



AGENDA

SPECIAL MEETING OF COUNCIL

to be held on

Thursday 8 July at 6:30 pm

in

Council Chambers



WESTERN AUSTRALIA'S
WILDFLOWER COUNTRY

'This meeting is being recorded on audio tape and to assist with minute taking purposes. The public is reminded that in accordance with Section 6.16 of the Shire of Morawa Meeting Procedures Local Law 2012 that nobody shall use any visual or vocal recording device or instrument to record the proceedings of Council without the written permission of the presiding member.'

DISCLAIMER

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DISCLOSURE OF FINANCIAL/ IMPARTIALITY/ PROXIMITY INTERESTS

Local Government Act 1995 – Section 5.65, 5.70 and 5.71 Local Government (Administration) Regulation 34C

<i>This form is provided to enable members and officers to disclose an Interest in a matter in accordance with the regulations of Section 5.65, 5.70 and 5.71 of the Local Government Act and Local Government (Administration) Regulation 34C</i>			
Name of person declaring the interest			
Position			
Date of Meeting			
Type of Meeting (Please circle one)	Council Meeting/ Committee Meeting/ Special Council Meeting Workshop/ Public Agenda Briefing/ Confidential Briefing		
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality

Signature: _____ **Date:** _____

Important Note:

Should you declare a **Financial** or **Proximity** Interest, in accordance with the Act and Regulations noted above, you are required to leave the room while the item is being considered.

For an **Impartiality** Interest, you must state the following prior to the consideration of the item:

“With regard to agenda item (read item number and title), I disclose that I have an impartiality interest because (read your reason for interest). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”

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Item 1 Opening of Meeting

The President to declare the meeting open.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The President acknowledges the traditional custodians, the Yamatji people, and recognises the contribution of Yamatji elders past, present and future, in working together for the future of Morawa.

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Item 3 Recording of Attendance**3.1 Attendance****Council**

President (Presiding Member) Councillor Karen Chappel
Deputy President Councillor Dean Carslake
Councillor Jane Coaker
Councillor Debbie Collins
Councillor Yvette Harris
Councillor Shirley Katona
Councillor Ken Stokes

Staff

Chief Executive Officer	Scott Wildgoose
Executive Manager Corporate and Community Services	Jackie Hawkins
Executive Manager Works and Assets	Paul Buist

Members of the Public**3.2 Attendance by Telephone / Instantaneous Communications**

In accordance with section 14 of the *Local Government (Administration) Regulations 1996* “Meetings held by electronic means in public health emergency or state of emergency (Act s. 5.25(1)(ba))”, the President to declare that this Meeting may take place via instantaneous communication. All Councillors and staff are to be available either via telephone (teleconference) or in person.

3.3 Apologies**3.4 Approved Leave of Absence**

3.5 Disclosure of Interests**Item 4 Applications for Leave of Absence****Item 5 Response to Previous Questions****Item 6 Public Question Time**

Important note:

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Members of the public are also reminded that in accordance with section 6.17(4) of the Shire of Morawa Meeting Procedures Local Law 2012 mobile telephones must be switched off and not used during the meeting.’

6.1 Public Question Time**6.2 Public Statement Time****6.3 Petitions/Deputations/Presentations/Submissions****Item 7 Questions from Members without Notice****Item 8 Announcements by Presiding Member without Discussion****Item 9 Declarations of All Members to have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting**

The Elected Members to declare that they had given due consideration to all matters contained in the agenda.

Item 10 Confirmation of Minutes of Previous Meeting

Disclaimer

Members of the public are cautioned against taking any action on Council decisions, on items in this agenda in which they may have an interest, until formal notification in writing from the Shire has been received. Decisions made at this meeting can be revoked pursuant to the Local Government Act 1995.

Item 11 Reports of Officers

11.1 Chief Executive Officer

11.1.1 Adoption of Rates Model 2021/2022 and Setting of Differential Rates

Author: Executive Manager Corporate & Community Services

Authorising Officer: Chief Executive Officer

Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER'S RECOMMENDATION

That Council resolves to:

1. Adopt the Statement of Objects and Reasons for Differential Rating 2021/2022.
2. Pursuant to sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, adopt a 3% rate yield increase across the GRV and UV Rural categories to form the basis of the proposed rate setting for the 2021/2022 budget.
3. Pursuant to sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, adopt a NIL rate yield increase across the UV Mining category to form the basis of the proposed rate setting for the 2021/2022 budget as detailed below:

SHIRE OF MORAWA				
Proposed Rate Categories for 2021/2022				
	Rate in the \$	Number of Properties	Rateable Value \$	Projected Income 2021/2022
General Rates				
GRV Residential/Commercial	0.081287	267	2,790,744	226,851
UV Rural	0.023499	205	71,375,000	1,677,241
UV Mining	0.301974	27	705,024	212,899
Sub Total General Rates		499	74,870,768	2,116,991
Minimum Rates				
GRV Residential/Commercial	312	42	27,054	13,104
UV Rural	312	8	76,100	2,496
UV Mining	683	7	5,428	4,781
Sub Total Minimum Rates		57	108,582	20,381
Income Before Discounts				2,137,372

