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Shire of Perenjori  
MINUTES  
Finance Committee Meeting

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Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on Tuesday 14<sup>th</sup> April  
2015 and commenced at 5pm

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**15041 PRELIMINARIES**

**15041.1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS**

Cr King declared the meeting open at 5:15

**15041.2 DISCLAIMER READING**

**15041.3 RECORD OF ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE**

Cr King

Cr Desmond

Ms Ali Mills – Chief Executive Officer

Mr Peter Money – Manager Corporate Development Services

**Apologies**

Cr Smith

Cr Wass

Cr Hirsch

**15041.4 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.

**15041.5 APPLICATIONS FOR LEAVE OF ABSENCE**

**15041.6 CONFIRMATION OF MINUTES**

**Moved: Cr King**

**Seconded: Cr Desmond**

That the Minutes of Finance Committee Meeting of 17<sup>th</sup> March 2015 be confirmed as a true and correct record of the meeting.

**Carried: 4/0**

**15042 FINANCE & ADMINISTRATION**

**15042.1 FINANCIAL STATEMENTS – MARCH 2015**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM0081</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>DEBBIE BARNDON - SFO</b>
<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY - MCDS</b>
<b>REPORT DATE:</b>	<b>14<sup>TH</sup> APRIL 2015</b>
<b>ATTACHMENTS</b>	<b>MONTHLY FINANCIAL REPORT – MARCH 2015</b>

**Executive Summary**

This item recommends that the Council accepts the Financial Activity Statement for the period ending 31<sup>ST</sup> March 2015.

**Background**

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

**Details**

Presented is the Financial Activity Statement Report for the period ending 31<sup>st</sup> March 2015.

The following statements are presented to Council:

- Monthly Summary Information - Charts
- Statement of Financial Activity (Program of Nature and Type) 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))
- Statement of Capital Acquisitions and Capital Funding
- 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. - Explanation of Material Variances
  - Note 3. – Net Current Funding Position
  - Note 4. – Cash & Investments
  - Note 5. – Budget Amendments
  - Note 6. – Receivables
  - Note 7. – Cash Back Reserves
  - Note 8. – Capital Disposals
  - Note 9. – Rating Information
  - Note 10. – Information on Borrowings

- Note 11. – Grant and Contributions
- Note 12.- Trust Fund
- Note 13.- Details of Capital Acquisition

### **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 sub regulation (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 sub regulation 34 (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 Implications**

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 MCDS, FO, & MIS.

**Comment**

The statements are prepared in accordance with the Regulations and in the generally accepted format.

**Voting Requirements – Simple Majority**

**Officers and Committees Recommendation – Item 15042.1**

That Council, in accordance with Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 31<sup>st</sup> March 2015.

**COMMITTEE RECOMMENDATION – ITEM 15042.1**

**Moved: Cr Desmond**

**Seconded: Ali Mills**

That Council, in accordance with Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 31<sup>st</sup> March 2015.

**Carried: 4/0**

**15042.2 ACCOUNTS FOR PAYMENT – MARCH 2015**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>1306P</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>DEBBIE BARNDON - SFO</b>
<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY - MCDS</b>
<b>REPORT DATE:</b>	<b>14<sup>TH</sup> APRIL 2015</b>
<b>ATTACHMENTS</b>	<b>ACCOUNTS FOR PAYMENT</b>

**Executive Summary**

This item recommends that the Council confirms the payment of accounts for March 2015

as shown on the attached schedule.

**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 34 (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**

FO

**Comment**

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

**Voting Requirements – Simple Majority**

<b>Officer and Committees Recommendation – Item 15042.2</b>	
<b>That Council, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996 (as amended), confirms the accounts paid for the month ending 31<sup>st</sup> March 2015 as attached to and forming part of this report.</b>	
<b>Municipal Account</b>	
EFT	\$1,024,236.57
Direct Debits	\$51,173.11
Cheques	\$3121.88
Corporate MasterCard	\$0.00
Bank Fees	\$208.01
<b>Total</b>	<b>\$1,078,739.57</b>
<b>Trust Account - Shire</b>	
EFT	\$0.00
Cheques	\$0.00
Bank Fees	\$0.00
<b>Total</b>	<b>\$0.00</b>

