



AGENDA

SPECIAL MEETING OF COUNCIL

to be held on

Tuesday, 6 June 2023 at 5:30pm

at the

**Shire of Morawa Council Chambers,
26 Winfield Street, Morawa**



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

No responsibility whatsoever is implied or accepted by the Shire of Morawa for any act, omission, statement or intimation occurring during Council Meetings. The Shire of Morawa disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission, and statement of intimation occurring during Council Meetings.

Any person or legal entity that acts or fails to act in reliance upon any statement, act or omission occurring in a Council Meeting does so at their own risk. The Shire of Morawa advises that any person or legal entity should only rely on formal confirmation or notification of Council resolutions.

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.”

This page is blank intentionally.

Contents

Item 1	Opening of Meeting	6
Item 2	Acknowledgement of Traditional Owners and Dignitaries	6
Item 3	Recording of Attendance	6
3.1	Attendance	6
3.3	Apologies	6
3.4	Approved Leave of Absence	6
3.5	Disclosure of Interests	6
Item 4	Applications for Leave of Absence	7
Item 5	Declaration by all Members to have given due consideration to All Matters Contained in the Business Paper before the Meeting.....	7
Item 6	Reports from Officers	8
6.1	Budget Efficiency and Setting of Differential Rates	8
	Changes in Property Values	11
	Matters Regarding Differential Rating and Minimums.....	11
Item 7	New Business of an Urgent Nature	14
Item 8	Matters for Which the Meeting May Be Closed (Confidential Items)	14
Item 9	Closure.....	14

Item 1 Opening of Meeting

The President to declare the meeting open at 5:30pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

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

Item 3 Recording of Attendance**3.1 Attendance****Council – In Person**

Deputy President Councillor Ken Stokes
Councillor Yvette Harris
Councillor Shirley Katona
Councillor Debbie Collins

Council – Electronic Attendance

President (Presiding Member) Councillor Karen Chappel
Councillor Mark Coaker
Councillor Jane Coaker

Staff

Chief Executive Officer	Scott Wildgoose
Executive Manager Corporate & Community Services	Jackie Hawkins

Members of the Public**3.3 Apologies****3.4 Approved Leave of Absence****3.5 Disclosure of Interests**

Item 4 Applications for Leave of Absence

Cr M Coaker has sought leave of absence from Council duties from 7 June 2023 to 15 August 2023, inclusive of the Ordinary Council Meetings on 22 June 2023 and 20 July 2023. Due to his family currently being in Europe and encountering time difference and technology issues.

OFFICER'S RECOMMENDATION

That Council approve leave of absence for Cr M Coaker from 7 June 2023 to 15 August 2023, inclusive of the Ordinary Council Meetings on 22 June 2023 and 20 July 2023.

SIMPLE MAJORITY VOTE REQUIRED

Item 5 Declaration by all Members to have given due consideration to All Matters Contained in the Business Paper before the Meeting

Item 6 Reports from Officers

6.1 Budget Efficiency 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:

- Notes the consideration of the efficiency measures listed in this report and in the Statement of Objects and Reasons (Attachment 2) used in the development of the Draft Budget for the 2023-2024 Financial Year;
- Adopt the Statement of Objects and Reasons for each Differential and Minimum Rate for 2023-2024;
- Pursuant to sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, adopt a 4.5% rate in the dollar increase to the GRV category to form the basis of the proposed rate setting for the 2023-2024 Budget;
- Pursuant to sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, adopt a 7% rate in the dollar decrease to the UV Rural category to form the basis of the proposed rate setting for the 2023-2024 Budget;
- Pursuant to sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, adopt a 4.5% increase to the minimum rates for the GRV and UV Rural categories to form the basis of the proposed rate setting for the 2023-2024 Budget;
- Pursuant to sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, adopt a NIL rate in the dollar and NIL minimum rate increase across the UV Mining category to form the basis of the proposed rate setting for the 2023-2024 budget as detailed below:

<i>Rate Type</i>	<i>Rate in the Dollar (Cents)</i>	<i>Minimum Payment</i>
GRV Residential / Commercial	8.8342	\$339
UV Rural	2.2728	\$339
UV Mining	30.1974	\$683

- Adopt the Rates Discount amount of 1.5% for prompt payment.
- Authorise the Chief Executive Officer to advertise the proposed Differential Rates for 2023-2024 and call for submissions in accordance with the *Local Government Act 1995 Section 6.36* – for a minimum of 21 days.

