



Shire of
Katanning
Heart of the Great Southern

‘Katanning is a safe, sustainable, and prosperous community.
We respect and celebrate our diverse culture.’

**NOTICE OF
SPECIAL COUNCIL MEETING**

Dear Council Member

A Special Council Meeting of the Shire of Katanning will be held on
Thursday 1 October 2026 in the Shire of Katanning Council Chambers,
52 Austral Terrace, Katanning, commencing at 5.30pm.

Peter Klein
CHIEF EXECUTIVE OFFICER
29 September 2026

DISCLAIMER

The Council of the Shire of Katanning hereby
advises that before taking any action on an application or a
decision of the Council, any applicant or members of the
public should wait for written advice from the Council.

PRESIDING MEMBER _____ DATE SIGNED _____

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1. DECLARATION OF OPENING/ ANNOUNCEMENT OF VISTORS

The Presiding Member declared the meeting open at ____ pm.

Acknowledgement of Country

The Shire of Katanning acknowledges the Goreng Noongar people as the traditional custodians of the land that we live and work on. We recognise their cultural heritage, beliefs, and continuing relationship with the land and pay our respects to Elders past and present.

2. RECORD OF ATTENDANCE

PRESENT

Presiding Member: Cr Kristy D'Aprile - President

Members: Cr Ian Hanna – Deputy President
Cr Matt Collis
Cr Gemma Trolove
Cr Danny McGrath
Cr Paul Totino
Cr John Goodheart

Council Officers: Peter Klein, Chief Executive Officer
David Blurton, Executive Manager Corporate Services
Lisa Smith, Acting Manager Operations
Taryn Human, Executive Assistant to CEO

Gallery:

Media:

Apologies:

Leave of Absence:

3. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

4. DISCLOSURE OF FINANCIAL/IMPARTIALITY INTERESTS

5. PUBLIC QUESTION/STATEMENT TIME

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7. EXECUTIVE MANAGER CORPORATE SERVICES

7.1 Lease of Childcare Facility, 33 Daping Street, Katanning (Attachments)

File Ref: CP.TE.6
Reporting Officer: David Blurton, Executive Manager of Corporate Services
Date Report Prepared: 29 September 2026
Disclosure of Interest: No Interest to disclose

Issue:

To present the public submissions received regarding Council's intention to lease the new childcare facility at 33 Daping Street, Katanning to Gowrie and to consider proposed amendments to the lease before execution.

Body/Background:

At Council's August 2026 Ordinary Council Meeting, the Council resolved as follows.

Officer's Recommendation/Council Motion:

MOVED: CR PAUL TOTINO

SECONDED: CR JOHN GOODHEART

OC113/26 That Council:

- 1. Notes the completion of the Expression of Interest process for the proposed lease and operation of the childcare facility at 33 Daping Street, Katanning.**
- 2. Endorses the selection panel's recommendation of a preferred applicant, subject to satisfactory completion of lease negotiations, due diligence, statutory requirements and any necessary approvals.**
- 3. Subject to ministerial approval and no submission being received through the local public notice of its intention to dispose of property under section 3.58 of the act, authorises the Chief Executive Officer to negotiate the final terms of the lease agreement based on the draft lease as previously presented to Council.**
- 4. The Shire President and Chief Executive Officer execute the Lease Agreement, under Common Seal, in accordance with section 9.49A of the Local Government Act 1995.**

CARRIED: 7/0

**FOR: CR KRISTY D'APRILE, CR IAN HANNA, CR GEMMA TROLOVE, CR DANNY MCGRATH, CR
MATT COLLIS, CR PAUL TOTINO, CR JOHN GOODHEART
AGAINST: NIL.**

Local public notice of Council's intention to lease the facility was given in accordance with section 3.58 of the *Local Government Act 1995*. Six submissions were received and are attached to this report.

During this period, discussion also continued with Gowrie on the proposed lease terms and several proposed changes were put forward by Gowrie.

As the proposed lease site is a reserve vested to the Shire of Katanning with authority to lease, Officers also sought Ministerial approval for the lease and this was received on 4th September 2026.

Officer's Comment:

The table below identifies the six submissions received. Each submission will be acknowledged and, where questions have been raised, a response will be provided.

1. Amy Baxter
2. Jane Hung
3. Sophia Belle
4. Belinda Nolan
5. Ben Guazzelli
6. Vista and Carcillar Family

Generally, the submissions oppose Council entering a lease with Gowrie on that basis that an established local provider should have been awarded the opportunity. One submission supported the proposed lease.

As detailed in the officer's report to the August meeting, the Shire of Katanning undertook an extensive process to determine the preferred provider including establishing a panel with 2 independent members familiar with the childcare industry, extensive analysis of financial forecasts, business cases, risk management plans and service offerings.

