



Special Council Meeting Minutes  
Wednesday, 12 June 2024



GORDON MACMILE  
CHIEF EXECUTIVE OFFICER

## Acknowledgement of Country

We wish to acknowledge the traditional custodians of the land we are meeting on, the Wadandi people. We wish to acknowledge and respect their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their culture; and to Elders past and present, their descendants who are with us today, and those who will follow in their footsteps.

## Our Vision

*A lifestyle of choice; connecting community, culture and country.*

## Our Values



**H** Honesty

We are respectful in all that we do, and all interactions we have, whilst being inclusive and mindful of differences.



**E** Empathy

We are kind and show understanding of peoples circumstances, perspectives and differences.



**A** Accountability

We are transparent in all that we do, and stay true to our word by taking responsibility for our actions.



**R** Respect

We are respectful in all that we do, and all interactions we have, whilst being inclusive and mindful of differences.



**T** Teamwork

We are cooperative, collaborative and united while working towards common goals of our Shire.



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## 1. Declaration of Opening/Announcement of Visitors

The Presiding Member opened the meeting at 6:01pm and made the following Acknowledgement of Country and statement:

*'We wish to acknowledge the traditional custodians of the land we are meeting on, the Wadandi people. We wish to acknowledge and respect their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their culture; and to Elders past and present, their descendants who are with us today, and those who will follow in their footsteps.'*

## 2. Record of Attendance/Apologies/Leave of Absence (Previously Approved)

### PRESENT:

Councillor - Shire President	D Kitchen
Councillor - Deputy President	S Schiano
Councillor	A Dillon
Councillor	J Fergusson
Councillor	R Mogg
Councillor	K Noonan
Councillor	T Sharp
Councillor	C Terrantroy
Chief Executive Officer	G MacMile
Director Community and Corporate	S Chamberlain
Director Infrastructure and Development	T Gillett
Strategic Governance and Risk Coordinator	T Shipley

### LEAVE OF ABSENCE:

Nil

### APOLOGIES:

Councillor	P McCleery
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### MEMBERS OF PUBLIC - Gallery:

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## 3. Public Question Time

Nil



**4. Declarations of Interest**

Nil

**5. Notice of Items to be Discussed Behind Closed Doors**

Nil

**6. Announcements by Person Presiding Without Discussion**

Nil

**7. Petitions/Deputations/Presentations**

Nil



## 8. Reports

### 8.1. 2024-25 Draft Annual Budget: Annual Rating Strategy Differential Rates

<b>Author</b>	Director Community and Corporate, Samantha Chamberlain
<b>Authorising Officer</b>	Chief Executive Officer, Gordon MacMile
<b>Nature of the Decision</b>	Executive/Strategic Legislative
<b>Attachments</b>	<ol style="list-style-type: none"> <li>1. 2024-25 Statement of Financial Activity [8.1.1 - 1 page]</li> <li>2. 2024-25 Capital Works Program [8.1.2 - 6 pages]</li> <li>3. 2024-25 Fees and Charges Schedule [8.1.3 - 12 pages]</li> <li>4. 2024-25 Notice of Intention to Levy Differential Rates [8.1.4 - 1 page]</li> <li>5. 2024-25 Rates Objects and Reasons [8.1.5 - 6 pages]</li> </ol>
<b>Confidential Status</b>	<i>This item is not a confidential matter.</i>

#### Proposal

Local governments are required by the *Local Government Act 1995* to prepare an annual budget for the financial management of the authority's Municipal Fund.

This item details the Shire of Capel Draft Annual Budget for the 2024/25 Financial Year based on the presented 2024/25 Annual Rating Strategy – Differential Rates.

This report also seeks the Council's endorsement to advertise the 'Notice of Intention to Levy Differential Rates' in support of the 2024/25 Draft Annual Budget process.

#### Officer's Recommendation

That:

1. Local public notice in accordance with Section 6.36 of the *Local Government Act 1995*, be given for the following Shire of Capel proposed differential rates for the 2024/25 financial year:

Table1.

Zone	Rate Category	Basis	2024/25 Cents in the dollar	Minimum Rate
1	Residential	GRV	0.82500	\$1,470.00
2	Residential Vacant	GRV	0.82500	\$1,470.00
3	Urban Development	GRV	0.82500	\$1,470.00
4	Urban Development Vacant	GRV	0.82500	\$1,470.00
5	Town Centre	GRV	0.94080	\$1,470.00
6	Town Centre/Special Use/Light Industry Vacant	GRV	0.94080	\$1,470.00
7	Light Industry	GRV	0.94080	\$1,470.00
8	Commercial Use Urban Development	GRV	0.94080	\$1,470.00
9	Special Use	GRV	0.94080	\$1,470.00
10	Rural & land Use (Rural Commercial)	UV	0.55890	\$1,470.00
11	Rural & land Use (Rural)	UV	0.55890	\$1,470.00
12	Special Rural	GRV	0.80000	\$1,470.00

Specified Area Rating – Rate Base = GRV / Cents in the \$ = 0.05600 / Maximum Rate Cap \$218.54 per lot.  
Purpose for funding – Maintenance of Dalyellup Parks, Reserves, Structures and Toilets.



2. The Council receives and endorses the 2024/25 Draft Annual Budget as detailed in the Statement of Financial Activity Attachment 8.1.1.
3. The Council receives and endorses the 2024/25 Program of Works Schedules as Attachment 8.1.2.
4. The '2024/25 Fees and Charges Schedule' as Attachment 8.1.3 be received and endorsed.
5. The 'Notice of Intention to Levy Differential Rates' as Attachment 8.1.4 be received and endorsed. Public submissions received regarding the differential rate shall be considered by the Council before the adoption of any proposed rate.
6. The '2024/25 Statement of Objects and Reasons' as Attachment 8.1.5 be received and endorsed.
7. The Council endorses the funding and early advertising of two positions – Human Resources Administration Officer and Waste Officer, with the FTE for these positions included in the Shire's endorsed 2024 – 2028 Workforce Plan.

## Background

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This report is designed with a dual purpose. The first part of the report details the 2024/25 Draft Annual Budget, focussing on the main sources of income, expenditure, capital/operational project requirements and transfers to and from financial reserves.

This level of detail presents an understanding and realisation of the level of financial resourcing required through the levying of rates and other forms of income, to support the Shire to achieve a balanced budget position for 2024/25.

The second part of the report details the proposed Rating Strategy and highlights the advantages of structuring a contemporary, fairer rate structure, whilst having the capability of raising sufficient rate revenue to support the financial requirements of the Shire for 2024/25 and beyond.

Through the rating and budget design process, the Executive and Councillors have been actively engaged in realising the requirements to securing the Shire's current and future financial position in a sustainable manner.

The following resourcing challenges continue to be a priority for the Shire:

- Adequate investment in asset renewal and maintenance, ensuring the Shire's asset base is maintained to an acceptable, fit-for-purpose standard.
- Investment in funding the Shire's adopted 10-year Waste Strategy, securing resourcing for future capital requirements, and servicing the ongoing waste needs of the community.
- Building our workforce and capabilities (particularly focused on business systems and processes) to provide quality services to an increasing population.
- Responsible reserve investment to support long term financial savings for the delivery of strategic community projects, such as Bunbury to Busselton Cycle Link, Dalyellup Surf Life Saving Club, Bridge Infrastructure, Enterprise Resourcing Planning, Boyanup Sale Yards/Agribusiness Precinct, Sports Spaces Development et al.



