



AGENDA FOR THE  
FINANCE COMMITTEE MEETING  
HELD IN  
THE COUNCIL CHAMBERS, YALGOO  
ON 29 JUNE 2018  
COMMENCING 10.00 AM



# SHIRE OF YALGOO

## NOTICE OF FINANCE COMMITTEE MEETING

THE NEXT ORDINARY MEETING OF COUNCIL WILL BE HELD IN THE YALGOO COUNCIL CHAMBERS, YALGOO ON 29 JUNE 2018 COMMENCING AT 10.00 AM.

**Silvio Brenzi**

Chief Executive Officer



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**Agenda for the Finance Committee Meeting**  
to be held in the Council Chambers, 37 Gibbons Street, Yalgoo,  
on Friday 29 June 2018 commencing at 10.00 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 27 October 2017, 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 Joanne Kanny*
- *Cr Tamisha Hodder*
- *Cr Robert Grinham*
- *Cr Percy Lawson*
- *Cr Gail Trenfield*
- *Cr Gregory Payne*

<b>1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS</b>
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The Chief Executive Officer to declare the meeting open at 10.00 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 \_\_\_\_\_ has been elected as the Presiding Member for the Finance Committee.

**1.2 Election of Deputy Presiding Member:**

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 \_\_\_\_\_ has been elected as the Deputy Presiding Member for the Finance Committee.

## **2. RECORD OF ATTENDANCE/APOLOGIES**

MEMBERS

STAFF

GUESTS

OBSERVERS

APOLOGIES

## **3. DISCLOSURE OF INTERESTS**

Disclosures of interest made before the Meeting

## **4. CONFIRMATION OF MINUTES OF THE FINANCE COMMITTEE**

### **Background**

Minutes of the Finance Committee held on 28 July 2017 have previously been circulated to all Councillors..

### **Voting Requirements**

Simple majority

### **OFFICER RECOMMENDATION**

#### **Minutes of the Finance Committee Meeting**

**That the minutes of the Finance Committee meeting held on 28 July 2017 as circulated be confirmed as a true and correct record of proceedings.**

**Moved:**

**Seconded:**

**Motion put and carried/lost**

## 5. BUSINESS AS NOTIFIED

### 5.1 Report on 2018-19 Preliminary Draft Annual Budget

Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	17 June 2018
Attachments	Preliminary Draft Annual Budget 2018-19 Work Sheets

#### Matter for Consideration

That the finance committee give consideration to the Preliminary Draft Annual Budget that excludes the surplus/deficit to be carried forward and recommend accordingly to Council for endorsement.

#### Background

Council is in the process of preparing the 2018-19 Annual Budget.

#### Statutory Environment

*Local Government Act 1995*

*Section 6.2 Local Government to prepare Annual Budget.*

#### Strategic Implications

The 2018-19 Preliminary Draft Annual Budget has taken into account the needs detailed in the Shire's Strategic Community Plan (SCP), the Corporate Business Plan (CBP), and the Long Term Financial Plan (LTFP) when determining items for inclusion in the proposed budget.

#### Comment

Attached is a draft of the 2018-19 Preliminary Annual Budget comprising of the Rate Setting Statement and detailed worksheets for the Finance Committee consideration.

In preparing the Budget worksheets, external and internal influences have been taken into account as well as a review of the Shire's operations and services to be provided. Economic efficiencies like the review of the old Centacare Program and increasing the revenue sources of the Caravan Park.

Please note that the surplus for the 2017-18 financial year is yet to be incorporated and is estimated \$856,919 in order to balance the 2018-19 Budget..

#### Voting Requirements

Simple Majority

#### OFFICER RECOMMENDATION

##### Report on the 2018-19 Draft Annual Budget

**That the Finance Committee recommends to Council that the items of revenue and expenditure detailed in the work sheets attached to this report be incorporated in the 2018-19 Draft Annual Budget with the following amendments:**

\_\_\_\_\_

**Moved:**

**Seconded:**

**Motion put and carried/lost**

## 5.2 Differential Rating 2018/ 19 Proposed Rates and Minimums and Objects and Reasons

Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	17 June 2018
Attachments	Shire of Yalgoo Rating Methodology and it's Differential Rating Model for 2018-2019

### Matter for Consideration

Determination of the rate in the dollar and the minimum rates of the various differential rating categories for the 2018/19 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 May 2017 Council reviewed and adopted the Objects and Reasons for the differential rating categories in the Shire of Yalgoo.

