



20 JULY 2023

**CORPORATE STRATEGY
COMMITTEE MEETING**

AGENDA

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1. OPENING

The President to declare the meeting open.

The Shire of Beverley acknowledge the Traditional Owners of the land on which we meet, the Ballardong People. We pay our respects to Elders past and present.

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Members

Cr DC White	Shire President
Cr CJ Lawlor	Deputy President
Cr DW Davis	
Cr PJ Gogol	
Cr SW Martin	
Cr JR Maxwell	
Cr MH Norman	
Cr AFC Sattler	
Cr TWT Seed	

2.2 Staff In Attendance

Mr SP Gollan	Chief Executive Officer
Mr SK Marshall	Deputy Chief Executive Officer
Mr SP Vincent	Manager of Works
Ms A Lewis	Executive Assistant

2.3 Observers And Visitors

2.4 Apologies and Approved Leave of Absence

3. DECLARATIONS OF INTEREST

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Corporate Strategy Committee Meeting 19 July 2022

OFFICER'S RECOMMENDATION

That the Minutes of the Corporate Strategy Committee Meeting held on Tuesday 19 July 2022 be confirmed.

(Provided under separate cover)

5. OFFICER REPORTS

5.1 2023/24 Material Variances

Submission To:	Corporate Strategy Meeting 20 July 2023
Report Date:	14 July 2023
Applicant:	N/A
File Reference:	ADM 0092
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	Nil

SUMMARY

That the Corporate Strategy Committee consider recommending to Council the material variance reporting parameters for 2023/24.

BACKGROUND

Council is required under the *Local Government (Financial Management) Regulations 1996* to set material variance (Budget versus Actual) reporting parameters for the forthcoming financial year.

Previously, Council adopted a budget variance reporting parameter of 10% on budgeted items of \$10,000 or greater for the 2022/23 financial year at the July 2022 Ordinary Meeting.

COMMENT

It is believed that the Committee is satisfied with the current level of reporting and there is no reason to recommend that Council change the reporting parameters for the 2023/24 financial year.

STATUTORY ENVIRONMENT

Regulation 34 (5) of the *Local Government (Financial Management) Regulations 1996* provides that each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

CONSULTATION

N/A

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with community in an accountable and professional manner.

POLICY IMPLICATIONS

Nil

RISK IMPLICATIONS

It is a requirement under the *Local Government (Financial Management) Regulations 1996* to set material variance (Budget versus Actual) reporting parameters for the forthcoming financial year. This report and adoption mitigates the risk of non-compliance.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Corporate Strategy Committee recommend to Council that a budget variance reporting parameter of 10% on budgeted items of \$10,000 or greater for the 2023/24 financial year be adopted.

5.2 2023/24 Budget – Rates

Submission To:	Corporate Strategy Meeting 20 July 2023
Report Date:	14 July 2023
Applicant:	N/A
File Reference:	ADM 0092
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	N/A
Disclosure(s) Of Interest:	Nil
Attachments:	Rate Models & CPI March Quarter

SUMMARY

That the Corporate Strategy Committee consider recommending to Council that rate revenue be raised by 5% for the 2023/24 financial year.

BACKGROUND

When adopting the 2022/23 Budget, Council increased the rates by 5%, the same as the 2021/22 year.

Rate revenue has increased on average by 3.3% per year for the 2019/20, 2020/21, 2021/22 and 2022/23 financial years.

An increase of 5% in 2023/24 will increase this average to 3.5%.

COMMENT

The proposed 5% increase in Rate Revenue translates to an increase in Rate funding of \$153,990.00 (net of expected discount expense) in the 2023/24 financial year.

With Local Government sustainability being a continued focus, a strong Rate revenue base will enhance Council's ability to continue providing quality services to the Beverley community into the future.

2023/24 Operational considerations taken into account in recommending this rate increase include the March Quarter CPI (Perth) increase of 5.8%, an increase in staff costs of 5.75% (base increase) in line with the national minimum wage increase, and overall insurance premium expense increase of 21% due mainly to unfavourable local and global risk conditions and no distribution from LGIS for 23/24.

When setting the Rate increase for 2023/24, consideration has been given to Rate payers' general ability to pay. Broadacre farming enterprises make up the largest pool of Rate payers' in the Shire of Beverley; this industry remains volatile with many external factors affecting commodity yields and prices, although recent years have been fruitful. A 5% Rate increase takes these factors into account.

