

SHIRE OF KOJONUP



Council Minutes

17th June 2008

SHIRE OF KOJONUP

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SHIRE OF KOJONUP**MINUTES****1 DECLARATION OF OPENING AND ANNOUNCEMENT OF GUESTS**

The Shire President declared the meeting open at 3.00pm and alerted the meeting of the procedures for emergencies including evacuation, designated exits and muster points and drew the meeting's attention to the disclaimer below:

Disclaimer

No person should rely on or act on the basis of any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

The Shire of Kojonup expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the meeting.

Where an application for an approval, a license or the like is discussed or determined during the meeting, the Shire warns that neither the applicant, nor any other person or body, should rely upon that discussion or determination until written notice of either an approval and the conditions which relate to it, or the refusal of the application has been issued by the Shire.

2 ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE

Cr Jill Mathwin	Shire President
Cr Jane Trethowan	Deputy Shire President
Cr Michael Baulch	
Cr John Benn	
Cr Will Carrington-Jones	<i>arrived at 3.02pm</i>
Cr Ernie Graham	
Cr Rosie Hewson	<i>arrived at 3.04pm</i>
Cr Greg Marsh	
Cr Frank Pritchard	

Mr Stephen Gash	Chief Executive Officer
Mr Kim Dolzadelli	Manager of Corporate Services
Mrs Heather Marland	Senior Finance Officer
Mrs Rosemary Cussons	Executive Support Officer

APOLOGIES Nil

Visitor Mrs Wendy Anderson representing the Combined Churches

3 PUBLIC QUESTION TIME**4 SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE****5 APPLICATIONS FOR LEAVE OF ABSENCE****6 CONFIRMATION OF MINUTES**

ORDINARY MEETING - 20th May 2008

Corrections:

Nil

COUNCIL DECISION

193/08 MOVED Cr Benn seconded Cr Pritchard that the Minutes of the Ordinary Meeting of Council held on 20th May 2008 be confirmed as a true record.

CARRIED**7/0**

3.02pm Cr Carrington-Jones entered the Chamber

- 7 ANNOUNCEMENTS** by the Presiding Member without discussion
Nil

3.04pm Cr Hewson entered the Chamber

8 PETITIONS, DEPUTATIONS & PRESENTATIONS

Mrs Wendy Anderson, representing the Combined Churches of Kojonup, spoke to Council about the free packages of brochures and leaflets that have been put together to assist the community to access Mental Health and Well Being outlets if and when the need arises. The Shire President congratulated and thanked the Combined Churches for their initiative and efforts in collating the material.

9 DECLARATIONS OF INTEREST

- Item 12.2 Cr Marsh declared a Proximity Interest as he is an adjoining neighbour to the property applying for subdivision.
Item 13.1 Cr Marsh declared an Impartiality Interest as he has made a financial donation to the Kodja Place Café.
Item 13.1 Cr Benn declared a Financial Interest as a family member is involved in the sale of goods at Kodja Place

10 FINANCE REPORTS**10.1 FINANCIAL MANAGEMENT – Monthly Statement of Financial Activity**

AUTHOR: Kim Dolzadelli – Manager Corporate Services
DATE: Thursday 12th June 2008
FILE NO: 06.15.01
ATTACHMENT: Monthly Statement of Financial Activity 1st July to 31st May 2008

DECLARATION OF INTEREST

Nil

SUMMARY

Preparation and presentation to Council of monthly reports are a statutory requirement, with these to be presented to the next ordinary meeting following the close of a month, or it may be presented to the ordinary meeting in the following month after that.

BACKGROUND

The reporting requirements, as per Financial Management Regulation 34, for the Statement of Financial Activity came into force from 1st July 2005.

COMMENTS

The attached Statement of Financial Activity for the period 1st July 2007 to 31st May 2008 shows a solid position with 97.66% of rates collected to 31st May 2008 and a total amount of cash holdings of \$3,135,248 of which \$1,429,014 is held in fully cash backed Reserves.

Cash holdings continue to be managed to maximise investment return, with the level of interest earnings expected to meet budget expectations.

The final quarter payment of \$235,559.55 for Financial Assistance Grants was received on 16th May 2008 and total payments received for the year exceed Budget expectation by \$6,540.20.

