



SHIRE OF CARNARVON

MINUTES

SPECIAL COUNCIL MEETING 31 AUGUST 2021

CONFIRMATION OF MINUTES

These minutes were confirmed by the Council on

.....
as a true and accurate record

.....
Chairman

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon 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/Committee Meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

To be noted that, in accordance with Regulation 11 of the Local Government (Administration) Regulations 1996, the minutes of the Council Meeting are a record of the decisions of the Council, any additional officers' advice, and explanatory notes as required. The minutes contain a summary of questions asked by members of the public and the answers given. The minutes are not a transcript of the proceedings of the meetings.

INFORMATION ON PUBLIC QUESTION TIME

The following information is provided should you wish to ask a question of Council at the Ordinary Meetings held on a monthly basis.

Please note that questions that have not been filled out on the Submission Form will not be accepted.

- The Local Government Act 1995 allows members of the public to ask questions in regard to any issue relating to the Shire.
- A maximum of 15 minutes will be allowed for public question time and the Presiding Member will allow a maximum of three (3) verbal/written questions per person.
- Prior to asking a question, the speaker must state his/her name and address.
- Members of the public are discouraged from asking questions which contain defamatory remarks, offensive language or questioning the competency of staff or Council members.
- The Presiding Member may nominate a member or officer to answer the question and may also determine that any complex questions requiring research be taken on notice and answered in writing.
- No debate or discussion is allowed to take place on any question or answer.
- A summary of each question asked and the response given will be included in the minutes of the meeting –

Local Government (Administration) Regulations 1996 – Pt 2, r.11 – (in part reads -)

11. Minutes, content of (Act s.5.25(1)(f))

The content of minutes of a meeting of a council or a committee is to include –

(e) a summary of each question raised by members of the public at the meeting and a summary of the response to the question.

Responses to questions that are taken on notice will be responded to as soon as possible.

- If you wish to ask a question, please complete the Public Question Time Submission Form at the back of this information sheet. Alternatively, questions can be submitted in writing to the Shire of Carnarvon 3 days prior to the meeting.

SPECIAL MEETINGS OF COUNCIL

Members of the public are welcome to attend a Special Meeting of Council if open, and ask questions of the Council within the allotted public question time **subject to the questions being asked only relating to the purpose of the Special Meeting** (s5.23 of the Act and regulation 12 (4) of the Local Government (Administration) Regulations 1996, the Department of Local Government and Communities Guide to Meetings and Governance Bulletin April 2014 and Guideline No. 3 Managing Public Question Time.)

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1.0 ATTENDANCES , APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

2.0 PUBLIC AND ELECTED MEMBER QUESTION TIME

(In accordance with Section 5.24 of the Local Government Act 1995, a 15 minute public question time is made available to allow members of the public the opportunity of questioning Council on matters concerning them. All questions are to be provided on the Public Question Time Submission Form.)

2.1 QUESTIONS TAKEN ON NOTICE FROM PREVIOUS MEETING

2.2 PUBLIC QUESTION TIME

3.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

4.0 ITEMS FOR DISCUSSION

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4.2	THOTH – OTC Dish – Request to Lease.....	16

5.0 MATTERS FOR WHICH MEETING TO BE CLOSED TO MEMBERS OF THE PUBLIC

6.0 CLOSURE



**MINUTES OF THE SPECIAL MEETING OF COUNCIL HELD IN THE COUNCIL CHAMBERS, STUART STREET,
CARNARVON ON TUESDAY 31 AUGUST 2021**

The meeting was declared open by the Presiding Member at 8.15am

The Shire of Carnarvon acknowledges the Yingarrda people as the Traditional Custodians of this land which we work and live on. We pay our respects to their Elders past, present and future and extend this respect to all Aboriginal people and their ongoing connection to this Country.

1.0 ATTENDANCES, APOLOGIES AND APPROVED LEAVE OF ABSENCE

Cr E Smith.....	Presiding Member/Shire President
Cr B Maslen.....	Councillor, Gascoyne/Minilya Ward
Cr K Pinner.....	Councillor, Town Ward
Cr A Fullarton.....	Councillor, Town Ward
Cr L Vandeleur.....	Councillor, Town Ward
Cr L Skender.....	Councillor, Plantation Ward
Mrs A Selvey.....	Chief Executive Officer
Mr D Nielsen.....	Executive Manager, Infrastructure Services
Ms S Mizen.....	Manager, Finance
Mrs D Hill.....	Senior Executive Officer
Observers.....	Nil
Leave of Absence.....	Nil
Apologies.....	Cr Nelson; Cr Simpson

2.0 PUBLIC QUESTION TIME

(In accordance with Section 5.24 of the Local Government Act 1995, a 15 minute public question time is made available to allow members of the public the opportunity of questioning Council on matters concerning them. All questions are to be provided on the Public Question Time Submission Form.)

