



**SHIRE OF MORAWA**  
**SPECIAL COUNCIL MEETING**  
**ATTACHMENTS**

**Tuesday, 6 June 2023**



WESTERN AUSTRALIA'S  
**WILDFLOWER COUNTRY**

# Agenda Attachments

Shire of Morawa

Special Council Meeting

6 June 2023

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## List of Attachments

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### **6 Reports from Officers**

#### **6.1 Budget Efficiency and Setting of Differential Rates**

*Attachment 1* – 6.1a Proposed Rates model for 2023-2024

*Attachment 2* – 6.1b Statement of Objectives and Reasons

*Attachment 3* – 6.1c Draft Statement of Financial Activity 2023-2024

*Attachment 4* – 6.1d Draft Schedule 2 by Program 2023-2024

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## Special Council Meeting 6 June 2023

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***Attachment 1- 6.1a Proposed Rates model for 2023-2024***

***Attachment 2- 6.1b Statement of Objectives and Reasons***

***Attachment 3- 6.1c Draft Statement of Financial Activity 2023-2024***

***Attachment 4- 6.1d Draft Schedule 2 by Program 2023-2024***

***Item 6.1- Budget Efficiency and Setting of Differential Rates***

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# SHIRE OF MORAWA

*Attachment 6.1a*

## Proposed Rate Categories for 2023-2024

	Actuals for 2022-2023				4.5% Increase to Minimums and GRV and Minus 7% to UV Rural			
	Rate in the \$	Number of Properties	Rateable Value \$	Actual Income 2022/2023	Rate in the \$	Number of Properties	Rateable Value \$	Projected Income 2023-2024
<b>General Rates</b>								
GRV Residential/Commercial	8.4538	268	2,799,272	236,645	8.8342	268	2,799,273	247,293
UV Rural	2.4439	207	85,450,000	2,088,362	2.2728	207	105,039,500	2,387,338
UV Mining	30.1974	31	827,575	249,906	30.1974	31	873,066	263,643
<b>Sub Total General Rates</b>		<b>506</b>	<b>89,076,847</b>	<b>2,574,913</b>		<b>506</b>	<b>108,711,839</b>	<b>2,898,274</b>
<b>Minimum Rates</b>								
GRV Residential/Commercial	324.50	46	27,992	14,927	339	46	27,993	15,594
UV Rural	324.50	9	54,006	2,921	339	7	47,900	2,373
UV Mining	683.00	9	8,428	6,147	683	12	13,674	8,196
<b>Sub Total Minimum Rates</b>		<b>64</b>	<b>90,426</b>	<b>23,995</b>		<b>65</b>	<b>89,567</b>	<b>26,163</b>
<b>Income Before Discounts</b>				<b>2,598,907</b>				<b>2,924,437</b>
<b>Early Payment Discount</b>				<b>31,610</b>				<b>35,000</b>
<b>Total Own Source Revenue (Rates)</b>				<b>2,567,297</b>				<b>2,889,437</b>



## **Objectives and Reasons for the Differential Rates For the year ending 30 June 2024**

In accordance with Section 6.36 of *the Local Government Act 1995*, the Shire of Morawa is required to publish its Objects and Reasons for implementing Differential Rates.

### **OVERALL OBJECTIVE**

Rates are levied on all rateable properties within the boundaries of the Shire of Morawa in accordance with the *Local Government Act 1995*. The overall objective of the proposed rates in the 2023-2024 Budget is to provide the funding requirements of the Shire's services, activities, financing costs and the current and future capital requirements of the shire to achieve a balanced budget.

Council has determined its required rates yield after taking into account all revenue sources, expenditure, and efficiency measures as part of the budget deliberations and has considered the Key Values contained within the Rating Policy Differential Rates (s.6.33) March 2016 released by the Department of Local Government, Sport and Cultural Industries being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and administrative efficiency

The key points for the 2023-2024 rating strategy:

- Raise sufficient yield to maintain current services and future infrastructure renewal to meet community expectations, as outlined in the Strategic Community Plan 2022-2032, Strategic Resource Plan 2022-2037, and the Corporate Business Plan 2023-2033.
- Maintain the single GRV category for residential, industrial, and commercial to ensure fairness and equity.
- Spread the rates burden across the differential rating categories to effectively reflect an equitable contribution to the maintenance and improvement of Council resources, services, and infrastructure.