Trust Account – Mt Gibson Public Benefit Funds	
EFT	\$0.00
Cheques	\$0.00
Bank Fees	\$0.00
<b>Total</b>	<b>\$0.00</b>

*Totalling \$1,078,739.57 from Municipal and Trust Accounts for the month ending 31<sup>st</sup> March 2015.*

**COMMITTEE RESOLUTION – ITEM 15042.2**

**Moved: Cr Desmond**

**Seconded: Ali Mills**

**That Council, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996 (as amended), confirms the accounts paid for the month ending 31<sup>st</sup> March 2015 as attached to and forming part of this report.**

Municipal Account	
EFT	\$1,024,236.57
Direct Debits	\$51,173.11
Cheques	\$3121.88
Corporate MasterCard	\$0.00
Bank Fees	\$208.01
<b>Total</b>	<b>\$1,078,739.57</b>
Trust Account - Shire	
EFT	\$0.00
Cheques	\$0.00
Bank Fees	\$0.00
<b>Total</b>	<b>\$0.00</b>
Trust Account – Mt Gibson Public Benefit Funds	
EFT	\$0.00



Cheques	\$0.00
Bank Fees	\$0.00
<b>Total</b>	<b>\$0.00</b>

*Totalling \$1,078,739.57 from Municipal and Trust Accounts for the month ending 31<sup>st</sup> March 2015.*

Carried: 4 /0

**15042.3 SETTING OF ELECTED MEMBER FEES – 2015/2016**

**APPLICANT:** SHIRE OF PERENJORI  
**FILE:** ADM0039  
**DISCLOSURE OF INTEREST:** NIL  
**AUTHOR:** PETER MONEY - MCDS  
**RESPONSIBLE OFFICER:** PETER MONEY - MCDS  
**REPORT DATE:** 14<sup>TH</sup> APRIL 2015  
**ATTACHMENTS** NIL

**Executive Summary**

This item presents information on the current allowable elected member's fees and travel reimbursements to enable the Council to set its fees and allowances in preparation for the 2015/2016 budget.

**Background**

Elected members of a local government are entitled to payment for attending Council, committee and other designated meetings. The President and Deputy President are also entitled to an annual payment for the additional services provided to the local government. Members are also entitled to payment for travel costs to attend these meetings.

The setting of the fees is prescribed in the Local Government Act and Administration Regulations and is reviewed each year by the Salaries and Allowances Tribunal (SAT). The fees and allowances referred to in this item are those approved in the SAT Determination in June 2014. The SAT has determined that travel allowances are to be those regulated in the Public Service Award 1992 (see below).

The setting of fees paid to elected members is part of the budget process and as a practice elected members will consider current fees, fee structures in neighbouring local governments and also the permissible fees allowed under the Local Government Act.

Generally elected members will consider the number of hours they expend on local government issues and not just at meetings and the personal cost to themselves such as absence from their normal business.

Also to consider is setting the fee structure at a level where it is likely to attract more interest in the community to nominate for a position on the Council.

Elected members could also consider the value of elected positions to the community and preferably not undervalue the position and hence pay appropriate fees.

The Council chose not to raise any of these fees last financial year.

Listed below is the determination of meeting fees and allowances from Salaries and Allowances Tribunal in June 2014 for Level 4 local governments and are as follows:

**Per Meeting Fees**

<b>Meeting</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Current Fees</b>
<b>Council meeting / council member</b>	\$88	\$232	\$150
<b>Council meetings President</b>	\$88	\$477	\$370
<b>Committee meeting and prescribed meetings – all elected members</b>	\$44	\$116	\$100
<b>Presidential allowance</b>	\$500	\$19,570	\$19,000
The Deputy President is entitled to 25% of the Presidential allowance			\$4,750
If the Council prefers to pay an annual allowance in lieu of a per-meeting fee, the following applies:			
<b>Annual attendance fees in lieu of a per-meeting fee for members other than President</b>	\$3,500	\$9,270	
<b>For President</b>	\$3,500	\$19,055	

