

SHIRE OF SHARK BAY MINUTES

17 May 2023

Special Council Meeting



Shark Bay – Dugong



17 MAY 2023



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MINUTES OF THE SPECIAL COUNCIL MEETING

17 MAY 2023

The unconfirmed minutes of the Special meeting of the Shark Bay Shire Council held in the Council Chamber at the Shark Bay Recreation Centre, Francis Street, Denham, on Wednesday 17 May 2023, commencing at 2.00 pm.

PURPOSE I advise that a special meeting of Council is called in accordance with Section 5.4 (a), (i) of the ***Local Government Act 1995***, to discuss and adopt the following Items:

- 1.0 2021/2022 Annual Report**
- 2.0 Review of Financial Management, Risk Management (Regulation Legislative Compliance 17) and Internal Controls**
- 3.0 Councillor Fees, Allowances and Expenses**
- 4.0 Rates – Differential Rates**
- 5.0 Confidential Item – Tender TE2022/2023-02 Provision of Kerbside Waste Collection and Street Sweeping Services**

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MINUTES OF THE SPECIAL COUNCIL MEETING

17 MAY 2023

1.0 **DECLARATION OF OPENING**

The President declared the Special Council meeting open at 2.23 pm.

2.0 **ACKNOWLEDGEMENT OF COUNTRY**

I would like to acknowledge the Malgana People as the traditional custodians of the land and sea in and around the Shire of Shark Bay.

I pay my respects to their Elders past, present, and emerging.

3.0 **ATTENDANCES AND APOLOGIES**

ATTENDANCES

Cr C Cowell	President
Cr M Vankova	Deputy President
Cr L Bellottie	
Cr M Smith	
Cr P Stubberfield	

Mr D Chapman	Chief Executive Officer
Ms A Pears	Executive Manager Finance and Administration
Mrs R Mettam	Executive Assistant

APOLOGIES

Cr G Ridgley
Cr E Fenny

VISITORS

Nil

4.0 **PUBLIC QUESTION TIME**

The President opened public question time at 2.23 pm and as there were no visitors in the gallery the President closed public question time at 2.24 pm.

17 MAY 2023

5.0 2021/2022 ANNUAL REPORT

FM00009

Author

Executive Manager Finance and Administration

Disclosure of Any Interest

Nil

Moved

Cr Vankova

Seconded

Cr Stubberfield

Council Resolution

That Council –

- 1. Receive and Accept the Annual Report for the 2021/2022 financial year.**
- 2. Receive and Accept the Annual Financial and Auditors reports for the 2021/2022 financial year and note the comment on ratios.**
- 3. Set the date for the Annual General Meeting of electors for Wednesday 21 June 2023 commencing at 6.00 pm at the Shark Bay Recreation Centre in accordance with section 5.27(2) of the *Local Government Act 1995*.**

5/0 CARRIED BY ABSOLUTE MAJORITY

Background

The Annual Report was presented to the Audit Committee as the most recent meeting held on the 17 May 2023, and the Committee resolve to recommend the following:

That Council –

- 1. Receive and Accept the Annual Report for the 2021/2022 financial year.***
- 2. Receive and Accept the Annual Financial and Auditors reports for the 2021/2022 financial year and note the comment on ratios.***
- 3. Set the date for the Annual General Meeting of electors for Wednesday 21 June 2023 commencing at 6.00 pm at the Shark Bay Recreation Centre in accordance with section 5.27(2) of the Local Government Act 1995.***

The recommendation is now presented to Council for adoption.

Comment

The 2021/2022 Annual Report, which includes the annual financial statements and auditor's report, has been prepared in accordance with section 5.53 of the *Local Government Act 1995* and is attached under separate cover. The Audit Committee recommended that the Annual Report, the Annual Financial and Auditors report for 2021/2022 be adopted by Council.

The Annual Report highlights the Shire's achievements in 2021/2022 under the outcomes in the Strategic Community Plan.

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Following the acceptance of the Annual Report the Council must have a meeting of electors not more than 56 days after the acceptance of the Annual Report for the previous financial year. This means that the last day that the Council can hold an electors' meeting is 12 July 2023.

The annual financial statements are included in the Annual Report and reflect an unqualified audit report.

The management letter mentions two areas in which the auditors recommend improvements being:

- Conflict of interest declarations not completed by procurement evaluation panel members; and
- Purchase orders raised after the service is performed or goods received.

A full copy of the Management Letter is attached to this agenda item for your information which incorporates the details of the findings as well as Managements comments.

Legal Implications

Sections 5.53, 5.54 and 5.55 of the *Local Government Act 1995* refer to the acceptance of the annual report.