There will be a number of transfers to Reserve affected in the month of June 2008, which were incorporated in the 2007/08 Budget. These transfers are detailed below:

Reserve	Amount
Public Toilets Reserve	\$ 5,000
Staff Housing Reserve	\$ 10,000
Historical Buildings Reserve	\$ 30,000
Drainage Reserve	\$ 30,287
Plant Replacement Reserve	\$ 40,000
Sporting Facility Reserve	\$ 100,000
Building Reconstruction Reserve	\$ 110,000
Total	\$ 325,287

Further to these Reserve transfers the final repayment of Loan instalments will be made for the 2007/2008 financial year in the amount of \$125,832.

CONSULTATION

None necessary

STATUTORY ENVIRONMENT

Financial Management Regulation 34 sets out the basic information which must now be included in the monthly reports to Council.

POLICY IMPLICATIONS

None applicable

FINANCIAL IMPLICATIONS

Occasionally Council may be asked to authorise certain budget amendments/variations by way of separate Senior Officer Reports, but those proposed variations will be taken into account in the monthly Statements of Financial Activity when a full budget review is put before Council. Amendments are not being sought from Council in this report.

STRATEGIC IMPLICATIONS

This will only occur where it involves variations to the multiple year proposals previously put forward. Impacts to the "Closing Balance" position will also occur or where a Budget Review highlights the requirement for amendments to occur.

VOTING REQUIREMENTS – SIMPLE MAJORITY

OFFICER RECOMMENDATION

That the Monthly Statement of Financial Activity, as attached, be accepted.

COUNCIL DECISION

194/08 MOVED Cr Pritchard seconded Cr Graham that the Monthly Statement of Financial Activity, as attached, be accepted.

CARRIED

9/0

10.2 MONTHLY PAYMENTS LISTING

AUTHOR: Finance Officer
 DATE: 11th June 2008
 FILE NO: 06.15.01
 ATTACHMENT: Monthly Payment Listing

DECLARATION OF INTEREST

Nil

SUMMARY

To receive a list of payments made since the last similar list was received.

BACKGROUND

Not applicable.

COMMENT

The attached list of payments is submitted for receipt by the Council.

CONSULTATION

No consultation was required.

STATUTORY ENVIRONMENT

Regulations 13 (2) of the Local Government (Financial Management Regulations) 1996 requires such a list to be “presented” whenever payments have been made under a delegated authority. (Reference Delegation #18).

POLICY IMPLICATIONS

Council’s Policy F3 provides authorities and restrictions relative to purchasing commitments.

FINANCIAL IMPLICATIONS

All payments made are for items where Council has provided a budget authority.

STRATEGIC IMPLICATIONS

There are no strategic implications involved with presentation of the list of payments.

VOTING REQUIREMENTS – Simple Majority**OFFICER RECOMMENDATION**

That the Payment Listing from 13/05/08 to 10/06/08 comprising of Municipal Cheques 9676 to 9741, EFTs 3248 to 3323 and Internal Payment Vouchers 1430 to 1460 totalling \$504,496.24 and as attached to this agenda, be received.

COUNCIL DECISION

195/08 MOVED Cr Carrington-Jones seconded Cr Benn that the Payment Listing from 13/05/08 to 10/06/08 comprising of Municipal Cheques 9676 to 9741, EFTs 3248 to 3323 and Internal Payment Vouchers 1430 to 1460 totalling \$504,496.24 and as attached to this agenda, be received.

CARRIED

9/0

3.17pm Mrs Heather Marland left the Chamber

11 ENGINEERING & WORKS REPORTS

Nil

12 ECONOMIC & ENVIRONMENTAL DEVELOPMENT REPORTS

12.1 SUBDIVISION APPLICATION No. 137625 – Pt. LOCATION 7571 CNR. ALBANY HIGHWAY/ROBINSON ROAD, KOJONUP.

AUTHOR: Phil Shephard – Planning Consultant
 DATE: 6th June 2008
 FILE NO: 14.06.01
 APPLICANT: RAS Machin (Licensed Surveyor)
 OWNER: SJ Williams
 ATTACHMENTS: Plan of Subdivision

DECLARATION OF INTEREST

Nil.

SUMMARY

To consider a proposal to subdivide Pt. Location 7571 (5.8856ha) corner Albany Highway/Robinson Road, Kojonup into two (2) lots of 5.4296 and 0.4560ha as shown on the attached plan of subdivision.

BACKGROUND

The subdivision proposal has been referred by the Western Australian Planning Commission (WAPC) to Council with a request for any information, comment or recommended conditions that Council seek to have the Commission consider in assessing the application.