	<b>Perenjori</b>	<b>Carnamah</b>	<b>Coorow</b>	<b>Morawa</b>	<b>Mingenew</b>
<b>Council Meeting Attendance Fee – President – per Meeting</b>	\$370	\$220	\$400	\$16,000 PA	\$6,000 PA
<b>Council Meeting Attendance Fee – Other Members – per Meeting</b>	\$150	\$110	\$200	\$8,000 PA	\$4,000 PA
<b>Committee Meeting Attendance Fee – per Meeting</b>	\$100	\$50	\$	N/A	\$3,500 each PA

Presidential Allowance - Annual	\$19,000	\$3,500	\$10,000	\$17,000	\$7,000
Deputy President Allowance - Annual	\$4,750	Not paid	\$2,500	\$4,250	\$1,750

**Travel expenses**

In accordance with S4.2 (5) of the Determination travel costs incurred are to be calculated at the rate applicable under the Public Service Award 1992 issued by the Western Australian Industrial Relations Commission. There is an anomaly in the reference to this matter in the Award and after discussions with WALGA Industrial Section I have been advised that they have already approached the SAT about the anomaly. In the meantime I am advised that the Council can choose either of the schedules below to set reimbursement of travel costs. WALGA has advised that generally Schedule F is used but some local governments use Schedule E. Currently this Council uses Schedule F.

**The Award rates are as follows:**

Schedule E	Over 2600cc	Over 1600cc – 2600cc	1600cc & under
Cents per kilometre	185.5	127.4	101.0
Schedule F			
Cents per kilometre	91	65.4	54

**Statutory Environment**

WA Salaries and Allowances Act 1975  
SAT Determination June 2014  
Public Service Award 1992  
Local Government Act s5.98  
Local Government (Administration) regulations Reg. 30

**Policy Implications**

Nil

**Financial Implications**

The outcome of this Item will be used to set budgets in the 2015/2016 budget.

**Strategic Implications**

Area 5: Investing in Councils Capacity – Our Leadership

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

**Risk Management**

The payment of fees that reflect the input of elected members and the personal time and expense, can help to attract more interest in electors standing for Council and hence broaden the interest in local governance. The fees should ensure no elected member is out of pocket by being an elected member.

**Consultation**

WALGA Workplace Solutions  
CEO

**Comment**

Nil

**Voting Requirements – Absolute Majority**

**Officers Recommendation – Item 15042.3**

1. That Council sets the meeting fees and Presidential and Deputy President allowances as follows:

Council Meeting fee – elected members	\$
Council Meeting fee – President	\$
Committee Meeting fee – all members	\$
Presidential Allowance	\$
Deputy President allowance	\$
  
2. That Council adopts Schedule ..... of the Public Service Award 1992 for the payment of motor vehicle travelling costs.
  
3. That these fees and travel allowance schedule be incorporated into the 2015/2015 budget for adoption.

**COMMITTEE RESOLUTION – ITEM 15042.3**

Moved: Cr King

Seconded: Cr Desmond

1. That Council sets the meeting fees and Presidential and Deputy President allowances as follows:

Council Meeting fee – elected members	\$180
Council Meeting fee – President	\$370
Committee Meeting fee – all members	\$100
Presidential Allowance	\$19,000
Deputy President allowance	\$4,750
  
2. That Council adopts Schedule F of the Public Service Award 1992 for the payment of motor vehicle travelling costs.
  
3. That these fees and travel allowance schedule be incorporated into the 2015/2015 budget for adoption.

Carried: 4/0

**15042.4 DIFFERENTIAL RATES**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM0085</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>PETER MONEY - MCDS</b>
<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY - MCDS</b>
<b>REPORT DATE:</b>	<b>14<sup>TH</sup> APRIL 2015</b>
<b>ATTACHMENTS</b>	<b>NIL</b>

**Executive Summary**

This Item outlines scenarios for proposed rates for 2015/2016 and recommends local advertising as required under s6.36(1) of the Local Government Act.

The item also recommends that Council seeks Ministerial approval for the imposition of differential rates for UV Rural and UV Mining as UV Mining is more than double other rates in that category (s6.33(s)).

**Background**

The Council must advertise (by local public notice) if it intends to impose any differential rates and must allow a clear 21 day comment period for submissions. The period in which advertising may occur is 1st May to 30th June in any year.

In order to have the budget adopted by the 30<sup>th</sup> June advertising should commence on 1<sup>st</sup> May in which a direction from the Council is required at this meeting.