Policy Implications

There are no policy implications associated with this report.

Financial Implications

The annual report includes the Shire's audited annual financial statements, which present the Shire's financial position as at 30 June 2022 and is a useful tool for evaluating the Shire's operations.

Strategic Implications

Strategy 4.1 / 4.2 The Shire is a strategically focused, unified Council and organisation, functioning efficiently and effectively

Risk Management

There is a low risk associated with this item. Council needs to adopt the annual report to maintain compliance with the *Local Government Act 1995*.

Voting Requirements

Absolute Majority Required

Signatures

Author
Chief Executive Officer
Date of Report

A Pears
D Chapman
11 May 2023

17 MAY 2023

WilliamBuck
ACCOUNTANTS & ADVISORS



Shire of Shark Bay
Report to the Audit Committee
For the year ending 30 June 2022

williambuck.com



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1. Executive Summary

This executive summary provides a brief overview of the more detailed sections covered in the remainder of this report.

Section	Overview
Purpose and scope	This report sets out the major matters arising from this year's audit, which has been performed in order to enable the Auditor General to express an opinion on the Shire of Shark Bay's (the "Shire") financial statements.
Outstanding matters	Our audit of the financial report is substantially complete. We propose to recommend to the Auditor General to issue an unmodified audit opinion on the financial report subject to the completion of: <ul style="list-style-type: none"> – Appropriate procedures relating to subsequent events; – Receipt of the signed management representation letter; and – Certification of the financial report.
Basis of preparation of the financial report	The accounting policies adopted are materiality consistent with the accounting policies in the previous annual financial report.
Summary of unadjusted differences	There were no unadjusted differences noted for the financial year ended 30 June 2022.
Key areas of focus and audit response	Our audit procedures were focused on those activities that are considered to represent the key audit risks identified in our audit plan and through discussions with management during the course of our audit. These areas of focus are consistent with those set out in the Audit Strategy Memorandum tabled at the entrance meeting on 4 April 2022. We are satisfied that these key areas of focus have been addressed appropriately and are properly reflected in the financial report. Please refer to Section 4 of this report for a more detailed discussion on the key areas of focus.
Independence	We confirm that we are independent with respect to professional requirements.



2. Overview

We have conducted an audit of the Shire for the year ended 30 June 2022.

Our audit was performed pursuant to the requirements of the Auditor General Act 2006, with the objective of enabling the Auditor General to express an opinion on the financial report.

Our audit was conducted in accordance with *Local Government Act 1995*, *Local Government (Financial Management) Regulation 1996* and to the extent that they are not inconsistent with the Act, Australian Accounting Standards to provide reasonable assurance as to whether the financial report is free from material misstatements. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements will be detected

We perform procedures under the Auditor General Act 2006 to assess whether in all material aspects all procedures are performed in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulation 1996* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Shire's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which include:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Shire.

This report has been prepared to:

- summarise any major changes affecting the Shire during the period;
- report the key issues arising from our audit;
- provide a summary of any significant changes in financial reporting; and
- draw to the attention of the Audit Committee any other matters of relevance.

We also confirm that all significant matters that we have discussed with management are documented in this report and that we are not aware of any other matters that should be brought to the attention of the Audit Committee.

3. Acknowledgement

We would like to take this opportunity to thank Andrea Pears and all the support staff of the Shire for their co-operation and assistance during the course of our audit facilitating a smooth year-end audit process.



4. Key Areas of Focus and Audit Response

Our audit procedures were focused on those areas of the Shire's activities that are considered to represent the key audit risks. These areas of focus were identified as a result of:

- The risk assessment process undertaken during the planning phase of our engagement and were presented to management in our Audit Strategy Memorandum;
- Discussions with management during the course of our audit; and
- Review of internal audit reports.

We are satisfied that the key areas of focus have been addressed appropriately and are properly reflected in the financial report:

1. Revenue Recognition

The Shire's main source of revenue are rates and fees and charges. The Shire also receives significant grants, subsidies and contributions.

We have performed the following:

- controls testing of revenue transactions and analytical review;
- cut-off testing and credit notes testing subsequent to the financial year;
- assessed that the Shire's revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income for Not for Profit Entities*; and
- checked that the rates valuation reconciliation received from Landgate has been duly reviewed by a senior officer independent of preparation.

There were no issues noted with the measurement and recognition of revenue.

2. Employee expenses and provisions

Employee expenses is one of the major expenses of the Shire.

We have performed controls testing of payroll transactions, including but not limited to employment and termination, performed analytical review and enquired on management's casual employee policies and arrangements and confirmed that no casual employees are eligible for long service leave.