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 of each calendar year.

### 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 2018-2019 financial year is estimated at \$2,222,050 based on a 5.2% 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 objects and reasons for each of the rating categories have been reviewed in relation to the Shire's Local Planning Scheme which states the objectives of the various zones. The objects and reasons have been reviewed with no changes made.

The table below details the rate in the dollar and minimum imposed by the Shire in the 2017-18 financial year for each differential rating category and compares them against other surrounding Local Governments.

<b>Categories</b>		<b>Shire of Yalgoo 2017/18</b>	<b>Shire of Cue 2017/18</b>	<b>Shire of Morawa 2017/18</b>	<b>Shire of Mt Magnet 2017/18</b>
<b>Differential General Rate</b>		<b>Rate in \$</b>	<b>Rate in \$</b>	<b>Rate in \$</b>	<b>Rate in \$</b>
GRV	Townsites Improved	0.07454640	0.1036	0.07507	0.10477
GRV	Townsites Vacant	0.07454640	0.1036	--	--
UV	Pastoral/Rural	0.06575168	0.0822	0.023043	0.068969
UV	Mining/Mining Tenement	0.37430250	0.3132	0.289681	0.322245
UV	Exploration/Prospecting	0.19882530	--	--	0.322245
<b>Minimum Rate</b>		<b>Per Annum</b>	<b>Per Annum</b>	<b>Per Annum</b>	<b>Per Annum</b>
GRV	Townsites Improved	\$270.00	\$440.00	\$290.00	\$425.00
GRV	Townsites Vacant	\$620.00	\$530.00	--	--
UV	Pastoral/Rural	\$270.00	\$440.00	\$290.00	\$425.00
UV	Mining/Mining Tenement	\$270.00	\$440.00	\$656.00	\$482.00
UV	Exploration/Prospecting	\$270.00	\$440.00	--	\$482.00

When adopting the 2016-17 Annual Budget advice was received from the Legislation Officer, Department of Local Government and Communities (DLGC) that the proposed rates in the dollar to be imposed by the Shire, were regarded to be too high in particular for the categories Exploration and Prospecting and Mining Tenements from which 95% of the rates revenue is derived.

The table below details the rates in the dollar imposed for 2017-18 and proposed for the 2018-19. The rates revenue will increase by an estimated \$55,235 resulting for an increase in valuations.