9. 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 2023-2024 financial year Rates Model in advance of the 2023-2024 Annual Budget being adopted to allow time to gain approvals for the Shire's system of differential rating.

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 given the size of the Shire's differential the Shire to apply for ministerial approval prior to the adoption of the budget or imposition of any such rate, this reports recommends the Chief Executive Officer (CEO) be authorised to make this application to the Minister if no objections are received for Council's review.

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 needs to be obtained to impose a differential rate which is more than twice the lowest 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 \$248,000. It is unfeasible to save the level of income required from efficiencies alone, however, a 0% increase to the differential rate income is proposed to reduce the overall difference.

The Shire's Corporate Business Plan and Strategic Resource Plan predicted a 4.5% rate increase for the 2023/2024 financial year. This rate in the dollar increase has been applied to the GRV rate in the dollar, and GRV and UV minimums. However, the value of land in the UV rating category has once again increase, equivalent to a 50% increase in property values since the 2021/2022 financial year. As such the administration is recommending a 7% rate in the dollar reduction for the UV general rate in the dollar rate. The Shire has no control over property values and these are set by the Valuer General, however with consecutive years of high revaluations it seems appropriate to modify the rate in the dollar. The administration is recommending a decrease to the UV Rural rate in the dollar that would see the rate in the dollar amount fall below the rate imposed for the 2020/2021 financial year (2.282). Whilst this rate in the dollar reduction will still result in increase revenue due to the revaluations, this has been deemed in line with the current economic trends and Strategic Focus Areas of the Shire.

Matters Considered as part of the Budget Process

In the review of the rate increase for the 2023-2024 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 Strategic Resource Plan 2022-2037.
- The Corporate Business Plan 2023-2033.
- The Strategic Community Plan 2022-2032.
- The impact of the agricultural season and the economic changes in the mining industry.
- Whether differential rating was applicable for 2023-24 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.
- Budget efficiencies as required by the DLGSC Rating Policy Differential Rates.
- Supply constraints in material and labour continue to place upward pressure on prices.
- The continued 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 tight labour markets putting constraints on recruitment and retention.
- The Local Government Cost Index (LGCI) was forecasted at 4.5% in March 2023 and then expected to increase by a further 2.9% for the 2023-2024 year.
- The Consumer Price Indicator rose in Perth to 6.8% in April with the CPI inflation expected to remain steady at 6.3% for the full year.

WESTERN AUSTRALIAN TREASURY CORPORATION

Economic Analysis

The monthly CPI indicator rose by 6.8% over the year to April 2023, up from 6.3% in March. The April figures surprised to the upside, as the market participants expected annual CPI inflation to be steady at 6.3%.

%	MoM (s.a.)	YoY
Headline CPI	0.3	6.8
Annual Trimmed Mean	-	6.7
CPI Ex Volatile Items and Holiday Travel	0.2	6.5

In recognition of the difficult circumstances that Council has faced this year, and with the expected continuation of higher-than-average costs it is recommended to Council that:

- Rates in the dollar (RID) and minimums for GRV are increased by 4.5%
- Rates in the dollar (RID) for UV Rural are decreased by 7% and minimums increased by 4.5%
- The rates discount percentage be maintained at 1.5% being an approximate \$35,000 reduction to the rates income.
- 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 2023-2024 is UV Mining and it is proposed that Council does not increase the rate in the dollar (RID) from 30.1974c and minimums remaining at \$683.

