



Special Council Meeting

29 May 2024

Commencing at 3:00 PM

Agenda

Notice of Meeting.

To: The President and Councillors.

A Special Council Meeting of the Shire of Toodyay will be held at the Shire of Toodyay Council Chambers, 15 Fiennes Street, Toodyay WA 6566 on the above-mentioned date and time.

The Special Meeting of Council is for the purpose of considering the 2024/2025 Differential Rates and all matters related thereto.

Tabitha Bateman
ACTING CEO



Our Vision, Purpose and Values

The Shire of Toodyay's Plan for the Future (Council Plan 2023-2033) is the Community's Strategic Plan outlining the direction that the Shire is undertaking to meet the needs and aspirations of its community.

Our Vision

A caring and visionary rural community, working together to preserve and enrich Toodyay's environment, character and lifestyle.

Our Purpose

The Shire of Toodyay exists to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity.

Our Values

We conduct ourselves in line with values the local community cares deeply about:

- **Integrity** - we behave honestly to the highest ethical standard;
- **Accountability** – we are transparent in our actions and accountable to the community;
- **Inclusiveness** – we are responsive to the community and we encourage involvement by all people; and
- **Commitment** – we translate our plans into actions and demonstrate the persistence that will provide results.

Community Aspirations

There are five core performance areas in this plan: People, Planet, Place, Prosperity, and Performance. These areas are interrelated, and each must be satisfied to deliver excellent quality of life in the Shire of Toodyay.

For each area, there is an overarching aspirational statement and desired outcomes, summarised in the Council Plan which is available on the Shire's website at: <https://www.toodyay.wa.gov.au/documents/432/council-plan-plan-for-the-future-2023-2033>

Disclaimer

Any discussion regarding a planning matter or other application that any statement or intimation of approval made by any member or officer of the Shire of Toodyay during the course of any meeting is not intended to be and is not to be taken a notice of approval from Council. No action should be taken on any item discussed at a Council Meeting prior to written advice on the resolution of the Council being received. Any plans or documents contained in this document may be subject to copyright law provisions (*Copyright Act 1998*, as amended) and the express permission of the copyright owner(s) should be sought prior to reproduction.

Availability of Meeting Agenda and its Attachments

Information about Council Meetings is located on the website

<http://www.toodyay.wa.gov.au/Council/Council-Meetings>

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<http://www.toodyay.wa.gov.au/Council/Council-Meetings/Agendas-Minutes-and-Notes>

Public copies are available by contacting the Shire on (08) 9574 9300.



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ATTACHMENTS can be found in the Attachments Paper on the Council website
alongside this agenda.

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Presiding Member is to run through the Preliminaries, and to declare the Ordinary Meeting of Council open.

Acknowledgement of Country: *"I acknowledge the Ballardong Noongar people, the traditional custodians of the land where we meet today and the Yued and Whadjuk people, who are traditional custodians of respective lands within the wider Shire of Toodyay. I pay my respect to their Elders, past, present and emerging."*

2 RECORDS OF ATTENDANCE**2.1 APOLOGIES****2.2 APPROVED LEAVE OF ABSENCE**

Nil

3 DISCLOSURE OF INTERESTS**4 PUBLIC QUESTIONS****4.1 PUBLIC QUESTION TIME****5 PUBLIC SUBMISSIONS**

6 OFFICER REPORTS

6.1 CORPORATE AND COMMUNITY SERVICES

6.1.1 Advertising of 2024/2025 Differential Rates

| | |
|----------------------------------|--|
| Date of Report: | 29 May 2024 |
| Applicant or Proponent: | Shire of Toodyay |
| File Reference: | FIN31/MIN1 |
| Author: | G French – Acting Executive Manager Corporate and Community Services |
| Responsible Officer: | G French – Acting Executive Manager Corporate and Community Services |
| Previously Before Council: | Nil |
| Author's Disclosure of Interest: | Nil |
| Council's Role in the matter: | Legislative |
| Attachments: | <ol style="list-style-type: none"> 1. Statement of Objects and Reasons 2024/2025; 2. Advertisement for Differential Rates; and 3. WALGA's Economic Briefing - March 2024. |

PURPOSE OF THE REPORT

To consider the proposed the Statement of Objects and Reasons and proposed Differential Rate categories, and the rate in the dollar and minimum payments for advertising and seeking public submissions prior to adoption of the 2024/2025 Annual Budget, as required by the *Local Government Act 1995* (**Attachment 1**).

BACKGROUND

In accordance with section 6.36 of the Local Government Act 1995, where a local government intends to impose differential rates, or a minimum payment applying to a differential rate category, it is required to give local public notice of its intention to do so. The public notice is to invite submissions to the proposal for a period of not less than twenty-one days.

The Council is required to consider any submissions received prior to it formally imposing the proposed differential rates in the dollar and associated minimum payments, with or without modification.

As it is intended that differential rates will be imposed as part of the Council's 2024-2025 annual budget, this report seeks the Council's endorsement to provide public notice of the proposed differential rates in the dollar and associated minimum payments as recommended in this report.