In setting the rate in the dollar for each category, Council has taken into consideration the following factors:

- Rates are the main source of revenue for the Shire of Morawa. With grants, interest earnings and other revenue being controlled by others it is important

that the current level of rates revenue be maintained if Council is to continue service delivery and renewal of its asset base.

- The Shire has approximately 173 kilometres of sealed roads and 802 kilometres of unsealed gravel roads that need to be maintained and renewed.
- The Shire owns numerous public buildings including, Administration Buildings, Town Halls, Swimming Pool, Recreation Centre, Oval Function Room and Changerooms, Childcare Facilities, Public Toilets, Caravan Park, Medical Centre, Aged and Low Income housing, Staff Housing, Museum, Youth Centre and numerous other facilities. Many of these facilities require substantial upkeep due to their age and minimal maintenance in the past.

Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. The following items have been considered or undertaken:

- Ongoing assessment of the organisational structure
- Review of position descriptions, remuneration and need for the position as vacancies arise
- Consideration of outsourcing and use of short-term contractors for specialised projects
- The implementation of Altus Payroll that is expected to go live in July 2023
- The recovery of outstanding debts including rates and sundry debtors
- Exploring shared service arrangements
- Ongoing review of service levels
- Continued use of local suppliers whenever possible and appropriate; and
- Conduct 3 full budget reviews each financial year.

Anticipated projects for 2023-2024 include:

- Road Construction projects - \$2,430,000
- Road Maintenance - \$745,000
- Upgrade Recreation Centre to Evacuation Centre standard - \$700,000
- Disabled Ablution Block – Caravan Park - \$182,000
- Electrical Vehicle Charging Station - \$50,000
- Feasibility Study – Art Centre - \$50,000
- Staff Housing Renewals - \$100,000
- Development of a Plan for an Early Childhood Education Centre (ECEC) - \$50,000
- Contribution towards a Regional Bushfire Risk Mitigation Officer - \$30,000
- Caravan Park Master Plan Detailed Design - \$15,000

Property valuations provided by the Valuer-General (Landgate Valuation Services) are used as the basis for the calculation of rates each year. Section 6.33 of the *Local Government Act 1995* provides the ability to differentially rate properties based on zoning and/or land use as determined by the Shire of Morawa. The application of differential rates maintains equity in the rating of properties across the shire. The Valuer General has completed its valuations of properties within the Shire for the 2023-

2024 year and these updated figures have been used to determine the required rates needed for the net funding shortfall.

The following table outlines the proposed Differential Rates and Minimum Payments for the shire of Morawa for the 2023-2024 financial year, to be effective from the 1 July 2023.

<i>Rate Type</i>	<i>Rate in the Dollar (Cents)</i>	<i>Minimum Payment</i>
<b>GRV Residential/ Commercial</b>	8.8342	\$339
<b>UV Rural</b>	2.2728	\$339
<b>UV Mining</b>	30.1974	\$683

### **Land Valuations in Western Australia**

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

- *The Valuation of Land Act 1978*; and
- *The Local Government Act 1995*

#### **The Valuation of Land Act 1978**

The *Valuation of Land Act 1978* provides for the valuation of land in Western Australia. The Valuer General is based at Landgate and provides a brochure titled 'The Valuer General's Guide to Rating and Taxing Values' which describes their role in providing valuations to be used by rating and taxing authorities in accordance with the provisions of the *Valuation of Land Act 1978* (the VLA). The VLA empowers the Valuer General to conduct general valuations based on Unimproved Values (UV) and Gross Rental Value (GRV).

More information is available at [www.landgate.wa.gov.au](http://www.landgate.wa.gov.au)

#### **The Local Government Act 1995**

The *Local Government Act 1995* sets out the basis on which rates may be raised, including the setting of differential general rates and minimum rates.

Section 6.32 of the Local Government Act 1995 states:

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

- (b) may impose\* on rateable land within its district —
  - (i) a specified area rate; or
  - (ii) a minimum payment;and
- (c) may impose\* a service charge on land within its district.

