
Shire of Perenjori
MINUTES
Finance Committee Meeting

Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on Thursday 15th May
2014 commenced at 5pm.

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14051 PRELIMINARIES

14051.1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

Cr C King opened the meeting at 5.06pm.

14051.2 DISCLAIMER READING

Nil

14051.3 RECORD OF ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

Cr C King
Cr J Cunningham
Cr J Hirsch
Cr L Smith
Ali Mills – CEO
Peter Money – MCDS
David Fong – SFO
Carla Parker – EO
Jemma Cusworth - Trainee

Apologies

Cr H Wass

14051.4 NOTATIONS OF INTEREST

Financial Interest – Local Government Act S 5.60a
Proximity Interest – Local Government Act S 5.60b
Interest Affecting Impartiality – Local Government - Code Of Conduct.

14051.5 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

14051.6 CONFIRMATION OF MINUTES

Minutes of the Finance Committee Meeting held Thursday 17th April 2014 as attached.

COUNCIL RESOLUTION – ITEM 14051.6
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Moved: Cr L Smith

Seconded: Cr J Cunningham

That the minutes of the Finance Committee Meeting held Thursday 17th April 2014 be accepted as a true and correct record of the meeting.

Carried: 7/0

14052 FINANCE & ADMINISTRATION

14052.1 FINANCIAL STATEMENTS – APRIL 2014

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM 0081
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	DAVID FONG – SFO
RESPONSIBLE OFFICER:	PETER MONEY – MCDS
REPORT DATE:	15 MAY 2014
ATTACHMENTS:	MONTHLY FINANCIAL REPORT

Executive Summary

The Financial Activity Statement Report is presented for the period ending 30 April 2014. The report complies with the requirements of Regulation 34 (Financial activity statement report) of the Local Government (Financial Management) Regulations 1996.

Background

Each month officers are required to prepare monthly financial reports, covering prescribed information, and present these to Council for acceptance.

Details

Presented is the Financial Activity Statement Report for the period ending 30 April 2014.

The following statements are presented to Council:

- Statement of Financial Activity (Statutory Reporting by Program) - This provides the budget and actual income and expenditure for operating and non- recurrent as well and the closing surplus to date. (FM Reg 34(1))
- Net Current (Assets) Funding Position (Note 3.)-This provides the amount of assets over liabilities within the Balance Sheet. (FM Reg 34 (1)(e))
- Notes to the Financial Statements include:
 - Note 1.- Significant Accounting Policies
 - Note 2. - Graphical Representation
 - Note 3. – Net Current Funding Position
 - Note 4. – Cash & Investments
 - Note 5. – Major Variances
 - Note 6. – Budget Amendments
 - Note 7. – Receivables & Rates Information
 - Note 8. – Payables - Borrowings
 - Note 9. – Grants and Contributions
 - Note 10. – Cash Back Reserves
 - Note 11. - Capital Disposals and Acquisitions
 - Note 12.- Trust Fund

Legal Compliance

Regulation 34 (Financial activity statement report) of the Local Government (Financial Management) Regulations 1996 states –

- (1) A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail –
 - (a) Annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1) (b) or (c);
 - (b) budget estimates to the end of the month to which the statement relates;
 - (c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
 - (d) material variances between the comparable amounts referred to in paragraphs (b) and (c); and
 - (e) the net current assets at the end of the month to which the statement relates.
- (2) Each statement of financial activity is to be accompanied by documents containing –
 - (a) an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
 - (b) an explanation of each of the material variances referred to in subregulation (1) (d); and (c) such other supporting information as is considered relevant by the local government.
- (3) The information in a statement of financial activity may be shown –
 - (a) according to nature and type classification; or
 - (b) by program; or
 - (c) by business unit
- (4) A statement of financial activity, and the accompanying documents referred to in subregulation (2), are to be –
 - (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
 - (b) recorded in the minutes of the meeting at which it is presented.
- (5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

Section 6.8 of the Local Government Act 1995 (Expenditure from municipal fund not included in annual budget) states –

- (1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure –
 - a. is incurred in a financial year before the adoption of the annual budget by the local government; or

- b. is authorised in advance by resolution*; or
- c. is authorised in advance by the mayor or president in an emergency.

Policy Implications

Nil

Financial Implication

Nil

Strategic Implications

Area 5: Investing in Councils Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

Consultation

Liaison with CEO, MCDS, ECDC, and MIS.

Comment

It is recommended that the Financial Activity Statement Report for the period ending 30 April 2014 be accepted.

