



UNCONFIRMED MINUTES
OF THE FINANCE COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBERS, YALGOO
ON 10 JUNE 2016
COMMENCING AT 11.00 AM



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Minutes of the Finance Committee Meeting
held in the Council Chambers, 37 Gibbons Street, Yalgoo,
on Friday 10 June 2016, commencing at 11.00 am.

Members of the Finance Committee

The Shire of Yalgoo Finance Committee was established by an absolute majority of Council, resolution C2015-1010, at the Ordinary Council Meeting on 22 October 2015, in accordance with s7.1A of the Local Government Act 1995.

Council nominated all Councillors to be members of the Finance Committee.

The following persons are members of the Finance Committee:

- *Cr Neil Grinham*
- *Cr MR (Raul) Valenzuela*
- *Cr Robert Grinham*
- *Cr Percy Lawson*
- *Cr Joanne Kanny*
- *Cr Gail Trenfield*

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chief Executive Officer declared the meeting open at 11:13 am

1.1 Election of Presiding Member:

The Chief Executive Officer to ask for nominations for the position.

Should more than one (1) nomination be received a secret ballot be conducted by the Chief Executive Officer and declare the Presiding Member elect in accordance with Clause 4 of Schedule 2.3 of the Local Government Act 1995.

The Chief Executive Officer to declare that CR RAUL VALENZUELA has been elected as the Presiding Member for the Finance Committee.

1.2 Election of Deputy Presiding Member:

The Presiding Member to ask for nominations for the position

Should more than one (1) nomination be received a secret ballot be conducted by the Chief Executive Officer and the Presiding Member to declare the Deputy Presiding Member elect in accordance with Clause 8 of Schedule 2.3 of the Local Government Act 1995.

The Presiding Member to declare that CR PERCY LAWSON has been elected as the Deputy Presiding Member for the Finance Committee.

2. RECORD OF ATTENDANCE/APOLOGIES

MEMBERS	Cr Neil A Grinham, Shire President Cr M Raul Valenzuela, Deputy Shire President Cr Percy J Lawson Cr Joanne Kanny Cr Gail Trenfield
STAFF	Silvio Brenzi, CEO Steven Cosgrove, Coordinator Governance & Technical Services (CGTS) Karen Malloch, Executive Assistant (EA)
GUESTS	
OBSERVERS	
APOLOGIES	
LEAVE OF ABSENCE	Cr Robert Grinham

3. DISCLOSURE OF INTERESTS

Disclosures of interest made before the Meeting.
Nil

4. CONFIRMATION OF MINUTES OF THE FINANCE COMMITTEE

Background

A search of the Shire's records reveal that no minutes of a previous meeting were found.

Voting Requirements

Simple majority

OFFICER RECOMMENDATION/COUNCIL DECISION

F2016-0601 Minutes of the Finance Committee Meeting

That the Finance Committee confirms that no minutes of a previous meeting were prepared.

Moved: Cr N Grinham

Seconded: Cr J Kanny

Motion put and carried 5/0

5. BUSINESS AS NOTIFIED

5.1 Differential Rating 2016/17 – Proposed Rates and Minimums

File:	
Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	9 June 2016
Attachments	Shire of Yalgoo Rating Methodology and it's Differential Rating Model for 2016-2017

Matter for Consideration

Determination of the rate in the dollar and the minimum rates of the various differential rating categories for the 2016/17 financial year and the advertising for the Shire's intention to impose.

Background

The Valuer General's Office (Landgate) provides Council with a rateable value for each rateable property within the Shire. Properties located in the townships of Yalgoo and Paynes Find are valued based on a gross rental value (GRV). Pastoral/rural, mining and exploration/prospecting are valued based on unimproved value (UV). Council will then set a "rate in the dollar" (RID) and minimum rate.

The rateable value (as advised by the Valuer General's Office) is multiplied by the rate in the dollar to produce the annual rates to be charged to the property. If this value is less than the minimum rate value agreed by Council, then the ratepayer will be charged the minimum rate value.