Nil

3.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

Cr Skender (Impartiality Interest) – Item 4.2 – OTC Dish – THOTH Request to Lease

4.0 ITEMS FOR DISCUSSION

4.1 ANNUAL BUDGET 2021/2022

File No:	ADM0027
Date of Meeting:	31 August 2021
Location/Address:	Shire of Carnarvon
Name of Applicant:	Shire of Carnarvon
Name of Owner:	Shire of Carnarvon
Author/s:	Susan Mizen, Manager Finance
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Previous Report	Nil
Schedules	Schedule 8.2.1

Authority / Discretion

	Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
X	Executive	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
	Legislative	Includes adopting local laws, town planning schemes and policies.
	Quasi-Judicial	When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.
	Information	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).

Summary of Item:

In accordance with S6.2 of the *Local Government Act 1995*, the Annual Budget for the Shire of Carnarvon for the period 1st July 2021 to 30 June 2022 is presented for Council consideration and adoption.

Background:

Each year a Local Government is to prepare an annual budget for its Municipal Fund detailing its total foreseen income and expenditure for the coming financial year. The budget for the Financial Year 1 July 2021 to 30 June 2022 is presented for adoption.

Overall income in this budget is \$20.4m plus new borrowings of \$947,000 to fund the purchase of new plant and equipment.

The income is made up of operating income comprising rates, grants, subsidies and contributions of \$3.5m, Fees and Charges of \$3.1m and other income of almost \$600,000. Grants for capital works and other items total \$7.3m, new loans will be sought for approximately \$947,000 to fund the purchase of plant and equipment. Rates required to balance the expenditure are in the vicinity of \$5.7m.

Expenditure comprises of \$9.4m for Infrastructure, \$1.9m for Plant and Equipment, \$5.6m for contracts and materials for operating activities, insurance is \$540k, utilities and other general expenditure is \$1.3m and

employee costs estimated to be \$6.9m. Many of the employee wages and salaries are paid through Grant funding.

There is approximately \$13million of roads funding from DRFAWA due to the damage caused by the floods early in the year has not yet been included in the budget. This is because the amount to be received has not yet been finalised, however additional funds have been budgeted for roads betterment works and once final approval of the amount has been received, a budget variation will be presented to Council. It should be noted that this project will have no net impact on the financial position of the Shire as revenue and expenditure are equal amounts.

All local governments in Western Australia are required to develop a Plan for the Future as prescribed under section 5.56(1) of the *Local Government Act 1995 (the Act)*. In 2011, amendments were made to the *Local Government (Administration) Regulations 1996 (Admin Regs)*, specifically the inclusion of Regulation 19BA, which in summary, states that a Plan for the Future is to incorporate a Strategic Community Plan (SCP) and a Corporate Business Plan (CBP).

The CBP is responsible for translating the strategic direction of the Council, articulated within the SCP, into specific priorities and actions at an operational level. The CBP also draws together activities contained within the Long Term Financial Plan (LTFP), Capital Works Programs, Asset Management Plan and various informing strategies. It provides a 4-year snapshot of operational actions and priorities to inform the annual planning and budgeting process.

The CBP is required to be reviewed in line with the budget process to ensure priorities are achievable and effectively timed, this has been delayed due to the delay in the Strategic Community Plan review which was halted as a result of COVID19. The LTFP is the monetary translation of the CBP encapsulating operating, capital, investing and financing activities. The annual Budget is then guided by the high-level projections embodied in the LTFP.

In preparing the various program budgets officers have given consideration to and reviewed where required, the various plans and strategies in place together with any immediate requirements. Funds are available in this budget to update the Strategic Community Plan, the Long Term Financial Plan, and the Corporate Business Plan as well as conduct community consultation.

2021 - 2022 Differential Rates, Minimum Payments and Instalment Payment Arrangements

The purpose of levying rates is to meet Council's budget requirements in each financial year to deliver services and community infrastructure. The rates levied are determined by applying the rate in the dollar to the applicable valuation amount of the properties. The Minister for The Department of Local Government, Sport and Cultural Industries (the Minister) determines the methods of land valuation, with the actual valuation provided by the Valuer General's Office (VGO).