Voting Requirements – Simple Majority

Officers Recommendation – Item 14052.1

That Council, pursuant to Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 30 April 2014.

COMMITTEES RECOMMENDATION – ITEM 14052.1

Moved: Cr L Smith

Seconded: Cr J Cunningham

That Council, pursuant to Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 30 April 2014.

Carried: 7/0

14052.2	ACCOUNTS FOR PAYMENT – APRIL 2014
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APPLICANT:	SHIRE OF PERENJORI
FILE:	1306P
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	DAVID FONG – SFO
RESPONSIBLE OFFICER:	PETER MONEY - MCDS
REPORT DATE:	15 MAY 2014
ATTACHMENTS:	ACCOUNTS FOR PAYMENT

Executive Summary

Recommendation - The Schedule of Accounts for month ending 30 April 2014 be confirmed.

The Schedule of Accounts is presented pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996.

The report identifies payments made from the Municipal and Trust Fund.

Background

Council has delegated to the Chief Executive Officer the authority to make payments from the Municipal and Trust funds in accordance with the Local Government (Financial Management) Regulations 1996.

Under Regulation 13(1) of the Local Government (Financial Management) Regulations 1996, where a local government has delegated to the Chief Executive Officer the exercise of its power to make payments from the Municipal fund or the Trust fund, each payment from the Municipal fund or the Trust fund is to be noted on a list compiled for each month showing:

- a) The payee's name;
- b) The amount of the payment
- c) The date of the payment; and
- d) Sufficient information to identify the transaction

That list should then be presented at the next Ordinary Meeting of the Council following the preparation of the list, and recorded in the minutes of the meeting at which it is presented.

Legal Compliance

Section 6.10 (d) of the Local Government Act 1995 refers, i.e.-

6.10. financial management regulations

Regulations may provide for —

(d) the general management of, and the authorisation of payments out of —

(i) the municipal fund; and

(ii) the trust fund,

of a local government.

Regulation 13(1), (3) & (4) of the Local Government (Financial Management) Regulations 1996 refers, i.e. -

13. Lists of Accounts

(1) If the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, a list of accounts paid by the CEO is to be prepared each month showing for each account paid since the last such list was prepared —

- (a) the payee's name;
- (b) the amount of the payment;
- (c) the date of the payment; and
- (d) sufficient information to identify the transaction.

(3) A list prepared under subregulation (1) is to be —

- (a) presented to the council at the next ordinary meeting of the council after the list is prepared; and
- (b) recorded in the minutes of that meeting.

Policy Implications

All accounts paid have been duly incurred and authorised for payment as per approved purchasing and payment procedures.

Financial Implications

Ongoing management of Council funds by providing Council with sufficient information to monitor and review payments made.

Strategic Implications

Area 5: Investing in Councils Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership

Consultation

MCDS

Comment

All accounts paid have been duly incurred and authorised for payment as per approved purchasing and payment procedures and it is therefore recommended that the payments, as contained within the Appendices, be confirmed.

Voting Requirements – Simple Majority

Officers Recommendation – Item 14052.2

That Council, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996 (as amended), confirms the accounts paid for the month ending 30 April 2014 as attached to and forming part of this report.

Municipal Account	
EFT	\$701,255.82
Direct Debits	\$1,631.66
Cheques	\$55,500.74
Corporate MasterCard	\$1,890.15

Bank Fees	\$203.13
Total	\$760,481.50
Trust Account – Shire	
EFT	\$150.00
Cheques	\$800.00
Bank Fees	\$0
Total	\$950.00
Trust Account – Mt Gibson Public Benefit Funds	
EFT	\$0
Cheques	\$0
Bank Fees	\$0
Total	\$0.00
<i>Totalling \$761,431.5 from Municipal and Trust Accounts for the month ending 30 April 2014</i>	

COMMITTEES RECOMMENDATION – ITEM 14052.2

Moved: Cr J Cunningham

Seconded: Cr J Hirsch

That Council, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996 (as amended), confirms the accounts paid for the month ending 30 April 2014 as attached to and forming part of this report.