Council is reminded that all applications for subdivisions/amalgamations are submitted to, and determined by, the WAPC in consultation with the relevant stakeholders (State Government agencies and local government). The WAPC provides forty two (42) days for comments to be received from stakeholders. It is WAPC's decision whether to act on any advice or recommendation received from Council.

COMMENT

Under Council's Town Planning Scheme No 3, Town Planning Scheme Policy No. 11 'Applications for Subdivision'; the requirements for subdivision in the townsite areas are "that block sizes, setbacks, and septic tank locations be in accordance with the prescribed Residential Planning Codes and Health Act requirements".

Pt. Location 7571 is in the Kojonup townsite area and has a dual zoning of Special Rural (to encompass the 5.4926ha lot) and Residential R2.5 (to encompass the 0.4560ha lot).

The proposed subdivision is consistent with Council's Policy requirements and the WAPC has been advised that Council supports the application.

CONSULTATION

There has been no consultation on this matter.

STATUTORY ENVIRONMENT

The proposal complies with Council's Town Planning Scheme No. 3.

POLICY IMPLICATIONS

The proposal complies with Council's Town Planning Scheme Policy No. 11 'Applications for Subdivision'.

FINANCIAL IMPLICATIONS

Nil.

STRATEGIC IMPLICATIONS

There are no known strategic implications.

VOTING REQUIREMENTS

Simple Majority.

OFFICER RECOMMENDATION

That Council advise the Western Australian Planning Commission (WAPC) that it supports the proposed subdivision of Pt. Location 7571 corner Albany Highway/Robinson Road, Kojonup (WAPC File 137625) on the basis that:

- ◆ It is consistent with the residential zoning and density code for the property;
- ◆ The proposed subdivision is consistent with Council's adopted Town Planning Scheme Policy No. 11 'Applications for Subdivision'; and
- ◆ Will create lots and boundaries that are consistent with the dual zoning of the property (ie special rural and residential).

Council requests that the WAPC place the following conditions and advice on the approval:

1. That no additional dwellings will be permitted upon either of the lots,
2. All buildings and any effluent disposal systems to be setback from the new boundaries as required under the relevant legislation, and
3. Any upgrading of the existing vehicle crossover onto the Highway shall be to the specifications and satisfaction of Main Roads WA.

ORIGINAL MOTION

MOVED Cr Hewson seconded Cr Graham

That Council advise the Western Australian Planning Commission (WAPC) that it supports the proposed subdivision of Pt. Location 7571 corner Albany Highway/Robinson Road, Kojonup (WAPC File 137625) on the basis that:

- ◆ It is consistent with the residential zoning and density code for the property;
- ◆ The proposed subdivision is consistent with Council's adopted Town Planning Scheme Policy No. 11 'Applications for Subdivision'; and
- ◆ Will create lots and boundaries that are consistent with the dual zoning of the property (ie special rural and residential).

Council requests that the WAPC place the following conditions and advice on the approval:

1. That no additional dwellings will be permitted upon either of the lots,
2. All buildings and any effluent disposal systems to be setback from the new boundaries as required under the relevant legislation, and
3. Any upgrading of the existing vehicle crossover onto the Highway shall be to the specifications and satisfaction of Main Roads WA.

CARRIED/LOST /

AMENDMENT TO THE MOTION

Cr Hewson, with Cr Graham's agreeance, accepted the amendment to the original motion.

COUNCIL DECISION

196/08 **MOVED Cr Benn seconded Cr Pritchard that Condition Number 1 which states "no additional dwellings will be permitted upon either of the lots" be removed from the Officer Recommendation.**

CARRIED **9/0**

The Presiding Member put the amended motion to the meeting as follows:

COUNCIL DECISION

197/08 **MOVED Cr Hewson seconded Cr Graham**
That Council advise the Western Australian Planning Commission (WAPC) that it supports the proposed subdivision of Pt. Location 7571 corner Albany Highway/Robinson Road, Kojonup (WAPC File 137625) on the basis that:

- ◆ **It is consistent with the residential zoning and density code for the property;**
- ◆ **The proposed subdivision is consistent with Council's adopted Town Planning Scheme Policy No. 11 'Applications for Subdivision'; and**
- ◆ **Will create lots and boundaries that are consistent with the dual zoning of the property (ie special rural and residential).**

Council requests that the WAPC place the following conditions and advice on the approval:

- 1. All buildings and any effluent disposal systems to be setback from the new boundaries as required under the relevant legislation, and**
- 2. Any upgrading of the existing vehicle crossover onto the Highway shall be to the specifications and satisfaction of Main Roads WA.**

CARRIED **9/0**

REASON FOR CHANGE

Additional Information, since Item 12.1 was written, was presented by the Chief Executive Officer stating that the owner of Pt Location 7571 has written to the Shire Council requesting to erect a demountable house on the location to house ageing relatives. Removal of Condition Number 1 of the Officer's Recommendation of Item 12.1 would therefore allow Council to consider this recent request in accordance with its town planning scheme and policies.