The application of differential rates takes into consideration section 6.33 of the Act, which provides the ability to differentially rate properties based on zoning or land use as determined by the local government. Section 6.35 of the Act also provides the ability to impose a minimum payment which is higher than the general rate, which would otherwise be payable on that land. The application of differential rating based on land use or zoning results in a rate in the dollar and minimum payment amounts for each rating category. Differential rates have been applied for the 2021/2022 Financial Year.

Materiality in Financial Reporting

As per FMR 34(5), materiality thresholds can be set as a percentage, or dollar value, against an appropriate base amount. The Shire's materiality threshold provides both; the advantage being is that a minimum value threshold can be set as well as a proportional value threshold, relevant to major items or subtotals. Threshold levels should not be so high as to allow material variances to go unnoticed, and by the same token, should not be so low as to cause an administrative burden.

The Shire has set the follow thresholds on financial reporting to comply with this requirement:

- a) Asset capitalisation threshold of \$5,000;
- b) Reporting variances in the monthly statement of activity on a statutory program, core service, or nature and type-level that are + \$10,000 for operating items and + \$20,000 for capital items or 10%, whichever is higher;
- c) Identifying and addressing over and underachievement of the Budget on a general ledger account or job code level that are + \$10,000 for operating items and + \$20,000 for capital items; and
- d) The tolerable organisational deficit of 1% of operating revenues.

It is noted that when establishing materiality values and percentages, they are a trade-off between the volume of information compared to the significance of that information. However, the amount alone does not always dictate whether an item is material, and disclosures should be adjusted where necessary. Variances can consist of either timing or permanent variances. For example, a timing variance occurs when grant funding is received a month later than initially budgeted, as opposed to a permanent variation when the grant funding will not be received as planned.

The materiality threshold is an internal control measure that prevents financial loss caused by an omission, misstatement, or non-disclosure of financial information. The materiality threshold also minimises administrative inefficiency, ensuring only those variances that represent a medium or high-level risk are reported to management and Council.

Statutory Environment:

Local Government Act 1995, s6.2. Local government to prepare annual Budget

Local Government Act 1995, s 1.7 Local public notice

Local Government Act 1995, s6.16. Imposition of fees and charges

Local Government Act 1995, s6.17. Setting level of fees and charges

Local Government Act 1995, s6.19. Local government to give notice of fees and charges

Local Government Act 1995, s 6.28 Basis of Rates

Local Government Act 1995, s 6.32 Rates and service charges

Local Government Act 1995, s 6.34 Limit on revenue or income from general rates

Local Government Act 1995, s 6.35. Minimum payment

Local Government Act 1995, s 6.36 Local government to give notice of certain rates

The proposed Differential Rate was advertised for a period of 21 days seeking public comment in accordance with Section 6.36 (1) of the *Local Government Act 1995*, and no submissions were received during this period. The Department of Local Government, Sport and Cultural Industries has advised that the Differential rates adopted and advertised for Unimproved Valued (UV) properties have been approved.

As part of the annual budget process, Council must determine the general rate in the dollar and minimum payments for the 2021/22 financial year. Council has recognised the unfavourable economic climate imposed by the COVID-19 pandemic in the previous year, and any resultant challenges and hardship expected in the 2021/2022 financial year together with upswing in Tourism resulting in people holidaying in Western Australia. Also a consideration was the change in property values for Pastoral properties and Intensive Horticultural properties.

As part of the Annual Budget process, Council is required to determine the Minimum Payment for each Differential Rating Category for the 2020-21 financial year. The setting of minimum rates within rating categories recognises that every property within the district receives some minimum level of benefit from the works and services provided by the Council, which is shared by all properties regardless of size, value and use.

The proposed rate in the dollar and minimum rates for each rating category is summarised in the table below.