Municipal Account	
EFT	\$701,255.82
Direct Debits	\$1,631.66
Cheques	\$55,500.74
Corporate MasterCard	\$1,890.15

Bank Fees	\$203.13
Total	\$760,481.50

Trust Account – Shire	
EFT	\$150.00
Cheques	\$800.00
Bank Fees	\$0
Total	\$950.00

Trust Account – Mt Gibson Public Benefit Funds	
EFT	\$0
Cheques	\$0
Bank Fees	\$0
Total	\$0.00

Totalling \$761,431.5 from Municipal and Trust Accounts for the month ending 30 April 2014

Carried: 7/0

14052.3	DIFFERENTIAL RATES
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APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM0085
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	PETER MONEY – MCDS
RESPONSIBLE OFFICER:	PETER MONEY – MCDS
REPORT DATE:	15 MAY 2014
ATTACHMENTS:	OBJECTIVE DOCUMENT

Executive Summary

This Item outlines scenarios for proposed rates for 2014/2015 and as differential rates are recommended local advertising is required under s6.36 (1) of the Act.

This Item also recommends that Council seeks Ministerial approval for the imposition of rates for Mining and UV which is more than double other rates in that category(s6.33(s).

Background

Council must advertise (local public notice) its intention to impose differential rates or differential minimum rates and allow a 21 day comment period for submissions. The period in which advertising may occur is 1 May 2014 to 30 June 2014.

Whilst it is not the intention at this time to fix the rates for the 2014 / 2015 year, the purpose of this item is to provide the Council with scenarios of proposed rates. Because differential rates are part of the current rate structure it would be extremely difficult for the Council to budget its rate income without differential rates.

Section 6.36(1) of the Act requires local governments to advertise differential rates. When a rate in a category is more than twice that of another in the category then Ministerial approval is required before the rate can be imposed. This Shire's rates for the UV rural and mining will require Ministerial approval.

The Council has several options in this regard:

- Wait to set rates within the budget process (probably during June) and then commence an advertising process for the relevant differential rates. This will delay the issuing of rates to somewhere around late August depending on when Ministerial approval is given (assuming it is given).
- Commence early advertising of proposed rates in the dollar now including differential rates at a high level of say 7%. The Council can then reduce the rate that was advertised rate if it chooses or if all the income that would be raised from the higher rate is not required to provide the services the Council wants to provide.

- However if the Council advertises a lower rate and it finds that the income raised is insufficient to fund the services it requires and it chooses to raise more rates, this would have to be re-advertised and a delay in issuing rates would result.
- In advertising the proposed rates which will include differential rates, the Council also needs to consider the waiting time for Ministerial approval which will delay the issuing of the rate notices. For this reason early adoption of a rate is recommended and after considering submissions and the overall budget income and expenditures the Council will be better placed to make a sound decision.

The scenarios below show the resultant rate in the dollar compared to what other local governments set in 2013/2014 and the estimated income for 2014/2015 based on a 5% and 7% increase. The estimated income for 2014/2015 is calculated on current income times 5% and 7% and can vary with changing land valuations.

Though a 7% increase is not desirable it is recommended that this be the advertised proposal and Council can always reduce this rate when considering any submissions and following a review of outcomes the Council wants to achieve in the 2014/2015 year and the income that is required to achieve these outcomes.

The proposed increases are based on two principal factors - the predicted increase in the Local Government Cost Index for 2014-2015 and rates charged at neighbouring councils. The Local Government Cost Index is designed to more accurately reflect increases in costs than CPI which is oriented towards household goods and services.

The Shire of Perenjori will likely experience higher costs than the index due to the impact of increasing mining in the area and more so than its neighbours. All employers are experiencing wage cost pressures because of the competition with mining and mining contractors for skilled staff.

Rating Types	2013-14 Proposed Rate in \$	Adopted 2013-14 Rate in \$	Scenario 1 for 2014-15	Scenario 2 for 2014-15	Rate result at 5%	Rate result at 7%
Gross Rental Value	7.3931	7.1017	5%	7%	7.456785	7.598819
UV – Rural	1.8546	1.7976	5%	7%	1.88748	1.923432
UV – Mining	32.1	31.7255	5%	7%	33.311775	33.946285
Approximate Income		\$ 2,496,407	5%	7%	\$ 2,621,227	\$ 2,671,155
<u>Minimum Rates</u>						
UV – Rural	300	235				
UV – Mining	395	395				
GRV – Perenjori	300	235				
GRV – Latham	150	235				
GRV – Other Towns	75	235				
Approximate Income		\$ 33,335	5%	7%	\$ 35,002	\$ 35,668

The rates for Perenjori have been compared with other Shires in the Midwest for whom mining is a significant activity. As can be seen from the table below, Perenjori is now at the lower end of the range for all sectors with the exception of Three Springs. Mingenew have approval to increase their mining rate by 7.5c in 13/14 and 14/15 bringing it to 30c.