Inflationary pressures, rising interest rates and Other Federal and State budgetary measures may also put some added pressure on general household budgets and their ability to pay Rates. These factors have also been considered when setting the increase.

Additionally, the 10% discount period remains at 21 days as advertised.

UV land valuations as set by the Valuer General (State Government) has increased by an average overall of 23.67% across the district reflecting the increased value of land following recent sales.

The proposed Rate in the Dollar values and minimums (with a comparison to 2021/22 rates) are as follows:

	<u>2022/23</u>	<u>2023/24</u>
Gross Rental Value	\$0.120700	\$0.126226
Gross Rental Value Minimum	\$941.00	\$988.00
Unimproved Value	\$0.007443	\$0.006288
Unimproved Value Minimum	\$941.00	\$988.00

The average rate charges per property as per the rate in the dollar proposal above are as follows:

GRV	\$1,359
UV	\$3,553
UV Mining	\$988

STATUTORY ENVIRONMENT

Section 6.32 of the *Local Government Act 1995*, in reference to Rates and service charges, provides that:

- (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 6.34 of the Act provides that unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

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

Section 6.35 of the Act provides:

- (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.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
 - (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
 - (a) to land rated on gross rental value;
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

Section 6.45 of the Act provides options for payment of rates or service charges (instalments) as follows:

- (1) A rate or service charge is ordinarily payable to a local government by a single payment but the person liable for the payment of a rate or service charge may elect to make that payment to a local government, subject to subsection (3), by —
 - (a) 4 equal or nearly equal instalments; or
 - (b) such other method of payment by instalments as is set forth in the local government's annual budget.
- (2) Where, during a financial year, a rate notice is given after a reassessment of rates under section 6.40 the person to whom the notice is given may pay the rate or service charge —
 - (a) by a single payment; or
 - (b) by such instalments as are remaining under subsection (1)(a) or (b) for the remainder of that financial year.
- (3) A local government may impose an additional charge (including an amount by way of interest) where payment of a rate or service charge is made by instalments and that additional charge is, for the purpose of its recovery, taken to be a rate or service charge, as the case requires, that is due and payable.
- (4) Regulations may —
 - (a) provide for the manner of making an election to pay by instalments under subsection (1) or (2); and

- (b) prescribe circumstances in which payments may or may not be made by instalments; and
- (c) prohibit or regulate any matters relating to payments by instalments; and
- (d) provide for the time when, and manner in which, instalments are to be paid; and
- (e) prescribe the maximum amount (including the maximum interest component) which may be imposed under subsection (3) by way of an additional charge; and
- (f) provide for any other matter relating to the payment of rates or service charges.

Section 6.46 of the Act allows for the discounting of rates providing, subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, a local government may, when imposing a rate or service charge, resolve* to grant a discount or other incentive for the early payment of any rate or service charge.

* *Absolute majority required.*

Section 6.47 of the Act provides that subject to the *Rates and Charges (Rebates and Deferments) Act*, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

6.50. Rates or service charges due and payable

- (1) Subject to —
 - (a) subsections (2) and (3); and
 - (b) any concession granted under section 6.47; and
 - (c) the *Rates and Charges (Rebates and Deferments) Act 1992*,a rate or service charge becomes due and payable on such date as is determined by the local government.
- (2) The date determined by a local government under subsection (1) is not to be earlier than 35 days after the date noted on the rate notice as the date the rate notice was issued.
- (3) Where a person elects to pay a rate or service charge by instalments the second and each subsequent instalment does not become due and payable at intervals of less than 2 months.

Section 6.51 of the Act provides that interest on overdue rates or service charges may be applied to rates as follows;

- (1) A local government may at the time of imposing a rate or service charge resolve* to impose interest (at the rate set in its annual budget) on —
 - (a) a rate or service charge (or any instalment of a rate or service charge); and
 - (b) any costs of proceedings to recover any such charge, that remains unpaid after becoming due and payable.

* *Absolute majority required.*

Regulation 19A of the Local Government (Financial Management) Regulations 1996 prescribes that the maximum rate of interest to be imposed under section 6.13(1) is 11%.

The Local Government (COVID-19 Response) Order 2020 was repealed in February 2023, lifting the restrictions on penalty interest charges. This information is to be confirmed by DLGSC prior to the meeting.

CONSULTATION

Council

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with community in an accountable and professional manner.