RATE TYPE	Rate (Cents in the \$)	Number of properties	Rateable value	2021/22	2021/22	2021/22	2021/22	2020/21	2020/21
				Budgeted rate revenue	Budgeted interim rates	Budgeted back rates	Budgeted total revenue	Actual total revenue	Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
GRV Residential	11.1200	1679	22,108,446	2,458,459	(5,000)	4,000	2,457,459	2,334,395	2,338,112
GRV Commercial Industrial	10.3000	322	15,551,561	1,601,811	0	0	1,601,810	1,461,707	1,471,824
GRV Special Use/Rural	11.1200	102	1,757,732	195,460	0	0	195,459	188,636	185,692
Unimproved valuations									
UV Mining	24.512	46	501,801	123,001	0	4,000	127,001	56,646	65,871
UV Pastoral	11.1100	40	3,143,392	349,231	0	(88,000)	261,230	197,088	197,014
UV Intensive Horticultural	2.2730	170	23,409,501	532,098	0	(8,000)	524,097	468,021	465,282
Sub-Totals		2,359	66,472,433	5,260,060	(5,000)	(88,000)	5,167,056	4,706,493	4,723,795
Minimum payment									
Gross rental valuations									
GRV Residential	1158.58	395	3,238,399	457,639	0	0	457,639	429,549	428,456
GRV Commercial Industrial	1158.58	59	453,207	68,356	0		68,356	67,766	68,859
GRV Special Use Rural	1158.58	47	373,933	54,453		0	54,453	51,371	50,278
Unimproved valuations									
UV Mining	400.00	17	12,999	6,800	0	0	6,800	4,351	5,496
UV Pastoral	1158.58	9	30,700	10,427	0	0	10,427	4,149	4,149
UV Intensive Horticultural	1158.58	2	49,999	2,317	0	0	2,317	1,804	902
Sub-Totals		529	4,159,238	599,992	0	0	599,992	558,990	558,140
		2,888	70,631,671	5,860,052	(5,000)	(88,000)	5,767,048	5,265,483	5,281,935
Total amount raised from general rates							5,767,048	5,265,483	5,281,935
Ex gratia rates							9,200	9,372	6,231
Specified area rates (Refer note 1(c))							249,061	235,077	234,963
Total rates							6,025,309	5,509,932	5,523,129

Instalment Interest, Penalty Interest and Other Administration Fees

Under section 6.45 and 6.51(1) of the Act, Council can charge interest on unpaid rates and rates paid on an approved instalment plan. The maximum interest rate for outstanding rates and other monies owed to Council is prescribed by Regulation 70 of the FMR and is currently 7%. Instalment interest is set at 6% of the prescribed rate under FMR 68.

Under FMR 67, instalment charges are set to provide full or partial reimbursement of administration costs. The individual instalment transaction fee of \$6 is set to reflect the administration cost in handling the 2 or 4 instalment options provided to ratepayers. Outstanding rates where no instalment options or special repayment schedules have been committed to will attract penalty interest on outstanding rates of 7%. Where the 2 or 4 instalment options have been chosen by the ratepayer, interest on unpaid rates will be 6%.

Due Dates for the Payment of Rates and Treatment of Non-Payment of Debts

Instalment Option	Payment Due Date
Proposed rate notice issue date:	08/9/2021
Full Payment	15 October 2021
Two Instalment Option First instalment Second and final instalment	15 October 2021 18 February 2022
Four Payment Option First instalment Second instalment Third instalment Fourth and final instalment	15 October 2021 17 December 2021 18 February 2022 22 April 2022

Relevant Plans and Policy:

Corporate Business Plan 2018 - 2022

Financial Implications:

The proposed budget is balanced with neither a surplus or deficiency. An amount of \$200,000 is proposed to go to Reserves.

Consultation:

Workshops were conducted with Members of Council, and Strategic and Community plans were consulted.

Risk Assessment:

		STEP 3 – Risk Tolerance Chart Used to Determine Risk				
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating (Consequence x likelihood)	Mitigating Action/s
Financial	Stakeholders may withdraw funding if the budget is not prepared according to the regulatory framework	Low	The budget is within the prescribed timeframe and according to the applicable Legislation and Regulations
Health & Safety	NA	NA	
Reputation	The reputation of the Shire is impacted by the quality of the services we deliver and the rates and fees we charge. There is a risk that if balance is not achieved ratepayers and residents will be unhappy with either the rates they are charged or the range and level of service offered.	High	Clear communication on the financial management of the Shire. Improved community engagement and participation in the decision making process.
Service disruption	NA	NA	
Compliance	Local Government Act requires Council prepare and adopt an annual budget by 31 August each year.	NA	The budget is within the prescribed timeframe and according to the applicable Legislation and Regulations
Property	NA	NA	
Environment	NA	NA	
Fraud	NA	NA	

Community & Strategic Objectives:

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.2.1	Robust decision-making by culturally aware, well-informed and supported Councillors
5.2.3	Risks are well managed
5.2.6	Compliance with the Local Government Act 1995 and all other relevant legislation and regulations
5.4	Sound financial and asset management
5.4.4	Financial transactions are accurate and timely

Comment:

Attached is the Annual Budget for the Shire of Carnarvon for the Financial year 1 July 2021 to 30 June 2022 for consideration and adoption.