- De-constraining prime development land through the establishment of sewer and other infrastructure.
- Continuing to plan for the growth of the community and the maintenance of key and unique place characteristics.
- Continuing to manage capital work programs in a competitive contract labour and material market, ensuring our planned capital works programs are achievable.
- Responsibly managing the Shire's operating costs, ensuring all contingent liabilities are accounted for.

Through the development of the Shire's short- to medium-term financial planning, the challenges identified above fit into this timeframe are considered within the Shire's annual rating strategy.

### Revaluation of Gross Rental Properties

For FY2024/25, the design of a rating strategy is a significantly more complex task than in previous years, due to Landgate's revaluation of all gross rental value properties (GRV) within the Shire during 2023/24.

Historically, Landgate schedules revaluations to GRV properties every three years and unimproved value (UV) properties are revalued every year. However, due to the COVID-19 Pandemic, Landgate postponed GRV property revaluations for a further two years meaning during this period, rates were levied against these properties using outdated (and significant lower) values that were not reflective or responsive to the property market's inflationary increases.

In late April 2024, with the property revaluation process completed, the Shire received the data file from Landgate containing updated valuations of all the properties and vacant land registered within the Shire.

On review of the valuation data, it was clearly evident that significant property increases, mainly in the residential property zones had occurred, and validated the circumstances being experienced by renters and buyer / sellers throughout the community and across the State.

In summary, the average revaluation percentage increase to GRV and UV lots are as follows:

- Residential + 48.02%
- Commercial + 4.18%
- Industrial + 27.46%
- Rural & Rural Commercial + 15.64%

Based on the above revaluation, it was evident that an adjustment to the rate (cents) in the dollar in mainly the residential rate zones, being impacted the most, is necessary to mitigate the inflationary increase to property values, knowing this would partially ease the financial burden on rate payers, albeit still seeing an increase to their annual rates due to their property values significantly increasing.

Various models were presented to the Council as a basis for discussion, calculating varying adjustments to the rate in the dollar across the residential rate zones, and determining the mitigating impact of the results on the financial stability of the organisation and the financial burden on rate payers during difficult economic and household circumstances.





The WA (Western Australia) Treasury Corporation's Financial Sustainability Modelling Tool (the Tool) was used to present this data; modelling varying rate scenarios and structures based on the projected capital and operational spending requirements of the organisation, now and into the future.

The tool also identifies rate structure compliance requirements, projecting reserve investment levels, and presents the overall financial health indicator position based on the varying rating strategy models.

In total, four rate models were presented to the Council for review and discussion. All models were designed to mitigate the property revaluation impact across all rate zones, whilst allowing sufficient revenue to be levied via rates to offset the projected operating and capital expenditure requirements for FY2024/25 and establish a savings pathway for major projects in the future.

The rating model presented in this report was in-principally supported by Councillors during a Financial Sustainability Modelling and Ratings Strategy Workshop on Wednesdays, 22 May 2024 and 5 June 2024.

Based on this Rating Strategy, the FY2024/25 Draft Annual Budget has been formulated and presented to the Council for consideration and endorsement.

The 'Officer's Comment' section of this report details further information relating to the proposed budget and rate setting for the new financial year.

#### Previous Decisions of Council

- OC/2024/78 - Shire of Capel Workforce Plan 2024 – 2028.
- OC/2024/77 - Organisational Best Practice Service Review.
- OC/2024/47 - Community Budget Requests 2024/25.
- OC/2024/60 - Program of Works – Public Open Spaces 2024/25.
- OC/2024/61 - Program of Works – Roads 2024/25.
- OC/2024/62 - Program of Works – Drainage 2024/25.
- OC/2024/63 - Program of Works – Facilities (Buildings) 2024/25.
- OC/2024/64 - Program of Works – Paths and Trails 2024/25.
- OC/2024/72 - Endorsement of Waste Strategy 2024 – 2034.
- May 2024 OCM – Program of Works – Fleet Replacement Program 2024 – 2034.
- May 2024 OCM – Dalyellup Multipurpose Community & Youth Centre – Operation and Management Plan and Approval to Commence to Tender Process.

#### **Decision Framework**

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#### **Shire of Capel Strategic Community Plan 2023-2033**

Direction 2 - Manage and protect our environment.

2.1 Improved management of our natural environment assets and attractions.

2.3 A Shire committed to sustainable practices.

2.5 Improved connection and access to natural assets of the forest and coastal environment.

2.6 Increased opportunities for better waste management and reduction.

Direction 3 -Foster a dynamic, diverse, and strong local economy.

3.4 Continued improvement in town centre vibrancy.



Direction 4 - Deliver good leadership, governance, and decision-making.

4.1 Effective and compliant governance.

4.2 Informed and transparent decision making.

4.4 Increased attraction and retention of high-quality staff to deliver optimal services to the community.

4.5 Improved customer engagement.

Direction 5 - Provide and maintain suitable infrastructure and facilities.

5.1 Appropriate community facilities that meet the communities' needs.

5.3 Better and safer roads.

Direction 6 - Effective communication, engagement, and relationship development.

6.1 Greater trust and the development of positive relationships within the Shire and with the community.

6.2 Improved cross-sector relationships and collaboration.

### **Corporate Business Plan 2023-2027**

FIN 1 - Statutory reporting of income and expenditures to the Council and regulatory authorities.

FIN 2 - Manage and investigate financial investment models to maximise benefit to the Council.

FIN 6 - Local Government (Financial Management) Regulations 5(2)(c) - review.

FIN 7 - Local Government (Audit) Regulations 1996 – risk review.

FIN 11 - Issue and receipting of Rates. WATC (Western Australian Treasury Corporation) and SAR modelling consistent with an adopted Rating Policy (see action point below).

FIN 12 - Develop a Rating Policy consistent with the principles of rating and aligned to the Shire's rate strategy.

FIN 16 - Design and present a detailed long-term financial sustainability plan to the Council, ensuring linkage to other strategic documents.

### **Statutory Framework**

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*Local Government Act 1995, Section 6.2*

#### **6.2 Local Government to prepare Annual Budget**

During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt\*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.

*\*Absolute Majority required*

- In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of –
  - the expenditure by the local government; and
  - the revenue and income, independent of general rates, of the local government; and
  - the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.



*Local Government (Financial Management) Regulations 1996, regulation 26*

## **26. Discount, incentive, concession, waiver and write-off information**

(1) The annual budget is to include for each discount or other incentive to be granted for early payment of any money and in respect of each waiver or concession proposed in relation to any money –

- a. in respect of a discount -
  - i. the amount of the discount, or the percentage discount, to be allowed; and
  - ii. the circumstances in which the discount will be granted; and
- in relation to a waiver or concession -
- a brief description of the waiver or concession.
- a statement of the circumstances in which it will be granted.
- details of the persons or class of persons to whom it is available; and
- the objects of, and reasons for, the waiver or concession.