In August 2015 Council reviewed and adopted the Objects and Reasons for the differential rating categories in the Shire of Yalgoo. The rating methodology has been reviewed and updated for the 2016-17 financial year (copy attached).

The annual differential rating proposal is to be advertised for public comment for a period of 21 days prior to its adoption by Council. Submissions from ratepayers and electors are to be invited and if any submissions are received, Council is required to consider them and decide whether to impose the proposed rates and minimum with or without modification.

If a Local Government has a differential rate that is more than twice the lowest differential rate imposed, approval from the Minister for Local Government must be obtained before the rates are formally adopted by Council..

Once Council has advertised for the required time, processed any submissions from ratepayers and Ministerial approval has been granted, Council can then adopt the Annual Budget on or prior to 31 August.

Statutory Environment

Local Government Act 1995

- s.6.32 – States that a local government, in order to make up the budget deficiency, is to impose a general rate on rateable land that may be imposed uniformly or differentially.
- s.6.33(1) – Provides that a local government may impose differential general rates according to a number of characteristics.

- s.6.33(3) – States that a local government cannot, without the approval of the Minister, impose a differential general rate that is more than twice the lowest differential general rate imposed.
- s.6.34 – States that a local government cannot without the approval of the Minister raise an amount of general rates that exceeds 110% of the budget deficiency or is less than 90% of the budget deficiency.
- s.6.35 – States a local government may impose a minimum rate that is greater than the general rate that would be applied for the land and outlines the requirements for this minimum rate.
- s.6.36 – Requires that a local government before imposing any differential general rates provides at least 21 days local public notice of its intention to do so.

Strategic Implications

The Local Government is to ensure that it raises enough rates to generate the revenue required to fund its operating and capital expenditure commitments.

Rates Revenue as per the Long Term Financial Plan for the 2016-2017 financial year is estimated at \$2,007,807 based on a 4.7% increase over the previous year.

Policy Implications

- Policy 7.5 Rates Calculation – outlines the steps for staff to prepare a draft budget using Local Government Cost Index (LGCI).
- Policy 7.6 Preparation of Budget – outlines the steps and timetable leading to the adoption of the Budget.
- The Council adopted an increase rate in the dollar as part of the Long Term Financial Plan

Financial Implications

After taking into consideration all other sources of income, Council is required to raise sufficient rates to meet its total expenditure commitments, however, it is allowed to adopt a budget that has a deficit or a surplus that doesn't exceed 10% plus or minus of its rates revenue.

Comment

Factors such as the growth of the Shire, need for additional resources to meet growth demands, the rising cost of labour and materials, previous rate increases approved, and a perception of the affordability of a reasonable rate increase are some of the factors taken into account when considering the percentage by which rates in the dollar and minimum rates are recommended to be increased.

Section 6.33 of the Local Government Act 1995 allows Local Governments to impose differential general rates to shift the revenue raising effort to certain sectors of the Community to maintain equity based on the level of services provided by the Shire. The differential land use rating adopted by the Shire allow it to impose different rates in the dollar and minimums for the following categories.

Gross Rental Value (GRV):

Town Improved - Consists of properties located within the townsite boundaries with a predominately residential, commercial and industrial use. This category is considered by Council to be the base rate by which all other GRV properties are assessed and have a different demand and requirement on Shire services and infrastructure.

Townsite Vacant - Consists of vacant properties located within the townsite boundaries that are vacant (no residential, commercial or industrial structures built on the land). The rate in the dollar is the same as the Town Improved category however the minimum rate is higher in order to encourage landowners to undertake development.

Unimproved Value (UV)

Pastoral/Rural - This rating applies to all pastoral leases and land with a predominately rural land use. The proposed rate is comparatively lower when compared to the mining/mining tenement and exploration/prospecting categories on the basis that the pastoral industry has minimum impact or requirement on the Shire services and infrastructure.

Mining/Mining Tenement - This category applies to all mining leases located within the Shire. The proposed rate is comparatively higher when compared to the pastoral/rural category on the basis that mining operations require additional ongoing maintenance of the roads network that service this land use, along with additional costs associated with the administration of mining tenements.