Officers acknowledge the submissions received and the concerns raised about the selection process. However, the submissions do not alter the officer recommendation that Council proceed with the lease of the premises to Gowrie.

Proposed Lease Changes

Gowrie referred the draft lease to its legal representatives and have proposed several amendments and clarifications, and these are outlined below. Please note, any amendment to the lease will require renewed Ministerial approval before execution.

1. *Repairs, maintenance and replacements*

As currently drafted, clause 11 appears to place responsibility for maintaining, repairing and replacing the premises, including the Shire's fixtures and fittings, entirely with Gowrie. This includes safety, testing and essential-service obligations, with no corresponding obligation placed on the Shire.

We fully accept responsibility for routine maintenance and for any damage arising from Gowrie's actions or negligence. Our concern relates to matters that would ordinarily remain the responsibility of a building owner, particularly:

- structural repairs and latent defects;*
- keeping the building wind and watertight;*
- maintaining the building's essential services in effective working order; and*
- replacing capital items, such as air-conditioning systems, when they reach the end of their useful life.*

Given that the lease may extend to an aggregate term of 15 years, it is likely that some significant repairs or replacements will arise through age or ordinary use rather than through any fault of Gowrie.

The Shire's leasing policy provides a helpful allocation of responsibilities. Although we acknowledge that the proposed lease exceeds the policy's stated maximum term of 10 years, could the Shire please consider confirming that it will remain responsible for the items allocated to the lessor in that Appendix? This could potentially be achieved by annexing Appendix 1 to the lease and including a special condition clarifying the parties' respective responsibilities.

Ideally, the lease would also clearly define the Shire's responsibilities for major building services, the standards to which those services must operate, and an appropriate rent abatement if a significant failure prevents Gowrie from using all or part of the premises.

Officers comment – given the Council's intent to place rent funds into a reserve for future replacement of capital items and the Council's leasing policy (2.10) which defines its own responsibilities regarding replacement of capital items, an adjustment to the draft lease is supported.

2. Rent reviews

Our understanding is that all rent reviews will be based on CPI, including the review at the beginning of the option term in year 11, should the option be exercised. Could the Shire please confirm that this is correct? If a market rent review is intended at that point, our lawyers have advised that clause 6.4(2) contains a drafting issue that would need to be corrected.

Officer's Comment – Item 6 of the Schedule confirms that CPI reviews apply on each anniversary of the Commencement Date, including during any Further Term. No amendment is required.

CPI Review

CPI Review on each anniversary of the Commencement Date, including any Further Term.

3. Insurance

Clause 8.7 allows the Shire to settle an insurance claim on Gowrie's behalf and requires Gowrie to obtain the Shire's approval before settling a claim. Our lawyers are concerned that this may

conflict with the requirements of Gowrie's insurer and have recommended that the clause be deleted. We would appreciate the Shire's consideration of this request.

Officers Comment – support deletion.

4. *Appointment as attorney*

Clause 8.8 appoints the Shire as Gowrie's attorney for several purposes. Our lawyers have also recommended that this clause be deleted, and we would welcome the Shire's consideration of this amendment.

Officers Comment – support deletion

5. *Registration of the lease*

As the premises are situated on Crown land, advice given to me is that the lease must be registered for it to take effect. The document provided does not currently appear to be in registrable form. If that understanding is correct, could the Shire please arrange for the lease to be prepared in the appropriate form?

Clause 5.4(1)(d) also requires Gowrie to meet the cost of preparing the survey plan needed for registration. As the survey relates to the Shire's land and may also need to identify other buildings on the site, we respectfully ask whether the Shire could meet this cost.

Officer's Comment – Officers will obtain further legal and Landgate advice on whether the lease must be registered and whether a survey plan is required. If registration and survey costs are incurred, it is recommended that Gowrie remain responsible for those costs in accordance with the draft lease.

6. *Approvals and conditions*

Finally, we would appreciate confirmation that the zoning, planning requirements and other approvals relating to the premise's use as an early childhood education and care service are in place or can be obtained without issue.

Gowrie will, of course, be responsible for obtaining its service-specific regulatory approvals. However, it may be appropriate for the lease to be conditional upon Gowrie securing the necessary consents and licences, including approval for an agreed minimum number of places, by a specified date. This would protect both parties if an essential approval cannot be obtained despite their best efforts.

Our lawyers' review of the land was limited to a title search and did not extend to planning, zoning or operational licensing matters. I would therefore welcome the opportunity to discuss whether any appropriate conditions should be included.

Officers Comment – Officers are confident there are no outstanding approvals or conditions that may limit the building's operation as a childcare facility and there is therefore no opposition to inserting a clause making the lease conditional on having appropriate approvals in place.