4. **Adopt the Rates Discount amount of 1.5% for prompt payment.**
5. **Authorise the Chief Executive Officer to advertise the proposed Differential Rates for 2021/2022 and call for submissions in accordance with the Local Government Act 1995 Section 6.36 – for a minimum of 21 days.**
6. **Authorise the Chief Executive Officer to seek ministerial approval under Section 6.33 of the Local Government Act 1995 to impose differential rates at the end of the advertising period, subject to no submissions being received.**

ABSOLUTE MAJORITY VOTE REQUIRED

PURPOSE

This report is for Council to adopt the 2021/2022 financial year Rates Model in advance of the 2021/2022 Annual Budget being adopted, to enable the CEO to gain approvals for the Shire's system of differential rating from the Minister.

DETAIL

As Council is proposing to adopt differential rates it will be necessary to advertise the proposed rate in accordance with s6.36 of the *Local Government Act 1995*, review any submission/s received and authorise the Chief Executive Officer (CEO) to apply for ministerial approval prior to the adoption of the budget or imposition of any such rate.

As part of the budget deliberations and rate setting process Council must also review and adopt the Statement of Objects and Reason for its rating strategy.

Council must also show that it has reviewed its expenditure and considered efficiency measures as part of its budget deliberations.

A local government may impose differential general rates based on the predominant purpose for which the land is held or used. Ministerial approval will need to be obtained to impose a differential rate which is more than twice the lowest differential general rate imposed.

Council is required, as part of the differential rating process, to consider budget efficiencies so that it is not just automatically relying on differential rates without looking for alternative options. The effect of having no differential rates – would be a negative impact on revenue of approximately \$181,000. It is unfeasible to save this level of income from efficiencies alone, however, a 0% increase to the differential rate income is proposed to reduce the overall difference.

It was determined that an increase to the GRV and UV Rural income categories of 3% would be the best option for Council to maintain the current level of services and be in line with the objectives of the adopted Strategic Community Plan 2018 – 2028 (SCP) and Corporate Business Plan 2020 – 2024 (CBP).

Matters Considered as part of the Budget Process

In the review of the rate increase for the 2021/2022 Budget, Council has considered a range of issues impacting the development of the draft budget including:

- The validity or relevance of the rates increase proposed in the current Long Term Financial Plan (LTFP).
- The NIL % increase in 2020/2021.
- The Corporate Business Plan 2020-2024.
- The impact of the agricultural season and the economic changes in the mining industry.
- Whether differential rating was applicable for 2021/22 as required by the Department of Local Government, Sport & Cultural Industries (DLGSC) Rating Policy Differential Rates.
- The Shire's asset management plans including key capital costs going forward.
- The 5 year Capital Works Plan.
- Budget efficiencies as required by the DLGSC Rating Policy Differential Rates.
- The impact of Cyclone Seroja on Shire expenditure.
- The continuing reduction/tightening of available grants and the increased number of councils chasing the reduced amounts of funding available.
- The new R2R round of funding which has seen the Shire of Morawa funding reduced from \$2,353,443 (2014-2019) to \$1,810,550 (2019-2024).
- Increased audit costs with an annual budget of \$48,000 required compared to around \$28,000 in previous years.

In recognition of the difficult circumstances that Council has faced this year, and with no increases to rates or fees and charges in 2020/2021 it is recommended to Council that:

- Rates are increased by 3% which will afford Council an increase to revenue of \$144,426.
- The rates discount percentage be dropped from 2.5% to 1.5% which will increase revenue by \$13,183. Given the current practice of pre-payment of FAGs the shire is less reliant on early rate payment.
- Penalty interest is to remain at the reduced rate of 5.5%. This is the same as implemented last year and will potentially raise around \$28,000.
- The only differential rate applicable for 2021/2022 is UV Mining and it is proposed that Council does not increase the rate in the dollar from 30.1974c. With the current mining activity in the area there has been an increase to the valuations and number of properties listed in this category which will return Council an expected increase of \$43,360 without increasing the differential rate.

Changes in Property Values

There has been no revaluation to GRV properties this year with the next review due to be undertaken in 2022 (last done with effect from 1/07/2017).

As advised by the Valuer General rural properties from 1 July 2021 have increased in total rateable value by **\$2,061,000 – or 2.9% on average**. The revised valuation has been used to calculate an increase in rate yield of 3% - this has seen the rate in the dollar increase from 2.2815 to 2.3499 with revenue increasing from \$1,583,686 to \$1,679,737 an overall increase to income of \$96,051.

Matters Regarding Differential Rating and Minimums

The Statement of Objects and Reasons for Differential Rating - **Attachment 2** - has been reviewed and amended and needs to be adopted by Council so that it can form the basis of the rationale for the rating strategy and be made available to interested parties as part of the advertising requirement of the intention to impose differential rates.