Exploration/Prospecting - This rating category applies to exploration, prospecting and other general purpose leases located in the Shire. The proposed rate is comparatively higher when compared to the pastoral/rural category and lower than the mining tenement category on the basis that the mining operations require additional and ongoing maintenance of the road network that services the land use, the additional cost associated with the administration of exploration and prospecting leases and the Shire wishes to encourage exploration.

The table below details the rate in the dollar and minimum imposed by the Shire in the 2015-16 financial year for each differential rating category and compares them against other surrounding Local Governments.

Categories		Shire of Yalgoo 2015/16	Shire of Cue 2015/16	Shire of Morawa 2015/16	Shire of Mt Magnet 2015/16
Differential General Rate		Rate in \$	Rate in \$	Rate in \$	Rate in \$
GRV	Town sites Improved	0.07454640	0.1011	0.071988	0.097253
GRV	Town sites Vacant	0.07454640	--	--	--
UV	Pastoral/Rural	0.06575168	0.0802	0.021917	--
UV	Mining/Mining Tenement	0.37430250	0.3056	0.289681	0.300826
UV	Exploration/Prospecting	0.19882530	--	--	0.300826
Minimum Rate		Per Annum	Per Annum	Per Annum	Per Annum
GRV	Town sites Improved	\$270.00	\$430.00	\$271.00	\$397.00
GRV	Town sites Vacant	\$620.00	\$520.00	--	--
UV	Pastoral/Rural	\$270.00	\$430.00	\$271.00	--
UV	Mining/Mining Tenement	\$270.00	\$430.00	\$656.00	\$450.00
UV	Exploration/Prospecting	\$270.00	--	--	\$450.00

The table below details the estimated rates levied for the 2015/16 financial year as per the Adopted Budget.

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2015-16 Budgeted Total Revenue \$
Levied 2015-16				
Differential General Rate				
GRV. - Townsites Improved	0.07454640	33	279,123	20,808
GRV. - Townsites Vacant	0.07454640	0	0	0
UV -Pastoral / Rural	0.06575168	22	843,727	55,476
UV.- Mining / Mining Tenement	0.37430250	130	4,169,379	1,560,609
UV.- Exploration / Prospecting	0.19882530	108	725,698	144,287
Sub-Totals		293	6,017,927	1,781,180
Minimum Payment				
	Minimum \$			
GRV. - Townsites Improved	270	5	11,284	1,350
GRV. - Townsites Vacant	620	11	1,550	6,820
UV -Pastoral / Rural	270	3	4,573	810
UV.- Mining / Mining Tenement	270	32	22,832	8,640
UV.- Exploration / Prospecting	270	78	42,793	21,060
Sub-Totals		129	83,032	38,680
		422	6,100,959	
Discounts				0
Total Amount Raised from General Rate				1,819,860
Interim Rating				0
Specified Area Rates				0
Total Rates				1,819,860

The tables below detail three (3) rating models for the 2016 – 2017 Financial Year for Council consideration:

	Rate in	Number	Rateable	2016-17
RATE TYPE	\$	of	Value	Budgeted
Based on a 3% increase		Properties	\$	Total
				Revenue
				\$
Differential General Rate				
GRV. - Townsites Improved	0.07688500	32	261,026	20,069
GRV. - Townsites Vacant	0.07688500	0	0	0
UV -Pastoral / Rural	0.07077260	23	861,823	60,993
UV.- Mining / Mining Tenement	0.40875000	125	3,881,003	1,586,360
UV.- Exploration / Prospecting	0.22850000	111	751,154	171,639
Sub-Totals		291	5,755,006	1,839,061
	Minimum			
Minimum Payment	\$			
GRV. - Townsites Improved	280	5	11,284	1,400
GRV. - Townsites Vacant	640	11	1,550	7,040
UV -Pastoral / Rural	280	4	4,786	1,120
UV.- Mining / Mining Tenement	300	29	17,144	8,700
UV.- Exploration / Prospecting	300	58	40,630	17,400
Sub-Totals		107	75,394	35,660
		398	5,830,400	
Discounts				0
Total Amount Raised from				
General Rate				1,874,721
Interim Rating				0
Specified Area Rates				0
Total Rates				1,874,721