3.26pm Cr Marsh declared an Interest of Proximity in Item 12.2 and left the Chamber.

12.2 SUBDIVISION APPLICATION No. 137391 – LOTS 2590 & 2 CNR. SARGENT/QUALEUP ROADS, KOJONUP.

AUTHOR: Phil Shephard – Planning Consultant
DATE: 6th June 2008
FILE NO: 14.06.01
APPLICANT: RAS Machin (Licensed Surveyor)
OWNER: T & S Dawes
ATTACHMENTS: Plan of Subdivision

DECLARATION OF INTEREST

Nil.

SUMMARY

To consider a proposal to subdivide Lots 2590 and 2 corner Sargent and Qualeup Roads, Kojonup into three lots of 79.3, 97.3 and 101.5 hectares as shown on the attached plan of subdivision.

BACKGROUND

The subdivision proposal has been referred by the Western Australian Planning Commission (WAPC) to Council with a request for any information, comment or recommended conditions that Council seeks to have the Commission consider in assessing the application.

Council is reminded that all applications for subdivisions/amalgamations are submitted to, and determined by, the WAPC in consultation with the relevant stakeholders (State Government agencies and local government). The WAPC provides forty two (42) days for comments to be received from stakeholders. It is WAPC's decision whether to act on any advice or recommendation received from Council.

COMMENT

Under Council's Town Planning Scheme No 3, Town Planning Scheme Policy No. 11 'Applications for Subdivision'; the requirements for subdivision in the rural areas are "block size is no smaller than the prevailing lot sizes in the vicinity, and greater than two (2) hectares in area, and that each block subdivided has a well made developed road access to it".

The land usage for the lots remains agriculture and all lots have developed road access. The proposed subdivision complies with Council's Policy requirements and the WAPC has been advised that Council supports the application.

CONSULTATION

There has been no consultation on this matter.

STATUTORY ENVIRONMENT

The proposal complies with Council's Town Planning Scheme No. 3.

POLICY IMPLICATIONS

The proposal complies with Council's Town Planning Scheme Policy No. 11 'Applications for Subdivision'.

FINANCIAL IMPLICATIONS

Nil.

STRATEGIC IMPLICATIONS

There are no known strategic implications.

VOTING REQUIREMENTS

Simple Majority.

OFFICER RECOMMENDATION

That Council advise the Western Australian Planning Commission that it supports the proposed subdivision of Lots 2590 and 2 corner Sargent/Qualeup Roads, Kojonup (WAPC File 137391) on the basis that the proposed subdivision is consistent with Council's adopted Town Planning Scheme Policy No. 11 'Applications for Subdivision'.

COUNCIL DECISION

198/08 **MOVED Cr Benn seconded Cr Graham that Council advise the Western Australian Planning Commission that it supports the proposed subdivision of Lots 2590 and 2 corner Sargent/Qualeup Roads, Kojonup (WAPC File 137391) on the basis that the proposed subdivision is consistent with Council's adopted Town Planning Scheme Policy No. 11 'Applications for Subdivision'.**

CARRIED**8/0**

3.30pm Cr Marsh returned to the Chamber

The Presiding Member informed Cr Marsh of Council's Decision for Item 12.2

3.30pm Cr Benn declared a Financial Interest in Item 13.1 and left the Chamber

Cr Marsh read out a declaration to the meeting disclosing an Impartial Interest in Item 13.1 as he has made a financial donation to the Kodja Place Café.

13 CORPORATE & COMMUNITY SERVICES REPORTS

The Chief Executive Officer tabled "The Kodja Place Operational Review" from 'nbd marketing' written by consultant Jenny Warner (Nicholl) requesting that it become a public attachment to Item 13.1.

13.1 THE KODJA PLACE GOVERNANCE STRUCTURE

AUTHOR: Stephen Gash – Chief Executive Officer
 DATE: 12th June 2008
 FILE NO: 03.05.05
 ATTACHMENTS: Kodja Place Governance Cost Analysis Report – Summary Table
 Kodja Place Governance Cost Analysis Report

DECLARATION OF INTEREST

Nil.