*Local Government Act 1995, Section 6.12*

### **6.12 Power to defer, grant discounts, waive or write off debts.**

- Subject to subsection (2) and any other written law, a local government may –
  - when adopting the annual budget, grant\* a discount or other incentive for the early payment of any amount of money; or
  - waive or grant concessions in relation to any amount of money; or
  - write off any amount of money,

which is owed to the local government.

*\* Absolute majority required*

- Subsection 1(a) and (b) do not apply to an amount of money owing in respect of rates and services charges.
- The grant of a concession under subsection (1)(b) may be subject to any conditions determined by the local government.

*Local Government Act 1995, Section 6.16*

### **6.16 Imposition of Fees and Charges**

1. A local government may impose\* and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.

*\*Absolute Majority required*

2. A fee may be imposed for the following –
  - (a) Providing the use of, or allowing admission to, any property or facility wholly or partly owned, controlled, managed, or maintained by the local government;
  - (b) Supplying a service or carrying out work at the request of a person;
  - (c) Subject to section 5.94, providing information from local government records;
  - (d) Receiving an application for approval, granting an approval, making an inspection and issuing a licence, permit, authorisation, or certificate;
  - (e) Supplying goods;Such other service as may be prescribed.



3. Fees and charges are to be imposed when adopting the annual budget but may be –
  - (a) Imposed\* during a financial year; and
  - (b) Amended\* from time to time during a financial year.

*\*Absolute Majority required*

*Local Government Act 1995, Section 6.17*

### **6.17 Setting Level of Fees and Charges**

1. In determining the amount of a fee or charge for a service or for goods a local government is required to take into consideration the following factors –
  - (a) The cost to the local government of providing the service or goods; and
  - (b) The importance of the service or goods to the community; and
  - (c) The price at which the service or goods could be provided by an alternate provider.

*Local Government Act 1995, Section 6.19*

#### **6.19 Local Government to give Notice of Fees and Charges**

If a local government wishes to impose any fees or charges under this Subdivision after the annual budget has been adopted it must, before introducing the fees or charges, give local public notice of –

- (a) Its intention to do so; and
- (b) The date from which it is proposed the fees and charges will be imposed.

Other legislation (i.e.: *Freedom of Information Act 1992, Emergency Service Levy Act 2002, Caravan Park & Camping Ground Regulations 1997, Public Health Act 2016, Health (Miscellaneous Provisions) Act 1911, Waste Avoidance & Resource Recovery Act 2007, Planning & Development Act 2005, Building Act 2011*) specifies certain fees and charges that may be adopted by Council, and the fee threshold.

*Local Government Act 1995, Section 6.28*

### **6.28 Basis of Rates**

2. In determining the method of valuation of land to be used by a local government the Minister is to have regard to the general principle that the basis for a rate on any land is to be –
  - a. where the land is used predominantly for rural purposes, the unimproved value of the land; and
  - b. where the land is used predominantly for non-rural purposes, the gross rental value of the land.
- Subject to subsection (5), for the purposes of this section the valuation to be used by a local government is to be the valuation in force under the Valuation of Land Act 1978 as of 1 July in each financial year.



*Local Government Act 1995, Section 6.32*

### **6.32 Rates and Service Charges**

- When adopting the annual budget, a local government –
  - 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 –
    - uniformly; or
    - differentially;
    - and
  - may impose\* on rateable land within its district –
    - a specified area rate; or
    - a minimum payment;
    - and
  - may impose\* a service charge on land within its district.

*\*Absolute Majority required*

*Local Government Act 1995, Section 6.33*

### **6.33 Differential General Rates**

- A local government may impose differential general rates according to any, or a combination, of the following characteristics –
  - 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
  - a purpose for which the land is held or used as determined by the local government; or
  - whether or not the land is vacant land; or
  - any other characteristic or combination of characteristics prescribed.
- ...
- 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.

*Local Government (Financial Management) Regulations 1996, regulation 52A*

### **52A. Characteristics prescribed for differential general rates**

(1) In this regulation

commencement day means the day on which the Local Government (Financial Management) Amendment Regulations (No.2) 2012 regulation 5 comes into operation;

relevant district means a district that –

1. is declared to be a district by an order made under section 2.1(1)(a) on or after commencement day; or
2. has its boundaries changed by an order made under section 2.1(1)(b) on or after commencement day.



1. For the purposes of section 6.33(1)(d), the following characteristics are prescribed in relation to land in a relevant district, where not more than 5 years has elapsed since the district last became a relevant district –
  - whether or not the land is situated in a townsite as defined in the Land Administration Act 1997 section 3(1).
  - whether or not the land is situated in a particular part of the district of the local government.

*Local Government Act 1995, Section 6.34*

### **6.34 Limit on Revenue or Income from General Rates**

Unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to –

- be more than 110% of the amount of the budget deficiency; or
- be less than 90% of the amount of the budget deficiency.

*Local Government Act 1995, Section 6.35*

### **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 –
  - i. 50% of the total number of separately rated properties in the district; or
  - ii. 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 (50%) of –

1. the number of separately rated properties in the district; or
2. the number of properties in each category referred to in subsection (6),

unless a general minimum does not exceed the prescribed amount (\$200).

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 subsection (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 subsection (2), (3) and (4) in respect of each of the following categories –
  - i. to land rated on gross rental value; and
  - ii. to land rated on unimproved value; and
  - iii. to each differential rating category where a differential general rate is imposed.



*Local Government Act 1995, Section 6.36*

### **6.36 Local Government to give Notice of Certain Rates**

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. (21 days – may be 2 months before financial year)

*Local Government Act 1995, Section 6.47*

### **6.47 Concessions**

Subject to the Rates and Charges (Rebates and Deferments) Act 1992, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive\* a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

*\* Absolute majority required*

*Local Government Act 1995, Section 5.56*

### **6.56 Planning for the Future**

1. A local government is to plan for the future of the district.
2. A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

*Local Government (Administration) Regulations 1996 apply. Specifically: -*

Division 3 – Planning for the future

**19C. Planning for the future: strategic community plans – s. 5.56**

**19DA. Planning for the future: corporate business plans – s. 5.56**

- (1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- (3) A corporate business plan for a district is to –
  - (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
  - (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
  - (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- (4) A local government is to review the current corporate business plan for its district every year.
- (5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- (6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine\* whether or not to adopt the plan or the modifications.



\*Absolute majority required.

- (7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

### Policy Framework

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The following Shire Policies apply:

- Asset Management.
- Borrowing Management.
- Budget Management - Capital Acquisitions and Works.
- Compliance.
- Financial Hardship.
- Financial Reports.
- Financial Reserves.
- Investment of Funds.
- Legislative Compliance.
- Preparation of Integrated Plan and Budget.
- Rate Revenue.

### Implications

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#### Risk Implications

Risk	Likelihood	Consequence	Mitigation
<b>Risk 1</b> Financial  Rating: Low	Unlikely	Minor	<p>The risk implications of this item are considered low as the Council has already adopted or endorsed many items included in the Draft Annual Budget in previous Council meetings.</p> <p>Workshops have been conducted with Council to substantiate the need to increase the Shire’s main revenue source being rates.</p> <p>A shared and agreed understanding of the need to adopt the budget within the agreed timeline, has been achieved through the formulation of the rating strategy and Draft Annual Budget,</p>
<b>Risk Description:</b> Identification of unfunded items. Insufficient revenue to offset expenditure and late adoption of the Annual Budget.			