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2016-17 Budgeted Total Revenue \$
Based on a 4% increase				
Differential General Rate				
GRV. - Townsites Improved	0.07762820	32	261,026	20,263
GRV. - TownsitesVacant	0.07762820	0	0	0
UV -Pastoral / Rural	0.07146050	23	861,823	61,586
UV.- Mining / Mining Tenement	0.41270000	125	3,881,003	1,601,690
UV.- Exploration / Prospecting	0.23029000	111	751,154	172,983
Sub-Totals		291	5,755,006	1,856,522
	Minimum \$			
Minimum Payment				
GRV. - Townsites Improved	280	5	11,284	1,400
GRV. - TownsitesVacant	640	11	1,550	7,040
UV -Pastoral / Rural	280	4	4,786	1,120
UV.- Mining / Mining Tenement	300	29	17,144	8,700
UV.- Exploration / Prospecting	300	58	40,630	17,400
Sub-Totals		107	75,394	35,660
		398	5,830,400	
Discounts				0
Total Amount Raised from General Rate				1,892,182
Interim Rating				0
Specified Area Rates				0
Total Rates				1,892,182

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2016-17 Budgeted Total Revenue \$
Based on a 5% increase				
Differential General Rate				
GRV. - Townsites Improved	0.08080000	30	253,642	20,494
GRV. - Townsites Vacant	0.08080000	0	0	0
UV -Pastoral / Rural	0.07213050	23	861,823	62,164
UV.- Mining / Mining Tenement	0.41666230	126	3,881,727	1,617,369
UV.- Exploration / Prospecting	0.23250620	111	751,154	174,648
Sub-Totals		290	5,748,346	1,874,675
	Minimum \$			
Minimum Payment				
GRV. - Townsites Improved	300	7	18,668	2,100
GRV. - Townsites Vacant	640	11	1,550	7,040
UV -Pastoral / Rural	300	4	4,786	1,200
UV.- Mining / Mining Tenement	300	28	16,420	8,400
UV.- Exploration / Prospecting	300	58	40,630	17,400
Sub-Totals		108	82,054	36,140
		398	5,830,400	
Discounts				0
Total Amount Raised from General Rate				1,910,815
Interim Rating				0
Specified Area Rates				0
Total Rates				1,910,815

All options detailed above fall short of achieving the Long Term Financial Plan estimated rates revenue yield of \$2,007,807 with a proposed rate increase of 4.7%. On that basis it is recommended that Council give consideration of determining the following rates in the dollar and the minimum rates for the various differential rating categories for the 2016 -17 financial year and advertise accordingly.

Differential General Rate	Rate in the \$
GRV. - Townsites Improved	0.08080000
GRV. - Townsites Vacant	0.08080000
UV -Pastoral / Rural	0.07213050
UV.- Mining / Mining Tenement	0.41666230
UV.- Exploration / Prospecting	0.23250620
	Minimum
Minimum Payment	\$
GRV. - Townsites Improved	300
GRV. - Townsites Vacant	640
UV -Pastoral / Rural	300
UV.- Mining / Mining Tenement	300
UV.- Exploration / Prospecting	300

It is proposed that the differential general rates and minimum payments for each of the differential rate categories be advertised on Tuesday 21 June 2016 and an invitation for submissions be for a period of 21 days closing on Wednesday 13 July 2016 at 4:00 pm. The advertisement to include the time and place where the Shire of Yalgoo Rating Methodology and its Differential Rating Models describing the objects and reasons for the 2016 – 2017 Financial Year may be inspected and be available on the Shire's website.

The following Officer Recommendation was moved by Cr J Kanny and seconded by Cr P Lawson.