\* *Absolute majority required.*

- (2) Where a local government resolves to impose a rate, it is required to —
  - (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
  - (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

Section 6.33 of the local Government Act relates to Differential rates:

- (1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —
  - (a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*; or
  - (b) a purpose for which the land is held or used as determined by the local government; or
  - (c) whether or not the land is vacant land; or
  - (d) any other characteristic or combination of characteristics prescribed.
- (2) Regulations may —
  - (a) specify the characteristics under subsection (1) which a local government is to use; or
  - (b) limit the characteristics under subsection (1) which a local government is permitted to use.
- (3) In imposing a differential general rate, a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

Section 6.35 of the Local Government Act relates to Minimum payments:

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.



- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
- (a) 50% of the total number of separately rated properties in the district;  
or
  - (b) 50% of the number of properties in each category referred to in subsection (6),
- on which a minimum payment is imposed.

### **Basis of Local Government Rates in Western Australia**

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

### **Gross Rental Valuation (GRV)**

The *Local Government Act 1995* determines that properties of a non-rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of the annual rates. The Valuer-General determines the GRV for all properties within the Shire of Morawa every five years. The last general valuation was effective from 1 July 2017. Factors such as age, construction, size, carports, pools and the location influence the rental value for a house or other GRV property. Interim valuations are provided to the Shire on a monthly basis by the Valuer-General for properties where changes have occurred (i.e. construction, subdivision, demolition, additions and/or property rezoning). In such instances the Shire recalculates the rates for the affected properties and issues interim rates notices.

The Shire of Morawa only imposes one GRV category and one GRV minimum rate category which covers residential and commercial properties both occupied and vacant.

### **GRV Residential/Commercial – No differential rate in this category**

**The object** of the GRV rates and minimum payments is to raise a fair contribution to the operational requirements of the Shire, which include but are not limited to - street lighting, civic precinct, cleaning and maintenance of public facilities, public parks and gardens, sporting facilities, tourist information services, youth centre, medical, refuse collections, roads, aerodrome and caravan park - allowing services to be maintained and where possible improved without incurring additional financial pressure that could affect the long term viability and sustainability of the shire. The rates will continue to provide one of the main income streams for the support of the social and economic wellbeing of the Shire.

**The reason** the Shire of Morawa does not impose any differential rates in this category is because there is a focus on growth and regeneration and having a flat GRV rate in the dollar assists in trying to attract new business to the town and support those entities that are currently operating here. Most commercial or industrial properties will have a higher GRV and therefore pay proportionately higher rates than a residential property.

This category is expected to contribute 8.99% of the total rate raised during 2023-2024.

## **Unimproved Valuation (UV)**

### **Rural**

Properties that are predominantly of a rural purpose are assigned an Unimproved Value (UV) that is supplied and updated by the Valuer-General on an annual basis.

UV rural means any land that is predominately used for the purpose of grazing, dairying, pig farming, poultry farming, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of these activities.

**The object** of this rating category reflects the level of rating required to raise the necessary revenue to operate efficiently and provide for rural infrastructure and services in addition to the urban services, programs and infrastructure which are available to be accessed by the properties in this category.

**The reason** for a lower rate applied to the UV Rural Category, compared to the UV Mining, is to offset the relatively high property valuations in this category but must also reflect the impact these activities have on general infrastructure and facilities including the permanent nature of the business activity, recreation facilities and road infrastructure, which incurs higher maintenance and renewal costs due to its vulnerability to extreme weather conditions which is further increased by extra vehicle movements and activities associated with these properties.

This category is expected to contribute 81.71% of the total rates raised for 2023-2024.

### **Mining**

This rating category covers all Mining Leases, Exploration Licences, Prospecting Licences, Retention Licenses, General Purpose Leases, Special Prospecting Licenses for Gold and Miscellaneous Licences as defined under the *Mining Act 1978*.

**The object** of the UV Mining rate is to reflect the impact on utilisation of rural infrastructure (comparative to Rural) by heavy transport and associated higher traffic volumes.

**The reasons** that the rate in the dollar has been set at a comparatively high amount is to offset the large investment the Shire of Morawa makes in road and drainage infrastructure to service remote mining activities on rural roads throughout the municipality. This category causes higher infrastructure costs for the Shire due to the frequent heavy vehicle use over extensive lengths of Shire roads throughout the year and causes significant damage when there is extreme weather conditions. Mining operators also have the benefit of access to all the establishes shire services and facilities.