Through a series of rating, financial sustainability and budget planning workshops, the Council were provided guidance to design a 2024/25 rate structure, for the purpose of formulating the Draft Annual Budget, and this budget has been calculated using the income derived from the Shire’s rate revenue source and other income sources such as Grants and Fees and Charges.





During the period from 1 June in a financial year to 31 August in the next financial year, the Council are to prepare and adopt a budget for the municipal fund.

It is imperative the Annual Budget is adopted as per the Act details, as late adoption hinders the following critical business functions and increases risk in business continuity:

- Late revenue collection leading to cashflow difficulties.
- Procurement backlog with organising Request for Tenders (RFT) and Request for Quotation (RFQ) processes leading to delays with the commencement of Capital and Operational projects.
- New Fees & Charges Schedule cannot be enforced until a new budget is adopted.
- Agreed Corporate Business Plan Actions/Projects for 2024/25 cannot commence until funding is secured.
- Staff recruitment and retention strategies cannot be implemented, unless stated otherwise as per the 'Officer Recommendations' at the start of this report. Further information relating to these requests is detailed in the 'Officer's Comment' below.

## Financial Implications

### Budget

After taking into consideration all other sources of income, the Council is required to raise sufficient rates to meet its total expenditure. The Council can adopt a budget that has a deficit which does not exceed 10.00% of its rate revenue in a financial year, as detailed in the Act.

Focussing on the Shire's 2024/25 Draft Annual Budget, a total of \$18,738,504.04 general purpose revenue will be raised from property and specified area rates including a projection for interim rates.

The expected yield from rates will be sufficient to balance the 2024/25 Draft Annual Budget after adjustments have been recognised to increase other sources of revenue, reductions to operating expenditure where possible, re-scheduling of carried forward capital projects and transfers to and from financial reserves have been projected.

Table 3 below details the rates to be levied including Interim and Specified Area Rate collection:

**Table 3.**

<b>Income</b>	<b>To be levied</b>	<b>Interims</b>	<b>Total</b>
General Rates	\$16,558,109.88	\$73,500.00	\$16,631,609.88
Minimum Rates	\$1,202,460.00	\$29,400.00	\$1,231,860.00
Specified Area Rates	\$864,107.16	\$10,927.00	\$875,034.16
	<b>\$18,624,677.04</b>	<b>\$113,827.00</b>	<b>\$18,738,504.04</b>

The Draft Annual Budget outlines planned expenditure and revenue for the 2024/25 financial year and currently estimates a minor deficit balance of \$4,650.00. Albeit this is subject to change as we finalise calculations through to final budget adoption.

The Draft Annual Budget has been formulated using the latest financial data based on the forecast end of year financial position for 2023/24.



The Draft Annual Budget report reflects all projects and services planned at the time this report is written.

The formulation of the final 2024/25 Annual Budget will continue through the remainder of this financial year and any variances to this budget will be reported to the Council when the final 2024/25 Annual Budget is presented at the July 2024 Ordinary Council Meeting.

### Long Term

The adoption of the Draft Annual Budget, leading to the adoption of the Shire's Annual Budget forms the base line year for the continuous Long-Term Financial Planning cycle. The importance of forecasting rate yield projections, reserve balance movements and investments, operating and capital expenditure, capital infrastructure additions, asset renewal costs and staffing is critical in realising the future financing needs of the Shire.

The Shire's Corporate Business Plan is a crucial document in identifying the Shire's operating and capital priorities over a four-year term. The 2024/25 Draft Annual Budget has budgeted for all projects detailed in the Corporate Business Plan for the new financial year. The Corporate Business Plan will undergo a last review prior to the final Annual Budget presentation to the Council, ensuring all the projects detailed in the plan are accurately costed and can be successfully achieved during 2024/25.

The adoption of the 2024 - 2028 Corporate Business Plan and 2024/25 Annual Budget will form an accurate account of the Shire's financial commitment for the next four years, utilising this data to update the Shire's adopted Long Term Financial Plan, which is scheduled to be presented to the Council in September/October 2024.

### **Sustainability Implications**

The 2024/25 Draft Annual Budget includes several projects that will have a positive impact across our local community.

Many of the projects proposed in the Draft Annual Budget will provide a direct benefit for the community through:

1. Asset/infrastructure maintenance and renewal programs.
2. Job creation and retention opportunities.
3. Community inclusion and development initiatives.
4. Improvements and additions to amenities and recreational areas.
5. Improvement and additions to community services.

The attached capital project reports provide more detail of direct community benefit.

### **Consultation/Engagement**

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During the formulation of the annual budget, consultation and stakeholder engagement is a priority and will continue through to final budget adoption, ensuring all stakeholders can participate through this process.

Since January 2024, there has been a comprehensive consultation process with staff, Councillors, and the community.



## MINUTES - Special Council Meeting - 12 June 2024

The Executive Management Team were highly active during the main Draft Annual Budget planning phase, ensuring all departments have reviewed and considered their individual income and expenditure plans for 2024/25 and these are accounted for in the Corporate Business Plan for the period the projects relate to.

The Council have been instrumental during the budget design phase, participating in numerous key budget planning and rating workshops. These are as follows:

**Table 4**

Wed 21 February 2024	2023/24 Mid-Year Budget Review Workshop
Wed 24 April 2024	Financial Sustainability Modelling (WA Treasury) Workshop
Wed 22 May 2024	Financial Sustainability Modelling and Ratings Strategy Workshop
Wed 22 May 2024	Review of Draft Corporate Business Plan 2024 -2028
Wed 5 June 2024	2024/25 Rating Strategy and Draft Annual Budget Workshop
Wed 12 June 2024	Special Council Meeting: 2024/25 Draft Annual Budget and Rating Strategy
Mon 17 June 2024 Tues 18 June 2024	Community Workshops – Sustainability Modelling, Rating and Draft Annual Budget 2024/25: <ul style="list-style-type: none"><li>• Workshop 1 – Dalyellup Community Centre</li><li>• Workshop 2 – Capel Community Centre</li></ul>

Following the endorsement of the 2024/25 Draft Annual Budget and Rating Strategy, the 'Notice of Intention to Levy Differential Rates' will be advertised, commencing a 21-day public submission process for rate payers to provide public comment.

Additionally, two community workshops will be held to further explain the Draft Annual Budget and Rating Strategy, encouraging valuable feedback from the Shire's rate payers.

The purpose of an active engagement process is to ensure the staff, Councillors and the community have been given sufficient information and assistance in being able to make an informed decision.

### **Officer's Comment**

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#### **2024/25 DRAFT ANNUAL BUDGET**

The attachments supporting the Draft Annual Budget report follows a similar format to that intended for the final Annual Budget document albeit not as comprehensive in nature detailing:

- Statement of Financial Activity (Attachment 8.1.1) details the Shire's proposed financial position for 2024/25 projecting an end of year deficit of \$4,650.00. This figure represents the balance after forecasting transactions for all operating revenue and expenditure, capital expenditure, loan repayments, transfers to and from financial reserves and income from sale of assets and rate revenue. The statement is designed to show how much revenue must be raised from rates to forecast this year end position.
- Full Capital Program Schedules (Attachment 8.1.2) detailing all proposed works to be completed during the 2024/25 financial year.
- 2024/25 Schedule of Fees and Charges (Attachment 8.1.3) details the proposed Fees and Charges incurred for the delivery of services to the community.