Afterhours school care

An issue has come to light recently with the building design which may impact running holiday care and afterhours school care from the building. For children aged 4 and under, childcare staff are required to view each child while they go to the toilet, and the building has been designed with this in mind. However, this becomes a privacy issue with older children.

A possible solution is to allow Gowrie the use of a section of the family centre building, which has already been discussed with Gowrie.

Operating outside school hours care (OSHC) from the family centre could certainly work, provided the required use of the space would not unduly affect other community bookings. If before and after-school care were to operate, we would need exclusive use of an appropriate section of the centre from approximately 7:00am to 8:30am and 2:30pm to 6:00pm. During school holiday periods, we would require the allocated space from 7:00am to 6:00pm.

Operating from the family centre would be subject to approval from the Education and Care Regulatory Unit (ECRU), although we anticipate that this should be achievable if the space meets the relevant requirements. As an example, to accommodate 20 school-aged children, we would require 65m² of unencumbered indoor space, access to suitable toilets and 140m² of unencumbered outdoor space. I hope these measurements assist when considering whether space may be suitable/available.

I am very willing to explore creative options to help meet the care needs of Katanning families. We will also ask ECRU whether the childcare facility could accommodate school-aged children through appropriate risk assessments and supervision plans, including arrangements for using the accessible bathroom. Ideally, we could explore whether the family centre, together with the childcare facility (access to the accessible toilet), could be approved for OSHC. Exploring both would help prevent the number of OSHC places from being limited by the number of early learning children attending the childcare facility.

Officers will continue to investigate the proposal with Gowrie and the relevant childcare regulators, including the operational requirements, regulatory approvals, effect on community bookings and appropriate terms of access to the Family Centre.

Statutory Environment:

The proposed lease constitutes a disposition of property under section 3.58 of the Local Government Act 1995 because it involves the lease of local government property. Local public notice has been given as required, and the submissions received are presented to Council for consideration before a final decision is made.

Policy Implications:

Policy 2.10 Lease / Licence of Community Assets is relevant to define responsibilities of each party to the lease.

Financial Implications:

- Allocating greater responsibility to Council for the replacement of capital items will create future expenditure obligations. However, Council intends to place the full annual market rent into a reserve specifically for this purpose.
- If legal and Landgate advice confirms that the lease must be registered, survey, plan preparation and registration costs may be incurred. Under the draft lease, these costs would be borne by Gowrie.

Risk Implications:

- Making the lease conditional upon Gowrie securing the necessary consents and licences creates a risk that the lease may not proceed or be delayed. However, because the building has been specifically designed to comply with the relevant standards, this risk is assessed as Low (4). Zoning, planning, building and health requirements are administered through Shire-controlled processes and can be managed separately.

Strategic Implications:

Shire of Katanning Strategic Community Plan 2022 - 2032

Focus Area	Social
Aspiration	Katanning is a vibrant active place that encourages its community to thrive.
Objective	To provide support for the physical and mental health and wellbeing of our community.

Voting Requirement: Simple Majority

Officer's Recommendation/Council Motion:

OC/26	That Council:
	1. Notes the completion of the public submission period concerning Council's intention to lease the new childcare facility at 33 Daping Street, Katanning to Gowrie Inc. 2. Supports changes to the draft lease as identified in the body of this report. 3. Authorises the Chief Executive Officer to investigate the potential use of part of the Family Centre for outside school hours care and school holiday care, including regulatory requirements, impacts on community bookings and appropriate access arrangements, and to report the outcome to Council. 4. Subject to Ministerial approval of the amended lease, authorises the Chief Executive Officer and Shire President to execute the lease agreement under the common seal in accordance with section 9.49A of the Local Government Act 1995 and consistently with the terms described in the public notice.

CARRIED/LOST:
FOR:
AGAINST:

8. CHIEF EXECUTIVE OFFICER

8.1 Proposed Old Saleyard Lease - Commodity Ag

(Attachment 1 – Lease Agreement)

(Attachment 2 – Schedule of Submissions)

(Attachment 3 – Submissions Received)

File Ref:

Reporting Officer: Peter Klein, Chief Executive Officer

Date Report Prepared: 28 September 2026

Disclosure of Interest: No Interest to disclose

Issue:

The Council is required to consider submissions received prior to determining a position on the proposed lease to Commodity Ag of Lots 531–534 and portions of Lots 506-509 Dore Street, Katanning. This consideration is to have regards to the following matters;

- a) the strategic and economic benefits associated with supporting agricultural and industrial activity in Katanning;
- b) the General Industry zoning of the land and the compatibility of the proposed use with the industrial character of the locality;
- c) the two-year planning approval granted for the proposed use and the conditions imposed to manage potential impacts;
- d) the Council’s assessment that the matters raised through public consultation can be appropriately managed through the planning approval, approved management plans, applicable legislation and lease conditions;
- e) the temporary nature of the proposed lease, with no option to extend;
- f) the requirement for the lessee to obtain all separate statutory approvals required for activities undertaken on the site, including any approval required for fumigation; and
- g) the market value and proposed commercial terms of the lease.