RISK IMPLICATIONS

Rate setting is part of 2023/24 budget requirements.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Absolute Majority

OFFICER'S RECOMMENDATION

That the Corporate Strategy Committee recommends to Council:

1. In accordance with s6.32 of the *Local Government Act 1995* the rates and minimums to be levied on all rateable property within the Shire of Beverley for the financial year ending 30 June 2023 be as follows:

Gross Rental Value	\$0.126226
Gross Rental Value Minimum	\$988.00
Unimproved Value	\$0.006288
Unimproved Value Minimum	\$988.00
2. The service of rates notice date be 7 August 2023.
3. In accordance with s6.46 of the *Local Government Act 1995*, a 10% rate discount be allowed for rates paid in full within twenty one (21) days of the service of rates notice being applicable up to close of business on 28 August 2023.
4. In accordance with s6.51 of the *Local Government Act 1995*, an 11% interest charge be levied on all overdue rate instalments and on rates outstanding whether subject to either a formal or informal instalment program or not, excluding deferred pensioner rates.
5. In accordance with s6.45 of the *Local Government Act 1995*, an administration charge of \$10 and an interest component of 5.50% per annum calculated daily, for the second and each of the subsequent rates instalments be levied in connection with each formal rate instalment program.
6. That in accordance with s6.50 of the *Local Government Act 1995*, the due dates of instalments under the formal rate instalment program be;

1 st Instalment	11 September 2023
2 nd Instalment	13 November 2023
3 rd Instalment	15 January 2024
4 th Instalment	15 March 2024

All groups CPI, All groups index numbers and percentage changes			
	Index number(a)	Percentage change (%)	
	Mar Qtr 2023	Dec Qtr 2022 to Mar Qtr 2023	Mar Qtr 2022 to Mar Qtr 2023
Sydney	132.7	1.4	7.3
Melbourne	132.7	1.2	6.8
Brisbane	134.6	1.9	7.4
Adelaide	132.4	1.2	7.9
Perth	130.4	0.9	5.8
Hobart	134.0	1.2	6.9
Darwin	128.2	1.3	6.2
Canberra	131.3	1.4	6.2
Weighted average of eight capital cities	132.6	1.4	7.0
a. Index reference period: 2011-12 = 100.0.			
Source: Australian Bureau of Statistics, Consumer Price Index, Australia March Quarter 2023			

RATE TYPE	Rate in \$	Number of Properties	Rateable Value	2022/23 Budgeted Rate Revenue \$	Rate in \$	Number of Properties	Rateable Value \$	2023/24 Budgeted Rate Revenue \$	Actual Revenue Increase %
	2022/23		2022/23		2023/24 0%	2023/24	2023/24		
	2022/23 ACTUAL				GRV/UV RID Adjusted - BASELINE				
General Rate									
GRV	0.120700	506	5,902,902	712,480	0.120215	495	5,831,402	701,022	-1.6%
UV Rural	0.007443	437	295,255,000	2,197,583	0.005989	423	364,293,000	2,181,751	-0.7%
UV Mining	0.007443	0	0	0	0.005989	0	0	0	
Sub-Total		943	301,157,902	2,910,063		918	370,124,402	2,882,773	
Minimum Rates	Minimum \$				Minimum \$				
GRV	941	157	599,233	147,737	941	171	700,288	160,911	8.9%
UV Rural	941	294	29,163,600	276,654	941	307	36,417,600	288,887	4.4%
UV Mining	941	18	212,625	16,938	941	20	200,380	18,820	11.1%
Sub-Total		469	29,975,458	441,329		498	37,318,268	468,618	
Sub-Total				3,351,392				3,351,391	0.0%
Discounts				268,111				268,111	
Totals				3,083,281				3,083,280	0.0%

Total Revenue Increase -1

1% Increase 33,514

0.5% Increase 16,757

RATE TYPE	Rate in \$	Number of Properties	Rateable Value	2022/23 Budgeted Rate Revenue \$	Rate in \$	Number of Properties	Rateable Value \$	2023/24 Budgeted Rate Revenue \$	Actual Revenue Increase %
	2022/23		2022/23		2023/24	2023/24	2023/24		
	2022/23 ACTUAL				3% REVENUE INCREASE				
General Rate									
GRV	0.120700	506	5,902,902	712,480	0.123821	495	5,831,402	722,050	1.3%
UV Rural	0.007443	437	295,255,000	2,197,583	0.006169	423	364,293,000	2,247,324	2.3%
UV Mining	0.007443	0	0	0	0.006169	0	0	0	
Sub-Total		943	301,157,902	2,910,063		918	370,124,402	2,969,374	
Minimum Rates	Minimum \$				Minimum \$				
GRV	941	157	599,233	147,737	969	171	700,288	165,699	12.2%
UV Rural	941	294	29,163,600	276,654	969	307	36,417,600	297,483	7.5%
UV Mining	941	18	212,625	16,938	969	20	200,380	19,380	14.4%
Sub-Total		469	29,975,458	441,329		498	37,318,268	482,562	
Sub-Total				3,351,392				3,451,936	3.0%
Discounts				268,111				276,155	
Totals				3,083,281				3,175,781	3.0%