- Notice of Intention to Levy Differential Rates (Attachment 8.1.4) details the proposed rate in the dollar (RID) across all zones and includes the proposed Minimum Rate and Specified Area Rate RID to be advertised.
- Statement of Objects and Reasons (Attachment 8.1.5) details the Council's intentions for implementing the differential rates categories and the overall projected financial return from each of the rate categories.

The Draft Annual Budget position has been achieved with the benefit of a forecasted brought forward figure from 2023/24 of \$6,668,059.00. This amount is derived from:

1. Unspent salary funds from 2023/24 relating to current staff vacancies.
2. Grants paid in advance, namely the Financial Assistance Grant (FAG) which is received in the current financial year to part finance the next financial year's operations and the like.
3. Carry forward capital and operating funds / grants relating to incomplete / carry forward capital projects.

It must be noted that the forecast brought forward figure from 2023/24 is not a surplus variance as it is tied to the areas of planned expenditure above, which still require actioning during 2024/25.

Historically, the Shire has received a pre-payment of the Financial Assistant Grant funding for the following year which has been carried forward as a surplus balance due to the nature of the grant being untied, albeit mapped to projects in the new financial year.

The Shire will be receiving this grant funding during 2023/24 which has already been allocated to fund projects and programs across the organisation.

Due to changes in the Financial Management Regulations (AASB15 and AASB1058), certain untied capital grants are no longer recognised as a Contingent Liability. These are now treated as general revenue although are tied to specific projects.

### Staffing

Employee costs consist of direct salary and wages, annual and long service leave provisions, workers compensation insurance, training costs, superannuation contributions, uniforms and protective clothing, professional development, fringe benefits tax and any other costs related to the employment of staff.

Accounting for cost escalations in all salary provisions itemised above, direct, and indirect employee costs increase by \$2,131,700.00 for 2024/25.

Of this increase, new positions for 2024/25 recruitment strategy are as itemised in the Council endorsed 2024 –2028 Workforce Plan and are projected to cost \$957,000.00, which equates to an additional 13.00 full time equivalent (FTE) positions.

The Council supported this FTE increase based on the data contained in the Field Force 4 Organisational Performance Review Report detailing staffing deficiencies of 40.40 FTE across the organisation based on current service level data.

Officer Recommendation 7 on page 2 of this report requests the Council's endorsement of the funding to allow the early advertising of 2 of the 13 positions – Human Resources Administration



Officer and Waste Officer. This is to support business continuity as we commence a heavy recruitment drive immediately following Annual Budget adoption and commence waste related projects resulting from the endorsed 2024 – 2034 Waste Strategy. On Council’s endorsement of this request, both positions will be advertised, expecting appointed Officers to commence immediately following Annual Budget adoption.

Included in the rising employee costs allows for a general staff salary increase of 3.00% for the 2024/25 financial year. Staff covered by an Industrial Agreement (IA) being the Works and Operations Teams, will receive a 4.00% increase as per the industrial agreement negotiations.

Variations to the salary costs will be recognised in the final Annual Budget report with definitive salary cost components presented in more detail through the Schedules of Accounts information.

Key Budget Items Presented to the Council for FY2024/25

The preparation process for the Draft Annual Budget has been similar to previous years and includes items which have already been endorsed by the Council.

This has involved incorporating, with a few balancing adjustments:

- 2024/25 Community Budget Requests March 2024
- Program of Works – Drainage April 2024
- Program of Works – Roads April 2024
- Program of Works – Facilities April 2024
- Program of Works – Paths and Trails April 2024
- 10 Program of Works – Public Open Spaces April 2024
- 10 Year Plant Replacement Program May 2024
- Dalyellup Multipurpose Community and Youth Centre May 2024  
(Operational and Management Plan / Tender Approval)

The data presented in these reports formulate the Shire’s annual Capital Works Program and forecasts new, part completed and carry forward projects for completion during the 2024/25 financial year.

Capital Works Program

The capital works program for 2024/25 forecasts an amount of \$18,346,695.00 to fund acquisition, construction and the purchase of office equipment, plant, buildings, and infrastructure assets.

Of this amount, \$5,700,000.00 is related to year 1 build costs for the Dalyellup Multipurpose Community and Youth Centre which is fully financed through grant allocations.

A detailed Capital Work’s Schedule for each asset category is attached to this report and identifies description of works, funding parameters and asset category position for:

• Roads and Transport	\$4,596,973.00
• Civil Works – Drainage, Paths, Bridges	\$1,050,358.00
• Office and Other Equipment	\$475,000.00
• Plant and Equipment	\$2,558,198.00
• Land, Buildings and Other Infrastructure	\$9,666,166.00
<b>TOTAL</b>	<b><u>\$18,346,695.00</u></b>



To fund the full capital work's program, the Council will be required to contribute \$4,659,771.00 from municipal funds and \$2,678,593.00 from financial reserves and sale proceeds. The remaining balance of \$11,008,331.00 is funded through grant income proceeds and capital project funds carried forward from the 2023/24 financial year.

As we progress the Draft Annual Budget through to full Annual Budget adoption, the capital program may be varied to accommodate forecast changes in project scopes and the continued completion of the current capital work program through the remainder of 2023/24.

Table 5 below details the level of funding required in each Asset Category of the capital expenditure budget:

**Table 5.**

	Asset Category			TOTAL
	Renewal	Upgrade	New	
Office & Other Equipment	\$325,000.00	150,000.00		
Plant & Equipment			\$2,558,198.00	\$2,558,198.00
Land & Buildings	\$1,516,075.00	\$1,940,091.00	\$6,210,000.00	\$9,666,166.00
Civil Works		\$100,000.00	\$950,358.00	\$1,050,358.00
Roads	\$2,933,962.00	\$1,363,011.00	\$300,000.00	\$4,596,973.00
<b>TOTAL</b>	<b>\$4,775,037.00</b>	<b>\$3,553,102.00</b>	<b>\$10,018,556.00</b>	<b>\$18,346,695</b>
<b>%</b>	<b>26.00%</b>	<b>19.40%</b>	<b>54.60%</b>	<b>100%</b>

For comparison, in 2023/24 the capital budget of \$11,166,659.00 was allocated as follows:

- |                  |                |          |
|------------------|----------------|----------|
| 1. Asset Renewal | \$4,287,066.00 | (38.40%) |
| 2. Asset Upgrade | \$5,148,968.00 | (46.11%) |
| 3. New Assets    | \$1,730,625.00 | (15.49%) |

For FY2024/25, the % increase to 'New' assets is primarily due to commencing the Dalyellup Multipurpose Community and Youth Centre during this financial year and the completion of the Capel Regional Equestrian Park (CREP) Clubrooms and Ablutions.

#### Loan Repayments

The 2024/25 Draft Budget projects \$3,787,095.00 in loan principal to be repaid.

A total of six outstanding loans will remain at the end of the financial year. A schedule itemising all Shire Borrowings will be detailed in the final Annual Budget Report.

#### Financial Reserves Overview

Shire Officers reviewed the level and use of reserve funds as part of the planning process. Reserves are often held for specific activities and therefore may only be used to fund those activities.