Body/Background:

At the August Council meeting, Council resolved to:

1. Grant a two-year planning approval notice for the use and development of Lots 531–534 and portions of Lots 506–509 Dore Street, Katanning, for the receipt, stockpiling and transfer of grain. The planning approval is subject to an extensive range of conditions intended to minimise impacts on surrounding land uses, amenity, the environment and public health.
2. Invite public comment on the proposed lease of Lots 531–534 and portions of Lots 506–509 Dore Street, Katanning, to Commodity Ag.

The subject land is owned by the Shire and is located within the General Industry zone under Local Planning Scheme No. 5.

In accordance with section 3.58 of the *Local Government Act 1995*, the Shire gave local public notice of the proposed disposition of the land by way of lease. Section 3.58 permits a local

government to dispose of property other than by public auction or tender where local public notice is given, submissions are invited and any submissions received are considered before the local government agrees to the disposition. Where the decision is made by Council, the decision and reasons are required to be recorded in the minutes.

The public notice identified the land, proposed lessee, proposed lease term and rental consideration and invited submissions. At the close of the advertising period, four submissions were received.

The submissions do not oppose the principle of leasing the land to Commodity Ag. The principal concerns raised relate to the potential impacts of the proposed grain storage and handling operation on surrounding businesses, residents and sensitive land uses.

Officer's Comment:

Nature of the proposed use

The proposed use of the land is for the receipt, stockpiling and transfer of grain.

The planning approval granted by Council is for a fixed period of two years and is subject to a comprehensive range of conditions intended to manage the potential impacts of the operation.

The proposed lease and planning approval are separate matters.

The planning approval establishes the planning framework and conditions under which the approved use may operate.

The lease provides Commodity Ag with a right to occupy the Council-owned land subject to the terms and conditions of the lease.

The lease does not, of itself, authorise activities that require separate planning, environmental, public health, dangerous goods or other statutory approval.

Dust and sediment

Dust was a common concern across the submissions.

The Shire acknowledges that grain handling, vehicle movements, site establishment and activities undertaken on unsealed surfaces have the potential to generate dust.

The potential for dust and sediment transfer was considered as part of the planning assessment.

The planning approval requires effective management of dust and sediment and requires compliance with the approved Dust and Sediment Management Plan.

The management requirements are intended to address dust generated from site works, vehicle movements, grain handling and other activities associated with the operation.

The planning approval also provides a mechanism for the Shire to investigate complaints and address non-compliance where the approved conditions or management requirements are not being met.

Compliance with the planning approval is mandatory and is not at the discretion of the operator.

The draft lease reinforces this requirement by expressly requiring the lessee to comply with the planning approval and all approved management plans.

Traffic and heavy vehicles

Several submissions raised concerns regarding heavy-vehicle movements, road trains, headlights, engine noise, road dust and general traffic impacts.

The traffic implications of the proposed use were considered as part of the planning assessment.

The site is located within an established industrial area and the proposed access arrangements utilise designated heavy-vehicle routes.

The planning approval establishes requirements for access and site operation. The operator is also required to comply with applicable road traffic legislation and any requirements imposed by Main Roads WA or other relevant authorities.

The Council considers the anticipated traffic associated with the temporary use can be appropriately managed through the approved access arrangements and applicable road and planning requirements.

Pests and rodents

Concerns were raised about the potential attraction of rodents, birds and grain insects associated with grain storage.

The Council acknowledges that poor site management could increase the potential for grain spillage and waste to attract pests.

The operator is required to maintain the site in an appropriate and orderly condition and to manage waste and spilled grain arising from the operation.

The lease reinforces the requirement for the premises to be maintained in a clean and orderly condition and for the lessee to comply with all applicable public health requirements.

Fire and grain dust

A submission also raised concerns about fire and potential grain-dust explosion risks.

The operation remains subject to applicable building, fire safety, workplace health and safety and emergency management requirements.

These matters are not removed or diminished by the proposed lease.

Where specialist approvals, certifications or emergency management requirements are imposed by another regulatory authority, the lessee remains responsible for obtaining and complying with those requirements.

Fumigation and chemical use

One submission raises specific concerns regarding the potential use of fumigants, including phosphine, and the proximity of the proposed site to residential and sensitive land uses.