OFFICER'S RECOMMENDATION

That Council, by Absolute Majority, and in accordance with Section 6.2 of the Local Government Act 1995, resolves to:

1. Adopt the 2021/2022 Budget for the Shire of Carnarvon for the financial year ending 30 June 2022 [as presented under separate cover as (Schedule 4.1)] pursuant to Section 6.2 of the Local Government Act 1995 and relevant prescribed Local Government Financial Management Regulations, and incorporating the following:
 - (a) Statement of Comprehensive Income by Nature and Type;
 - (b) Statement of Comprehensive Income by Program;
 - (c) Cash Flow Statement;
 - (d) Rate Setting Statement by Program;
 - (e) Rates and Service Charges;
 - (f) Net Current Assets;
 - (g) Reconciliation of Cash;
 - (h) Fixed Assets;
 - (i) Asset Depreciation;
 - (j) Borrowings;
 - (k) Cash Backed Reserve, noting the transfer to Reserves of \$200,800;
 - (l) Fees and Charges;
 - (m) Grant Revenue;
 - (n) Elected Member remuneration;
 - (o) Other Information;
 - (p) Significant Accounting Policies – Other

2. In accordance with Sections 6.32, 6.33, 6.34, 6.35, 6.36 and 6.37 of the Local Government Act 1995, impose the following general rates, minimum rates and specified area rates within the Shire of Carnarvon boundaries in respect of the 2021/2022 financial year based upon current valuations
–

General Rate

Gross Rental Value(Residential/Special use)

0.1112 cents in dollar on gross rental valuation of rateable property.

Gross Rental Value (Commercial/Industrial)

0.1030 cents in dollar on gross rental valuation of rateable property.

Unimproved Value Mining

0.24512 cents in the dollar on unimproved valuation of rateable property including mining claim, leases and licenses.

Unimproved Value Pastoral

0.1111 cents in the dollar on unimproved valuation of rateable property.

Unimproved Value Intensive Horticulture

0.02273 cents in the dollar on unimproved valuation of rateable property.

Minimum Rates

\$1158.58 per assessment on gross rental value properties

\$ 400 per assessment on unimproved value – mining properties

\$ 1158.58 per assessment on unimproved value – pastoral properties

\$ 1158.58 per assessment on unimproved value – intensive horticulture properties

Specified Area Rates (pursuant to part 6, division 6, section 6.37)

Coral Bay Refuse Site Maintenance

0.0683299 cents in the dollar applied to all rateable properties within Coral Bay for the maintenance of the Coral Bay Refuse Site.

3. Note that no submissions were received with regard to the advertised proposed differential rates (including minimum differential rates).
4. Charge an interest rate of 7% on any outstanding rates and charges that remain overdue after the last instalment as per Clause 8(3) of Government Gazette, WA on 8 May 2020. Charge an interest rate of 6% on outstanding rates where options 2 and 3 are chosen by the ratepayer.
5. Provide the option for ratepayers to pay their rates as a single payment, or by 2 or 4 instalments in accordance with S6.45(1) of the Act
6. Impose the following Rubbish Service Charges:

01	Domestic Rubbish	475.00
02	Commercial M/G/Bin	475.00

7. Adopt a value (+) or (-) of \$10,000 for operating items and (+) or (-) \$20,000 for capital items or 10%, whichever is higher as the variance for financial reports to Council during 2021/2022 in accordance with Clause 34(5) of the Local Government (Financial Management) Regulations, 1996 and AASB 1031 Materiality.

SCM 1/8/21

COUNCIL RESOLUTION

Cr Vandeleur/Cr Pinner

That Standing Orders Section 13 be suspended at 8.17am to enable clarification in regard to items contained within the budget.

CARRIED
F6/AO

SCM 2/8/21

COUNCIL RESOLUTION & OFFICER'S RECOMMENDATION

Cr Vandeleur/Cr Skender

That Standing Orders Section 13 resume at 8.20am.