It is important that Council adopts an adequate rating structure to ensure it continues to maintain and increase its own income sources, so as to finance the services needed by the community.

COMMENTS AND DETAILS

Prior to adopting its annual budget each year, Council considers its current Council Plan and economic environmental policy and, subject to the rating provisions under the Act, may raise rate revenue at the level it determines appropriate. To determine this level, Council assesses the current and future service needs, aspirations of the community and their capacity to pay for those services.

As a result of findings from the budget preparation process, officers are recommending that to achieve an appropriate level of funding for operations and asset renewal whilst taking into consideration the current cost of living pressures, rate revenue would need to be increased by a minimum of 5.0% on the 2023/2024 budgeted rate revenue. Rate revenue from new properties will be in addition to this proposed rate increase.

This increase has been factored into the development of the draft budget and takes into account the following key considerations and their associated impacts:

- Annual increases such as the local government cost index, construction costs, and external wage increases have also exceeded the rates increase over this time.
- Whilst still early in the budget development stage, officers have factored significant increases into the draft budget such as 3.7% for electricity. The increase for streetlighting was initially expected to be 4.3%.
- Increase for roads and construction materials (asphalt/gravel) by 10%.
- It is expected that the cost of waste disposal could increase by up to 3.4%
- Additionally, in the past year, the Shire has experienced significant cost increases of between 5-15% for many contracts, materials, and capital works.
- State budget has considered a 5% increase in the ESL.
- For the 2023/24 financial year, Officers were required to re-scope projects or seek additional funding opportunities to cater for these increases.

If the increase in Shire rates is lower than the increase in costs from external factors, this may create difficulties in allocating sufficient funds to maintain the same level of services that the community expects and relies upon.

Further, there is an expectation from the community that the Shire maintains its assets in a reasonable state and fit for purpose. The Shire is, however, aware of the impact increased rates has on the cost-of-living pressures.

When making decisions about rate increases, the Shire carefully weighs the need for additional revenue against the potential burden it may place on ratepayers and strives to find a balance that ensures the sustainability of essential services while also considering the affordability for the community.

To address this situation, the draft budget prioritises essential services and ensures allocations are adequately supported according to risk. Projects proposed for inclusion in the 2024/25 draft budget will continue to be reviewed and prioritised according to risk levels to achieve a balanced budget.

This may result in changes to the proposed rates in the dollar than those advertised. Any change will be considered in line with submissions received or valuation changes between now and budget adoption and may be adjusted accordingly.

Although differential rates have been imposed in the Shire of Toodyay for a number of years, it is a requirement that differential rates be advertised.

It is noted that while local governments are required to advertise proposed differential rates, the final rates are determined by Council when adopting the Annual Budget.

Proposed Differential Rates

Differential rates form one part of local government's approach for setting rates. This means that local governments have the option to set more than one rate in the dollar based on property class, rather than having a uniform rate for all property classes.

Differential rates allow different classes of property to be rated differently, to maintain relativity between general, residential, commercial, industrial, and rural rating classifications.

For the 2023/24 financial year, officers proposed a mining differential rate to offset some of the additional expenditure incurred by the Shire as a result of the operations of this specific sector.

Since this time, the Shire has been working closely with the mining operators and have developed a maintenance agreement which assists in managing these additional costs.

As a result, Officers are not proposing a mining differential rate for the 2024/25 financial year.

The proposed 2024/2025 rates model has been based on a 5% overall increase which will provide budgeted rate revenue of \$7,981,949. The proposed rate model provides no increase to the minimum rate of \$1,440.00 as it is considered that this is appropriate considering the requirements of the Shire and compares with surrounding and similar local governments.

To meet the 5% overall increase in rate revenue, individual rates categories may increase by more or less.

It should be noted that valuations may vary between the rate modelling process and the rates strike as new or amended valuations are received from Landgate.

Any changes after the current date are expected to be minor and are not expected to affect the foundation of this report.

In order to achieve a balance between maintaining service levels and keeping the increase to a minimum, is recommended that Council approves the proposed 2024/2025 rate in the dollar and the minimum rates to be advertised by public notice as per the following:

| Basis of Rating | Current Rate in \$ | Proposed Rate in \$ |
|-----------------|--------------------|---------------------|
| GRV Residential | 0.148676 | 0.162427 |
| GRV Commercial | 0.157555 | 0.170446 |
| GRV Industrial | 0.137874 | 0.142081 |
| GRV Rural | 0.137491 | 0.159772 |

| Basis of Rating | Current Rate in \$ | Proposed Rate in \$ |
|-----------------------|--------------------|---------------------|
| GRV Rural Residential | 0.130164 | 0.151295 |
| UV General | 0.015186 | 0.013602 |
| UV Rural | 0.008893 | 0.007657 |

| Basis of Rating | Current Rate in \$ | Proposed Rate in \$ |
|-----------------------|--------------------|---------------------|
| <u>MINIMUM RATES</u> | | |
| GRV Residential | 1,351.00 | 1,460.00 |
| GRV Commercial | 1,351.00 | 1,460.00 |
| GRV Industrial | 1,351.00 | 1,460.00 |
| GRV Rural | 1,351.00 | 1,460.00 |
| GRV Rural Residential | 1,351.00 | 1,460.00 |
| UV General | 1,351.00 | 1,460.00 |
| UV Rural | 1,351.00 | 1,460.00 |

IMPLICATIONS TO CONSIDER

Consultative:

Internal discussions relating to the development of the draft budget, including potential projects and rate increases, have taken place between staff and Councillors in a series of workshops.