This matter warrants specific consideration.

The current planning approval is for the receipt, stockpiling and transfer of grain. It does not provide an unrestricted approval for fumigation activities.

The Department of Health also advises that, as part of its fumigation approval process, the proponent must obtain written confirmation from the local government that fumigation activities are permitted at the proposed site. Local government information is taken into consideration by the Department when assessing the application.

The Department's fumigation guidance identifies the need to consider surrounding land uses, including residences and educational & care facilities. The guidance states that fumigation sites should not be approved where the nearest sensitive receptor boundary is within 100 metres of the proposed fumigation site.

Accordingly, the proposed lease should not be interpreted as approval for fumigation.

If Commodity Ag proposes to undertake fumigation during the lease term, they must obtain all approvals required under the *Health (Pesticide) Regulations 2011* and any applicable planning legislation before commencing the activity.

The Council can also identify any relevant planning or environmental health concerns to the Department of Health if a fumigation application is subsequently made.

Given the proximity of sensitive land uses identified in the submissions, the lease expressly requires all necessary statutory approvals to be obtained before any fumigation activity occurs.

Stormwater

Concerns were raised about stormwater and runoff from grain storage, truck movement and machinery areas.

Stormwater management was considered as part of the planning assessment, and the planning approval contains requirements intended to ensure stormwater is appropriately managed on the site and does not cause adverse impacts to adjoining land.

The operator remains responsible for maintaining stormwater management infrastructure and for ensuring that runoff from the site does not adversely affect the neighbouring creek & properties.

Lighting

Potential impacts from lighting and light spill associated with night-time operations were raised in one submission.

Any lighting associated with the approved operation is required to be appropriately designed and operated to minimise unreasonable impacts on surrounding properties.

The temporary nature of the operation and the industrial zoning of the site have also been considered in assessing the overall amenity impacts.

Cumulative impact on surrounding land uses

The submissions raise an important issue about the cumulative impact of dust, noise, traffic, pests, lighting and other activities rather than considering each matter in isolation.

The Shire's planning assessment considered the overall compatibility of the proposed use with the surrounding industrial and residential environment. The site is located within the General Industry zone, and the proposed Warehouse/Storage use is considered consistent with the objectives of the zone.

The purpose of the temporary approval is also relevant. The proposed use is limited to a two-year period and does not establish an entitlement to continue operating from the site beyond that period.

The Council considers that the identified impacts can be managed through the planning approval, approved management plans, applicable legislation and the proposed lease conditions.

Planning consultation

One submission queried why the development application for the Old Saleyard site was not subject to a public consultation process.

In accordance with the Shire's Local Planning Scheme (rule book on land use and development matters), public consultation is not required for the proposed use within the 'General Industry' zone. As per the Shire's Local Planning Scheme, the proposal complies with the objectives of the General Industry zone.

Lease term and future use

Management has negotiated a two-year lease with no option to extend the term.

The temporary arrangement provides Commodity Ag with an opportunity to operate from the site while progressing negotiations for a potential longer-term and more substantive facility elsewhere.

Any proposal to continue the use beyond the approved period would require further consideration and would not occur automatically as a consequence of the proposed lease.

Valuation

The subject land is owned by the Shire.

An independent valuation has been obtained to establish the market value of the proposed leasehold interest and inform the proposed lease consideration.

The lease has been prepared having regard to the valuation and the commercial terms approved by Council.

Overall officer assessment

The four submissions have been considered in accordance with section 3.58 of the *Local Government Act 1995*.

A common feature of the submissions is that none of the submitters oppose the principle of the Council leasing the land to Commodity Ag. Rather, the submissions seek assurance that the proposed grain operation can operate without causing unreasonable impacts to surrounding businesses, residents and sensitive land uses.

The principal concerns raised are:

- dust and sediment;
- noise;
- heavy-vehicle traffic;
- pests;
- stormwater;
- lighting;
- fire and emergency management;
- chemical use and potential fumigation; and
- cumulative impacts on surrounding land uses.

These matters have been considered through the planning assessment and are subject to conditions imposed on the planning approval and requirements under other applicable legislation.

The proposed lease further reinforces these requirements by making continued occupation of the land conditional upon compliance with the planning approval and all other applicable statutory requirements.

In relation to fumigation, the lease does not create any implied approval for the activity. Any proposed fumigation must be separately assessed and approved through the applicable public health and planning processes before it occurs.

The proposed two-year lease is temporary, contains no option to extend and provides the Council with an opportunity to monitor the operation and consider any future proposal separately.

On balance, the matters raised in the four submissions do not identify a matter that prevents the Council from proceeding with the proposed lease.

It is therefore recommended that Council proceed with the proposed two-year lease, noting that the lease conditions require compliance with the planning approval and all other statutory requirements.