Total Revenue Increase 100,544

Total Net Increase 92,500

RATE TYPE	Rate in \$ 2022/23	Number of Properties	Rateable Value 2022/23	2022/23 Budgeted Rate Revenue \$	Rate in \$ 2023/24 104.0%	Number of Properties 2023/24	Rateable Value \$ 2023/24	2023/24 Budgeted Rate Revenue \$	Actual Revenue Increase %
	2022/23 ACTUAL				4% REVENUE INCREASE				
General Rate									
GRV	0.120700	506	5,902,902	712,480	0.125024	495	5,831,402	729,065	2.3%
UV Rural	0.007443	437	295,255,000	2,197,583	0.006229	423	364,293,000	2,269,181	3.3%
UV Mining	0.007443	0	0	0	0.006229	0	0	0	
Sub-Total		943	301,157,902	2,910,063		918	370,124,402	2,998,246	
Minimum Rates	Minimum \$				Minimum \$				
GRV	941	157	599,233	147,737	979	171	700,288	167,409	13.3%
UV Rural	941	294	29,163,600	276,654	979	307	36,417,600	300,553	8.6%
UV Mining	941	18	212,625	16,938	979	20	200,380	19,580	15.6%
Sub-Total		469	29,975,458	441,329		498	37,318,268	487,542	
Sub-Total				3,351,392				3,485,788	4.0%
Discounts				268,111				278,863	
Totals				3,083,281				3,206,925	4.0%

Total Revenue Increase 134,396

Total Net Increase 123,645

RATE TYPE	Rate in \$ 2022/23	Number of Properties	Rateable Value 2022/23	2022/23 Budgeted Rate Revenue \$	Rate in \$ 2023/24 105.0%	Number of Properties 2023/24	Rateable Value \$ 2023/24	2023/24 Budgeted Rate Revenue \$	Actual Revenue Increase %
	2022/23 ACTUAL				5% REVENUE INCREASE				
General Rate									
GRV	0.120700	506	5,902,902	712,480	0.126226	495	5,831,402	736,075	3.3%
UV Rural	0.007443	437	295,255,000	2,197,583	0.006288	423	364,293,000	2,290,674	4.2%
UV Mining	0.007443	0	0	0	0.006288	0	0	0	
Sub-Total		943	301,157,902	2,910,063		918	370,124,402	3,026,749	
Minimum Rates	Minimum \$				Minimum \$				
GRV	941	157	599,233	147,737	988	171	700,288	168,948	14.4%
UV Rural	941	294	29,163,600	276,654	988	307	36,417,600	303,316	9.6%
UV Mining	941	18	212,625	16,938	988	20	200,380	19,760	16.7%
Sub-Total		469	29,975,458	441,329		498	37,318,268	492,024	
Sub-Total				3,351,392				3,518,773	5.0%
Discounts				268,111				281,502	
Totals				3,083,281				3,237,271	5.0%

Total Revenue Increase 167,381

Total Net Increase 153,990

RATE TYPE	Rate in \$ 2022/23	Number of Properties	Rateable Value 2022/23	2022/23 Budgeted Rate Revenue \$	Rate in \$ 2023/24 106.0%	Number of Properties 2023/24	Rateable Value \$ 2023/24	2023/24 Budgeted Rate Revenue \$	Actual Revenue Increase %
	2022/23 ACTUAL				6% REVENUE INCREASE				
General Rate									
GRV	0.120700	506	5,902,902	712,480	0.127428	495	5,831,402	743,084	4.3%
UV Rural	0.007443	437	295,255,000	2,197,583	0.006348	423	364,293,000	2,312,532	5.2%
UV Mining	0.007443	0	0	0	0.006348	0	0	0	
Sub-Total		943	301,157,902	2,910,063		918	370,124,402	3,055,616	
Minimum Rates	Minimum \$				Minimum \$				
GRV	941	157	599,233	147,737	997	171	700,288	170,487	15.4%
UV Rural	941	294	29,163,600	276,654	997	307	36,417,600	306,079	10.6%
UV Mining	941	18	212,625	16,938	997	20	200,380	19,940	17.7%
Sub-Total		469	29,975,458	441,329		498	37,318,268	496,506	
Sub-Total				3,351,392				3,552,122	6.0%
Discounts				268,111				284,170	
Totals				3,083,281				3,267,952	6.0%