Reserves are also held to lessen year to year volatility in rates levied to the community by smoothing the impact of large expenditures.

Restricted reserves held must be cash backed and cannot be used to fund internal Borrowing opportunities.

For FY2024/25, a total of \$3,055,254.00 is anticipated to be utilised (transferred out) from reserves with \$2,214,377.00 being transferred into reserves resulting in a net transfer out of reserves figure of \$840,877.00, which presents an improved reserve investment position than previous financial years.

Should the reserve transfers proceed as budgeted for 2024/25, the expected balance of reserves as of 30 June 2025 will be \$12,856,405.00.

Individual financial reserve transactions will be detailed in the final Annual Budget report.

### Interest Earnings

Interest earned on revenue is expected to be higher in 2024/25, reporting a projected income figure of \$1,151,708.00. This is in comparison to the 2023/24 interest earned figure of \$1,082,278.00 which is an increase of 6.41%.

### **2024/25 FEES AND CHARGES SCHEDULE**

Local governments can set fees and charges for a range of services, such as hire charges, licences, sale of goods, information requests, administrative support, fines, service fees and the like. These services can be categorised into three areas:

- Basic community services, such as waste collection.
- Additional services, such as providing security.
- Competitive services, such as services provided by other business in the area (for example Gymnasiums).

When setting fees and charges for basic and additional services, local governments must consider the cost of providing the service and can decide to subsidise the service, when a full cost recovery charge may be deemed too expensive for a resident and community member to pay.

For FY2024/25 the following adjustments are now included in the attached Fees and Charges Schedule:

1. Editing changes to the schedule structure for aesthetic and easier reading purposes.
2. An increase of 3.5% applied to all no statutory Fees and Charges in line with the Local Government Cost Indexation (LGCI).
3. Simplification of hall hire charges and annual usage rates.
4. Development Application (DA) cost increases as gazetted on 1 March 2024 by the Government of Western Australia Development Assessment Panels.
5. Waste and Service Charges FY2024/25 - includes indexation increase linked to the Shires waste contract at 4.16%.



The waste service charges detailed in the 2024/25 Fees and Charges Schedule are calculated on an 80.00% cost recovery basis, as per the charges levied this financial year, with the exclusion of mattress disposal which calculates a high break-even threshold.

The table below identifies the current annual waste service charges for the two and three bin collection, with a column added to present the new waste service charges for FY2024/25 and includes a cost escalation of 4.16% to align to Consumer Price Index (CPI) inflation factor.

**Table 6.**

Sanitation requirements:	3 Bin	2 Bin	3 Bin	2 Bin
	2023/24 \$	2023/24 \$	2024/25 \$	2024 /25 \$
Refuse Collection	\$330.00	\$248.00	\$344.00	\$258.00
Waste Transfer Fee	\$100.00	\$100.00	\$104.00	\$104.00
Green/Hard waste fee	\$51.00		\$59.00	
Hard Waste fee		\$21.00		\$24.00
<b>TOTAL</b>	<b>\$481.00</b>	<b>\$369.00</b>	<b>\$507.00</b>	<b>\$386.00</b>

For ratepayers provided with the three-bin service (primarily in residential areas), the total Refuse Collection Charge will increase by \$26.00 per annum. For ratepayers provided the two-bin service (primarily rural, semi-rural, industrial, and commercial areas), which consists of the domestic and recycling pickup service, the total Refuse Collection Charge will increase by \$17.00 per annum.

These fee increases will be shown as individual elements on resident rates notices when levied.

The 2024/25 Fees and Charges Schedule includes the above charge structure and other waste related services as included in the Shire’s waste contract. The attached Fees and Charges Schedule will be included in the final Annual Budget documentation for adoption by Council with details relating to further schedule amendments stated in the final report.

**ANNUAL RATING STRATEGY – DIFFERENTIAL RATES**

After taking into consideration all other sources of income, the Council is required to raise sufficient rates to meet total expenditure.

Through the Draft Budget component of this report, the income required to achieve a break-even position for 2024/25 has been detailed and the following differential rate structure (Table 7) will support the Council in raising sufficient rate revenue to offset expenditure:





**Table 7.**

Zone	Rate Category	Basis	2024/25 Cents in the dollar	Minimum Rate
1	Residential	GRV	0.82500	\$1,470.00
2	Residential Vacant	GRV	0.82500	\$1,470.00
3	Urban Development	GRV	0.82500	\$1,470.00
4	Urban Development Vacant	GRV	0.82500	\$1,470.00
5	Town Centre	GRV	0.94080	\$1,470.00
6	Town Centre/Special Use/Light Industry Vacant	GRV	0.94080	\$1,470.00
7	Light Industry	GRV	0.94080	\$1,470.00
8	Commercial Use Urban Development	GRV	0.94080	\$1,470.00
9	Special Use	GRV	0.94080	\$1,470.00
10	Rural & land Use (Rural Commercial)	UV	0.55890	\$1,470.00
11	Rural & land Use (Rural)	UV	0.55890	\$1,470.00
12	Special Rural	GRV	0.80000	\$1,470.00

Specified Area Rating – Rate Base = GRV / Cents in the \$ = 0.05600 / Maximum Rate Cap \$218.54 per lot.

Purpose for funding – Maintenance of Dalyellup Parks, Reserves, Structures and Toilets.

Development of this rating strategy has been formulated through a series of workshops held with Councillors for the purpose of preparing the Shire’s 2024/25 Draft Annual Budget as presented.

As detailed earlier in the report, the design of a rating strategy is a significantly more complex task than in previous years, due to Landgate’s revaluation of all gross rental value properties (GRV) within the Shire during 2023/24.

Historically, Landgate schedules revaluations to GRV properties every three years and unimproved value (UV) properties are revalued every year. However, due to the COVID-19 Pandemic, Landgate postponed GRV property revaluations for a further two years meaning during this period, rates were levied against these properties using outdated (and significant lower) values that were not reflective or responsive to the property market’s inflationary increases.

In late April 2024, with the property revaluation process completed, the Shire received the data file from Landgate containing updated valuations of all the properties and vacant land registered within the Shire.

On review of the valuation data, it was clearly evident that significant property increases, mainly in the residential property zones had occurred, and validated the circumstances being experienced by renters and buyer / sellers throughout the community and across the State.

In summary, the average revaluation percentage increase to GRV and UV lots are as follows:

- Residential + 48.02%
- Commercial + 4.18%
- Industrial + 27.46%
- Rural & Rural Commercial + 15.64%



## MINUTES - Special Council Meeting - 12 June 2024

Prior to the setting of the proposed rate structure, Officers ran a base rate report which calculated the full impact of the property revaluations across the entire rate base and saw the rate yield organically increase by 37.00%, from \$15,114,625.00 to \$20,680,473.00.

Based on the above revaluation, it was evident that an adjustment to the rate (cents) in the dollar in mainly the residential rate zones, being impacted the most, is necessary to mitigate the inflationary increase to property values, knowing this would partially ease the financial burden on rate payers, albeit still seeing an increase to their annual rates due to their property values significantly increasing.

Various models were presented to the Council as a basis for discussion, calculating varying adjustments to the rate in the dollar across the residential rate zones, and determining the mitigation impact of the results on the financial stability of the organisation and the imposition on rate payers.

