



AGENDA
SPECIAL MEETING
WEDNESDAY, 15 MAY 2013

Notice is given that the next Special Meeting of Council of Tiwi Shire Council will be held on:

- Wednesday, 15 May 2013 at
- Wurrumiyanga
- Commencing at 10:00 am

Your attendance at the meeting will be appreciated.

Alan Hudson
Chief Executive Officer

AGENDA

1 WELCOME & APOLOGIES

- 1.1 WELCOME
- 1.2 PRESENT
- 1.3 APOLOGIES
- 1.4 LEAVE OF ABSENCE
- 1.5 DECLARATION OF INTEREST OF MEMBERS OR STAFF
- 1.6 ELECTION OF CHAIRPERSON
- 1.7 CONFIRMATION OF PREVIOUS MINUTES

Special Meeting - 21 February 2013

2 BUSINESS ARISING

Nil

3 CORRESPONDENCE

Nil

4 GENERAL BUSINESS

Nil

5 REPORTS FOR DECISION

- 5.1 FINALIZATION OF LEASE ARRANGEMENTS BETWEEN TIWI ISLANDS SHIRE
COUNCIL AND THE EXECUTIVE DIRECTOR OF TOWNSHIP LEASING..... 3

6 REPORTS FOR INFORMATION

Nil

7 NEXT MEETING

REPORTS FOR DECISION

ITEM NUMBER	5.1
TITLE	Finalization of lease arrangements between Tiwi Islands Shire Council and the Executive Director of Township Leasing
REFERENCE	119715
AUTHOR	Alan Hudson, Chief Executive Officer



A Special Meeting of Council has been convened to consider the terms and properties to be included in proposed leases of Council occupied sites within the Wurrumiyanga and Milikapiti communities. This report enables discussion with a view to seeking Council's endorsement of these lease agreements.

BACKGROUND

The Executive Director of Township Leasing, on behalf of the Australian Government entered into lease agreements covering the townships of Wurrumiyanga (2007) and Milikapiti (2012). The effect of these leases is that tenure (property control) of the entirety of these townships now sits with that office. Negotiations for this Shire to secure subleases over sites it requires have been ongoing since 2008. Initial proposals were based on "Improved Capital value". In effect this meant that Council was being asked to pay high rents based on the value of buildings that it had actually paid for.

At this time Council has entered into subleases over two sites at Wurrumiyanga only (the commercial centre and the "motel")

ISSUES/OPTIONS/CONSEQUENCES

A consensus has now been reached (with all Shires) that lease costs should be based only on the "unimproved capital value" (UCV, the value of the land only). Whilst this Shire was asked repeatedly by the Northern Territory Government (NTG) not to sign leases "...because we may set a precedent that the Government could not afford...", the NTG have already agreed to leases on all Government sites within these Communities based on rates of 7% and 10% of the UCV for residential and commercial premises respectively.

Attached is a list of the sites required for Council's continuation of current services and the proposed rentals for each.

There are some exceptions where we are able to continue provision of services because the Australian Government Departments we provide these services on behalf of, have made alternative arrangements/agreements with the OTL. These include all our child care facilities.

Likewise there are key facilities within each of the towns which Council needs to decide whether it is necessary to actually have tenure of, to support continued community services. In particular sites such as parks and sporting ovals are excluded, despite Council maintaining them.

In financial terms Council needs to be aware that, at this time the costs of these leases are totally unfunded. The costs of these leases will however be reflected in budgets for all programs and functions when presented for Council consideration later this month and for approval late in June 2013. Subsequent to entering into such lease agreements it will be necessary for all services provided by Council to also meet a share of the costs incurred.

As the list of sites stands the total cost would start at \$172,558 (with the possible addition of the aerodromes at a cost of a further \$71,930).

Key issues that also need to be considered are as follows:

- Current uncertainty about the immediate future of major programs and Shire revenue sources, in particular CDEP and the Housing Repairs and Maintenance contract. A short term initial agreement is suggested for this reason.
- Pending restructuring of Local Government
- The need for agreement on which CPI measure is to be used for annual rental increases
- Determination of the commencement date (currently proposed as **1 July 2012**) and prospectively payment of the full amount of one year's rent immediately and another 25% of the annual rental early in the new financial year (a likely cost of \$215,697 in the next 8-10 weeks)

CONSULTATION & TIMING

This matter has been considered as a prospective cost to Shire in past Shire meetings and planning Forums. It has also been the subject of discussions at a number of Tiwi Clan group meetings.

The current proposal from EDTL is a reflection of both consensus reached at Shire forums as to consistency and many meetings between staff and local staff of OTL.

RECOMMENDATION:

That subject to Councils final determination of sites for inclusion in subleases and clarification of the issues raised above, Council consent to the Tiwi islands Shire Council entering sub-leases in the Townships of Wurrumiyanga and Milikapiti.

ATTACHMENTS:

There are no attachments for this report.