It is not uncommon for operators in the mining sector to be present in the district for a short period. Mining activities have a greater short term impact on local roads and waste management services along with additional costs associated with the administration of the tenements than that of any other rate payer category. The mining sector stands to be a beneficiary of the existence and maintenance of the Shire's

assets and services to the extent that the mining operators and their connections use them.

Council has again decided to have no increase to the current rate in the dollar on this category for 2023-2024.

This category is expected to contribute 9.3% of the total rates raised for 2023-2024.

### **Minimum Payments**

The setting of minimum payments within rating categories recognises that every property receives some minimum level of benefit from the works and services provided by the shire which is shared by all properties regardless of size, value and use.

A proposed minimum rate of \$339 has been applied to all rating categories except for the UV Mining category. The proposed minimum rate for the UV Mining category is \$683 (the same as 2021-2022 and 2022-2023). Again, this is intended to collect rates in proportion to the impact of the sector on the overall works and services provided by the shire in any given year as a result of its activities.

### **Submissions**

If you wish to lodge any submission on this proposal, you are required to do so by 4 pm on Wednesday 5 July 2023. Submissions should be addressed to the Chief Executive Officer, Shire of Morawa, PO Box 14, Morawa WA 6623 and clearly marked Submission – Differential Rating 2023-2024. Submissions can also be submitted via email to [ea@morawa.wa.gov.au](mailto:ea@morawa.wa.gov.au) or delivered in person to the shire office in Winfield Street, Morawa, WA 6623.

**Scott Wildgoose**  
**Chief Executive Officer**

**SHIRE OF MORAWA**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2024**

		2023/24	2022/23	2022/23
	NOTE	Budget	Actual	Budget
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
		\$	\$	\$
Rates	2(a)	2,898,143	2,564,344	2,551,128
Operating grants, subsidies and contributions	5	2,367,415	1,232,590	1,852,491
Fees and charges	5	978,420	908,024	915,031
Interest revenue	5(a)	115,500	110,325	63,564
Other revenue	5(a)	394,225	359,203	523,225
Profit on asset disposals	3	30,126	33,435	30,126
		<b>6,783,829</b>	<b>5,207,921</b>	<b>5,935,565</b>
<b>Expenditure from operating activities</b>				
Employee costs		(2,217,428)	(1,816,032)	(2,131,849)
Materials and contracts		(2,784,354)	(1,808,756)	(2,334,594)
Utility charges		(437,755)	(387,793)	(437,311)
Depreciation	3	(1,594,091)	(1,515,870)	(1,582,699)
Finance costs	5(a)	(16,555)	(8,454)	(16,757)
Insurance		(253,254)	(244,154)	(244,498)
Other expenditure		(405,128)	(435,516)	(458,718)
Loss on asset disposals	3	(42,671)	0	(42,671)
		<b>(7,751,236)</b>	<b>(6,216,575)</b>	<b>(7,249,097)</b>
Non-cash amounts excluded from operating activities	2(a)	1,670,288	1,554,715	1,601,191
<b>Amount attributable to operating activities</b>		<b>702,881</b>	<b>546,061</b>	<b>287,659</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		3,216,857	904,457	2,083,602
Proceeds from disposal of assets		40,000	192,200	178,200
		<b>3,256,857</b>	<b>1,096,657</b>	<b>2,261,802</b>
<b>Outflows from investing activities</b>				
Payments for property, plant and equipment	3(a)	(5,165,500)	(2,960,475)	(1,774,867)
Payments for construction of infrastructure	3(a)	0	0	(2,529,370)
		<b>(5,165,500)</b>	<b>(2,960,475)</b>	<b>(4,304,237)</b>
<b>Amount attributable to investing activities</b>		<b>(1,908,643)</b>	<b>(1,863,818)</b>	<b>(2,042,435)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Transfers from reserve accounts	4(a)	286,640	420,000	441,640
		<b>286,640</b>	<b>420,000</b>	<b>441,640</b>
<b>Outflows from financing activities</b>				
Repayment of borrowings	3(a)	(27,355)	(12,169)	(27,355)
Payments for principal portion of lease liabilities	4		(14,479)	(28,922)
Transfers to reserve accounts	4(a)	(305,600)	(197,440)	(656,564)
		<b>(332,955)</b>	<b>(224,088)</b>	<b>(712,841)</b>
<b>Amount attributable to financing activities</b>		<b>(46,315)</b>	<b>195,912</b>	<b>(271,201)</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	2	1,252,077	2,110,858	2,025,977
Amount attributable to operating activities		702,881	546,061	287,659
Amount attributable to investing activities		(1,908,643)	(1,863,818)	(2,042,435)
Amount attributable to financing activities		(46,315)	195,912	(271,201)
<b>Surplus or deficit at the end of the financial year</b>	2	<b>0</b>	<b>989,013</b>	<b>0</b>

This statement is to be read in conjunction with the accompanying notes.