There were no issues noted with the measurement of employee expense and the provision for employee leave liabilities.

3. Materials and contracts

Material and contract expenses is also one of the major expenses of the Shire.

We have performed controls testing of expenditure, including review of supplier masterfile maintenance, tender evaluation, suppliers' selection and approval, and checking that the current procurement policies and procedures are reviewed regularly and aligned with the Local Government Act and Regulations.

There were no issues noted with the measurement and recognition of material and contract expenses.



4. Cash and cash equivalents

The Shire has a significant cash and cash equivalent balance. We have performed the following:

- controls testing of bank reconciliations;
- performed analytical review, including independently obtaining bank confirmation and investigating any significant exceptions; and
- reviewed the split between unrestricted and restricted cash and ascertain that it is in accordance with the imposed regulations and legislation.

There were no issues noted with the existence of cash and cash equivalents.

5. Recoverability of debtors

Collectability of receivables is reviewed on an ongoing basis and any receivables identified as unrecoverable are written off against the allowance account, when objective evidence that the Shire will not be able to collect its debts has been established. Receivables are normally settled within 30 days.

We have performed analytical review, including reviewing the Shire's ongoing assessment of the collectability of receivables and traced material receivables to subsequent collection.

There were no issues noted with the measurement and recognition of trade and other receivables, including assessment of expected credit losses.

6. Property, plant and equipment and infrastructure

The Shire owns significant amounts of property plant and equipment and infrastructure. Impairment, accuracy of the depreciation charge and appropriateness of asset capitalisation are identified as risks.

We have performed analytical review, including the following:

- recalculating depreciation and reviewing the reasonableness of the assets' useful lives;
- verified significant additions. No work was performed on disposals as the disposal amount was not deemed material;
- evaluated management's assessment of impairment; and
- considered the appropriateness of the accounting treatment of costs incurred as either maintenance or capitalised as asset enhancements.

There were no issues noted with the existence, measurement and recognition of property, plant and equipment and infrastructure. However, we have identified the following finding regarding the Shire's revaluation process:



Frequency of revaluation

Although Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 requires the *Shire* to revalue land, buildings and infrastructure assets no more than 5 years after the last valuation, we recommend that management consider assessing whether there are trigger events that would indicate movement in these assets annually. Where indicators exist, a robust fair value assessment should be performed capturing the requirements of AASB 13 Fair Value Measurement. *If the Shire* undertakes the formal valuation internally, it is recommended *that* this assessment be peer reviewed (i.e. review the valuation methodology, inputs and model etc for reasonableness) by an approved independent valuer. This process is to ensure that the *Shire's* assets are recorded at fair value in compliance with AASB 13 *Fair Value Measurement* and the Regulations.

7. Financing Arrangements

The *Shire* has financing arrangements comprising liquid facility and direct borrowings. All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method. Borrowing costs are expensed as incurred.

We have performed analytical review, including the following:

- Agreed closing balances to year end repayment schedule provided by the Western Australian Treasury Corporation.
- Recalculated the current/non-current split of borrowings as at year end.

There were no issues noted with the measurement and recognition of financing arrangements.

8. Disclosure of related party transactions

The *Shire* has transactions with related parties which are on normal commercial terms and conditions. There is a risk that related party transactions and balances are not appropriately disclosed in the financial report in accordance with the *Shire's* applicable accounting policies and the relevant accounting standards.

We have performed the following analytical review, including the following:

- reviewed and determined that the *Shire's* accounting policy is in line with AASB 124 *Related Party Disclosures*;
- enquired and understood the process for identification of related parties, reviewed the register of related party transactions, and assessed whether the disclosures made in the notes to the annual financial report are appropriate; and
- agreed related party transactions to supporting documentation and ensured appropriate disclosures have been included in the notes to the annual financial report.

There were no issues noted with the disclosure of related party transactions.



9. Local Government regulations

At the time of preparing our audit strategy memorandum, Regulation 10(3)(b) of the *Local Government (Audit) Regulations 1996* (LG Audit Regulations) required the auditor to report on significant adverse trends and any matters indicating non-compliance with Part 6 of the *LG Act 1995*, *LG Financial Management Regulations 1996* or applicable financial controls in any other written law. These matters may relate to the financial report or to other financial management matters. This requirement has now subsequently been removed.

10. Financial ratios

Regulation 50 of the *Local Government (Financial Management) Regulations 1996* has been removed during the year. As a result, financial ratios are not required to be included in the annual financial reports by local government for the financial year ended 2022 and future years. As such, the scope of work in relation to the financial ratios were not performed.