Voting Requirements

Simple Majority

OFFICER RECOMMENDATION

Differential Rating 2016/2017 – Proposed Rates and Minimums

That Council:

1. **Advertise the intention to impose the following differential general rates and minimum payments applying to each of the differential rate categories in accordance with Section 6.36 of the Local Government Act 1995 be placed in the Geraldton Guardian newspaper and the Bulldust.**
2. **That the advertisement in (1) above also provide for an invitation for submissions to be made by an elector or a ratepayer for a period of 21 days closing at 4:00 pm on Wednesday 13 July 2016 and detail the time and place where the Shire of Yalgoo Rating Methodology and its Differential Rating Model may be inspected and a copy be placed on the Shire's website.**

Moved: Cr J Kanny

Seconded: Cr P Lawson

Motion AMENDED

Dominic Carbone then made a presentation to members in relation to the report 5.1. Questions were asked by the elected members and duly answered.

It was then moved:

Voting Requirements

Simple Majority

OFFICER RECOMMENDATION/FINANCE COMMITTEE DECISION

F2016-0602 Differential Rating 2016/2017 – Proposed Rates and Minimums

That Council:

3. Advertise the intention to impose the following differential general rates and minimum payments applying to each of the differential rate categories in accordance with Section 6.36 of the Local Government Act 1995 be placed in the Geraldton Guardian newspaper and the Bulldust.

Differential General Rate	Rate in the \$
GRV. - Townsites Improved	0.08080000
GRV. - TownsitesVacant	0.08080000
UV -Pastoral / Rural	0.07213050
UV.- Mining / Mining Tenement	0.41666230
UV.- Exploration / Prospecting	0.23250620
	Minimum
Minimum Payment	\$
GRV. - Townsites Improved	300
GRV. - TownsitesVacant	640
UV -Pastoral / Rural	300
UV.- Mining / Mining Tenement	300
UV.- Exploration / Prospecting	300

4. That the advertisement in (1) above also provide for an invitation for submissions to be made by an elector or a ratepayer for a period of 21 days closing at 4:00 pm on Wednesday 13 July 2016 and detail the time and place where the Shire of Yalgoo Rating Methodology and it's Differential Rating Model may be inspected and a copy be placed on the Shire's website.

Moved: Cr J Kanny

Seconded: Cr P Lawson

Motion put and carried 5/0



SHIRE OF YALGOO

RATING METHODOLOGY AND ITS DIFFERENTIAL RATING MODEL

FOR
2016 - 2017



BASIS OF LOCAL GOVERNMENT RATES IN WESTERN AUSTRALIA

Local Government rating is regulated through Sections 6.28 to 6.82 of the local Government Act 1995 (the Act). All land within the local government district is rateable land with the exceptions, as specified in Section 6.28 of the Act.

The basis of the local government rates is the improved value (UV) for land used predominately for rural purposes, and gross rental value (GRV) for land used predominately for non – rural purposes. Local governments set a rate in the dollar in order to achieve rating equity, and to raise the revenue required to meet their projected shortfalls.

Local Governments can use differential rating; minimum payments, specified area rates, service charge, discounts and concessions to adjust the rates burden. Local government rates are a property tax based on land or rental value and broadly reflect “the ability to pay”. The rates imposed are not a fee for service.

LAND VALUATIONS IN WESTERN AUSTRALIA

The main legislation for the valuation of land relevant to this review is as follows:

- The Valuation of Land Act 1978: and
- The Local Government Act 1995.

THE VALUATION OF LAND ACT 1978

The valuation of land tax 1978 provides for the valuation of land in Western Australia.

The Valuer General’s Guide to Rating and Taxing Values describes the Valuer General’s role in providing valuations used by rating and taxing authorities, in accordance with the provisions of the Valuation of Land Act 1978 (the VLA). The VLA empowers the Valuer General to conduct general valuations based on Unimproved Values (UV) and Gross Rental Value (GRV)

Unimproved Land Values (UV’s)

A new UV is determined each year for all land within the state, and comes into force on 30th June. UV is defined in the Valuation of Land Act 1978, and in some cases it is a statutory formula. As a broad guide the following applies:

- Within a Townsite

For land situated within a town site the UV is the site value of the land. In general, this means the value of the land as if it were vacant with no improvements except merged improvements. Merged improvements relate to improvements such as clearing draining and tilling.

