a lot were the result of timing, as opposed to actual variances that will carry through to the end of year figures. This report focuses attention on only those variances that are expected to impact on the end of year position.

The report format does not reflect the detailed requirements as set out in Section 34(1) of the Local Government (Financial Management) Regulations 1996. In order to comply with legislation these statements are provided at Attachment 2. This covering report identifies all of the major variations; other variations as shown in the statutory statements are due to timing differences.

The report has been broken down showing over and underspends in both operating and capital divisions. The second column from the right shows the current variances and the end column shows the anticipated final figures.

COMMENT:

The gross underspend anticipated for the end of this financial year is expected to be \$915,398. The vast majority of this relates to capital projects where expenditure lags the receipt of income to fund the project. For example, projects such as the recreation centre upgrade and the main street upgrade are dependent on income from Royalties for Regions; this income is only now being received. The expenditure relating to these types of projects will therefore be carried forward into 2013/14.

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After removing these amounts from the overall movement we anticipate that there will be an overspend for this year of \$24,602. This is shown in the table below.

	<i>Savings</i> \$
Gross saving expected for the year	
Income – under received	\$184,852
Expenditure – savings made	-\$1,100,250
Total Gross Saving	-\$915,398
Less: Savings to be carried forward income	-\$60,000
Add: Savings to be carried forward expenditure	\$1,000,000
Net overspend at end of the year	\$24,602

Full details of all variances, including all the savings which will be carried forward, are shown at Attachment 1. There are significant savings found within fuels and oils, parks and gardens and insurances. These are primarily the result of efficiency savings achieved during the year and the shorter distances travelled as a result of the construction of Mowen Road has saved on fuel expenditure. The savings returned on insurance is a result of anticipated increases within this industry not reaching the levels expected.

Income variances are primarily as a result of funding from grants being received later than expected and lower interest. In other areas transaction volumes have been lower than expected; for example, commission received from the Department of Transport, town planning income and venue hire. There have also been reductions within this area from mobile bin fees; this is as a result of a bin audit conducted this year which revealed less bins in use than previously assumed.

The final figure for the new addition of a caravan park is yet to be fully evaluated. As this service is only in its first year of operation projections were based on limited data. Income and expenditure on the caravan park will continue to be closely monitored and updated as the business plan is developed. It is anticipated that on an operational level there will be a loss of approximately \$19,000 in 2012/13.

As a result of the lag in receipt of grant income it is anticipated that capital expenditure will be lower than originally budgeted. Projects that will be carried forward and included in the 2013/14 budget include the Recreation Centre upgrade, and Heart of Nannup projects.

For a more detailed explanation of the variances and the actions being taken to address them please refer to Attachment 1, which includes all variances to date.

STATUTORY ENVIRONMENT:

Local Government (Financial Management) Regulation 34(1)(a).

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: A net overspend at the end of the year of \$24,602.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple Majority

RECOMMENDATION:

It is recommended that the Monthly Financial Statement for the period ending 31 March 2013 be received.

8949 DUNNET/GILBERT

It is recommended that the Monthly Financial Statement for the period ending 31 March 2013 be received.

CARRIED 6/0

AGENDA NUMBER:	11.7
SUBJECT:	March 2013 Accounts for Payment
LOCATION/ADDRESS:	Nannup Shire
NAME OF APPLICANT:	N/A
FILE REFERENCE:	FNC 8
AUTHOR:	Tracie Bishop – Finance Officer
REPORTING OFFICER:	Vic Smith – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	Date 9 April 2013

Attachment 1: Schedule of Accounts for Payment

BACKGROUND:

The Accounts for Payment for the Nannup Shire Municipal Account fund and Trust Account fund detailed hereunder and noted on the attached schedule are submitted to Council.

COMMENT:

If Councillors have questions about individual payments prior notice of these questions will enable officers to provide properly researched responses at the Council meeting.

Municipal Account

Accounts paid by EFT	4679 - 4726	\$ 365,327.59
Accounts paid by cheque	19123 - 19137	\$ 6,621.74
Accounts paid by direct debit	99375 - 99381	\$82,080.92

Trust Account

Accounts Paid by Cheque	Nil	\$0.00
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STATUTORY ENVIRONMENT: LG (Financial Management) Regulation 13

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: As indicated in Schedule of Accounts for Payment.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple majority

RECOMMENDATION:

That the List of Accounts for Payment for the Nannup Shire Municipal Account fund totalling \$454,030.25 in the attached schedule be endorsed.

8950 MELLEMA/DUNNET

That the List of Accounts for Payment for the Nannup Shire Municipal Account fund totalling \$454,030.25 in the attached schedule be endorsed.

CARRIED 6/0

12. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING

(a) OFFICERS

None.

(b) ELECTED MEMBERS

12(b)1. CEO Performance and Remuneration Review

8951 MELLEMA/GILBERT

That Council introduce new business of an urgent nature.

12(b)1. CEO Performance and Remuneration Review

CARRIED 6/0

Pursuant to Section 5.23 (2) of the Local Government Act 1995 the following item deals with:

- (a) a matter affecting an employee, and*
- (b) the personal affairs of a person,*

and hence Council is advised to close the meeting to members of the public by resolution.

8952 MELLEMA/GILBERT

That Council close the meeting to the public.

CARRIED 6/0

The meeting was closed to the public at 17.40 hrs.

The public and Officers left the meeting.

8953 DUNNET/GILBERT

That Council suspend standing orders.

CARRIED 6/0

Standing Orders were suspended at 17.41hrs.

8954 DUNNET/GILBERT

That standing Orders be resumed.

CARRIED 6/0

Standing Orders were resumed at 17.53 hrs.

AGENDA NUMBER: 12(b).1
SUBJECT: CEO Performance and Remuneration Review
LOCATION/ADDRESS: N/A
NAME OF APPLICANT: Mr Robert Jennings
FILE REFERENCE: P191
AUTHOR: Councillor Tony Dean – Shire President
DISCLOSURE OF INTEREST: Mr Robert Jennings LG Act 5.63 (1) (d) (i)
DATE OF REPORT: 15 April 2013

Attachment: Consultant Report

8955 GILBERT/MELLEMA

That Council:

1. Congratulates Robert for his commendable performance in the period of review.
2. That the Council confirms its agreement with Robert for a 3-year extension of his Contract of Employment to 2017.
3. That the CEO's salary increase by 4.5% from the beginning of the first pay period commencing on or after 30 April 2013.

CARRIED 5/1

Voting for the motion: Dean, Gilbert, Longmore, Mellema and Steer

Voting against the motion: Dunnet

13. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

None

14. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Questions by Councillor Dean in regard to Rates:

1. What is the average size (hectares) of each lot in Nannup assessed for UV rates?

A1. Officers are not able at this point to produce any statistics on rates per hectare. Although land area data is stored on the rates system the small amount of investigation carried out last year when looking into some points raised by councillors gave a few odd results. If Council wishes this to be pursued it would be advisable to check our own data against the Landgate records to ensure that it is correct.

2. If properties with the minimum rate are removed from the above, what is the average size? (if possible)

A2. Refer to A1 above.

3. What is the average rate paid per UV assessment?

A3. \$1,527.50

4. What is the average rate paid per UV assessment if the minimum rate numbers are excluded, as per question 2?

A4. \$1,993.35

5. What is the average UV rate paid per UV rateable property in terms of dollars per hectare on non minimum properties?

A5. Refer to A1 above.

15. CLOSURE OF MEETING

There being no further business to discuss the Shire President declared the meeting closed at 17.55 hours.