Conclusion

The Council has undertaken the required notice period & call for submissions for the proposed lease and has considered the four submissions received.

The submissions identify legitimate concerns about the potential operation of a grain storage and handling facility in proximity to existing businesses and residential properties. The concerns have been considered in the context of the planning approval, the conditions imposed on the approved use and the separate regulatory requirements applicable to matters such as noise, public health, fire safety and fumigation.

The proposed lease is for a temporary period of two years and does not include an option to extend. The lease has been structured to ensure that the lessee is required to comply with the planning approval and all applicable statutory requirements and cannot rely on the lease as approval for activities requiring separate authorisation.

Subject to these safeguards, officers consider that the proposed lease can proceed.

Statutory Environment:

Section 3.58 of the *Local Government Act 1995* provides that a local government may dispose of property by a method other than public auction or tender where, before agreeing to dispose of the property, it gives local public notice, invites submissions and considers submissions received before the closing date. Where Council makes the decision, the decision and reasons are to be recorded in the minutes.

The proposed lease has been publicly advertised in accordance with section 3.58 and four submissions were received.

Council is therefore required to consider those submissions before deciding whether to proceed with the proposed lease.

Policy Implications:

Nil.

Financial Implications:

This matter presents a financial benefit to Council & the Katanning community as it mobilises the land's lease & ratable values and by activity on the lease site creating economic activity.

Risk Implications:

This risk of Council not facilitating this business opportunity has been evaluated against the Council's Risk Assessment and Acceptance Criteria and is considered to present a "Likely" reputational risk, as many grain growers would expect Council to facilitate grain marketing competition and the consequence of not doing so to be "Moderate".

Consequence	Insignificant	Minor	Moderate	Major	Extreme
Likelihood					
• Almost Certain	Medium	High	High	Severe	Severe
• Likely	Low	Medium	High	High	Severe
• Possible	Low	Medium	Medium	High	High
• Unlikely	Low	Low	Medium	Medium	High
• Rare	Low	Low	Low	Low	Medium

Mitigation of this risk by accommodating Commodity Ag, as outlined by this paper, will reduce the likelihood of reputational risk to "Low" with a "Minor" consequence.

Strategic Implications:

Shire of Katanning Strategic Community Plan 2022 – 2032

Focus Area Economic

Aspiration Katanning is an economic hub of the Great Southern region, offering a range of employment and business opportunities.

Objective To enable more businesses to locate in Katanning to support the needs of the local population.

Voting Requirement: Simple Majority

Officer's Recommendation/Council Motion:

OC/26 That Council:

1. Notes the four submissions received in response to the Shire of Katanning's Local Public Notice dated 10 September 2026 regarding the proposed lease of approximately 32,292 m² of the Old Saleyard site, comprising Lots 531–534 and portions of Lots 506–509 Dore Street, Katanning, to Capital Bulk Pty Ltd as trustee for Commodity Ag.
2. Notes that the submissions do not object to the principle of the Council leasing the land to Commodity Ag but raise concerns regarding the potential impacts of the proposed grain receipt, storage and transfer operation, including dust, noise, traffic, pests, stormwater, lighting, fire safety and potential fumigation.
3. Considers the matters raised in the four submissions and the Officer's responses as detailed in this report.
4. Resolves to proceed with the proposed two-year lease of Lots 531–534 and portions of Lots 506–509 Dore Street, Katanning, to Capital Bulk Pty Ltd as trustee for Commodity Ag, subject to the lease being executed on the terms contained in the attached lease agreement.

5. Requires that no fumigation activity be undertaken on the leased premises unless and until all required planning, public health and other statutory approvals have been obtained, including any approval required from the Department of Health.
6. Authorises the lease to be executed in accordance with clause 9.49A of the Local Government Act 1996.
7. Notes that the proposed lease is for a fixed term of two years and does not include an option to extend the term.

CARRIED/LOST:

FOR:

AGAINST:

8.2 Runway Refurbishment Project – Budget Amendment (Attachments)

File Ref:

Reporting Officer: Peter Klein, Chief Executive Officer

Date Report Prepared: 2 September 2026

Disclosure of Interest: No Interest to disclose

Issue:

To consider options for providing the Council's additional contribution towards delivering the amended Runway Refurbishment Project.

Background:

In May 2024, the Shire engaged Greenfield Technical Services to undertake a preliminary condition assessment of Runway 07 and based on visual assessment contractors (Greenfields) estimated a project cost of \$750,000 (ex GST).