# Shire of Morawa

## SCHEDULE 02 - GENERAL FUND SUMMARY Budget for Period Ended 30 June 2024

	2022-23 Budget		2022-23 Actual		2023-24 Budget	
	Income	Expense	Income	Expense	Income	Expense
	\$	\$	\$	\$	\$	\$
<b>OPERATING</b>						
General Purpose Funding	3,905,116	283,311	3,245,278	230,866	4,445,508	316,925
Governance	25	527,195	1,815	334,866	525	543,944
Law, Order, Public Safety	176,435	260,489	142,090	191,218	27,590	167,823
Health	7,050	195,834	9,891	187,313	7,050	197,612
Education & Welfare	7,000	195,625	15,681	94,235	10,500	223,421
Housing	100,800	219,445	89,165	230,003	92,500	248,158
Community Amenities	669,595	775,914	540,131	495,286	848,384	711,861
Recreation & Culture	708,200	1,564,330	168,690	1,322,294	924,200	1,522,397
Transport	1,986,074	2,322,932	1,465,534	2,152,195	3,129,329	2,866,091
Economic Services	239,572	801,809	232,011	516,230	417,100	739,283
Other Property & Services	219,300	102,215	202,090	462,070	98,000	213,721
<b>TOTAL - OPERATING</b>	<b>8,019,167</b>	<b>7,249,099</b>	<b>6,112,377</b>	<b>6,216,575</b>	<b>10,000,686</b>	<b>7,751,236</b>
<b>CAPITAL</b>						
General Purpose Funding	0	10,107	0	10,361	0	10,400
Governance	0	0	0	0	0	100,000
Law, Order, Public Safety	0	0	0	61,358	0	0
Health	0	446	0	7,880	0	0
Education & Welfare	0	0	0	0	0	0
Housing	0	95,852	0	214,471	0	129,886
Community Amenities	0	347,186	0	255,272	0	416,954
Recreation & Culture	101,640	1,023,064	0	124,564	101,640	1,268,309
Transport	300,000	3,279,290	420,000	2,330,809	0	3,299,806
Economic Services	40,000	153,719	0	171,068	10,000	214,000
Other Property & Services	0	107,414	0	8,779	175,000	59,100
<b>TOTAL - CAPITAL</b>	<b>441,640</b>	<b>5,017,078</b>	<b>420,000</b>	<b>3,184,563</b>	<b>286,640</b>	<b>5,498,455</b>
	<b>8,460,807</b>	<b>12,266,177</b>	<b>6,532,377</b>	<b>9,401,138</b>	<b>10,287,326</b>	<b>13,249,691</b>
Less Depreciation Written Back		(1,582,699)		(1,515,870)		(1,594,091)
Less Profit/Loss Written Back	(30,126)	(42,671)	33,435	0	30,126	(42,671)
Less Movement in Leave Reserve		(5,948)		(5,411)		(3,400)
Plus Proceeds from Sale of Assets	178,200		192,200		40,000	
<b>TOTAL REVENUE &amp; EXPENDITURE</b>	<b>8,608,881</b>	<b>10,634,858</b>	<b>6,758,012</b>	<b>7,879,857</b>	<b>10,357,452</b>	<b>11,609,529</b>
Surplus/Deficit July 1st B/Fwd	2,025,977		2,110,858		1,252,077	
	<b>10,634,858</b>	<b>10,634,858</b>	<b>8,868,870</b>	<b>7,879,857</b>	<b>11,609,529</b>	<b>11,609,529</b>
Surplus/Deficit C/Fwd				989,013		0
	<b>10,634,858</b>	<b>10,634,858</b>	<b>8,868,870</b>	<b>8,868,870</b>	<b>11,609,529</b>	<b>11,609,529</b>