



## **MINUTES**

### **AUDIT COMMITTEE MEETING**

Thursday 24 April 2014  
Commencing At 9.00am  
At Council Chambers in Menzies

## SHIRE OF MENZIES

### DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Menzies for any act or omission or statement or intimation occurring during this meeting.

It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Council's decision, which will be provided within fourteen (14) days of this meeting.

### FINANCIAL INTEREST (EFFECTIVE 1 JULY 1996)

A financial interest occurs where a Councillor, or person with whom the Councillor is closely associated, has direct or indirect financial interest in the matter. That is, the person stands to make a financial gain or loss from the decision, either now or at some time in the future.

An indirect financial interest includes a reference to a financial relationship between that person and another person who requires a Local Government decision in relation to the matter.

#### **Councillors should declare an interest:**

- a) In a written notice given to the CEO before the meeting: or**
- b) At the meeting immediately before the matter is discussed**

A member who has declared an interest must not:

Preside at the part of the meeting relating to the matter: or  
Participate in, or be present during any discussion or decision making procedure relating to the matter.

Unless the member is allowed to do so under Section 5.68 or 5.69, Local Government Act 1995

Ref: Local Government Act 1995 Division 6 – Disclosure of Financial Interest.  
Specifically Sections 5.60, 5.61, 5.65 and 5.67

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**AUDIT COMMITTEE MEETING 24 APRIL 2014**  
**commencing at 9.02 am**

**MINUTES**

**1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**

The Presiding Member declared the meeting open at 9:02am welcoming the Councillors and visitors and proceeded with the agenda as planned.

**2 ANNOUNCEMENT OF VISITORS**

Mr Paul Bashall, Planwest

**3 RECORD OF ATTENDANCE**

<b>Councillors:</b>	Cr G Dwyer	President
	Cr J Mazza	Councillor
	Cr J Lee	Councillor
	Cr I R Tucker	Councillor
<b>Staff:</b>	Mr Peter Crawford	Chief Executive Officer
	Ms Brooke Povah	Deputy Chief Executive Officer
	Ms Leanne Downie	Executive Assistant
<b>Observers:</b>	Mr Paul Bashall	Planwest
	Cr Peter Twigg	Councillor (from 2:15pm)

**4 DECLARATIONS OF INTEREST/APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

**5 PUBLIC QUESTION TIME**

Nil

**6 CONFIRMATION OF PREVIOUS MINUTES**

6.1 Confirmation of the Previous Minutes of Audit Committee Meeting held on 27 March 2014 as presented, be adopted.

**Moved: Cr Mazza**

**Seconded Cr Lee**

**That the Minutes of the Audit Committee Meeting held Thursday 27 March 2014 as presented, be confirmed.**

**9:05am**

**CARRIED 4/-**

**The Audit Committee Meeting was adjourned at 9:17am.**

**The meeting resumed at 9:31am.**

***Mr Peter Crawford left the meeting at 9:35am***

***Mr Peter Crawford returned to the meeting at 9:37am***

***Mr Peter Crawford left the meeting at 9:39am***

***Cr Ian Tucker left the meeting at 9:41am***

***Mr Peter Crawford returned to the meeting at 9:42am***

***Cr Ian Tucker returned to the meeting at 9:43am***

**The Audit Committee Meeting was adjourned at 9:54am**

**The meeting resumed at 11:59am with all previous attendees present.**

***Mr Peter Crawford left the meeting at 12:02pm***

***Mr Peter Crawford returned to the meeting at 12:04pm***

***Ms Brooke Povah left the meeting at 12:05pm***

***Ms Brooke Povah returned to the meeting at 12:06pm***

**The Audit Committee Meeting was adjourned at 12:17pm**

***The meeting was resumed at 2:15pm with all previous attendees present and Mr Paul Bremman in attendance by telephone from 2:17pm. Mr Paul Bashall, Planwest and Cr Peter Twigg were also in attendance as observers.***