- Outside a Townsite

The UV of land outside a townsite is valued as if it had no improvements. In this case, the land is valued as though it remains original, natural state, although any land degradation is taken into account.

If the UV cannot reasonably be determined on this basis, it is calculated as a percentage of the value of the land as if it has been developed to a fair district standard, but not including buildings. This percentage is described (where it applies) by Valuer General from year to year.

- Exceptions

There are certain exceptions to the above for which the Valuation of Land Act 1978 provides statutory valuation calculations for UV based on formula, for example a fixed rate per hectare, or a multiple of the annual rent

These exceptions include: mining tenements, leases under the Land Administration Act 1997 for the purpose of grazing, leases under agreement acts, and land held under the Conservation and Land Management Act 1984.

- UV Valuation Methodology

Market based UV's are determined by reference to the land market at the date of valuation. All sales relevant to the predetermined date of valuation are investigated and where considered necessary, the parties interviewed.

Unsuitable sales, for example between related parties, or those with special circumstances, are discarded. By this process fair and reasonable criterion is established for the fixing of values.

Gross Rental Values (GRV's)

The primary definition of GRV under the Valuation of Land Act 1978 is as follows:

- GRV

Means the gross annual rental that the land might reasonably be expected to realise if let on a tenancy from year to year, upon condition that the landlord is liable for all rates, taxes and other charges thereon, and the insurance and other outgoings necessary to maintain the value of the land.

A GRV is determined on the basis that the rental includes outgoings such as rates and other property expenses.

As most commercial rentals are negotiated net of outgoings, these need to be added to the net rental to equate to the statutory definition.

The introduction of the goods and services tax (GST) has impacted on the determination of GRV. Where property rental payments are subject to GST, they represent a tax payable by the property owner, and as such must be included in the Gross Rental Value.

Where an annual rental cannot reasonably be determined, then the GRV shall be the assessed value. Assessed value is defined in the Valuation of Land Act 1978 as set percentage of capital value, currently fixed by regulation at 5%.

For example, vacant rental land for which no rental value can be determined is currently valued on the basis of 5% of its total capital value. Capital Value is defined as the capital amount from which an estate of fee simple, in the land might reasonably be expected to realise upon sale, provided that where the capital value of land cannot be reasonably determined on such basis, the capital value of such land shall be the sum of first, the unimproved value of the land and secondly the estimated replacement cost of improvements to the land.

Land used for residential purpose only must be valued on the basis of rental value. Any other land with a relatively low rental value in comparison to its capital value may be valued as if it were vacant land.

-GRV Valuation Methodology

A data base of rental evidence is assembled from information obtained from property managers a, owners, and other sources.

A schedule of properties rented at the date of valuation is prepared for the area to be valued.

The rented properties are inspected the rent analysed (for example deductions for furniture include in the letting)

Unsuitable lettings, such as those between related parties, are discarded so that the final list is acceptable as the basis for the determination of fair gross rentals, as illustrated by actual market dealings.

From the analysis of actual rentals, the fair gross rental of each property is established, after making allowances for any special features or detriments.

The GRV normally represents the annual equivalent of fair weekly rental. For instance a GRV of \$10,400 represents a weekly rental of \$200

LOCAL GOVERNMENT ACT 1995 – RATING PROVISIONS

The Local Government Act 1995 sets out the basis on which differential general rates may be based as follows:

Section 6.32 (1) of the Local Government Act 1995 states:

- (1) When adopting the annual budget, a local government —
 - (a) in order to make up the budget deficiency, is to impose a general rate on rateable land within its district, which rate may be imposed either —
 - (i) Uniformly; or
 - (ii) Differentially;