Whilst it is not the intention at this meeting to fix the rates for the 2015 / 2016 year, the purpose of this item is to provide the Council with scenarios of the effects of various rates and to ascertain the acceptable level of rates to be imposed which will include any differential rates. Because differential rates are part of the current financial structure it would be extremely difficult for the Council to acquire sufficient income to operate effectively without imposing differential rates.

If the Council continues with differential rates Section 6.36(1) of the Act requires that these be advertised and 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. Because of the vast difference between the UV rural rate and the UV mining rate Ministerial approval is required to levy these rates.

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 mid to late August depending on when Ministerial approval is given (assuming it is given).

- Commence early advertising of proposed rates including differential rates at a high level of say 5%. The Council can then after other budget deliberations, and if it wishes, adopt a rate less than that advertised 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 and receiving the income 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 Financial Management Regulations (23) specify the requirements of imposing differential rates and to satisfy this regulation a justification document is provided at the end of this item.

**Considerations:**

The weighted median CPI for the 12 months to December 2014 is 2.3% (source: Australian Bureau of Statistics, WA index) and this can be used as a guide for determining any proposed increase in rates levied.

WALGA provides an economic forecast each year and the Local Government Cost Index (LGCI) forecast for the 2015/2016 financial is for an increase of 2.9% in local government costs (source WALGA Economic Forecast March 2015). The LGCI is provided to more accurately reflect increases in costs than CPI which is oriented towards household goods and services.

The LGCI forecast is that increased costs will be driven by wages and salaries, consumer prices, electricity (street lighting) and costs that may not have a great effect on this Shire being non-residential building.

Further to that the current EBA will expire in November and negotiations are already underway to work towards a new EBA. The Council may wish to ensure there is scope in the budget to negotiate an improved EBA with compensating efficiency improvements from its employees.

Below are the projections from the Shire's Long Term Financial Plan comparing projected rate income against the budgeted incomes:

	Plan	Budget
2013/2014	\$2.56M	\$2.63M (Actual – before discounts est \$200,000))
2014/2015	\$2.714M	\$2.82M (Budget – before discounts est \$210,000))

Whilst acknowledging the projected incomes are just that, projected and based on a variety of other factors, they do demonstrate that there has been less income received than that projected to meet the Shire's future projects and maintenance programmes.

### **Conclusion**

For the 2015/2016 financial year it is recommended that the Council advertises a proposed increase in rates of 5% based on the CPI of 2.3% and also the predicted increase in the Local Government Cost Index for 2014-2015 of an estimated 2.9%. The proposed advertised rate is not necessarily what the Council will adopt; it is recommended for advertising to allow scope to reduce and rate increase without further advertising.

The projections below show the rate in the dollar and estimated income from the various rating categories for increases of 3%, 4% and 5%. This chart is to enable the Council to ascertain the effects on the budget and to provide the Council with information to judge what is an acceptable increase in rate income.

Differential General Rates	Rate in \$ 2013/14	Income	Rate in \$ 2014/15	Income	Rate in \$ 2015/16 @ 3% increase	Projected income + 3%	Rate in \$ 2015/16 @ 4% increase	Projected income + 4%	Rate in \$ 2015/16 @ 5% increase	Projected income + 5%
UV Rural	1.7976	\$ 1,498,432	1.8875	\$ 1,572,719	1.9441	\$ 1,619,900	1.963	\$ 1,635,627	1.9819	\$1,651,355
UV Mining	31.7255	\$ 513,638	33.3118	\$ 655,294	34.3112	\$ 674,952	34.644	\$ 681,505	34.977	\$ 688,059
GRV Townsites	7.1017	\$ 69,743	7.4568	\$ 80,899	7.681	\$ 83,325	7.7551	\$ 84,134	7.83	\$ 84,944
GRV Mining	7.1017	\$ 516,651	7.4568	\$ 479,845	7.681	\$ 494,240	7.7551	\$ 499,038	7.83	\$ 503,837
<b>Minimum Rates</b>										
UV Rural	235	\$ 1,880	300	\$ 2,700	310	\$ 2,781	312	\$ 2,808	315	\$ 2,835
UV Mining	395	\$ 23,700	395	\$ 17,380	406	\$ 17,901	410	\$ 18,075	415	\$ 18,249
GRV Townsites	235	\$ 7,755	300	\$ 10,500	310	\$ 10,815	312	\$ 10,920	315	\$ 11,025
GRV Mining			300	\$ 300	310	\$ 310	312	\$ 312	315	\$ 315

Discounts are approximately \$200,000 - \$220,000 per annum - not deducted from the figures below

Income before discounts	\$ 2,631,799	\$ 2,819,637	\$ 2,904,224	\$ 2,932,419	\$ 2,960,619
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Project income figures are based on 3%, 4% and 5% increases on the 2014/2015 income.