***Mr Paul Bashall left the meeting at 2:30pm and did not return***

<b>7.1 PROPOSAL TO IMPOSE DIFFERENTIAL RATES FOR 2014/2015 FINANCIAL YEAR</b>
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<b>SUBMISSION TO:</b>	Audit Committee Meeting, 24 April 2014
<b>LOCATION:</b>	Shire of Menzies
<b>APPLICANT:</b>	Shire of Menzies
<b>FILE REF:</b>	ADM 262
<b>DISCLOSURE OF INTEREST:</b>	None
<b>DATE:</b>	15 April 2014
<b>AUTHOR:</b>	Peter Crawford, Chief Executive Officer
<b>SIGNATURE OF AUTHOR:</b>	
<b>PREVIOUS MEETING REFERENCE:</b>	Item 7.3 Audit Committee Meeting 27 March 2014

**ATTACHMENTS:**

- 7.1 Attachment #1 – Objects and Reasons for adoption of differential rating
- 7.1 Attachment #2 – Comparison of rates in surrounding shires with number of properties

**SUMMARY:**

This item is to seek the Committee's endorsement of the proposal to impose differential rates for the 2014 -15 Financial Year.

**BACKGROUND:**

There is provision under the *Local Government Act 1995* to impose differential rates within its boundaries and in considering this imposition, there are certain statutory obligations that the local government must comply with.

- Before any consideration to its Budget, the local government is required to give local public notice of its intention to impose differential rates,
- The local government must provide information of each new rate or minimum payment,
- Electors or rate payers are invited to make submissions in respect of the proposed rate or minimum payment. This submission period must be for a minimum of 21 days.

**COMMENT:**

Since 2008-09 Council's rate increases have been kept to a minimum and no increase was put in place for in 2011-12 or 2012-13, a slight increase is proposed for the 2014-2015 year in alignment with the CPI. Benchmarks that many local governments use to assess the overall increase in the cost of providing municipal services is the Local Government Cost Index (LGCI) as developed by WALGA and the CPI which includes all costs associated with that delivery of services that the CPI does not take into consideration such as isolation factors, freight charges, access issues and many more. However, currently the LGCI is at about 2.8% while the Perth CPI is around 3%.

The rate modelling for the financial year 2014-15 is proposed as follows:

AREA	VALUATION	2013-14	2014-15 Proposed	% change
Menzies Townsite	GRV	6.52c/\$	7.172c/\$	10%
Mining Sector	UV	12.68c/\$	13.99c/\$	10.33%
Kookynie Townsite	UV	2.25c/\$	2.485c/\$	10.44%
Pastoral	UV	2.25c/\$	2.485c/\$	10.44%
Minimum Payments	GRV/UV/Pastoral/other	\$200	\$200	0
Minimums	UV Mining	\$220	\$225	2.27%

	\$ 2013-14 Budget	2013-14 \$ Actual to 28/2/14	\$ Budgeted for 2014-15
GRV	63,334	54,809	61,235
UV – Pastoral & Other	50,149	71,111	52,694
UV – Mining	2,244,206	2,251,098	2,518,091
Total Rates	2,357,689	2,377,018	2,632,020
Less Write-offs	(100,000)	0	(100,000)
Net Total rates	2,257,689	2,377,018	2,532,020

In determining rate in the dollar charges the 2013-14 charges of neighbouring shires is also a factor. Some of these are listed below:

	GRV c/\$	GRV MIN	UV General	UV Min.	UV Mining	UV Min.
Coolgardie	9.36	580	4.69	580	17.89	365
Cue	9.44	310	7.49	310	26.83	310
Dundas	12.34	315	3.69	315	12.04	315
Laverton	9.2	260	6.7	260	13.38	260
Leonora	6.1	279	6.164	279	13.40	279
Mount Magnet	9.08	371	6.01	371	28.08	420
Sandstone	5.38	200	5.38	295	25.34	295
Meekatharra	11.57	350	3.74	275	18.54	275
Wiluna	11.30	293	6.7	293	13.40	293

Mean Average	9.3078	329	5.62	331	18.77	312
Menzies 2013-14	6.52	200	2.25	200	12.68	220
Menzies 2014-15	7.172 (77.05%)	200	2.485 (42.28%)	200	13.99 (74.53%)	225 (72.19%)

The number of mining tenements has dropped slightly due to the economic down turn with some companies surrendering their tenements. Given the volatility in the mining sector, it is difficult to predict what 2014-15 will bring so a provision for rate write-off has been set at \$100,000.