The proposed increase will bring Perenjori rates back in line with the general trend within the region.

Local Government	Mining Rate 13-14	UV – Rural Rate 13-14	GRV Rate 13-14	Commercial 13-14
Morawa	30.0	1.97	5.2143	5.2143
Yalgoo	35.75	6.28	7.12	
Mount Magnet	28.083	6.0105	9.0788	9.3433
Cue	26.83	7.9	9.44	7.22
Three Springs	34.8524	1.4585	10.4339	
Perenjori	30	1.7976	6.721	
Mingenew	22.5	1.2282	11.2598	

	Mining Minimum	UV Rural Minimum	GRV Minimum	Commercial 13-14
Morawa	\$705	\$239	\$239	
Yalgoo	\$260	\$260	\$260 (U/i = \$600)	
Mount Magnet	\$420	\$360	\$371	\$382
Cue	\$310	\$310	\$310 (U/i = \$520)	\$310
Three Springs	\$420	\$420	\$420	
Perenjori	\$370	\$220	\$220	
Mingenew	\$750	\$450	\$330	

Statutory Environment

Section 6.33 Local Government Act 1995.

A local government may impose differential general rates according to zoning under a Town Planning Scheme or according to purpose for which the land is held (as determined by the Local Government). *In this case we impose different unimproved value rates on agricultural and mining land use.*

A local government must have Ministerial approval if imposing a differential rate which is more than twice the lowest differential rate imposed by the local government. *The proposed mining rate is more than twice the agricultural rate.*

Section 6.35 (6) Local Government Act 1995.

Differential minimum payment may be imposed. The proposed minimums for agriculture and mining are different.

Section 6.36 Local Government Act 1995. Subsection (1)

Local public notice must be given before imposing differential rates.

-
- May be published between 1st May and 30th June.
 - Must contain
 - Details of each rate or minimum.
An invitation for submissions to be made by any elector or a ratepayer (within 21 days of the notice – or can be longer).
 - Any other information as per regulations.
 - Is to advise electors and ratepayers of the time and place where a document describing the objects of and reasons for each rate and minimum may be inspected.

Submissions must be considered before imposing the differential rates.

Policy Implications

Nil

Financial Implications

The proposed changes would represent an overall increase in income from rates.

Strategic Implications

Area 1: Infrastructure and Natural Assets – Our Natural and Built Environment

Goal: A community that develops and lives sustainably in a thriving natural and quality built environment, which meets current and future community needs.

Consultation

WALGA Local Government Economic Briefing

Other local governments in the area

Comment

The purpose of this agenda item is for Council to approve the imposition of a differential rate on GRV and UV Mining. Adoption of a rate in the dollar and minimum rates will be the subject of a future item when considering the budget for 2013-14.

Voting Requirements – Simple Majority

Officers Recommendation – Item 14052.3

That Council;

1. In accordance with s6.36 (1) advertise its intentions to impose differential rates and differential minimum rates.
2. Seeks Ministerial approval under Section 6.33(3) of the Local Government Act to impose a differential rate on the unimproved value of mining tenements that is more than twice the lowest unimproved value rate in the shire.

That the differential rates to be advertised are;

UV Rural = 1.924 cents in \$

UV Mining = 33.946 cents in \$

Minimum rates:

UV Rural = \$300

UV Mining = \$395

COMMITTEES RECOMMENDATION – ITEM 14052.3

Moved: Cr J Cunningham

Seconded: Cr L Smith

That Council;

1. In accordance with s6.36 (1) advertise its intentions to impose differential rates and differential minimum rates.
2. Seeks Ministerial approval under Section 6.33(3) of the Local Government Act to impose a differential rate on the unimproved value of mining tenements that is more than twice the lowest unimproved value rate in the shire.

That the differential rates to be advertised are;

UV Rural = 1.924 cents in \$

UV Mining = 33.946 cents in \$

Minimum rates:

UV Rural = \$300

UV Mining = \$395

Carried: 7/0

14053 GENERAL BUSINESS

14053.1 MOTIONS OF WHICH DUE NOTICE HAVE BEEN GIVEN

Nil

14053.2 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

14053.3 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION

Nil

14053.4 MATTERS BEHIND CLOSED DOORS

Nil

14053.5 DATE OF NEXT MEETING / MEETINGS

The next Finance Committee meeting will be discussed at the meeting held on the 19th June 2014.

14053.6 CLOSURE

Cr C King closed the meeting at 5.36pm.