Changes in Property Values

There has been no revaluation to GRV properties this year with the next review due to be undertaken in 2024 (last done with effect from 1/07/2017).

As advised by the Valuer General the total rateable value of all rural properties from 1 July 2023 is \$105,039,500 up from \$85,502,000.

Matters Regarding Differential Rating and Minimums

The Statement of Objects and Reasons for Differential Rating - *Attachment 6.1b* - 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

Where the Shire can implement efficiencies they will be included in the Budget – whilst the budget is still a work in progress draft documents contained in Attachments 6.1c and 6.1d demonstrate how the rate revenue may be applied across the Nature and Type, and Program expenditure areas.

Budget efficiency measures considered when determining the 2023/2024 rates revenue requirement are:

- Ongoing assessment of the Organisational structure;
- Review of position descriptions, remuneration and need for the position as vacancies arise;
- Consideration of outsourcing and use of short-term contractors for specialized projects;
- The implementation of Altus Payroll that is expected to go live in July 2023;
- The recovery of outstanding debts including rates and sundry debtors;
- Exploring shared service arrangements;
- Ongoing review of service levels;
- Continued use of local suppliers whenever possible and appropriate: and
- Conduct 3 budget reviews each financial year.

With the increases to costs expected to continue over the next 12 to 24 months any efficiencies gained are offset by:

- ◆ Minimum wage increases of at least 4%
- ◆ Increase to insurance expenses of up to 15%
- ◆ Utility Cost increases (to be determined) but with street lighting up by 7% it is expected other utility costs will follow this pattern
- ◆ Higher costs for materials and contractors in line with CPI plus the regional cost index – the budgeted 19% increase to fees and charges is aligned to waste increases relevant to the new waste contract and Landfill resource constraints, the majority of these costs are offset by waste charge increases.
- ◆ Inflation expected to remain at 6-7% for the next 12 months.
- ◆ Tight labour market putting pressure on recruitment and retention.

As such the general budget has been made more efficient to accommodate increases outside Shire control. However, the current economic conditions are placing upward

pressure on all cost areas, and to maintain service levels cuts can only go so far.

The Shire is also becoming more effective at its future planning and the new Corporate Business Plan has highlighted reserve restrictions and the impact of capital renewal needs over the next 10 years, this requires extra current funding to offset deficiencies/future year constraints.

LEVEL OF SIGNIFICANCE

High significance – Setting the 2023-2024 rate in the dollar (RID) is a significant part of the development of the 2023-2024 budget.

CONSULTATION

Senior Management Team
Council

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 12 times the UV Rural rate.

FINANCIAL AND RESOURCES IMPLICATIONS

Whilst the 2023/2024 Budget is still in draft form and subject to change, having a clear idea of potential own source revenue will allow the administration to better refine the document for Council review.

Strategic Community Plan 2023 - 2032

Be future focused in all we do:
1. Ensure the Shire and its assets are well resourced and sustainable.

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 increase to reduce the variance.

Compliance Risk

The compliance requirements associated with the imposition of differential rates are extensive and any errors will result in budget delays. Through complying with the requirements of the DLGSC Rating Policy: Differential General Rates, and the experience of the current Executive in applying the differentials, this risk is mitigated.

CONCLUSION

That Council adopts the Statement of Objects and Reasons as attached, adopts a 4.5% increase in the minimum rates across the GRV and UV Rural categories, a 4.5% increase to the RID for the GRV category, a decrease of 7% to the RID for the UV Rural category and no increase to the minimums or RID for UV Mining 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 – 6.1a Proposed Rates model for 2023-2024

Attachment 2 – 6.1b Statement of Objectives and Reasons

Attachment 3 – 6.1c Draft Statement of Financial Activity 2023-2024

Attachment 4 – 6.1d Draft Schedule 2 by Program 2023-2024

Item 7 New Business of an Urgent Nature

Item 8 Matters for Which the Meeting May Be Closed (Confidential Items)

Item 9 Closure

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