This informed successful grant funding (ex GST) of:

Funding Source (ex GST)	Amount	% Contribution
RADS (State)	\$236,817	31.58%
State RfR	\$138,183	18.42%
RAP (Federal)	\$236,817	31.58%
Shire	\$138,183	18.42%
Total	\$750,000	100.00%

Issue:

The approved grant funding as outlined above, included funding for a detailed design of the planned works and once the grant funds were available, Airport Consultancy Group (ACG) was contracted to deliver this detailed design.

To inform the design ACG commissioned a runway geotechnical investigation which has identified additional areas of subbase failure.

Rectifying these additional areas of failure increased the project cost by \$773,327 (ex GST).

Delivery Approach:

Given the Shire had only \$750,000 to deliver this project, we approached the design consultant ACG to request a staged delivery strategy. A Technical Memorandum documenting three staging options and costings of these options, are attached.

In summary, ACG identifies a 23m x 150m section of runway (CH 870 to 1020) impacted by block cracking and advise that a single seal over this 3,450m² section, the minimum treatment recommended for the balance of the runway, will not "durably address" this defect.

Consequently, ACG recommend this section cannot be left untreated and propose it be reconstructed & treated with a prime coat and a two-coat bitumen seal. ACG estimate the cost of this option to be \$1,408,583 just \$114,744 (ex GST) less than the complete works.

Delivering options 2 & 3 costs the additional \$114,744 and these works involve the reconstruction of two additional narrow, wheel path, sections of runway.

Recognising there was little alternative to delivering the full revised scope, management approached the current funding parties requesting their consideration of increasing their contribution to meet the funding shortfall of \$773,327 (ex GST), in proportion to their existing commitment. The request to each funding party is summarised as follows;

Funding Source (ex GST)	Amount	% Contribution	Top-up Request	Total Request
RADs (State)	\$236,817	31.58%	\$244,183	\$481,000
State RfR	\$138,183	18.42%	\$142,481	\$280,664
RAP (Federal)	\$236,817	31.58%	\$244,183	\$481,000
Shire	\$138,183	18.42%	\$142,481	\$280,664
Total	\$750,000	100.00%	\$773,327	\$1,523,327

In response, the State's Regional Airports Development Scheme (RADs) agreed to commit an additional \$200,516 and the Federal Government's Regional Airport Program (RAP) has committed a further \$244,183 towards the project.

The additional State contribution is less than requested because their grant guidelines disallow contingencies which, have been added to the project cost.

During a 14 September meeting, the Regional Development Minister advised that no further funds from the Royalties for Regions program would be allocated to this project.

On 25 September, the RFQ for the refurbishment works closed and various quotes including one for \$1.482M (ex GST) were received. This paper assumes the \$1.482M quote will be endorsed by the selection panel. An additional \$80K is recommended to contract independent specialist project management/quality assurance services.

The updated funding status is therefore, summarised in the following table.

Funding Source (ex GST)	Initial Contribution	% Contribution	Additional Request	Additional Provided	New Shire Commitment	Total	New % Contribution
Funds Required						\$1,561,075	
RADs (state)	\$236,817	31.58%	\$244,183	\$200,516		\$437,333	28.01%
State RfR	\$138,183	18.42%	\$142,481	\$0		\$138,183	8.85%
RAP (federal)	\$236,817	31.58%	\$244,183	\$244,183		\$481,000	30.81%
Shire	\$138,183	18.42%			\$366,376	\$504,559	32.32%
Total	\$750,000	100%	\$773,328	\$444,699		\$1,561,075	100%

Because the design engineers recommend that the only way to durably address the defects is to reconstruct failed sections and complete a full reseal, management is recommending the project be delivered in full this summer.

Consequently, management is recommending that Council commit an additional \$366,376 to deliver this upgrade. Failure to deliver the works this summer will likely result in:

- Reduced runway safety and reliability
- Restricted access for RFDS and emergency services
- Risk to ongoing CASA certification

The aerodrome is critical infrastructure supporting emergency health services and regional connectivity.

Financial Context:

The Council's initial commitment to this project of \$138,183 is already budgeted to be drawn from our 26/27 operating account (the municipal fund).

It is proposed that the Council's additional contribution of \$366,376 be borrowed from the WA Treasury Corporation because this option is the most cost-effective way of providing these funds. The following table shows the net cost of borrowing (5% interest rate assumed) and please note this takes into account the compounding interest effect of leaving the \$366,376 in the existing reserve account (term deposit at 4.5% interest);

Year	1	2	3	4	5	6	7	8	9	10	Total
Payment	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	
- Interest	\$18,319	\$16,862	\$15,333	\$13,727	\$12,041	\$10,271	\$8,412	\$6,461	\$4,411	\$2,259	\$108,098
- Principal	\$29,129	\$30,585	\$32,114	\$33,720	\$35,406	\$37,176	\$39,035	\$40,987	\$43,036	\$45,188	\$366,376
Total Repayment	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$47,447	\$474,474
Interest revenue received	\$16,487	\$17,229	\$18,004	\$18,814	\$19,661	\$20,546	\$21,470	\$22,436	\$23,446	\$24,501	\$202,595
Total cost of borrowing	\$30,960	\$30,219	\$29,443	\$28,633	\$27,786	\$26,902	\$25,977	\$25,011	\$24,001	\$22,946	\$271,879

The above table shows that the net annual cost of borrowing ranges from \$30,960 in Year 1 to \$22,946 in Year 10.

