



**murchisonshire**

*Ancient land under brilliant skies*

Agenda for the Ordinary Meeting of the

Murchison Shire Council

To be held in the Council Chambers, Carnarvon Mullewa Road, Murchison,  
on Thursday **26 May 2022**, commencing at 12 Noon.

*Ancient land under brilliant skies*

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## ATTACHMENTS

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## 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

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Shire President declared the meeting open at.

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## 2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

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Present

Councillors

Cr R Foulkes-Taylor  
Cr A Whitmarsh  
Cr Q Fowler  
Cr E Foulkes-Taylor  
Cr S Fowler  
Cr G Mead

Staff

Bill Boehm – CEO  
Steven Cosgrove – Community Manager DCEO  
William Herold – Works Manager

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## 3 CONFIRMATION OF MINUTES

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### 3.1 Ordinary Council Meeting – 28 April 2022

Background

Minutes of the Ordinary Meeting of Council have previously been circulated to all Councillors.

Recommendation

That the minutes of the Ordinary Council meeting held on 28 April 2022 be confirmed as an accurate record of proceedings.

Voting Requirements:

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

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## 4 DISCLOSURE OF INTERESTS

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## 5 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

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Nil

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## **6 STANDING ORDERS**

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### Matter for Consideration

It has been customary practice in the interests of a productive meeting in relation to the Conduct of Members during debates for the Council suspend Standing Orders 8.2 (Limitation on Number of speeches) and 8.3 (Duration of Speeches) under Local Law 2001. To facilitate this, the following recommended resolution is required.

### **Recommendation**

That the following Local Law-Standing Orders 2001 be stood down:

- 8.2 Limitation on the number of speeches
- 8.3 Duration of speeches

### Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

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## **7 PUBLIC QUESTION TIME**

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## **8 NEXT MEETING**

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Thursday 23 June 2022

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## **9 APPLICATIONS FOR LEAVE OF ABSENCE**

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## **10 URGENT BUSINESS**

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## **11 NOTICE OF ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS**

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- 21.1 10M Mining Proposal
- 21.2 RFT 02 2021-22 Supply of Hired Road Construction Plant With Operators
- 21.3 RFT 03 2021-22 Provision of Freight Service

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## **12 ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION**

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## **13 PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS**

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10M Representative Phil Robinson will be in attendance

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## 14 ANNOUNCEMENTS CONCERNING MEETINGS ATTENDED

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### 14.1 Shire President

### 14.2 Councillors

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## 15 REPORTS OF COMMITTEES

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### 15.1 Audit Committee

File: 2.2  
Author: Bill Boehm – Chief Executive Officer  
Interest Declared: No interest to disclose  
Date: 22 May 2022  
Attachments: 15.1.1 Audit Committee Meeting Recommendations

#### Matter for Consideration

The Audit Committee to consider the CEO's report on the appropriateness and effectiveness of the financial management systems and procedures. Under *s5(2)(c) of the Local Government (Financial Management) Regulations 1996* and *s17(1) of the Local Government (Audit) Regulations 1996* this is required to be undertaken not less than once in every 3 financial years with the CEO to report to the Audit Committee and the results of those reviews

#### **Committee Recommendations**

To be provided to Council following deliberations of the Audit Committee Meeting

#### Voting Requirements

Simple Majority

<b>Committee Recommendations</b>			
<b>Moved: Cr</b>	<b>Seconded: Cr</b>		
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>	<b>0</b>

#### **Recommendations**

That Council adopt the recommendations from the Audit Committee Meeting held on 26 May 2022

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## 16 WORKS

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### 16.1 Works Report

File:  
Author: William Herold – Works Manager  
Interest Declared: No interest to disclose  
Date: 21 May 2022  
Attachments: Nil

#### Construction Crew

The construction crew have been hampered by weather to a small degree and the leading hand having a small medical time out. The construction grader is still in Geraldton, I am hoping it will be back on deck early in the week of 23/05/2022. Material carting and stock piling have continued and by the time council meets we should have about 3km of carting left. The culvert installation has taken considerable time and material, but I believe the end result is very good. At this stage the blasting of the hill at SLK 253 is still on track for early August. Byro will be doing the drill holes for the hill and the new Settlement tip.

#### Maintenance Crew

Neil and Mike are heading north up the Beringarra - Pindar Road. They will pick up the Mt Wittenoom Road, Wooleen - Mt Wittenoom Road and Boolardy - Woollen Road as they pass.

#### Flood Damage Tender

This has closed and will be discussed at Council. Then at last we can get going.

#### 10M

This will also be discussed at Council, at this stage Phil Robinson will also be addressing Council.

#### Settlement Water Supply

In the near future we will be putting down 3 or 4 new bores, 8 new 32,000L tanks have been ordered, expected to arrive at the end of June. Some designs have been submitted from Murchison Plumbing and Gas. GHD have been engaged with briefings onsite including with the Settlement Water Supply Working Group planned.