While the increase has been significant in some areas, overall it is within reason considering that the Shire did not raise rates for a number of years. The reasoning behind the decision not to raise rates during those years is somewhat vague but in not keeping up with inflation, the Shire is now having to raise rates by a substantial amount in order to become more

sustainable. In comparing the rating levels of neighbouring local governments, the Shire of Menzies' rates are still well below the average for the region.

The final amount raised from rates may vary as a result of changes in valuations before rates are calculated but this is expected to be minimal.

Should Council Adopt the recommendation, the proposal will have to be advertised publicly for a period of 21 days (advising that a copy of the Objects and Reasons for the proposal is available) inviting submissions from the general public. Council must then consider any submissions received before making application to the Minister for approval.

#### **CONSULTATION:**

After discussions at the last audit meeting and the subsequent council meeting, Councillors asked to be supplied with the number of properties subject to rates in surrounding shires. This has been supplied as Attachment #2.

Councillors also requested that the UV Pastoral/Other Rates be increased to 3.69¢/\$ from the proposed 2.485¢/\$.

#### **STATUTORY ENVIRONMENT:**

*The Local Government Act 1995*

##### 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;*
    - (b) *a purpose for which the land is held or used as determined by the local government;*
    - (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.*
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- (1) *Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.*
  - (2) *A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).*
  - (3) *A notice referred to in subsection (1) —*
    - (a) *may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to*



*apply on the basis of the local government's estimate of the budget deficiency;*

- (b) *is to contain —*
  - (i) *details of each rate or minimum payment the local government intends to impose;*
  - (ii) *an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and*
  - (iii) *any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and*
- (c) *is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.*
- (4) *The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.*
- (5) *Where a local government —*
  - (a) *in an emergency, proposes to impose a supplementary general rate or specified area rate under section 6.32(3)(a); or*
  - (b) *proposes to modify the proposed rates or minimum payments after considering any submissions under subsection (4), it is not required to give local public notice of that proposed supplementary general rate, specified area rate, modified rate or minimum payment.*

**POLICY IMPLICATIONS:**

Council has no specific policy in relation to this matter

**FINANCIAL IMPLICATIONS:**

Financial management standards in relation to the delivery of Council services

**VOTING REQUIREMENTS:**

Simple Majority Decision required

<b>AUDIT COMMITTEE RECOMMENDATION:</b>
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**Moved: Cr Mazza**

**Seconded: Cr Lee**

**That Council:**

1. **Imposes differential rates in the 2014-15 Financial year as follows:**

AREA	VALUATION	PROPOSED 2014/15
Menzies Town site	GRV	7.172¢/\$
Mining Sector	UV	13.99¢/\$
Kookynie T/Site	UV	2.48¢/\$
Pastoral/Other	UV	3.69¢/\$
Minimum Payments	UV Mining	\$250
Minimum Payments	GRV/UV Pastoral/Other	\$200

2. **Requests the Minister for Local Government to approve an application for the imposition of differential general rates in accordance with Section 6.33 (3) of *The Local Government Act 1995*.**

2:33pm

CARRIED 3/1

<b>8 NEXT MEETING / MEETING CLOSURE</b>
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The next Audit Committee meeting will be held when requested by the Chairperson.

*Mrs Leanne Downie left the meeting at 2:34pm and returned at 2:45pm*

There being no further business to discuss, the Chairperson declared the meeting closed at 2:59pm.

*I, \_\_\_\_\_ hereby certify that the Minutes of the Audit Committee Meeting held 24 April 2014 are confirmed as a true and correct record, as per the Resolution of the Audit Committee meeting held on 27 November 2014.*

Signed \_\_\_\_\_

Dated: \_\_\_\_\_ 2014