For comparison, the following table shows the net annual cost of drawing the \$366,376 from our existing reserve. The requirement is not only to reinvest the \$366,376 but, Council also needs to contribute the interest foregone to establish a like for like comparison. The net effect of this option is an annual cost of \$53,125 in Year 1 to \$61,139 in Year 10.

Annual Contribution to Reinstate the Reserve

	1	2	3	4	5	6	7	8	9	10	Total
Contribution to Reserves	\$36,638	\$36,638	\$36,638	\$36,638	\$36,638	\$36,638	\$36,638	\$36,638	\$36,638	\$36,638	\$366,376
Interest foregone	\$16,487	\$17,229	\$18,004	\$18,814	\$19,661	\$20,546	\$21,470	\$22,436	\$23,446	\$24,501	\$202,595
Required Reserve Deposit	\$53,125	\$53,866	\$54,642	\$55,452	\$56,299	\$57,183	\$58,108	\$59,074	\$60,084	\$61,139	\$568,971

It is therefore recommended that the required funds be borrowed from WATC with a 10-year payback period. However, because the proposed borrowing was not included in the adopted annual budget, Council is required to authorise the expenditure for an additional purpose pursuant to section 6.8 of the *Local Government Act 1995* by absolute majority and amend the budget accordingly. However, before Council can consider the borrowing it must issue a public notice under the *Local Government Act 1995* s.6.20 and associated financial management regulations.

Risk Implications:

Failure to deliver the runway refurbishment works is likely to result in reduced runway safety and reliability, restricted access for the Royal Flying Doctor Service and emergency services, and risk to ongoing CASA certification. This presents as both a reputational and community safety risk.

Grant agreements with the Federal Government's RAP and State Government's RADS programs require the grant funds to be expended by May 2027 to achieve acquittal by the 30 June 2027 deadline. Failure to deliver within this timeframe may require the resubmission of grant applications and the risk to future project funding this creates.

Delays to project delivery will also result in project cost escalation which will need to be considered prior to the applications being resubmitted.

Statutory Environment:

Section 6.20 of the *Local Government Act 1995* prescribes a process that must be satisfied before a local government borrows money for a purpose that was not included in the adopted annual budget. The Shire of Katanning's 2026/27 budget does not include borrowing funds to deliver the runway upgrade project. The statutory sequence required by section 6.20 is summarised as follows;

1. Council resolves to advertise the proposed borrowing.
2. Give local public notice for at least one month.
3. Receive and consider submissions.
4. Council resolves to borrow.
5. Council authorises the unbudgeted expenditure under section 6.8(1)(b) by absolute majority.

Policy Implications:

Nil.

Strategic Implications:**Shire of Katanning Strategic Community Plan 2022 – 2032**

Focus Area	Built Environment
Aspiration	Katanning has well planned, managed and maintained infrastructure that supports community wellbeing, safety and growth.
Objective	To provide and maintain infrastructure that meets current and future community needs.

Voting Requirement: Absolute Majority

Officer's Recommendation/Council Motion:**OC/26 That Council:**

1. pursuant to section 6.20(2) of the *Local Government Act 1995*, gives one-month local public notice of its proposal to borrow \$366,376 from the WATC for the Runway Refurbishment Project, with the loan to be repaid over 10 years;
2. invites public submissions on the proposed borrowing during the notice period;
3. if, after reviewing submissions Council resolves to proceed with the borrowing,
 - a) a further absolute majority decision is required under section 6.8(1)(b) of the *Local Government Act 1995* to authorise the additional expenditure, and
 - b) the 2026/27 Annual Budget must be amended accordingly;
4. if, after reviewing submissions Council resolves not to proceed to borrow the funds then Council;
 - a) notes that expenditure on refurbishing the runway is consistent with the Community & Economic Development Reserve's established purpose; and
 - b) endorses the \$366,376 being drawn from the Community & Economic Development Reserve to pay for the runway refurbishment works.

CARRIED/LOST:

FOR:

AGAINST:

9. CONFIDENTIAL ITEM**10. CLOSURE OF MEETING**

The Presiding Member declared the meeting closed at ____ pm.