#### Roadhouse Fuel Pumps

These have again gone out of order. At present we are looking at a manual override from within the roadhouse a with a completely new point of sale system to follow. This will improve reliability

#### Renovation 6 Kurara Way

We have continued to explore efforts to have renovation works undertaken at 6 Kurara Way, with the availability of builders being a prime issue. As a result, we deferred the project to 2022/23. At this time the residence is currently vacant and ideally works should be done now whilst the vacancy exists. Recently we were able to review the initial scope of works and also obtain the services of a suitable builder who would be in a position to start. Given these circumstances it is considered prudent to do so. Even though expenditure this financial year would be minimal, it would be prudent for these actions to be authorised.

**Recommendation**

That Council resolve as follows

- 1 That the Works Report be noted.
- 2 That the Works Manager be authorised to proceed with engaging a suitable builder to undertake renovations at 6 Kurara Way and that the budget be amended as required.

Voting Requirements

Recommendation 1	Simple Majority
Recommendation 2	Absolute Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

## 16.2 Murchison Roads Review Report

File: 12.24  
Author: Bill Boehm – Chief Executive Officer  
William Herold – Works Manager  
Interest Declared: No interest to disclose  
Date: 21 May 2022  
Attachments: 16.2.1 Murchison Roads Review Report

### Matter for Consideration

Since October 2005 Council has considered and adopted a Road Hierarchy to assist in the optimum use of resources to manage our vast road network. Over time circumstances change with regular reviews undertaken.

### Comments

The attached Murchison Roads Review Report and Attachments highlights the relevant considerations to update this current Council, Road hierarchy and strategy including a summary of the background to the review, details of the current roads data base, road classifications, service levels and treatment.

This this report and attachments formally updates the current Roads Review Report which was updated in February 2020, and which will also provide the basis of road service levels ahead of a revised Asset Management Report and in turn revised Long-Term Financial Plans.

The update includes 2020 details with 2022 details in blue. There are only minimal changes to the detailed plan and where these have been done, they have been highlighted yellow.

### Statutory Environment

*Local Government Act 1995.*

Corporate Business Plans Requirements. *Local Government (Administration Regulations) 1996*

### Sustainability Implications

Environmental There are no known significant environmental considerations

Economic There are no known significant economic considerations

Social There are no known significant social considerations

### Strategic Implications

Shire of Murchison Council Community Strategic Plan

Economic Objective 1

*To develop the region's economic potential to encourage families and businesses to stay in the area.*

Strategies - Maintenance and Upgrade of Road Network

*To develop, maintain and improve an efficient road system to support the transport requirements associated with the pastoral and mining industries and tourism.*

Civic Leadership Objective 4

*To provide Good Governance to the Murchison Shire through:*

*~ High quality forward planning, particularly for assets and finances*

Strategies - Financial Planning and Management

*To responsibly manage Council's financial resources to ensure optimum value for money and sustainable asset management.*

### Policy Implications

Nil



Financial Implications

This Report will provide the basis of road service levels ahead of a revised Asset Management Report and in turn revised Long-Term Financial Plans.

**Recommendation**

That Council adopt the Chief Executive Officers Murchison Roads Review Report as an outline for the strategic management of Councils Roads network.

Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

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## 17 FINANCE

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### 17.1 Accounts Paid since the last list was presented to Council

File: 4.37.1  
Author: Bill Boehm – Chief Executive Officer  
Interest Declared: No interest to disclose  
Date: 22 May 2022  
Attachments: 17.1.1 EFT & Cheque Details for April 2022

#### Matter for Consideration

The *Local Government (Financial Management) Regulations 1996 Regulation 13* requires that if the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, then the CEO is to prepare a list of accounts paid by the CEO for each month and present this to the next ordinary meeting of the Council after the list has been prepared and have this list recorded in the minutes of the meeting.

A list of payments presented in accordance with *Regulation 13* of the *Local Government (Financial Management) Regulations 1996* made since the last report to Council is attached.

#### Strategic Implications

None

#### Policy Implications

None

#### Budget/Financial Implications

Nil

#### Consultation

Nil

#### **Recommendation**

That the accounts since the last report to Council, as per the attached Schedule be recorded in the minutes as being presented to Council.

#### Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

## 17.2 Financial Activity Statements 30 April 2022

File: 2.6  
Author: Bill Boehm – Chief Executive Officer  
Interest Declared: No interest to disclose  
Date: 22 April 2022  
Attachments: 17.2.1 Monthly Management Financial Report April 2022

### Matter for Consideration

The Local Government (Financial Management) Regulations 1996 Regulation 34 requires that local government report monthly and prescribes what is required to be reported. Council is required to consider and receipt the Monthly Financial Statements.

### Comment

These statements are being presented to meet a statutory obligation to have each month's end and report presented within the following two months.

### Budget/Financial Implications:

Reports showing year to date financial performance allow monitoring of actual expenditure, revenue and overall results against budget targets.

### Consultation

Moore Australia

### **Recommendation**

That Council note the financial statements as presented for the period ending 30 April 2022 as attached.

### Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

### 17.3 2022 / 23 Rates Review

File:	3.1
Author:	Bill Boehm – Chief Executive Officer
Interest Declared:	No interest to disclose
Date	22 May 2022
Attachments:	17.3.1 Regional Rates Benchmarking Comparison May 2022 17.3.2 Proposed Objects and Reasons for Proposed Differential Rates and Minimum Payments for the 2022/23 Financial Year

#### Matter for Consideration

Review of Council's Rating Strategy as part of Council considering its proposed 2022/23 Rates and the supporting objects and reasons for differential rates.

#### Background & Legislative Provisions

It is incumbent on the Shire administration, for equity reasons to ensure that differential rating proposals are highly equitable amongst ratepayer groupings, optimise total rate yields and are legally compliant.

Whilst the consideration of rates and the supporting objects and reasons for differential rates is an annual event given the COVID19 influence and zero rate increase scenario in 2020/21 and expansive COVID 19 changes to Council's operating environment, it is considered prudent to expand on the 2021/22 reset and continue with a more "eyes wide open review."

The legislative provisions for rating are lengthy and complex. The following relevant summary highlights relevant legislative provisions under the *Local Government 1995* that are provided as a snap shot as part of this Rating Strategy Review

#### *Rateable Land – s6.26*

Except as provided all land within a district is rateable land. Exemptions include:

- ~ Land which is the property of the Crown and used or held for a public purpose.
- ~ Land owned by the local government and used for that purpose by the local government.
- ~ Land used exclusively for charitable purposes.
- ~ Land which is exempt from rates under any written law
- ~ Land which is declared by the Minister to be exempt from rates.

#### *Basis of Rates – s 6.28*

Land is rated according to the method of valuation as determined by the Minister. ie

- ~ unimproved value for land use predominately for rural purposes (UV); or
- ~ gross rental value for land used predominately for non-rural purposes (GRV).

Rates are based on valuations under the *Valuation of Land Act 1978*. The local government sets a rate in the dollar which is applied to this valuation to give the rates liability for each property.

#### *Mining Valuations and Rates – s6.29*

Unless otherwise provided for mining tenements under the *Mining Act 1978* or permit drilling leases or licences under the *Petroleum and Geothermal Energy Resources Act 1967* are rated on unimproved value.

#### *Rates and Service Charges - s 6.32*

Rates are established at the time Council adopts its budget to make up the budget deficiency. The following may be imposed:

- ~ a general rate imposed either uniformly or differentially.
- ~ a special area rate of minimum payment and
- ~ service charges

Where a rate is imposed it is required to be expressed rate in the dollar of the gross rental value of rateable land or on the unimproved value of rateable land depending on the circumstances.

#### *Differential General Rates – s6.33*

A local government may impose a single general rate which applies to all the properties in the unimproved value or gross rental value category; or alternatively, the local government can distinguish between land in either category on the basis of its zoning, use or whether or not it is vacant land (or a combination of these factors) and apply a differential rate to each.

Ministerial approval is required where a differential rate which is more than twice the lowest differential rate is to be imposed by it.

#### *Limit on Revenue from General Rates – s 6.34*

Unless otherwise approved by the Minister the amount shown in the annual budget as being yielded from general rates shall be within 90 and 110% of the budget deficiency.

#### *Minimum Payment – s 6.35*

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. A minimum payment is to be a general minimum but, must ensure that the general minimum is imposed on not greater than —

- ~ 50% of the total number of separately rated properties in the district; or
- ~ 50% of the number of properties in each category being land rated on gross rental value, unimproved value to each differential rating category where a differential general rate is imposed.

A minimum payment is not to be imposed on more than the prescribed percentage separately rated properties or the number of properties rated under gross rental value, (GRV), unimproved value (UV) or in each differential rate category where this is imposed. The current prescribed limits are set under the *Local Government Financial Regulations 1996*.

There is no restriction on the proportion of properties subject to the minimum providing the minimum is not more than \$200. If the minimum is over \$200, no more than half of the properties (50%) can be subject to the minimum unless the differential rating category is for vacant land **and** Ministerial approval is granted.

#### *Local Government to give notice of certain rates – s6.36*

Before imposing any differential general rates or a minimum payment applying to a differential rate category a local government is to

- ~ give local public notice of its intention to do so.
- ~ prepare a document describing the objects of, and reasons for, each proposed rate and minimum payment and to publish the document on the local government's official website.
- ~ provide opportunity to receive and hear any submissions.

#### *Service Charges – s 6.38*

The money from any service charge imposed on owners or occupiers can only be used to meet the cost of providing a specific service. Under the *Local Government Financial Regulations 1996* prescribed works include property surveillance and security, television and radio rebroadcasting, underground electricity, and water.

#### *Rates Charges on Land- s 6.43*

Subject to the *Rates and Charges (Rebates and Deferrals) Act 1992*, rates remain a charge on the land.

### A Value and Principle Approach

Through the Local Government Act 1995, Part 6, the Western Australian Parliament has conferred upon local government the power to levy and collect property tax in the form of rates. Property taxes with rare exemptions, are not fees for service or relate to directly or indirectly an any specific services provided by the Shire. Just like income tax they are a just that, a tax; with the property owner responsible for paying, although it is doubtful whether all ratepayers would necessarily see this in this light.