CARRIED
F6/AO

COUNCIL RESOLUTION & OFFICER'S RECOMMENDATION

Cr Vandeleur/Cr Skender

That Council, by Absolute Majority, and in accordance with Section 6.2 of the Local Government Act 1995, resolves to:

1. Adopt the 2021/2022 Budget for the Shire of Carnarvon for the financial year ending 30 June 2022 [as presented under separate cover as (Schedule 4.1)] pursuant to Section 6.2 of the Local Government Act 1995 and relevant prescribed Local Government Financial Management Regulations, and incorporating the following:
 - (a) Statement of Comprehensive Income by Nature and Type;
 - (b) Statement of Comprehensive Income by Program;
 - (c) Cash Flow Statement;
 - (d) Rate Setting Statement by Program;
 - (e) Rates and Service Charges;
 - (f) Net Current Assets;
 - (g) Reconciliation of Cash;
 - (h) Fixed Assets;
 - (i) Asset Depreciation;
 - (j) Borrowings;
 - (k) Cash Backed Reserve, noting the transfer to Reserves of \$200,800;
 - (l) Fees and Charges;
 - (m) Grant Revenue;
 - (n) Elected Member remuneration;
 - (o) Other Information;
 - (p) Significant Accounting Policies – Other

3. In accordance with Sections 6.32, 6.33, 6.34, 6.35, 6.36 and 6.37 of the Local Government Act 1995, impose the following general rates, minimum rates and specified area rates within the Shire of Carnarvon boundaries in respect of the 2021/2022 financial year based upon current valuations
–

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Gross Rental Value(Residential/Special use)

0.1112 cents in dollar on gross rental valuation of rateable property.

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0.1030 cents in dollar on gross rental valuation of rateable property.

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0.24512 cents in the dollar on unimproved valuation of rateable property including mining claim, leases and licenses.

Unimproved Value Pastoral

0.1111 cents in the dollar on unimproved valuation of rateable property.

Unimproved Value Intensive Horticulture

0.02273 cents in the dollar on unimproved valuation of rateable property.

Minimum Rates

\$1158.58 per assessment on gross rental value properties

\$ 400 per assessment on unimproved value – mining properties

- \$ 1158.58 per assessment on unimproved value – pastoral properties
- \$ 1158.58 per assessment on unimproved value – intensive horticulture properties

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Coral Bay Refuse Site Maintenance

0.0683299 cents in the dollar applied to all rateable properties within Coral Bay for the maintenance of the Coral Bay Refuse Site.

8. Note that no submissions were received with regard to the advertised proposed differential rates (including minimum differential rates).
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01	Domestic Rubbish	475.00
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12. Adopt a value (+) or (-) of \$10,000 for operating items and (+) or (-) \$20,000 for capital items or 10%, whichever is higher as the variance for financial reports to Council during 2021/2022 in accordance with Clause 34(5) of the Local Government (Financial Management) Regulations, 1996 and AASB 1031 Materiality.

CARRIED BY ABSOLUTE MAJORITY
F6/AO

(Note to Minute - Councillors wished it to be noted that Council Staff are to be commended on the outstanding efforts they have achieved in presenting Council with a clear and concise budget.)

To be noted –

Cr Fullarton noted a disproportionate factor in the levying of Council Rates. That is, taxes paid by an income earning enterprise are tax deductible for income tax purposes (s8.1 Income Tax Assessment Act 1996). The result is that all home owners who occupy their residences are paying an after tax expense yet all others who earn money from their properties are paying a before tax expense.

The difference in income tax rates creates a social inequity between domestic residences occupied by their owners and all other income producing properties.

He suggests the difference in income tax treatment between domestic expenses and income earning expenses be considered in settling future local government rates.

8.28am – Cr Skender declared an Impartiality Interest in this matter as his partner is the author of this report. Cr Skender was not required to leave the meeting and could participate and vote on the matter.

File No:	ADM2063
Date of Meeting:	31 August 2021
Location/Address:	Lot 2. (No. 35) Mahoney Ave, Brown Range – OTC site
Name of Applicant:	Caroline Roberts, President & CEO Thoth Technology, Inc
Name of Owner:	Shire of Carnarvon
Author/s:	Carolien Claassens – Operations Manager Corporate & Community
Declaration of Interest:	The author is the Treasurer of the Carnarvon Space & Technology Museum adjacent to the OTC Dish.
Voting Requirements:	Recommendation 1: Simple Majority Recommendation 2: Absolute Majority Recommendation 3: Simple Majority
Schedules:	Schedule 4.2

Authority / Discretion

	Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
X	Executive	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
	Legislative	Includes adopting local laws, town planning schemes and policies.
	Quasi-Judicial	When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.
	Information	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).

Summary of Item:

This report details a request from Thoth Technology Inc (Thoth) seeking Council's approval to lease a portion of Lot 2. (No. 35) Mahoney Ave, Brown Range, commonly known as the 'OTC Dish' for the purpose of space domain awareness, space traffic management and radio astronomy.