SUMMARY

To consider the funding implications of the Kodja Place new governance structure.

BACKGROUND

On 21 November 2006 the Council resolved:

That a professional and independent project manager be engaged from February 2007 to facilitate the forming of a skills based Independent Board.

The Board was recommended due to the failure of all other governance models at The Kodja Place (TKP), the exhaustion of options from numerous previous reviews, and the desire to minimise the contribution of ratepayers to the precincts future running. The Kodja Place Advisory Committee was wound up on 21 November as a result of the resolution above.

Jenny Nichol was contacted late February 2007 to assist Shire officers examine process issues with forming the Board. Initial discussions identified that the formation of the Board could not be progressed until the business model of the café was known, ie whether it would be run by a separate commercial operator, a community group, or it could be managed by the proposed Board.

This decision was up to the Kodja Place Community Fund Inc (Café group) who were building the café with community donations and external grant funds.

The café business model was critical to discussions because without the opportunity to generate external revenue through the café the Board would always rely on ratepayer funding for the majority of the income. It would also be prerequisite information for potential Board members to clearly define what business they would be operating and provide an indicative budget, including the level of Shire funding.

The preliminary work was progressed as far as it could by the Shire and consultant, pending the requested advice on the business model from the café. On 7 December 2007 the Café group met with the Shire Chief Executive Officer and acknowledged the benefits of the Board involvement and they advised they would progress it with their members. At their next committee meeting in February 2008 the Café group minutes indicated debate on the merits of the Board management because of concerns regarding the timeframes and grant acquittal process of the café. It was not until March 2008 that the café group formally supported the Board.

This support from the Café group was conditional on them having a representative on the Board and that the Board would have the café operational by 30 June 2008. The Shire advised it was unable to meet these requests because the Council had previously stated it wanted an independent, not representative board, and the time frame was too short to have the entity created, Board formed, leases negotiated, operational funding approved by the Shire, staff employed to be operational in 14 weeks. After meetings on the Café group's requirements in April 2008 they were advised by the Shire of the intention to have the Board created by 30 June 2008.

With the business model of the Café known Jenny Nichol could complete the stakeholder consultation and prepare the information pack for potential Board members. The Shire officers developed an initial budget for the Kodja Place Board operating the precinct, to determine the operational funding contribution required by the Shire. This was based on the existing Shire budget and known costs of the Kojonup Tourist Association, and affiliated entities, from 2006/07 financial reports.

At the stakeholder consultation with the Kojonup Tourist Association (KTA) on 14 May 2008 their members indicated a preference to remain independent and there was discussion regarding the ability of the retail component to fund their operations with minimal assistance from the Shire or Board. More recent sales figures were requested by the Shire to fully assess this option, as any subsidy of KTA or visitor servicing would have a major impact on the viability of the Board, or overall funding of the precinct by the Shire.

The figures were provided by KTA on 9 June 2008 and have been utilised in the attached report and assessment. The report and options were compiled by the Chief Executive Officer.

COMMENT

Minimal funds have been spent on building renewal since 2001. The building, fit-out, and displays are now at an age and condition where \$30,000 should be allocated per year to capital renewal. This expenditure is required regardless of the governance option pursued.

There will also be \$40,000 required over the next 2-3 years to complete the parking, driveways and paths now that the café has been built.

The attached report analyses the cost of the proposed Kodja Place Board and other governance structures arising from the consultation process. The process identified cost escalation and allocation issues across the various stakeholders at TKP.

It should be noted that TKP hosts several attractions and provides services that are acknowledged as predominantly local government funded activities that would not be expected to be profitable in their own right. If these were not co-located at TKP the Shire would be expected to make a level of separate contribution and this is often not recognised when the funding of the entire precinct is discussed. The objective of an independent Board is to provide the skills, knowledge and commercial acumen to maximise external revenue generation and utilisation of the facility. This would support the core functions of the precinct, such as preserving and celebrating Kojonup's culture and history through the interpretive centre, and provide a focal point for visitor information.

It is hoped that the governance of the Board would provide flexibility to respond to opportunities, rather than the bureaucratic inertia often experienced by Shire governance and statutory requirements. As the precinct would be run by a not for profit entity any profit would be reinvested back into TKP and hopefully reduce the ratepayer contribution to its future operation.

When the financial analysis was conducted it was obvious there would still need to be significant investment by the Shire for several years. Based on the level of funding required Council requested that all the governance options previously assessed also be costed and compared within the report to verify the appropriateness of the Board.