The application of Councils rate and budget setting are partly outlined in the Minister's policy approach when exercising his / her discretionary powers in relation to Minimum Payments, and differential rating with key values of **objectivity, fairness and equity, consistency, transparency, and administrative efficiency** required to be demonstrated. So long as Council meets these criteria the rating regime should comply.

However, this does not really provide much guidance when it comes to determining matters such as the levels and nexus between differential rates and minimums or any specific justification.

As with all taxation systems there are various well-established principles that have been applied in other local government jurisdictions. Some of these seem to have been included in the above values but perhaps the most useful in this regard a few points to consider.

Does the tax burden fall appropriately across different classes of ratepayers? Equity is a subjective concept that is difficult to define. What is considered fair for one person may be considered unfair for another. There are two main equity concepts used to guide the development of rating strategies (and taxation more generally): namely the Benefit Principle (Horizontal Equity) and Capacity to Pay Principle (Vertical Equity).

#### *Benefit Principle*

Taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid. Ratepayers in similar situations should pay similar amounts (ensured mainly by accurate property valuations undertaken in a consistent manner, their classification into homogenous property classes and the right of appeal against valuation).

Example of this is the application of a fixed charge or minimum rate component of a rating system; although the minimum payment example applies on a 'sliding' scale and unlike the fixed charge is not applied equally to all ratepayers.

In many local government jurisdictions this must be applied the same across all differential rate sectors whilst in Western Australia it can vary between differential rates sectors, although in doing so it could be argued that it weakens this principle.

#### *Capacity to Pay Principle*

In levying taxes, the ability of the taxpayer to pay the tax must be considered. Those who are better off should pay more than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a "relativity" dimension to the fairness of the tax burden).

Example of this is the rate in the \$ component and differential rate classification. How this is balanced is open to question. Benchmarking with other local governments are a useful exercise although only this provides a guide.

## Rating Nuances

A few rating issues.

- ~ There is a common misconception that rates are directly set by property values when in fact they are only derived in part from them after Council has considered a raft of budget and equity considerations.
- ~ If property values increase generally due to market forces by say 10%, rarely do rates increase by that amount and if property values decline, rates do not normally reduce. In each instance the rate in the \$ and potentially the minimum rate is adjusted.
- ~ Property valuations are a surrogate for income when it comes to the application of the Capacity to Pay Principle, even though this may not reflect in a personal sense. Just because a property valuation is higher than another doesn't necessarily mean that owner has an actual greater capacity to pay, just that has on proportional basis they will attract under this principle a larger proportion of rates levied.
- ~ For properties that have a perpetual life and continue to exist from one year to then next, when property valuations increase through market forces, in reality there is no change to the rates base. If, however, a property has its GRV expanded by a capital development or subdivision or say a new tenement or changes its rating category then that is often termed "natural growth." If that element is not segmented for analysis purposes, then a rates base does not grow, adversely affecting the financial capacity of the local government and leads to new "growth" ratepayers subsidising old ones. This situation also applies reverse where a property such as a mining tenement or lease ceases to exist and disappears from the rates base

As a result, any increase in the rate should be expressed in terms of a % revenue increase "excluding natural decline or growth." However, for UV properties that situation is less clear as there is no easy identifiable increase through natural growth as would be the case for GRV or Capital Values which apply in other rating systems.

- ~ For properties such as in the mining sector that do not have a perpetual life and are often highly speculative and can come and go regularly, property numbers and valuations from year to year can vary markedly. This makes it more difficult to treat in the same manner as perpetual life properties in part as the use of the capacity to pay principle may be relatively short lived and often any rates levied do not necessarily remain a charge on the land. Yet the entire value of the infrastructure and services provided by the Shire are also available to all ratepayers regardless and invariably this can only be addressed through differential rating. Not unreasonably high to very high differentials would be expected.
- ~ With perhaps the exception of perpetual life mining type properties given the vagaries and variables of valuations, differential rates, minimum rates and rates in the \$, the best and least unreliable comparator is properties' actual rates from one year to another and on a sector and a district wide basis the average rate in a sector.

## Benchmarking

Like previous years, benchmarking included comparisons with neighbouring Shires. In 2021/22 the depth of analysis was expanded with the addition of two additional sparsely populated Shires more akin in makeup to Murchison. A far more expansive comparison was then undertaken. This year five (5) additional comparators of which three (3) specifically relate to Murchison. As indicated in the attached (*Regional Rates Benchmarking Comparison*), whilst such an exercise is far from perfect and not conclusive there are common themes.

Like all local governments the Grants Commission undertakes a more systematic amongst other things to establish an average local government rate capacity and with it an assessed level applied to each local government. This analysis is also presented.

The following attached Tables and graphs are attached. Summary comments are also shown.