Total Revenue Increase 200,730

Total Net Increase 184,671

RATE TYPE	Rate in \$ 2022/23	Number of Properties	Rateable Value 2022/23	2022/23 Budgeted Rate Revenue \$	Rate in \$ 2023/24 107.0%	Number of Properties 2023/24	Rateable Value \$ 2023/24	2023/24 Budgeted Rate Revenue \$	Actual Revenue Increase %
	2022/23 ACTUAL				7% REVENUE INCREASE				
General Rate									
GRV	0.120700	506	5,902,902	712,480	0.128630	495	5,831,402	750,093	5.3%
UV Rural	0.007443	437	295,255,000	2,197,583	0.006408	423	364,293,000	2,334,390	6.2%
UV Mining	0.007443	0	0	0	0.006408	0	0	0	
Sub-Total		943	301,157,902	2,910,063		918	370,124,402	3,084,483	
Minimum Rates	Minimum \$				Minimum \$				
GRV	941	157	599,233	147,737	1,007	171	700,288	172,197	16.6%
UV Rural	941	294	29,163,600	276,654	1,007	307	36,417,600	309,149	11.7%
UV Mining	941	18	212,625	16,938	1,007	20	200,380	20,140	18.9%
Sub-Total		469	29,975,458	441,329		498	37,318,268	501,486	
Sub-Total				3,351,392				3,585,969	7.0%
Discounts				268,111				286,878	
Totals				3,083,281				3,299,091	7.0%

Total Revenue Increase 234,577

Total Net Increase 215,811

RATE TYPE	Rate in \$ 2022/23	Number of Properties	Rateable Value 2022/23	2022/23 Budgeted Rate Revenue \$	Rate in \$ 2023/24 105.2%	Number of Properties 2023/24	Rateable Value \$ 2023/24	2023/24 Budgeted Rate Revenue \$	Actual Revenue Increase %
	2022/23 ACTUAL				5.2% REVENUE INCREASE - As Per LTFP				
General Rate									
GRV	0.120700	506	5,902,902	712,480	0.126466	495	5,831,402	737,474	3.5%
UV Rural	0.007443	437	295,255,000	2,197,583	0.006300	423	364,293,000	2,295,046	4.4%
UV Mining	0.007443	0	0	0	0.006300	0	0	0	
Sub-Total		943	301,157,902	2,910,063		918	370,124,402	3,032,520	
Minimum Rates	Minimum \$				Minimum \$				
GRV	941	157	599,233	147,737	990	171	700,288	169,290	14.6%
UV Rural	941	294	29,163,600	276,654	990	307	36,417,600	303,930	9.9%
UV Mining	941	18	212,625	16,938	990	20	200,380	19,800	16.9%
Sub-Total		469	29,975,458	441,329		498	37,318,268	493,020	
Sub-Total				3,351,392				3,525,540	5.2%
Discounts				268,111				282,043	
Totals				3,083,281				3,243,497	5.2%

Total Revenue Increase 174,148

Total Net Increase 160,216

5.3 Draft 2023/24 Budget

Submission To:	Corporate Strategy Meeting 20 July 2023
Report Date:	14 July 2023
Applicant:	N/A
File Reference:	ADM 0092
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Previously Before Council:	N/A
Disclosure(s) Of Interest:	Nil
Attachments:	Contact Shire

SUMMARY

The Corporate Strategy Committee to consider recommending to Council that the draft 2023/24 Budget be adopted.

BACKGROUND

The *Local Government Act 1995*, provides that a local government must, not later than 31 August in each financial year, or such extended time as the Minister allows, prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

2023/24 Budget preparation has been underway since March 2023, with review of the 10 Year Road Program, 10 Year Plant Replacement Program, the Long Term Financial Plan Capital Program and proposed 2023/24 Fees and Charges items presented to Council for consideration.

COMMENT

The draft 2023/24 Budget as presented shows the detailed workings of Council's Operational and Capital programmes incorporating a rate increase of 5%.