Background:

The OTC Dish installed in 1969 was part of the OTC Satellite Earth Station to facilitate better communication between the NASA Tracking Station and the USA. Unfortunately, since closing the Earth Station in the 1980s, the OTC Dish has turned into disrepair. Figure 1 below, includes a map of the OTC Dish:



Figure 1 – OTC Dish

Earlier this year Thoth contracted the Shire to discuss leasing the OTC Dish. A formal request to lease the OTC dish for a twenty (20) year peppercorn fee arrangement was received by the Shire on 1 July 2021. The request included Thoth assuming responsibility for the full restoration of the dish. A copy of the request is provided in **Schedule 4.2**

Thoth is a Canadian space and defence company specialised in Space Domain Awareness, Space Traffic Management, and radio astronomy. Thoth is investing in an expansion of their capacities into the Pacific. Revitalisation and utilising the Carnarvon OTC Dish will extend their network. Thoth has conducted a similar and successful project in Canada.

The intent of restoring a Carnarvon icon and introducing a commercial use of the dish has offered a unique opportunity for the town. In order to discuss the proposal in more detail the Shire and Thoth met via a video call. Part of the meeting was to discuss the peppercorn lease arrangements.

Reviewing the requirements under Policy C016 - Lease and Licensing Classification, a lease arrangement with Thoth would be considered commercial, which includes annual rent based on market value. Considering the significant investment and the risk involved for Thoth, the Shire negotiated a lease payment based upon:

- a peppercorn for the first five (5) years; and
- 5% of the gross revenue for the remaining fifteen (15) years.

The Shire acknowledges that the first 5 years will include investment to renovate and modernise the OTC-Dish. It is unlikely Thoth would be able to generate a commercial return in these initial years. But to consider a future return to the community a percentage of Thoth gross revenue seems reasonable.

Of note, the Shire negotiated some further benefits to the community in the form of:

- Assisting the Carnarvon Space & Technology Museum by providing resources and technical expertise for exhibits at the Museum;
- Engaging with high school children in the surrounding community by providing annual science project prizes and similar such activities;
- Where possible, engaging local contractors and employees; and
- Encouraging attention (including international attention) in relation to the history of the OTC Dish.

Consultation:

As mentioned above the Shire has been in contact with Thoth. Both parties are currently reviewing a draft lease, in anticipation of Council's approval of the lease arrangement.

To get a better understanding of the insurance and the cost further information had been requested from the Shire's insurer – LGIS.

Statutory Environment:

- S. 3.58 Disposing of Property - of the Local Government Act 1995

- S. 5.42 Delegation of some powers and duties to CEO – of the Local Government Act

Relevant Plans and Policy:

- Policy C016 Lease and Licensing Classification; Tier Three - Commercial lease.
- Delegation No: 1034 Executing and Affixing of Common Seal to Documents.

Financial Implications:

Significant financial implications are to be considered regarding this proposal. The cost of maintaining and insuring the dish is an ongoing financial impost for the Shire.

In 2020 a Structural Condition Report of the OTC Dish included a cost estimate of \$1.7 MIL to restore the structure of the dish. External funding, to repair the dish was sought but the application failed. Toth assuming the responsibility of restoring the dish would result in a significant saving for the Shire.

Further savings will be realised by this proposed lease to Toth via reduction in insurance costs. At present the Dish is insured for a value of \$7,588,700 which includes full reinstatement of the Dish. The annual cost of this insurance is significant, being \$20,692.82 (2021/22). Should this lease be supported, the officers recommend that the Shire only insure the OTC Dish for demolition only at a cost of approximately \$6,500 (pending a final value of the demolition insurance.)

In the proposed lease term, there is no financial return in the initial 5 years of the lease. The potential income from the 6th year, being 5% of the gross revenue could generate a sound income stream for the Shire. No market valuation has taken place for the OTC Dish. In addition to it being a costly exercise, establishing a market value for the OTC Dish would be complex, due to its uniqueness and very specific use.

Toth has proposed that each party to be responsible for their own legal cost related to the preparation and execution of the lease. In accordance with Council policy C016 the lessee should be responsible for all the legal expenses. Depending on the extent of lease negotiations, the cost of legal fees are to be expected to be around \$2,500. This is considered a minor financial implication to the Shire. For this reason, the officer recommend that Council accepts this request.