### *Sector Comparisons*

fig 1 Rate Revenue \$

*Murchison is way and far the smallest rate base.*

fig 2 Rate Revenue %

*In % terms the Mining contribution Murchison appears well within the parameters compared to others.*

fig 3 Average Rate \$

*The average mining rates paid in Murchison on the surface are well outside those other giving an opposite picture to fig 2 but as shown in fig 8 are largely a result of the small size of the mining sector compared to others*

fig 4 Rate Cents in \$

*The Pastoral and Mining Exploration Rates in the \$ appear low compared to others.*

fig 5 Rate Highest Rate in \$ v Pastoral Rate in the \$

*The Mining Rate differential for Murchison appears and is very high compared to others but as other figs show there are a range of relevant reasons.*

fig 6 % of ratepayers based on Minimum Payment

*No major difference compared to others in the region.*

fig 7 Min UV Rates Comparison \$

*Min UV Rates for Murchison appear within the parameters of others. However, the amount is really a function of the rates base and equity considerations*

fig 8 No of Pastoral Properties vs Others

*The small numbers for Murchison appear reflect our relatively small Pastoral Rates base compared to others. By comparison mining sectors elsewhere are very much larger in numbers range from a factor of 5 to 25*

fig 9 UV Rates Comparison as % of Rates Base.

*In % terms the Pastoral sector in Murchison appears to contribute to greater extent than other areas most likely reflecting the lack of GRV rates*

fig 10 Min Rate

*Min Rates for Murchison are within parameters of others. However, the amount is really a function of the rates base and equity considerations*

fig 11 Grant Commission 3 Year Average Rates Assessments (\$)

*Grants Commission have assessed Murchison as having significant capacity to lift rates in the pastoral sectors but also conversely reduce rates in the mining sector. However, this situation is not dissimilar to most other Shires.*

fig 12 Grants Commission 3 Year Average Rates Comparison (%)

*Grants Commission have assessed Murchison as having significant capacity to lift rates in the pastoral sectors but also conversely reduce rates in the mining sector. However, this situation is not dissimilar to most other Shires.*

fig 13 Non-Current Assets (\$)

*This fig shows a general snapshot of the value of assets that each Shire is required to manage and provides some broad context to the comparison as rate revenue is a significant source of own source funds. By comparison Murchison has a moderately large infrastructure component to manage but as shown in fig 1 has the equally smallest rate base by some measure.*

### **Murchison Comparisons**

fig 14 Murchison Grants Commission 3 Year Average Yearly Comparison (\$)

*This shows the start of a policy approach where the distribution of rate revenue with increase in the pastoral sector over the past two years. Whilst rates from the mining sector have increased in total this was result of an increase in the numbers of mining tenements. As shown in fig 15 the average mining rate reduced*

fig 15 Average Rates Yearly Comparison

*This shows the start of a policy approach to lift the quantum of rate revenue, in part as outlined by the Grants Commission Analysis in figs 11 and 12 but in doing so distribute rate revenue across sectors with increases in the Pastoral and Prospecting & Exploration Sector but with a reduction in the Mining Sector*



## fig 16 Murchison Differential Rates Yearly History

*This shows empirically a reduction in the ratio of differentials between the mining and pastoral sectors over time*

The following observations are also noted.

- ~ The Mining Rate appears on the surface to be too high in comparison and makes up a much higher percentage of the rate base than compared to other areas.  
As outlined in *DLGSC Rates Detailed Discussion Paper* a differential of 4 times the lowest differential rate has been suggested instead of the current level requiring rates to obtain Ministerial approval. This implies a recognition that large differentials are not exceptional.
- ~ As shown Murchison's rate base is very very much smaller by some margin in comparison with others. Other Shires also have larger numbers within the Other (Mining and Other GRV) than Murchison. By contrast Murchison has a moderately infrastructure to manage so the current differences are explainable.
- ~ Even though the Pastoral Rate makes up a small percentage of the rates base the average rate appears low in comparison and in 2021/22 a program to lift this commenced. Given the apparent and arguable reliance on the mining sector, lifting the pastoral rates is still appropriate and as indicated in the attached comparative analysis a continuation of this strategic approach is considered justified.

### Detailed Local Rates Analysis

Whilst benchmarking with Shires provides a useful guide, modelling local rates and changes in valuations needs to be undertaken. The following comments are provided.

#### *Valuation Effects*

- ~ The pastoral sector and mining sector generally see little movements in numbers of ratable assessments. This contrast with the minerals exploration sector which is highly volatile can have a number of ins and outs. As a result, the rates base and rates revenue can vary markedly from year to year but the average rates that are derived usually change in consistent manner.
- ~ With such a small valuation base very small changes in occupation can have a significant effect. By way of illustration in 2021/22 the pastoral sector reduced in size by only one pastoral property with changes in valuations to only two others but in both these instances have there was a significant effect much greater than would otherwise be the case compared to a local government with a much larger rate base.
- ~ At the time of presenting this agenda item the Valuer General has yet to provide an updated consolidated roll meaning that detailed final detailed modelling with comparisons to the previous year's rate base was not able to be undertaken. Councils budget has also not been undertaken. Both these aspects will need to be undertaken prior to adoption of the budget and declaration of final rates. Whilst proposed rates in the dollar may vary as a result, based on the principle that average rates overall will only move by a set percentage as determined by Council and will exclude any *Natural Decline or Growth* then the effects of valuation changes are largely mitigated.