Budget Efficiencies

Rates model Options A – E **attached** with Option A being the recommended model.

- All models represent an increase in income from \$140,000 to \$180,000.
- In terms of efficiencies the models are offset by:
 - Insurance excess of \$100,000 for cyclone damage
 - Superannuation increases from 9.5% to 10%
 - Minimum wage increases
 - Increase to insurance expenses of \$24,466.
 - Utility Cost increases (to be formally determined but expected to increase by around 3%)

As such the general budget has been made more efficient to accommodate increases outside Shire control.

LEVEL OF SIGNIFICANCE

High significance – Setting the 2021/2022 rate in the \$ is a significant part of the development of the 2021/2022 budget.

CONSULTATION

CEO Briefing Forum – 8 July 2021

Councillor Workshop – 17 June 2021

LEGISLATION AND POLICY CONSIDERATIONS

- S6.33 (1) of the *Local Government Act 1995*
- *Financial Management Regulation 52A* - a local government may impose a differential rate.

An application to the Minister for Local Government is required for approval to impose a differential general rate under s6.33 (3) of the *Local Government Act 1995* that is more than twice the lowest differential rate being imposed. The Shire's current UV Mining rate is 13 times the UV Rural rate.

FINANCIAL AND RESOURCES IMPLICATIONS

The level of rates raised including the impact of the differential rates for UV Mining is summarised as follows:

SHIRE OF MORAWA

SHIRE OF MORAWA								
Proposed Rate Categories for 2021/2022								
	Actuals for 2020/2021				Proposed 3% Increase and reduction to Discount			
	Rate in the \$	Number of Properties	Rateable Value \$	Actual Income 2020/2021	Rate in the \$	Number of Properties	Rateable Value \$	Projected Income 2021/2022
General Rates								
GRV Residential/Commercial	0.078919	267	2,790,743	220,243	0.081287	267	2,790,744	226,851
UV Rural	0.022815	205	69,308,000	1,581,262	0.023499	205	71,375,000	1,677,241
UV Mining	0.301974	27	561,434	169,538	0.301974	27	705,024	212,899
Sub Total General Rates		499	72,660,177	1,971,043		499	74,870,768	2,116,991
Minimum Rates								
GRV Residential/Commercial	303	44	27,054	13,332	312	42	27,054	13,104
UV Rural	303	8	71,800	2,424	312	8	76,100	2,496
UV Mining	683	9	7,752	6,147	683	7	5,428	4,781
Sub Total Minimum Rates		61	106,606	21,903		57	108,582	20,381
Income Before Discounts				1,992,946				2,137,372
Early Payment Discount				37,549				24,366
Total Own Source Revenue (Rates)				1,955,397				2,113,006
Increase to revenue from 2020/2021								157,609

Outcome 4.5 Long term financial viability.

Reference	Strategy
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4.5.1	Maintain a Financial Health Indicator (FHI) score within acceptable benchmarks
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4.5.2	Continue to assess quality and usage of the Shire's services, facilities, and assets.
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4.5.3	Ensure currency of all required IPRF documents including Assets Management Plans, Plant Replacement Programs, Corporate Business Plans and Long Term Financial Plans.
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RISK MANAGEMENT CONSIDERATIONS

Financial Risk

The current differential rate levels pose a strategic risk to the shire such that the Shire is reliant on ministerial approval to maintain current differentials, this could cause budget delays or loss of income if the minister withholds approval. In order to manage the risk, Officers propose to keep the UV Mining rate fixed at its current rate until rates in the dollar increase to reduce the variance to a less disproportionate level.

Compliance Risk

Under the Shire's risk governance framework non-compliance with the requirements regarding differential rates is a major risk – i.e., imposed penalties. Such a penalty would be imposed by the DLGSC. Through complying with the requirements of the DLGSC Rating Policy: Differential General Rates, the risk is mitigated from High to Low.

CONCLUSION

That Council adopts the Statement of Objects and Reasons as attached, adopts a 3% increase in yield across the GRV and UV Rural categories and advertises their intention to impose differential rates as required under legislation, prior to seeking ministerial approval for the proposed rating categories.

ATTACHMENTS

Attachment 1 – 11.1.1a Projected rate income with varying percentage (%)

Attachment 2 – 11.1.1b Statement of Objects and Reasons

11.2 Executive Manager Corporate & Community Services

Nil.

11.3 Executive Manager Works & Assets

Nil

Item 12 Reports of Committees

Nil.

Item 13 Motions of Which Previous Notice Has Been Given

Nil.

Item 14 New Business of an Urgent Notice

Nil.

Item 15 Matters for Which the Meeting May Be Closed (Confidential Items)

Nil

Item 16 Closure

16.1 Date of Next Meeting

The next ordinary meeting of Council will be held on Thursday, 15 July 2021 commencing at 5.30pm.

16.2 Closure

There being no further business, the President to declare the meeting closed.