In total, four models were presented to the Council for review and discussion. All models were designed to mitigate the property revaluation impact across all rate zones, whilst allowing sufficient revenue to be levied via rates to offset the projected operating and capital expenditure requirements for FY2024/25.

The rating model presented in this report was supported by the Council during a Financial Sustainability Modelling and Ratings Strategy Workshops on Wednesdays 22 May 2024 and 5 June 2024 and was considered a fair and equitable distribution of the total rate burden across all zones.

The preferred rate structure has the objective of collecting \$18,738,504.04 of general rate revenue, including interims and specified area rate and projects an overall increase in rate yield of 18.00% based on the 2023/24 rate structure.

Table 8 below details the level of projected income across general rates levied, minimum rates levied, projected interims and the collection of the Dalyellup specified area rate.

**Table 8.**

Income	To be levied	Interims	Total
General Rates	\$16,558,109.88	\$73,500.00	\$16,631,609.88
Minimum Rates	\$1,202,460.00	\$29,400.00	\$1,231,860.00
Specified Area Rates	\$864,107.16	\$10,927.00	\$875,034.16
	<b>\$18,624,677.04</b>	<b>\$113,827.00</b>	<b>\$18,738,504.04</b>

The projected rate structure supports the continuation of applying differential rates and has been designed to align with the main 'Principles of Rating' being:

1. Rates are levied on all rateable properties within the boundaries of the Shire of Capel in accordance with the *Local Government Act 1995*.
2. Rates are a tax, not a fee-for-service; as such they need to be set in accordance with principles of taxation. Individual property gross rental values (GRV) and unimproved values (UV) reflect individual property's access to local services and amenities, and as such, is not the responsibility of a rating structure to accommodate for individual needs.



3. Fairness and Equity – The Shire undertakes comprehensive reviews of services, projects, revenues, and costs, and considers efficiency measures as part of its review of the Corporate Business Plan and Annual Budget deliberations.
4. Consistency – The Shire proposes to rate comparable properties that are used for the same purpose in the same way. The 'Statement of Objects & Reasons' (attached) further details this.
5. Transparency and Administrative Efficiency – Under section 6.35(6)(c) of the Act, the Shire must provide public notice of its intention to impose a differential rate and details its intended rate structure to residents, inviting submissions to be made by an elector or ratepayer. Each submission (if any) will be considered by the Council. The Shire's current rate structure is administratively burdensome, with too many differential rates, creating inconsistency across some of the rate zones.

The Shire commissioned Moore Australia (WA) in January 2021 to complete a Rate Model Review based on the performance of the Shire's and surrounding Local Governments' Rating Strategies.

The information detailed in this report reveals and addresses some of the inequities in the Shire's current rate structure with the imposition of disproportionate rates in the dollar for the same rate classification e.g., where properties are primarily used for residential purposes but zoned Rural Residential.

A further finding highlighted the complexities in the Shire's differential rate structure, identifying the current structure is administratively burdensome given there are currently 12 differential zones across a property portfolio of 8099 lots. Historically, due to this inequity, the Shire has had to annually apply to the Minister for approval of the structure albeit the 2022/23, 2023/24 and 2024/25 rating strategies are compliant with the regulations.

Given this information, it is essential the Shire's 2024/25 rating strategy is designed with the following needs in mind:

1. The ability to collect sufficient rate revenue to support the financial requirements of the Shire.
2. The rate structure is compliant and does not require Ministerial Approval.
3. The structure is aligned to the 'Principles of Rating' as identified earlier in the report.
4. The structure allows for future consideration of aligning to a 'Uniform' rate if/when appropriate.

The proposed 2024/25 differential rate structure is summarised in the table below and includes the individual rates (cents) in the dollar, anticipated rate yield, number of properties in each rate category and the average rate per property within each category.

Table 9 has been extracted from the 2024/25 'Statement of Objects and Reasons' document which will be available to the community during and after the public advertising period.



**Table 9.**

Rate Zones	Cents in \$	% increase or decrease	Rate Yield	Number of Properties	Average rate
Residential, Urban Development, Mixed Use Residential (MUR) & Vacant Land (GRV)	0.82500 cents	Decrease by 18.32%	\$12,342,112.21	6079	\$2,030.29
Commercial, Service Commercial, District Centre, Light Industry, MUR-Commercial Use & Vacant (GRV)	0.94080 cents	No change	\$992,956.08	121	\$8,206.25
Rural Residential (GRV)	0.80000 cents	Decrease by 13.89%	\$1,019,812.80	487	\$2,094.07
Rural, General Industry & Reserved Land (UV)	0.55890 cents	No change	\$2,203,228.79	594	\$3,709.14
<b>Total</b>			<b>\$16,558,109.88</b>	<b>7281</b>	

Rate Zones	Minimum Rate	% increase or decrease	Rate Yield	Number of Properties	Rate Levied
Residential, Urban Development, Mixed Use Residential (MUR) & Vacant Land (GRV)	\$1,470.00	Increase 2.80%	\$779,100.00	530	\$1,470.00
Commercial, Service Commercial, District Centre, Light Industry, MUR-Commercial Use & Vacant Land (GRV)	\$1,470.00	Increase 2.80%	\$32,340.00	22	\$1,470.00
Rural Residential (GRV)	\$1,470.00	Increase 2.80%	\$7,350.00	5	\$1,470.00
Rural, General Industry & Reserved Land (UV)	\$1,470.00	Increase 2.80%	\$383,670.00	261	\$1,470.00
<b>Total</b>			<b>\$1,202,460.00</b>	<b>818</b>	
<b>Grand Total</b>			<b>\$17,760,569.88</b>		

Please note, the above table does not include income derived from interims or the Dalyellup Specified Area Rate.



**Key points relating to the proposed 2024/25 Rating Structure:**

Residential/Vacant & Urban Development/Vacant (Gross Rental Value) –

1. Reflective of the calculated impact as a result of the GRV revaluation process, warrants a reduction to the current rate in the dollar applied to residential properties, seeing the current rate in dollar eased by 18.32% from 0.101009 to 0.82500 cents in the dollar.
2. Based on the proposed rate in the dollar, the average rate levy is \$2,030.00, which has increased by \$272.00 per annum/\$5.24 per week in comparison to the 2023/24 Rating Strategy.
3. If the rate in the dollar had remained the same (0.101009 levied in 2023/24) the average property rate would have increased by \$718.00 per annum.

Commercial Town Centre, Light Industry, Special Use and Vacant (GRV) –

1. The commercial zones were least impacted by the property revaluation process, seeing valuations increase on average by 4.18% in comparison to 48.02% in the residential zones. Based on this outcome, the rate in dollar levied for the FY2023/24 will remain the same (0.94080 cents) for FY2024/25.
2. Historically the rate in the dollar has been discounted as an incentive to encourage local businesses to the Shire and encourage business development, but this desired outcome was never realised.
3. Based on the above information, the proposed average rate levy is \$8,206.00, which has increased by \$336.00 per annum/\$6.48 per week in comparison to the 2023/24 Rating Strategy.