#### *Rate Parameters*

- ~ General Rate Increase  
The Corporate Business Plan 2017-2021 which allows for an average 5% rate increase each year. Given no rate increase in 2019/20 and a nominal 4.6% increase (excluding *Natural Decline or Growth*) last year, then a 7.5% overall rate increase (excluding *Natural Decline or Growth*) is proposed.  
As indicated in the attached benchmarking analysis there are number of supporting reasons including an objective analysis by the Grants Commission that there is an inherent capacity to increase rates, especially considering the Shires large recurrent and future infrastructure spend and identified projects that are in the planning stages, and which will be added to Council's revised Long Term Asset Management and Financial Plane in due course.
- ~ Minimum Payment  
In 2019-20 Council had the lowest minimum payment compared with other neighbouring Councils but that in itself is not a real issue and merely one of balance. Given this in 2021/22 the minimum was standardised and increased from \$350 to \$600. A further increase is considered justified to keep this amount in line with the general rate increase.

~ Differential Rates in the \$

In line with benchmarking undertaken it is proposed to continue the trend that started in 2021/22 to continue have the mining differential reduce as a ratio compared to the Pastoral Rate. The Prospecting and Exploration Rate however can increase slightly.

### *Equity across Rate Differential Categories*

For consistency, Council has ensured that properties that are used for the same purpose are rated in the same way and has considered and analysed in detailed the rates charged by neighbouring councils in its deliberations. For a very small local government achieving equity across the Pastoral and Mining Sectors is not without its challenges but the variable nature of the Minerals Exploration Sector and small size of the rate base also provides an additional complexity

As such as indicated above for 2022/23 it is proposed that the majority of the rate increase will be borne by the Pastoral and Prospecting & Exploration Sectors.

Although at the time of presenting this agenda item the Valuer General has yet to provide an updated consolidated roll, meaning that detailed final detailed modelling with comparisons to the previous year's rate base was not able to be undertaken, an indicative modeling based on last year's rates base has been undertaken and is the basis for the recommendations.

Whilst proposed rates in the dollar may vary as a result, based on the principle that average rates, excluding any *Natural Decline Growth* will only move by a set percentage, then the effects of any valuation changes will be largely addressed when final rate modelling is undertaken such that the overall average rates results are expected to remain.

### Non-Rateable Properties

The status of land being unrateable is entirely non-discretionary and subject to the provisions of the *Local Government Act 1995*. A review of current non-rateable properties has been undertaken and legal advice obtained to support the judgement. At this stage, no changes are proposed but a watching brief should be taken.

### Basis of Rating

The basis of rating is determined by the Minister. Council currently has all rateable assessments rated on unimproved value for land use predominately for rural purposes (UV)

Where land is predominantly used for non-rural purposes gross rental value (GRV) may be used. Where a portion of a property is used for such non rural purposes an application can be made to the Minister for a separate assessment for a portion of the land. A typical example would be Cellar Door sales on a vineyard property where separate GRV assessment could be undertaken even though the predominate use of the property may very well be rural.

There are several potential examples of this situation in the Shire although it is arguable whether that Minister would ultimately consent as in practice these types of situations are more keenly addressed in urban and rural residential areas and not something practiced in the broader pastoral sector. Whilst it is the responsibility of Officers to pursue this as a matter of course, in these circumstances no further action is contemplated at this stage by a spot GRV assessment. Again, a watching brief should be taken.

Requirements to use UV Rating as the sole valuation basis creates significant limitations. As an example, Capital Developments and Values, which in Murchison predominantly apply to Pastoral Stations are not considered. Invariably this leads to higher differentials for other sectors than would otherwise be the case in other GRV or CV rating systems.

### General

The Shire of Murchison considers the key values of objectivity, fairness, consistency, transparency, and administrative efficiency, when setting rates each year. As the attached benchmarking analysis shows and as outlined above this has been undertaken and how adjustments have been undertaken to better align with these key values.

Council is satisfied that the services and facilities it provides are managed efficiently and effectively and that it is appropriate to rate differentially in order to meet the budget deficiency. Adapting to the COVID19 environment has also seen significant challenges and this will also reflect in the Objects and Reasons for differential rating.

As part of the 2020/21 Budget adoption amongst other things Council resolved as follows

*Part A- COVID-19 Pandemic Budget Considerations*

- A1 *That in accordance with section 6.2 of the Local Government Act 1995 and clause 7 of the Local Government (COVID-19 Response) Ministerial Order 2020 that Council confirms that the 2020/21 Budget has been prepared having regard to the COVID-19 pandemic.*
- A2 *That Council in adopting the 2020/21 Budget and given the strategic importance to the 2020/21 Budget, the COVID-19 pandemic situation, and desires that all level of governments look to stimulate to assist in the recovery of the economy, that that the State Government be formally and informally advised of extent of COVID-19 response items that Council is pursuing.*

Like the 2021/22 budget, the 2022/23 budget will still be affected by these considerations in part as the Council has received significant COVID19 related grants which inevitably require additional top up expenditure.