DIFFERENTIAL RATES

6.33. Differential general rates

- (1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —
 - (a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*; or
 - (b) a purpose for which the land is held or used as determined by the local government; or
 - (c) whether or not the land is vacant land; or
 - (d) any other characteristic or combination of characteristics prescribed.
- (2) Regulations may —
 - (a) specify the characteristics under subsection (1) which a local government is to use; or
 - (b) limit the characteristics under subsection (1) which a local government is permitted to use.
- (3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.
- (4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.
- (5) A differential general rate that a local government purported to impose under this Act before the *Local Government Amendment Act 2009* section 39(1)(a) came into operation is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

MINIMUM RATES

6.35. Minimum payment

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.

- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
 - (a) 50% of the total number of separately rated properties in the district; or
 - (b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
 - (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
 - (a) to land rated on gross rental value; and
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

DIFFERENTIAL RATING -WESTERN AUSTRALIA

Section 633 of the local Government Act 1995 allows local governments to impose differential general rates to shift the revenue raising effort to certain sectors of the community to maintain equity based on the level of services provided by Shire. Local Governments could rate the following land uses, or a combination of zoning/locality, and land use:

- Residential
- Commercial
- Industrial
- Rural
- Vacant land
- Other

Changing to differential land use rating would allow local governments to offer different rates in the dollar to the above groups.

DIFFERENTIAL RATING – SHIRE OF YALGOO

Rating Category Classifications

The shire currently uses a differential rating model based on the differential categories outlined in the table below.

RATING CATEGORY	TOWN PLANNING SCHEME ZONING/LAND USE
GRV-Town Improved	Residential zoning Commercial zoning Industrial zoning
GRV- Town Vacant Land	Industrial zoning Residential zoning Commercial zoning
UV - Pastoral/Rural	Predominate use for pastoral/rural purposes
UV – Mining / Mining Tenements	Predominate use for mining purposes
UV – Exploration and Prospecting	Predominate use for exploration and prospecting purposes

Differential Rating Categories Objects and Reasons

The shire has adopted the following objects and reasons for the differential rating categories:-

Gross Rental Value (GRV)

- Town Improved- consists of properties located within the townsite boundaries with a predominate residential, commercial and industrial use. This category is considered by council to be the base rate by which all other GRV properties are assessed and have a different demand and requirement on shire services and infrastructure.

Proposed rate in the dollar:	8.08 cents
Minimum rate:	\$300
Number rateable assessment 15/16:	37
Number rateable assessment 16/17:	37
Average rate per assessment 15/16:	\$563
Average rate per assessment 16/17:	\$611
Average valuation 15/16:	\$7,837
Average valuation 16/17:	\$7,360
Average percentage change in valuation:	- 6.09%

- Townsite Vacant – Consists of vacant properties located within the townsite boundaries that are vacant (no residential commercial or industrial structures built on the land) The rate in the dollar is the same as the Town Improved category however the minimum rate is higher in order to encourage landowners to undertake development.

Proposed rate in the dollar:	8.08 cents
Minimum rate:	\$640
Minimum of rateable assessments 15/16:	12
Minimum of rateable assessments 16/17:	11
Average rate per assessment 15/16:	\$620
Average rate per assessment 16/17:	\$640
Average valuation 15/16:	\$165
Average valuation 16/17:	\$141
Average percentage change in valuation	- 14.5%

Unimproved Value (UV)

- Pastoral/Rural- this rating applies to all pastoral leases and land with a predominate rural land use. The proposed rate is comparatively lower when compared to the mining/mining tenement and exploration / prospecting categories on the basis that the pastoral industry has minimum impact or requirement on the shire services and infrastructure.

Proposed rate in the dollar:	7.21305 cents
Minimum rate:	\$300
Minimum of rateable assessments 15/16:	25
Minimum of rateable assessments 16/17:	27
Average rate per assessment 15/16:	\$2,252
Average rate per assessment 16/17:	\$2,346
Average valuation 15/16:	\$37,661
Average valuation 16/17:	\$32,097
Average percentage change in valuation	- 14.77%

- Mining/ Mining Tenement- this category applies to all mining leases located within the shire. The proposed rate is comparatively higher when compared to the pastoral/rural category on the basis that mining operations require additional ongoing maintenance of the roads network that services this land use along with additional costs associated with the administration of mining tenements.