Income projected Financial Plan	\$ 2,560,001	\$ 2,714,069	\$ 2,876,853
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The current rates for Perenjori have been compared with other Shires in the Midwest for some in which mining is a significant activity. As can be seen from the table below there are wide variations between the different categories of rates levied. Generally various local governments levy their rates to suit local circumstances and the result is the wide variations shown below.

All figures are cents in the dollar.

	Perenjori 2014 - 2015	Morawa 2014 - 2015	Mt Magnet 2014 - 2015	Three Springs 2014 - 2015	Mingenew 2014 - 2015	Cue 2014 - 2015
UV Rural	1.8875	2.0775	6.1908	1.5460	1.351	7.9
UV Mining	33.3118	27.4580	28.9255	11.3479	30	28.83
GRV Townsites	7.4568	6.8236	9.3512	11.0599	12.3858	9.44
GRV Mining	7.4568			36.9435		
<b>Minimum Rates</b>						
UV Rural	300	257	382	440	600	430
UV Mining	395	622	433	440	750	430
GRV Townsites	300	257	382	440	600	430
GRV Mining	300					

### **Statutory Environment**

Section 6.33 Local Government Act 1995.

Section 6.35 (6) Local Government Act 1995.

Section 6.36 Local Government Act 1995. Subsection (1)

### **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.

### **Risk Management**

The preparation for applying differential rates and if Ministerial approval is required is a time based process. Delays in preparing for differential rates can result in delays in issuing rates and then delays in receiving rate income.

This can result in drawing funds from higher interest reserves to finance the various work commitments of the Shire.

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**Consultation**

Australian Bureau of Statistics  
WALGA Local Government Economic Briefing  
Other local governments in the area  
CEO  
SFO

**Comment**

The purpose of this agenda item is for the Council to approve the advertising of differential rates on UV Mining and UV Rural. Adoption of a rate in the dollar and minimum rates will be the subject of a future item when considering the budget for 2015-16.

**Voting Requirements – Simple Majority**

**Officers Recommendation – Item 15042.4**

**That Council;**

1. In accordance with s6.36(1) advertises its intentions to impose differential rates for UV Rural and UV Mining and makes publically available the document detailing the reasons for and the objectives of the differential rate.
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 on rural lands within the shire.
3. Approves the differential rates for advertising as:  
  
UV Rural = 1.9818 cents in the dollar.  
  
UV Mining = 34.977 cents in the dollar.

**COMMITTEE RECOMMENDATION – ITEM 15042.4**

Moved: Cr King

Seconded: Cr Desmond

**That Council;**

1. In accordance with s6.36(1) advertises its intentions to impose differential rates for UV Rural and UV Mining and makes publically available the document detailing the reasons for and the objectives of the differential rate.
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 on rural lands within the shire.
3. Approves the differential rates for advertising as:  
  
UV Rural = 1.9818 cents in the dollar.  
UV Mining = 33.3118 cents in the dollar.

**Carried: 4 /0**

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NOTE: The Council amended the Officer recommendation by deciding not to apply any rate increase to UV Mining rates due to the current financial difficulties in the mining industry.

## ATTACHMENT

### SHIRE OF PERENJORI OBJECTIVES AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2016

In accordance with Section 6.36 of the Local Government Act 1995, The Shire of Perenjori is required to publish its Objects and Reasons for implement Differential Rates. Those objects and reasons are noted below:

#### OVERALL OBJECTIVE

The Shire of Perenjori provides services to a diverse region consisting of residential, commercial, industrial, pastoral, mining and workforce accommodation. All sectors benefit from the services provided by the Shire, though it is inevitable that some sectors, and some individuals in any sector, may benefit more or less, from any particular service. Persons operating within all sectors have the right to use all of the services provided by the Shire. The Shire does not seek to restrict the use of its services by any sector, though it is inevitable that some will have a greater capacity to contribute to the Shire's revenue than others.