**SHIRE OF YALGOO RATES MODELLING FOR 2018-19**

**OPTION 1**

SHIRE OF YALGOO RATES MODELLING FOR 2018-19					OPTION 1					2017-18	2018-19	DECREASE/INCREASE	%	NATURAL
RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2017-18 Budgeted Total Revenue \$	RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2018-19 Budgeted Total Revenue \$	% TO TOTAL RATES LEVIED	% TO TOTAL RATES LEVIED	RATES LEVIED	MOVEMENT	GROWTH IN VALUATIONS
<b>Differential General Rate</b>	0.0745464	32	261,026	19,459	<b>Differential General Rate</b>	0.0767827	35	356,986	27,410	1.1%	1.5%	7,952	40.9%	95,960
GRV Town sites Improved	0	0	0	0	GRV Town sites Improved	0.0767827	0	0	0	0.0%	0.0%	0	0.0%	0
GRV Town sites Improved Vacant	0.0657516	23	864,252	56,826	GRV Town sites Improved Vacant	0.0677242	20	734,908	49,771	3.3%	2.8%	(7,055)	-12.4%	(129,344)
UV Pastoral / Rural	0.3743025	125	3,883,575	1,453,632	UV Pastoral / Rural	0.3743025	146	4,154,367	1,554,990	84.1%	87.1%	101,358	7.0%	270,792
UV Mining / Mining Tenements	0.1988253	116	818,281	162,695	UV Mining / Mining Tenements	0.1988253	104	590,193	117,345	9.4%	6.6%	(45,350)	-27.9%	(228,088)
UV Exploration and Prospecting					UV Exploration and Prospecting									
<b>Sub-Totals</b>		296	5,827,134	1,692,611	<b>Sub-Totals</b>		305	5,836,454	1,749,517					
<b>Minimum Payment \$</b>					<b>Minimum Payment \$</b>									
GRV Town sites Improved	270	5	8,840	1,350	GRV Town sites Improved	280	3	9,067	840	0.1%	0.0%	(510)	-37.8%	227
GRV Town sites Improved Vacant	620	10	1,240	6,200	GRV Town sites Improved Vacant	620	10	1,240	6,200	0.4%	0.3%	0	0.0%	0
UV Pastoral / Rural	270	5	4,786	1,350	UV Pastoral / Rural	280	3	4,573	840	0.1%	0.0%	(510)	-37.8%	(213)
UV Mining / Mining Tenements	270	29	17,160	7,830	UV Mining / Mining Tenements	280	20	9,854	5,600	0.5%	0.3%	(2,230)	-28.5%	(7,306)
UV Exploration and Prospecting	270	74	52,145	19,980	UV Exploration and Prospecting	280	77	57,865	21,560	1.2%	1.2%	1,580	7.9%	5,720
<b>Sub-Totals</b>		123	84,171	36,710	<b>Sub-Totals</b>		113	82,599	35,040					
		419	5,911,305				418	5,919,053						
Discounts				0	Discounts				0					
<b>Total Amount Raised from General Rate</b>				1,729,321	<b>Total Amount Raised from General Rates</b>				1,784,557					
Interim Rating				0	Interim Rating				0					
Specified Area Rates				0	Specified Area Rates				0					
<b>Total Rates</b>				1,729,321	<b>Total Rates</b>				1,784,557	100.0%	100.0%	55,235	-1	7,748

The option detailed above falls short of achieving the Long Term Financial Plan estimated rates revenue yield of \$2,222,050 with a proposed rate increase of 5.2%. 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 2018-19 financial year and advertise accordingly.

Differential General Rate	Rate in the \$	Minimum Payment	Minimum \$
GRV – Townsite Improved	0.0767827	GRV – Townsite Improved	280
GRV – Townsite Vacant	0.0767827	GRV – Townsite Vacant	620
UV – Pastoral / Rural	0.0677242	UV – Pastoral / Rural	280
UV – Mining / Mining Tenement	0.37430250	UV – Mining / Mining Tenement	280
UV – Exploration / Prospecting	0.19882530	UV – Exploration / Prospecting	280

It is proposed that the differential general rates and minimum payments for each of the differential rate categories be advertised on Wednesday 4 July 2018 and an invitation for submissions be for a period of 21 days closing on Friday 27 July 2018 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 2018-2019 Financial Year may be inspected and be available on the Shire's website.

### Voting Requirements

Simple Majority

### OFFICER RECOMMENDATION

#### Differential Rating 2018/2019 – Proposed Rates and Minimums

**The Finance Committee recommends to Council that:**

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.

Differential General Rate	Rate in the \$	Minimum Payment	Minimum \$
GRV – Townsite Improved	0.0767827	GRV – Townsite Improved	280
GRV – Townsite Vacant	0.0767827	GRV – Townsite Vacant	620
UV – Pastoral / Rural	0.0767827	UV – Pastoral / Rural	280
UV – Mining / Mining Tenement	0.37430250	UV – Mining / Mining Tenement	280
UV – Exploration / Prospecting	0.19882530	UV – Exploration / Prospecting	280

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 Friday 27 July 2018 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.

3. That all rural/pastoral ratepayers be provided with a copy of the Shire of Yalgoo Rating Methodology and its Differential Rating Model and be invited to make submissions.
4. That Council adopts the Objects and Reasons for the following differential rating categories;
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.

Moved:

Seconded:

Motion put and carried

## 6. URGENT BUSINESS

## 7. MEETING CLOSURE