The key message for the community is that the Shire is aware of the impact any increase has on the cost-of-living pressures however, income raised from rates is required to sustain the current activities and levels of service.

When making decisions about rate increases, the Shire carefully weighs the need for additional revenue against the potential burden it may place on ratepayers.

The proposed Differential Rates are required to be advertised and public submissions sought in accordance with section 6.36 of the Act. An advertisement will be placed in the Toodyay Herald, on notice boards and the Shire's website for 21 days and any submissions received will be considered by Council. The Statement of Objects and Reasons is provided at **Attachment 1**.

Information to support the proposed increase to the rates in the dollar can be found in WALGA's Economic Briefing – March 2024 (**Attachment 3**).

Strategic:

Differential rates represent a strategic approach to rating. Rates are a major revenue source of Council used to achieve the objectives of the Shire's Council Plan. The purpose of levying rates is to meet the Shire's budget requirements to deliver services and projects each financial year.

Shire of Toodyay Plan for the Future – Council Plan 2023-2033

Outcome 9. Responsible and effective leadership and governance

9.1 Provide strong, clear, and accountable leadership.

9.2 Govern Shire finances, assets, and operations responsibly.

Policy related:

Long Term Financial Planning

Significant Accounting Policy

Financial:

The financial implications of adopting a 5% overall rate increase would see an estimated additional rate yield of approximately \$380,093 compared to the 2023/2024 financial year. The anticipated rate revenue for 2024/2025 is \$7,981,949.

Note: The rate yield estimated above is based on current valuations provided by Landgate and may be subject to change.

Legal and Statutory:

Sections 6.33 and 6.34 of the *Local Government Act 1995* allow local governments to impose differential rates and minimum payments. Section 6.36 requires local governments to give notice of certain rates before imposing them. Council is requested to endorse for advertising, the proposed rates in accordance with Section 6.36 of the Act.

Section 6.35 (6) of the *Local Government Act 1995* states that a differential minimum payment may be imposed.

Risk related:

There are significant financial and operational risks associated with setting rates for the budget adoption process. Setting the rates too high for the purpose of advertising, bears significant reputational risk as setting the rates in the dollar too high can cause stress and anger within the community. Setting them too low for the purpose of advertising may set unrealistic expectations and inhibit Council's ability to respond to cost increases from external factors. Compliance with statutory provisions helps to mitigate these risks.

Workforce related:

Shire Officers within the Corporate and Community Services area will be responsible for implementing Council's decision.

VOTING REQUIREMENTS

Absolute Majority

OFFICER'S RECOMMENDATION 1

That Council:

1. Approves the proposed 2024/2025 differential rate categories, rate in the dollar and minimum payments for advertising prior to adoption of the 2024/2025 Annual Budget as follows:

| Basis of Rating | Current 2022/23 Rate in \$ | Proposed 2023/24 Rate in \$ |
|-----------------------|-------------------------------|--------------------------------|
| GRV Residential | 0.148676 | 0.162427 |
| GRV Commercial | 0.157555 | 0.170446 |
| GRV Industrial | 0.137874 | 0.142081 |
| GRV Rural | 0.137491 | 0.159772 |
| GRV Rural Residential | 0.130164 | 0.151295 |
| UV General | 0.015186 | 0.013602 |
| UV Rural | 0.008893 | 0.007657 |

| Basis of Rating | Current 2023/24 Rate | Proposed 2024/25 Rate |
|-----------------------|-------------------------|--------------------------|
| <u>MINIMUM RATES</u> | | |
| GRV Residential | 1,351.00 | 1,460.00 |
| GRV Commercial | 1,351.00 | 1,460.00 |
| GRV Industrial | 1,351.00 | 1,460.00 |
| GRV Rural | 1,351.00 | 1,460.00 |
| GRV Rural Residential | 1,351.00 | 1,460.00 |
| UV General | 1,351.00 | 1,460.00 |
| UV Rural | 1,351.00 | 1,460.00 |

2. Endorses the Objects and Reasons for proposed differential rates for the 2024/25 financial year to be published on the Shire's website. (**Attachment 1**)
3. Advertise for public comment, the differential rates, and minimum payments, as per the requirements of section 6.36 of the *Local Government Act 1995* (**Attachment 2**)

7 CLOSURE OF MEETING