The Corporate Business Plan and Long-Term Financial Plan have been based on an assumption that rates will increase by 5% every year. Given no rate increase in 2019/20 and a 5% increase (excluding *Natural Decline Growth*) last year then a 7.5% overall rate increase (excluding *Natural Decline Growth*) is proposed. The emphasis on rate recovery is reallocated between the three categories of differential rates to more accurately reflect the objects and reasons closely associated with the strategic objectives of the Shire.

As indicated in the attached benchmarking analysis there are number of supporting reasons including an objective analysis by the Grants Commission that there is an inherent capacity to increase rates, especially considering the Shires large recurrent and future infrastructure spend and identified projects.

If Council decides to continue to rate on a differential basis for 2022/23, then the objects and reasons for imposing each differential rate must be set out by the local government in a publicly available document and local public notice is required to be given of its intention to impose differential rates, giving details of each rate or minimum payment, and inviting submissions within 21 days of the notice. If there are less than 30 ratepayers in a sector, then each rate payer is to be written to individually, inviting submissions.

Any submissions received will be considered at the June 2022 Ordinary Council Meeting, before making the final decision regarding the imposition of the rate or minimum payment, with or without modification. This year, as in the past, the proposed differential rates for mining and exploration will be more than twice the lowest differential rate (pastoral) and Ministerial approval will consequently be required before the rates can be imposed as part of the 2022-23 budget.

Objects and Reasons for Differential Rates

The objects and reasons for differential rating are attached for Council to consider prior to adoption in some form.

Budget/Financial Implications:

Proposed differential rates will be set to meet the estimated budget deficiency in the 2022-23 financial year.

Consultation

Travis Bate, Financial Accountant (RSM Australia). Previous dialogue with McLeods Barristers and Solicitors, Landgate Valuation Services and DLGSC was also undertaken in 2021. A number of reference documents were also relevant at the time.

References

### *Regional Rates Benchmarking Comparison.*

Analysis of rating information from 2021/22 budgets from the Shires of Murchison, Yalgoo, Mt Magnet, Cue, Menzies, Sandstone, Meekatharra, Upper Gascoyne, and Shark Bay.

### *Skilmar Rating Review.*

Local Government Rating - A Discussion Paper prepared for Playford Council by Skilmar Systems - December 1998.

### *Access Economics Rating Review.*

Valuation and local government rating in Tasmania: a robust framework for the Future. Prepared for Local Government Division, Department of Premier and Cabinet (Tasmania) by Access Economics – October 2010.

### *DLGSC Rates Detailed Discussion Paper.*

Rates Fees and Charges Detailed Discussion Paper. Prepared by DLGSC March 2019

### Strategic Implications:

The Corporate Business Plan 2017-2021 allows for rate increase each year. This is based on the estimated budget deficiency and has been set to help fund community services and amenities as outlined in the plan.

### Sustainability Implications

Environmental      There are no known significant environmental considerations.

Economic            There are no known significant economic considerations.

Social                There are no known significant social considerations.

### Policy Implications

Nil

### **Recommendation**

That Council Resolve as follows:

- 1 That the Chief Executive Officers 2022 / 23 Rates Review Report be noted
- 2 That Council endorse the following proposed differential rates and minimum payments for 2022/23 Financial Year for the purpose of giving local public notice of its intentions to impose differential general rates and minimum payments for the 2022/23 Financial Year, and inviting public submissions and to apply to the Minister for Local Government for approval once detailed up to date modelling has been undertaken

Differential Rate Types	Current		Proposed	
	Rate in dollar cents	Min Payment \$	Rate in dollar cents	Min Payment \$
UV Pastoral	3.874	600	To be provided at the Council Meeting	
UV Mining	26.543	600		
UV Exploration	9.618	600		

- 3 That Council adopts the Objects and Reasons for Differential Rates and Minimum Payments for 2022/23 as attached. in attachment 17.2.3.

Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

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## 18 DEVELOPMENT

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### 18.1 ICPA Sponsorship Request

File

Author: Bill Boehm – Chief Executive Officer

Interest Declared: Nil

Date 22 May 2021

Attachments: 18.1.1 ICPA Sponsorship Request

#### Matter for Consideration

Request from the Isolated Children’s Parents Association (ICPA) for Council to Sponsor the 51<sup>st</sup> ICPA Conference held in Perth on 3<sup>rd</sup> to 4<sup>th</sup> August 2022. No specific amount has been requested

#### Background

Council has traditionally sponsored the conference and allocated an amount of \$1,000 in the 2021/22 budget the same as in the previous year. In October 2021 an additional \$1,000 was added with \$2,000 having now been spent for the 2021/22 Year

Ordinarily sponsorship would be put in place as a matter of course once the amount has been agreed to by Council at the time the budget is adopted. In this case the conference is in the next financial year so if Council chooses to set an amount now it could form a commitment for the 2022/23 Budget but would allow the ICPA to be advised.

#### Policy Implications

Policy 4.2 Donations and Grants

#### Financial Implications

Amount to be determined to be determined by Council.

#### **Recommendation**

That Council agree to sponsor the Isolated Children’s Parents Association (ICPA) 51<sup>st</sup> ICPA Conference held in Perth on 3<sup>rd</sup> to 4<sup>th</sup> August 2022 for an amount of (*Council to Decide*) and allocate this amount in the 2022/23 Budget.

#### Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

## 18.2 Cancer Fund Raising Request

File:  
Author: Bill Boehm - Chief Executive Officer  
Interest Declared: Nil  
Date: 22 May 2022  
Attachments: 18.2.1 Shelly Fowler Fund Cancer Fund Raising Request

### Matter for Consideration

Request from Shelly Fowler for Council support associated with a biggest morning tea cancer fundraising event.

### Comment

A formal email from Shelly is attached. The event will have wide appeal and the request for Council to match \$ for \$ any amount raised up to an amount of \$500 again seems reasonable and fits within Councils overall strategic approach to assist the community. Last year's event was a huge success with Council very supportive.

### **Recommendation**

That Council support the request from Shelly Fowler to provide matching funds up to \$500 to aid in fundraising for a biggest morning tea cancer fundraising event as per the attached request.

### Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

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## 19 ADMINISTRATION

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Nil

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## 20 CEO ACTIVITY REPORT

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File:

Author: Bill Boehm – Chief Executive Officer

Interest Declared: No interest to disclose

Date: 22 May 2022

Attachments: Nil

### General

The following update of activities is provided.

Date	Activity
26.04.2022	Sick Leave Work from Home. Telephone discussion with Shire President
27.04.2022	Brief discussion with Shire President. Draft Freight Tender Work. Discussions with Works Manager. Asset Management Plan Work.
28.04.2022	Main Roads WA Financial Work. Council Meeting & follow up actions
29.04.2022	Council Meeting Minutes & follow up actions.
30.04.2022	Asset Management Plan Work.
1.05.2022	Asset Management Plan Work. Council Minutes
2.05.2022	Meeting and briefings with Travis Bate RSM. Asset Management Plan Work. Prepare Asset Revaluation Quote specification
3.05.2022	Meeting and briefings with Travis Bate RSM. Discussions with Works Manager and Josh Kirk at Greenfields. Prepare 10M Road Agreement Briefing to Solicitors. Flood Damage discussions with Peter Crawford DRWFA. Carnarvon-Mullewa Rd Costings. Finance Work.
4.05.2022	Meeting and briefings with Travis Bate RSM. Asset Management Plan Work.
5.05.2022	Murchison SKA Experience Project Working Group Workshop. Asset Management Plan Work. Works & Roadhouse Fuel
6.05.2022	Asset Management Plan Work. Works & Roadhouse Fuel
9.05.2022 to 10.05.2022	TOIL. Attend to emails. Asset Management Plan Work.
11.05.2022	General Admin Work... Asset Management Plan Work. Annual Leave
12.05.2022	Annual Leave
13.05.2022	Attend to Emails. Admin. Asset Management Plan Work. Annual Leave
16.05.2022	Annual Leave. Meeting with Scott Lang & Loren Holmes at UDLA Offices in Fremantle
17.05.2022	Annual Leave
18.05.2022	10M Mining Proposal. Meetings and briefings with Works Manager and Environmental Health Officer.. 2022/23 Rates Benchmarking Review. Telephone discussions and update with Hybrid Systems regarding Settlement Microgrid Project
19.05.2022	10M Mining Proposal. Meetings and Briefing with Works Manager. Freight Tender Opening. 2022/23 Rates Benchmarking Review.
20.05.2022 to 22.05.2022	2022/23 Rates Benchmarking Review. Rate Analysis and Agenda Work.
23.05.2022	Agenda Work

### **Recommendation**

That Council note the CEO's Activity Report.



Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

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## **21 ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS**

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Discuss the following items Pursuant to LGA s5.23(2)(c), (d) & (e) Council is to discuss the following items behind closed doors

- 21.1 10M Mining Proposal
- 21.2 RFT 02 2021-22 Supply of Hired Road Construction Plant With Operators
- 21.3 RFT 03 2021-22 Provision of Freight Service

**Recommendation**

That the meeting moves behind closed doors to discuss an item pursuant to LGA s5.23(2)(c), (d) & (e) relating to the following items:

- 21.1 10M Mining Proposal
- 21.2 RFT 02 2021-22 Supply of Hired Road Construction Plant With Operators
- 21.3 RFT 03 2021-22 Provision of Freight Service

Voting Requirements

Absolute Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

*Meeting was closed to the public at.*

**Motion to open the meeting to the public**

**Recommendation**

That the meeting moves out from behind closed doors.

Voting Requirements

Absolute Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

Meeting was reopened to the public at.

## Decisions Disclosed from Closed Section of Meeting

### 21.1 10M Mining Proposal

Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

### 21.2 RFT 02 2021-22 Supply of Hired Road Construction Plant With Operators

Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

### 21.3 RFT 03 2021-22 Provision of Freight Service

Voting Requirements

Simple Majority

<b>Council Decision</b>		
<b>Moved: Cr</b>	<b>Seconded: Cr</b>	
<b>Carried/Lost</b>	<b>For</b>	<b>Against</b>

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## 22 MEETING CLOSURE

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The Shire President closed the meeting at.