The documents presented include:

- Cut List;
- Budget Detailed Line Item Breakdown;
- Capital Program;
- Property Maintenance Schedule;
- Reserve Fund Summary
- Loan Maintenance Summary; and
- Rate Models;

As presented the draft 2023/24 Budget is in deficit by ~\$485,085.00 (TBC at Meeting).

Please note that 2022/23 Carried Forward balances may change as a result of End of Financial Year processing and Final Audit which may impact on the 2023/24 budgeted closing position.

Consequently, to balance the bottom line an increase in revenue (through a further Reserve fund transfer, increased loan funding or further Rate increase) or a decrease in expenditure (cut to discretionary spending) or a mixture of both is required.

A “*Cut List*” outlining cash items that can be easily carried over to subsequent years is provided to simplify this process.

STATUTORY ENVIRONMENT

Section 6.2 of the *Local Government Act* provides that:

- (1) Not later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.
- (2) In the preparation of the annual budget the local government is to have regard to the contents of the plan for principal activities accepted by a local government under section 5.58 and to prepare a detailed estimate for the current year of –
 - a. the expenditure by the local government;
 - b. the revenue and income, independent of general rates, of the local government; and
 - c. the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.
- (3) For the purposes of subsections (2) (a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.
- (4) The annual budget is to incorporate –
 - a. Particulars of the estimated expenditure proposed to be incurred by the local government
 - b. Detailed information relating to the rates and service charges which will apply to land within the district including –
 - i. the amount it is estimated will be yielded by the general rate; and
 - ii. the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;
 - c. the fees and charges proposed to be imposed by the local government;
 - d. the particulars of borrowings and other financial accommodation proposed to be entered into by the local government;
 - e. details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used;
 - f. particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and
 - g. such other matters as are prescribed.
- (5) Regulations may provide for –
 - a. The form of the annual budget;
 - b. The contents of the annual budget; and
 - c. The information to be contained in or to accompany the annual budget.

Section 6.11 of the Act provides:

- (1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.
- (2) Subject to subsection (3), before a local government —
 - (a) changes the purpose of a reserve account; or
 - (b) uses the money in a reserve account for another purpose, it must give one month's local public notice of the proposed change of purpose or proposed use.
- (3) A local government is not required to give local public notice under subsection (2) —
 - (a) where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or
 - (b) in such other circumstances as are prescribed.
- (4) A change of purpose of, or use of money in, a reserve account is to be disclosed in the annual financial report for the year in which the change occurs.
- (5) Regulations may prescribe the circumstances and the manner in which a local government may set aside money for use for a purpose in a future financial year without the requirement to establish and maintain a reserve account.

Section 6.32. of the Act in reference to Rates and service charges, provides that:

- (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 6.34 of the Act provides that unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

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

Regulation 32 of the *Local Government (Financial Management) Regulations* provides that a local government may exclude from the calculation of the budget deficiency (6.2(3)) —

- (a) money borrowed or to be borrowed, to the extent that it is proposed in the annual budget to remain unspent at the end of the financial year;

- (b) reserves, to the extent that they are proposed in the annual budget to remain unspent at the end of the financial year;
- (c) in relation to a land transaction or trading undertaking, assets and liabilities, to the extent to which they are proposed in the annual budget to remain restricted to the purposes of the land transaction or trading undertaking at the end of the financial year;
- (d) any proposed amounts of depreciation of non-current assets;
- (e) assets from grants or gifts or non-cash revenue or expenditure;
- (f) current liabilities which, by their nature, are restricted, to the extent that they are proposed in the annual budget to remain uncleared at the end of the financial year; and
- (g) any other current assets which, by their nature, are restricted, to the extent that they are proposed in the annual budget to remain unused at the end of the financial year.

Section 6.35 of the Act provides:

- (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.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
 - (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
 - (a) to land rated on gross rental value;
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

CONSULTATION

N/A

FINANCIAL IMPLICATIONS

2023/24 Budget

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with community in an accountable and professional manner.

RISK IMPLICATIONS

It is a requirement under the *Local Government Act 1995*, provides that a local government must, not later than 31 August in each financial year, or such extended time as the Minister allows, prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June. This report and adoption mitigates the risk of non-compliance.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Corporate Strategy Committee recommend to Council that the balanced draft 2023/24 Budget be adopted.

6. NEW BUSINESS ARISING BY ORDER OF THE MEETING

New Business of an urgent matter only arising by order of the meeting.

7. CLOSURE

The Chairman to declare the meeting closed.