Rural Residential (GRV) –

1. Reflective of the calculated impact as a result of the GRV revaluation process, warrants a reduction to the current rate in the dollar applied to rural residential properties, seeing the current rate in dollar eased by 13.89%
2. Based on the proposed rate in the dollar, the average rate levy is \$2,094.00, which has increased by \$324.00 per annum/\$6.23 per week in comparison to the 2023/24 Rating Strategy.
3. If the rate in the dollar had remained the same (0.92910 levied in 2023/24) the average property rate would have increased by \$661.00 per annum.

Rural & Land Use (Unimproved Value) –

1. All rural and land use properties undergo an annual revaluation. Revaluations on the Shire's rural zones prior to this financial year have reported a decrease in property values.  
  
However, for 2024/25, the property revaluation report indicated rural property values have increased, on average, by 15.64%, seeing the average rate levy increase by \$288 per annum prior to any rise on the current rate in the dollar being applied.
2. Given the revaluation impact inevitably increases the individual rate levies, it is proposed the rate in the dollar remains the same for 2024/25.



3. Accounting for the annual increase to the UV's based on the current rate in the dollar, equates to an average rate levy of \$3,709.00, which has increased by \$288.71 per annum/\$5.52 per week in comparison to the 2023/24 Rating Strategy.

#### Minimum Payments –

1. It is proposed the Minimum Payment increases from \$1,430.00 for \$1,470.00.
2. Under the proposed rate structure, the number of properties accessing the minimum rate has decreased by 1303, equating to 818 (10.10%) of the rate base accessing the minimum payment. This means more properties are accessing the GRV and UV rates, fairly contributing to the Shire's rate burden.

#### Dalyellup Specified Area Rate (SAR) -

The Council has the one specified area rate for Dalyellup Parks and Reserves Maintenance. This rate has the objective of recovering 50.00% of the cost of maintaining these facilities in the Dalyellup subdivision as per the Council resolution OC0727, 24/7/02 when the 2002-03 Budget was adopted. Although a long-standing decision of the Council, this position remains a relevant approach to the provision of parks and reserves in the Dalyellup area.

Through the continued subdivision development of the Dalyellup area, the Council will continue to inherit infrastructure, which will increase the cost base required to maintain Dalyellup parks, gardens, structures, and toilets at the appropriate level into the future.

However, based on financial monitoring to date, it is recommended the current SAR cap of \$218.54 remains the same for 2024/25.

#### Financial Hardship Policy

Residents who experience times of financial hardship and have difficulty in paying their rates can receive support from Shire Officers, where flexible payment solutions can be mutually agreed to suit the resident's financial circumstances.

Sensitive matters such as this are generally instigated by Shire Officers when seeking rate payments from residents and result in a successful outcome for both parties.

Officers are sympathetic to the needs of rate payers and will support where possible.

#### **Summary**

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As summarised at the start of this report; the dual nature of the information presented is to firstly realise and appreciate some of the budgetary complexities the Shire is addressing in the short, medium, and long term. How this influences the level of resourcing required to support the Shire's operational and capital expenditure requirements, and through the Rating Strategy, how the Shire intends to meet these commitments in a fair, equitable and compliant approach.

Through the series of workshops and briefings with the Council, there is a level of confidence that the proposed Rating Strategy for 2024/25 is aligned and responsive to effectively resourcing the Shire.

Building capacity into a Rating Strategy to support growth and feasibility of alternative modelling opportunities, is paramount to ensure contemporary practices are maintained.



Reflecting on the information detailed in this report, there are several key points to highlight.

The 2024/25 Draft Annual Budget:

- Projects a minor deficit of \$4,650.00 for 2024/25.
- Fully funds the 2024 - 2028 Corporate Business Plan's projects and programs which includes \$3.7m of new projects.
- Supports Community Budget Commitments of \$96,778.00
- Forecasts \$18,346,695.00 investment in Capital Works.
- Allows a financial reserve re-investment of \$2,214,377.00 with a view to increasing investment where possible as the 2024/25 Annual Budget is finalised.
- Financially supports the endorsed 2024 - 2028 Workforce Management Plan, allocating funds to support the 2024/25 Recruitment Schedule.
- Eases the imposition of rates to rate payers through the adjusting / maintaining of rates in the dollar, partially absorbing the increase to rates due to rising property valuations.

The proposed 2024/25 Rating Strategy sets a fair, equitable, transparent structure, achieves the rate yield required to effectively resource the Shire and is fully compliant with the Act, no longer requiring Ministerial Approval.

### **Voting Requirements**

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Absolute majority.



**SCM/2024/01 – Officer’s Recommendation / Council Decision – 8.1**

*Moved Cr Terrantroy, Seconded Cr Noonan.*

**That:**

- 1. Local public notice in accordance with Section 6.36 of the *Local Government Act 1995*, be given for the following Shire of Capel proposed differential rates for the 2024/25 financial year:**

**Table1.**

Zone	Rate Category	Basis	2024/25 Cents in the dollar	Minimum Rate
1	Residential	GRV	0.82500	\$1,470.00
2	Residential Vacant	GRV	0.82500	\$1,470.00
3	Urban Development	GRV	0.82500	\$1,470.00
4	Urban Development Vacant	GRV	0.82500	\$1,470.00
5	Town Centre	GRV	0.94080	\$1,470.00
6	Town Centre/Special Use/Light Industry Vacant	GRV	0.94080	\$1,470.00
7	Light Industry	GRV	0.94080	\$1,470.00
8	Commercial Use Urban Development	GRV	0.94080	\$1,470.00
9	Special Use	GRV	0.94080	\$1,470.00
10	Rural & land Use (Rural Commercial)	UV	0.55890	\$1,470.00
11	Rural & land Use (Rural)	UV	0.55890	\$1,470.00
12	Special Rural	GRV	0.80000	\$1,470.00

**Specified Area Rating – Rate Base = GRV / Cents in the \$ = 0.05600 / Maximum Rate Cap \$218.54 per lot.  
Purpose for funding – Maintenance of Dalyellup Parks, Reserves, Structures and Toilets.**

- 2. The Council receives and endorses the 2024/25 Draft Annual Budget as detailed in the Statement of Financial Activity Attachment 8.1.1.**
- 3. The Council receives and endorses the 2024/25 Program of Works Schedules as Attachment 8.1.2.**
- 4. The ‘2024/25 Fees and Charges Schedule’ as Attachment 8.1.3 be received and endorsed.**
- 5. The ‘Notice of Intention to Levy Differential Rates’ as Attachment 8.1.4 be received and endorsed. Public submissions received regarding the differential rate shall be considered by the Council before the adoption of any proposed rate.**
- 6. The ‘2024/25 Statement of Objects and Reasons’ as Attachment 8.1.5 be received and endorsed.**
- 7. The Council endorses the funding and early advertising of two positions – Human Resources Administration Officer and Waste Officer, with the FTE for these positions included in the Shire’s endorsed 2024 – 2028 Workforce Plan.**

**Carried 8/0**

*For – Cr Dillon, Cr Fergusson, Cr Kitchen, Cr Mogg, Cr Noonan, Cr Schiano, Cr Sharp and Cr Terrantroy.*

*Against – Nil.*





**9. Items for Consideration Behind Closed Doors**

Nil

**10. Meeting Closure**

There being no further business the Presiding Member declared the meeting closed at 6:38pm.