The Shire of Perenjori imposes differential general rates on properties within the Shire based on the existing land use.

The overall objective for the 2015 / 2016 differential rating approach is an attempt to ensure that revenue is collected on an equitable basis, enabling the Shire to provide facilities, infrastructure and services to the entire community.

#### Gross Rental Value

The object of the GRV rates is to require a fair contribution to the revenue requirements of the Shire, while not risking additional financial pressure on the uses in those areas that affect their long term viability.

The reasons for the level of rates set for Gross Rental Values is that this allows for a fair contribution to the revenue requirements of the Shire at the highest sustainable level.

The minimum payment proposed for the GRV category reflects the present financial vulnerability of ratepayers in the category.

#### UV Rural

The object of the UV Rural rates is to require a fair contribution to the revenue requirements of the Shire, while not risking additional financial pressure on the uses in those areas that affect their long term viability.

The reasons for the level of rates set for UV Rural is that this allows for a fair contribution to the revenue requirements of the Shire at the highest sustainable level.

The minimum payment proposed for the UV Rural category reflects the present financial vulnerability of ratepayers in the category.

The UV rural rate applies generally to broad acre farming which is vulnerable to factors such as adverse weather, bushfires, world demand for the product and rises and falls in export

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prices. The rural areas also cover vast tracts of land that is often marginal and input costs are far more extensive to gain a smaller return than mining for example.

The UV rural areas of the Shire are significant contributors in rate income and for example in 2014/2015 the projected rate income was \$1.57 million compared to UV mining with a projected income of \$0.655 million.

#### **UV Mining**

The object of the UV Mining rate is to permit the imposition of rates on mining land which is reasonably proportional to the financial resources of those who will bear the burden of the rates, and striking a reasonable balance between the capacity to pay and the fairness of the requirement.

The objective of the differential rate on UV mining properties is to ensure that mining contributes to the maintenance of the Shire's assets and services to the extent that the mining operators and their connections use them. While every effort is made to establish rates and minimum payments at the fairest possible levels, it is considered that the mining sector has the capacity to pay the proposed rates at the levels estimated.

In dealing with the object of the rate, it should be remembered that operators in the mining industry when they come to the district have the advantage of established Shire services and facilities which often have been provided by the rates contributed in the long term by ratepayers in other sectors, who will continue in the long term future to contribute in the same way. The maintenance of Shire assets and services for the benefit of all users, long term and short term, is a burden which to a significant extent falls upon the long term ratepayers.

On the other hand, it is not uncommon for operators in the mining sector to be present in the district for a short period with a prospect of withdrawing very substantial profits in that time exploiting the mineral resources of the district. That is not a criticism and simply recognises the often transitory nature of mining enterprises. However the mining sector stands to be a beneficiary of the existence and maintenance of the Shire's assets and services to the extent that the mining operators and their connections use them.

The reason for the UV Mining Rate and the UV Mining Minimum payment is to assist the Shire to make up the deficiency in its revenue at a level which is fair in all of the circumstances.

#### **Differential Rating Category**

The following rate category has been established:

##### **UV Mining**

This category will include any property with use of mining land use. A rate in the dollar of 34.977 cents on Unimproved Values with a minimum of \$415 is proposed.

##### **UV Rural**

This category will include any property used for primary industries other than mining, such as broad acre farming. A rate in the dollar of 1.9818 cents on Unimproved Values with a minimum of \$315 is proposed.

**15043 GENERAL BUSINESS**

**15043.1 MOTIONS OF WHICH DUE NOTICE HAVE BEEN GIVEN**

**15043.2 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

**15043.3 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION**

**15043.4 MATTERS BEHIND CLOSED DOORS**

**15043.5 DATE OF NEXT MEETING / MEETINGS**

The next Finance Committee Meeting is to be held Tuesday 19<sup>th</sup> May 2015 at 5.00pm

**15043.6 CLOSURE**

Cr King declared the meeting closed at 6:07 PM