Based purely on cost analysis options 2, 3, 5 and 6 are assessed as economically viable. These options are:

Option 2 The Board operates the entire complex (gallery, rose maze, retail shop and café). Visitor servicing is not located on site, other than local promotional and accommodation information

Option 3 The Board manages the gallery, rose maze, café and leases the retail shop area to allow KTA to run the retail shop and visitors centre. KTA remains a stand alone legal entity and can employ staff as required for visitor centre operations.

Option 5 No Board. The Shire would employ a centre manager to coordinate the gallery, rose maze, asset management, communication with stakeholders, promotion of TKP and coordinate events. The café group would need to lease the café to a commercial operator. KTA would lease the visitors centre / retail from the Shire.

Option 6 No Board. Café Group lease café to commercial operator. Shire operates basic visitor servicing and coordinate operations of the gallery, rose maze, events and promotion at TKP. There would be no accredited visitor centre KTA would have an advisory role to the Shire if they wished on overall tourism promotion of Kojonup.

In Council briefing sessions, workshops and the stakeholder consultation process there was an acknowledgement of the Kojonup Tourist Association's role in visitor servicing, however, there were also concerns regarding their capacity and cost escalation for any broader role. Options 3 and 5 focus the activities of KTA on visitor servicing to stay within their capacity and allow another body to coordinate activities, communication and manage the community assets on site.

Option 2 requires Council to determine the level of visitor servicing funds in conjunction with the Board funding consideration. Option 6 is a fall back position that involves cost minimisation, reallocation of resources away from visitor servicing, and maintenance of only a basic visitors centre.

The stakeholder consultation process identified that all groups supported the concept of a Board of management at TKP. Some stakeholders offered qualified support dependent on the level of funding or cost to ratepayers expressing concern at the scale of the transition from the current structure and need for an incremental approach to reaching the goal of the Board. Many stakeholders thought that the Board was essential and an overdue step to enable TKP to grow and be sustainable. They believed that the magnitude of the transition would be beneficial for cultural change and reinvigoration of stakeholders.

Although all options are relatively comparable in cost over 3 years there is a major difference in the associated risk. Options 2 and 3 have offset the total cost with profits generated by the café and if these are not realised there would be the requirement to adjust operations or seek further financial support from the Shire. These options also require loan funds from the Shire to the Board for initial working capital and the risk that if profits are not realised the loan may not be repaid according to initial terms.

The main decision for Council is the 'risk versus reward' consideration and their tolerance for the risk. Options 2 and 3 have the commercial risk, outlined above, but this is also based on assumptions and no trading history of the café, so the report attempts to validate estimates against the Café group's projections, comparisons with other business unit costs, and expected activity levels. If the café exceeds expectations there would be significant gain to ratepayers by reduced

Shire contribution, however, failure to meet targets may require a proportional increase in cost to ratepayers above the projections.

The comparison between options over the three year period also does not consider that the greatest potential benefit of options 2 and 3 would be achieved between 3 and 7 years after implementation due to expected growth of the business. Any increase in profit of the café after year 3 for options 2 and 3 would produce a reduction in the Shire contribution of the similar magnitude.

If there is the requirement for the Board to manage its costs and scale of activities in options 2 and 3, in line with revenue, then the impact of failing to meet profit expectations is minimised as it wouldn't necessarily mean extra funding is required by the Shire. Instead it may take longer to ramp up the business and potentially longer to repay the loan. The main financial risk for Council in relation to the loan is insolvency where the funds may have been absorbed to offset trading losses and then the Shire is responsible for repayment of the debt.

With Option 2, in addition to the commercial risk there is a greater risk regarding capacity and skills required from the Manager due to the scale of the operations. It could be argued that there may also be similar risk in Option 6 for the Shire if it was to take over management of the retail activities, however, the greater risk for Option 6 relates to the impact on volunteers and community groups. This is the social cost of the option.

Apart from the financial cost analysis performed in the report, and the social cost referred to above, there is also the opportunity cost that needs to be considered, or the risk in not proceeding with the Board at this point in time. Many stakeholders have conveyed frustration and a sense that this is the 'last chance'. There may be a perception that Option 5 offers an incremental approach and a chance to have things running a bit better before reaching the final goal of the Board.

Option 4 highlights there is no benefit in having a Board if they are simply to be a landlord and add another management layer without the ability to generate meaningful revenue. Therefore an incremental approach and transition from option 5 to option 3 in a few years time would require the board to "buy" the goodwill in the café business at a commercial rate to have the lease assigned. This may reduce the financial risk due to the uncertainty but would likely require a similar cost as the initial working capital loan to purchase the business depending on how successful the café has become.