Risk Assessment:

		STEP 3 – Risk Tolerance Chart Used to Determine Risk				
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating (Consequence x likelihood)	Mitigating Action/s
Financial	Not accepting the lease request will result in the Shire to be responsible for the upgrade & ongoing maintenance of the OTC Dish.	A5 - Extreme	Approving the lease request
Health & Safety	N/A	N/A	

Reputation	Losing the opportunity to improve an icon in Carnarvon and find a commercial use.	A5 - Extreme	Approving the lease request
Service disruption	N/A	N/A	
Compliance	N/A	N/A	
Property	The Structural Condition Report of the OTC dish notes a significant number of defects to the structure. Currently the dish is closed for entry. Not accepting the lease request will most likely result in further deterioration of the property.	4B – Extreme	Approving the lease request. Potentially the Shire could find external funding sources, which has proven to be difficult.
Environment	N/A	N/A	
Fraud	N/A	N/A	

Community & Strategic Objectives:

Goal 1: Economic

A strong and growing economy, with a thriving regional centre, abundant business opportunities and jobs.

ITEM	OUTCOMES AND STRATEGIES
1.1	Local business growth

Goal 2: Natural and built environment

A sustainable natural and built environment that meets current and future community needs

ITEM	OUTCOMES AND STRATEGIES
2.8	Preservation of local heritage buildings and places of interest

Goal 5: Civic

Strong and listening Council.

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.4	Sound financial and asset management
5.6	The Shire advocates on behalf of its community

Comment:

Important to note, to simplify the lease arrangements Thoth is currently incorporating a new Australian Thoth entity. The Australian Thoth entity would be the lessee.

Currently the road around the OTC Dish is utilised by the Carnarvon Space & Technology Museum (the Museum) as the exit of the museum. The Museum is in support of the lease and will allow for a new exit. The lease with the Museum accommodates this proposal.

It should be noted, if submissions are received the matter will be referred back to Council for further consideration.

OFFICER'S RECOMMENDATION PART 1

That Council, by Simple Majority, pursuant to Section 3.58 of the Local Government Act 1995, resolves to give local public notice of the proposed disposition by lease of the OTC Dish located at OTC Site as identified in Figure 1. with a consideration of a twenty (20) year lease term, the first five years being at a Peppercorn Rent and thereafter at a Rent that is based upon 5% of Gross Revenue of the Lessee.

OFFICER'S RECOMMENDATION PART 2

That Council, by Absolute Majority, pursuant to section 5.42 of the Local Government Act 1995, subject to nil submissions opposing the lease being received, resolves to delegate authority to the CEO to make any necessary non-material amendments and finalise execution of a lease agreement between Thoth Technology Inc. and the Shire of Carnarvon for the OTC Dish at the OTC Site identified approximately in Figure 1.

OFFICER'S RECOMMENDATION PART 3

That Council, by Simple Majority, resolves to accept the shared cost arrangements of the legal fees for the lease preparation and execution whereby the Shire is responsible for its own legal costs and Thoth Technology Inc. is responsible for their costs.

SCM 4/8/21

COUNCIL RESOLUTION & OFFICER'S RECOMMENDATION PART 1

Cr Vandeleur/Cr Fullarton

That Council, by Simple Majority, pursuant to Section 3.58 of the Local Government Act 1995, resolves to give local public notice of the proposed disposition by lease of the OTC Dish located at OTC Site as identified in Figure 1. with a consideration of a twenty (20) year lease term, the first five years being at a Peppercorn Rent and thereafter at a Rent that is based upon 5% of Gross Revenue of the Lessee.

CARRIED
F6/A0

SCM 5/8/21

COUNCIL RESOLUTION & OFFICER'S RECOMMENDATION PART 2

Cr Vandeleur/Cr Pinner

That Council, by Absolute Majority, pursuant to section 5.42 of the Local Government Act 1995, subject to nil submissions opposing the lease being received, resolves to delegate authority to the CEO to make any necessary non-material amendments and finalise execution of a lease agreement between Thoth Technology Inc. and the Shire of Carnarvon for the OTC Dish at the OTC Site identified approximately in Figure 1.

CARRIED BY ABSOLUTE MAJORITY
F6/A0

SCM 6/8/21

COUNCIL RESOLUTION & OFFICER'S RECOMMENDATION PART 3

Cr Vandeleur/Cr Pinner

That Council, by Simple Majority, resolves to accept the shared cost arrangements of the legal fees for the lease preparation and execution whereby the Shire is responsible for its own legal costs and Thoth Technology Inc. is responsible for their costs.

CARRIED
F6/A0

(Note – Council wished to acknowledge the efforts by staff member Carolien Claassens in achieving an agreed lease arrangement with THOTH.)

5.0 MATTERS FOR WHICH MEETING TO BE CLOSED TO MEMBERS OF THE PUBLIC

Nil

6.0 CLOSURE:

The Presiding Member declared the meeting closed at 8.36am.