Proposed rate in the dollar:	41.666235 cents
Minimum rate:	\$300
Minimum of rateable assessments 15/16:	160
Minimum of rateable assessments 16/17:	154
Average rate per assessment 15/16:	\$9,684
Average rate per assessment 16/17:	\$10,557
Average valuation 15/16:	\$26,366
Average valuation 16/17:	\$25,313
Average percentage change in valuation -	-3.99%

- Exploration / Prospecting – This rating category applies to exploration, prospecting and other general purpose leases located within the shire. The proposed rate is comparatively higher when compared to the pastoral/rural category and lower than the mining tenement category on the basis that the mining operations require additional and ongoing maintenance of the road network that services the land use, the additional cost associated with the administration of exploration and prospecting leases and the shire wishes to encourage exploration.

Proposed rate in the dollar:	23.25062 cents
Minimum rate:	\$300
Minimum of rateable assessments 15/16:	190
Minimum of rateable assessments 16/17:	169
Average rate per assessment 15/16:	\$978
Average rate per assessment 16/17:	\$1,136
Average valuation 15/16:	\$4,246
Average valuation 16/17:	\$4,685
Average percentage change in valuation:	10.34

5.2 Report on Capital Expenditure Items to be Incorporated in the 2016-17 Draft Annual Budget

File:	
Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	7 th June 2016
Attachments	Preliminary Draft Annual Budget 2016-17

Matter for Consideration

That the finance committee give consideration to the Capital Expenditure items for inclusion in the 2016-17 Annual Draft Budget and recommend accordingly to Council for their inclusion.

Background

Council is in the process of preparing the 2016-17 Annual Draft Budget and is required to determine the Capital Expenditure items for inclusion.

Statutory Environment

Local Government Act 1995

Section 6.2 Local Government to prepare Annual Budget.

Strategic Implications

Consideration needs to be given to the Shire's Strategic Community Plan (SCP), Corporate Business Plan (CBP) and its Long Term Financial Plan (LTFP) when determining the items of Capital Expenditure in order of priority for inclusion in the 2016-17 Annual Budget.

Consultation

Dominic Carbone & Associates

Comment

Attached is a preliminary draft copy of the 2016-17 Draft Annual Budget that details the Capital Expenditure Items for the Finance Committee consideration. Please note that only the Capital Items and associated proceeds from trade-ins and written down values of assets to be sold are only included in the Preliminary Draft Annual Budget 2016-17.

ATTENDANCE: 12.50 pm Cr J Kanny left the meeting.

12.51 pm Cr J Kanny rejoined the meeting.

ATTENDANCE: 12.56 pm Mr D Carbone left the meeting.

12.57 pm Mr D Carbone rejoined the meeting.

Voting Requirements

Simple Majority

OFFICER RECOMMENDATION/COUNCIL DECISION**F2016-0603 Report on Capital Expenditure Items to be Incorporated in the 2016-17 Draft Annual Budget**

That the Finance Committee recommends to Council that the Capital Expenditure items detailed in the worksheets attached to this report be incorporated in the 2016-17 Draft Annual Budget with the following amendments:

- Council Chamber chair replacement \$10,000;
- Council Chamber Improvements (Window treatments, Computer cabling and electrical) \$5,000
- Consultancy fees – Development Rural and Industrial subdivision \$40,000
- Amalgamation of Council land to accommodate an emergency management training facility \$5,000
- Wild dog bounty \$10,000
- Main Street beautification review and finalisation of study \$25,000

Moved: Cr J Kanny

Seconded: Cr G Trenfield

Motion put and carried 5/0

6. URGENT BUSINESS

Nil

7. MEETING CLOSURE

There being no further business the Presiding Member closed the meeting at 1.30 pm.