The risk of further stakeholder decline as a result of not proceeding with the Board immediately and implementing Option 5 instead could be reduced if the Shire displays strong leadership and management. Leadership and communication were the two main themes from all stakeholder consultation and if Shire management display an inclusive and consistent approach to the management of the facilities and coordinate communication with the other activities on site, such as the visitor centre and café, many of the issues can be addressed.

Option 5 is a cost maintenance approach reducing the risk of financial impact to the Shire of cost escalation or commercial activity, however, this limits the ability for a truly unified approach to developing and growing the precinct and also risks losing the enthusiasm and passion of stakeholders and volunteers.

Shire officers recommend Council chose between Options 3 and 5, with Option 6 being a fall back position. If Option 5 is chosen then the formation of a Board may be reconsidered in 3 years time. As stated before the main consideration is "risk versus reward" and Council's tolerance of the risk.

Council officers are openly risk averse, in keeping with the governance requirements of managing public funds and the historical issues for Kojonup when projects may have been considered in the past that did not provide sufficient detail or document the risks and adequacy of controls/assumptions for the Council to make informed decisions. Therefore the officers' recommendation supports Option 5 on the basis of the cost and risk analysis, however, it is the Council, as the elected representatives of the community, that are best placed to consider potential benefit and risk tolerance of the community in relation to The Kodja Place.

CONSULTATION

Consultation has been conducted with all stakeholders at the Kodja Place. Operating models for similar facilities have been examined and Tourism WA consulted on Visitor Centre issues.

STATUTORY ENVIRONMENT

Local Government Act 1995.
Trade Practices Act Part IVA
Associations Incorporation Act 1987

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

\$20,000 in restructure costs have already been assigned in the 2007/08 budget.
The projected costs of options over 3 years are analysed in the attached summary table.

STRATEGIC IMPLICATIONS

The progression of TKP Board was highlighted as a priority action in the Shire of Kojonup Plan for the Future.

VOTING REQUIREMENTS

Simple Majority, unless otherwise stated for any budget amendment.

OFFICER RECOMMENDATION

1. That Council does not proceed with forming an independent Board to manage the Kodja Place
2. That Council advise the Café group that it is not proceeding with the Board and authorise the budget allocation for the Kodja Place restructure costs in 2007/08 to be used to assist the Café group with advertising costs and lease preparation to attract a commercial tenant.
ABSOLUTE MAJORITY REQUIRED
3. That Council authorise the Chief Executive Officer to prepare a memorandum of understanding and lease to document the tenancy, funding agreement, and role of the Kojonup Tourist Association in providing visitor services and present the details to the next Council meeting.
4. That Council foreshadow that if agreement cannot be reached on the terms of the memorandum of understanding, funding agreement, or lease with the Kojonup Tourist Association by 8 August 2008 that the Council will initiate action to operate visitor serving at the Kodja Place.
5. That Council note that the cost of the relevant funding agreements will be included in the 2008/09 budget for their approval.

ORIGINAL MOTION

/08

MOVED Cr Hewson seconded Cr Pritchard

1. That Council does not proceed with forming an independent Board to manage the Kodja Place
2. That Council advise the Café group that it is not proceeding with the Board and authorise the budget allocation for the Kodja Place restructure costs in 2007/08 to be used to assist the Café group with advertising costs and lease preparation to attract a commercial tenant.
3. That Council authorise the CEO to prepare a memorandum of understanding and lease to document the tenancy, funding agreement, and role of the Kojonup Tourist Association in providing visitor services and present the details to the next Council meeting.
4. That Council foreshadow that if agreement cannot be reached on the terms of the memorandum of understanding, funding agreement, or lease with the Kojonup Tourist Association by 8 August 2008 that the Council will initiate action to operate visitor serving at the Kodja Place.
5. That Council note that the cost of the relevant funding agreements will be included in the 2008/09 budget for their approval.

CARRIED/LOST

/

Cr Hewson, with Cr Pritchard's agreement, withdrew the original motion.

4.40pm Cr Marsh left the chamber

4.41pm Cr Carrington-Jones left the chamber

4.44pm Crs Marsh and Carrington-Jones returned to the chamber

4.45pm The meeting adjourned for a 5 minute break

4.50pm The meeting reconvened and all those present before the break, returned to the chamber

COUNCIL DECISION

199/08 **MOVED Cr Marsh seconded Cr Carrington-Jones that Council pursue the forming a Board to manage the Kodja Place.**

LOST 2/6

5.30pm Cr Trethowan left the chamber.

COUNCIL DECISION

200/08 **MOVED Cr Hewson seconded Cr Graham that Council does not proceed with the forming of an independent Board to manage the Kodja Place at this time**

CARRIED 5/2
Crs Marsh and Carrington-Jones voted against the motion

COUNCIL DECISION

201/08 **MOVED Cr Graham seconded Cr Pritchard that Council advise the Café group that it is not currently proceeding with the Board option and also advise the Café group that Council will assist with progression to commercial tenancy of the Café area.**

CARRIED 6/1
Cr Marsh voted against the motion

COUNCIL DECISION

202/08 **MOVED Cr Hewson seconded Cr Pritchard that Council progress with Option 5 of the Kodja Place Governance Structure Report, which is currently no board, the Visitor's Centre is leased to Kojonup Tourist Association and the management of the Interpretive Centre, building, gallery and grounds is undertaken by the Shire with a review undertaken by June 2009.**

CARRIED 6/1
Cr Marsh voted against the motion

COUNCIL DECISION

203/08 **MOVED Cr Carrington-Jones seconded Cr Hewson that Council authorise the Chief Executive Officer to prepare a memorandum of understanding and lease to document the tenancy, funding agreement, and role of the Kojonup Tourist Association in providing visitor services and present the details to the next Council meeting.**

CARRIED 6/1
Cr Marsh voted against the motion

COUNCIL DECISION

204/08 **MOVED** Cr Carrington-Jones seconded Cr Hewson that Council foreshadow that if agreement cannot be reached on the terms of the memorandum of understanding, funding agreement, or lease with the Kojonup Tourist Association by 8 August 2008 that the Council will initiate action to operate visitor serving at the Kodja Place.

CARRIED **6/1**
Cr Marsh voted against the motion

COUNCIL DECISION

205/08 **MOVED** Cr Hewson seconded Cr Pritchard that Council note that the cost of the relevant funding agreements will be included in the 2008/09 budget for their approval.

CARRIED **7/0**

5.59pm Cr Benn returned to the chamber

The Presiding Member advised Cr Benn of Council Decisions regarding Item 13.1

14 **COMMITTEES OF COUNCIL**

Nil

15 **MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

The Chief Executive Officer tabled his response to the “Systemic Sustainability Study” (SSS), culminating in the publication of “The Journey”.

COUNCIL DECISION

206/08 **MOVED** Cr Marsh seconded Cr Graham that Council endorse the tabled response by the Chief Executive Officer (CEO) to the “Systemic Sustainability Study” (SSS), culminating in the publication of “The Journey” and authorise the CEO to submit the response to WALGA as the Council’s endorsed position.

CARRIED **8/0**

16 **NEW BUSINESS**

The Chief Executive Officer requested Council to consider a matter of urgency relating to the call for nominations for vacant positions to the Blackwood Basin Group (Inc) that require to be advised by Friday 27th June 2008.

COUNCIL DECISION

207/08 **MOVED** Cr Hewson seconded Cr Benn that Council consider new business raised by the Chief Executive Officer in relation to the Blackwood Basin Group (Inc).

CARRIED **8/0**

COUNCIL DECISION

208/08 **MOVED** Cr Carrington-Jones seconded Cr Pritchard that Cr Jill Mathwin be nominated to fill the vacancy on the Blackwood Basin Group (Inc).

CARRIED **8/0**

17 CONFIDENTIAL REPORTS

Nil

18 NEXT MEETING

Tuesday 15th July 2008 commencing at 3:00pm.

19 CLOSURE

There being no further business to discuss, the President thanked the members for their attendance and declared the meeting closed at 6.11pm.

20 APPENDICES AND TABLED DOCUMENTS

- Item 13.1 "The Kodja Place Operational Review" from 'nbd marketing' written by consultant Jenny Warner (Nicholl)
- Item 15 Systemic Sustainability Study response
- Item 16 Letter from the Blackwood Basin Group (Inc)

21 ATTACHMENTS

- Item 10.1 Financial Statement of Financial Activity 1st July to 31st May 2008
- Item 10.2 Monthly Payment Listing details
- Item 12.1 Plan of Subdivision Pt. Location 7571 (5.8856ha)
- Item 12.2 Plan of Subdivision of Lots 2590 and 2
- Item 13.1 The Kodja Place Governance Cost Analysis – Summary Table

Presiding Member

Date