5. Control Environment

Accounting systems and controls

As part of our normal statutory audit procedures, we considered the systems and controls existing in respect of the operational and financial activities of the Shire. This allowed us to:

- develop our understanding of the financial and operating procedures;
- document the processes for our permanent files for future reference;
- review the systems for potential weaknesses and assess the likelihood that errors could occur;
- determine our audit approach (including the degree of reliance on internal controls); and
- ensure that the accounting systems and records were sufficient for the preparation of true and fair financial statements.

Our audit is planned and conducted so as to enable us to express a professional opinion on the statutory financial statements. It is not designed, nor can it be expected to disclose, all defalcations or irregularities. Such matters might be revealed during the course of our work. If this were the case, the matters would be reported to you.

Design effectiveness

Our review indicated that, based on the size of the Shire, the current systems and processes are well designed and controlled. We are of the view that the Shire's controls are adequate and comply with relevant legislative provisions. We did not identify any control weaknesses except for the following which has been included in the management letter:

- Frequency of valuation of infrastructure, land and buildings
- Risk management framework
- Conflict of interest declarations not completed by procurement evaluation panel members
- No quote obtained prior to purchase



6. Independence

Our audit services are subject to the Office of the Auditor General's, William Buck's and applicable Professional Standards requirements, rules and policies regarding auditor independence, as well as certain statutory requirements. We enforce these policies and values in order to maintain objectivity and to be free of conflicts of interest when discharging our professional responsibilities.

The Office of the Auditor General and William Buck understand the importance of our role as auditors in the external reporting framework and we work hard to maintain an extensive system of quality controls over our audit practices including independence.

7. Summary of unadjusted audit differences

In performing our audit of the Shire for the year ended 30 June 2022, we have not identified any unadjusted audit differences.



MINUTES OF THE SPECIAL COUNCIL MEETING

17 MAY 2023

ATTACHMENT

SHIRE OF SHARK BAY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Current Year Findings			
1. Fair Value of infrastructure assets, land and buildings - frequency of valuations	✓		
2. Risk management framework		✓	
3. No quote obtained prior to purchase			✓
Matter Outstanding from Prior Audit			
4. Conflict of interest declarations not completed by procurement evaluation panel members		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF SHARK BAY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

Current Year Findings

1. Fair Value of infrastructure assets, land and buildings - frequency of valuations

Finding

The Shire has performed a high-level assessment to determine whether its infrastructure assets, land and buildings represent fair value at 30 June 2022. This review indicated there were no significant movements or impacts on its infrastructure assets, land and buildings. However, this assessment relied on the internal assessment by management of current market conditions and did not specifically identify the market indicators that were assessed.

The Shire completed an independent valuation of land and buildings in 2020 and infrastructure assets in 2018.

**Rating: Significant
Implication**

Without a robust assessment of fair value of Shire's infrastructure assets, land and buildings, there is a risk that the fair value of these assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

Recommendation

We recommend that the Shire consider implementing as part of the preparation of financial statements, a formal robust process to determine whether indicators exist that would trigger a requirement to perform a formal revaluation of the infrastructure assets, land and buildings. Where indicators exist, a robust fair value assessment should be performed in accordance with *AASB 13 Fair Value Measurement* and the Regulations. This process is to ensure that the Shire's assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets is likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally, the Shire may consider having this assessment to be peer-reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management Comment

We thank you for your recommendation however we do not believe that it is necessary to undertake yearly fair value peer-review assessments by an independent valuer. We will continue to satisfy our compliance obligations under the Local Government Act and relevant Regulations to ensure fair value assessments of our infrastructure assets, land and buildings occur every five years. Additionally, the annual budgetary requirement to engage an independent valuer is beyond a Band 4 Local Government.

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SHIRE OF SHARK BAY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

We are currently finalising a request for quotation process to appoint an independent valuer to undertake fair valuation of our infrastructure assets in accordance with the compliance obligations. Land and Buildings will have an internal fair valuation review in line with accounting standards.

Responsible Person: Chief Executive Officer and Executive Manager Finance & Administration

Completion Date: 30 June 2023

17 MAY 2023

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SHIRE OF SHARK BAY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

2. Risk management framework

Finding

We noted that the Shire's risk management policy and plan have not been updated since February 2017. In addition, the Shire's risk register has not been updated since May 2016.

Rating: Moderate

Implication

There is a risk that the risk management policy and plan may no longer be fit for purpose for the Shire.

Further, without an up-to-date risk register, the Shire might not have appropriate or effective processes in place to sufficiently mitigate risks to its operations or to take advantage of opportunities.

Recommendation

Management should review the Shire's risk management policy & plan and risk register on a regular basis, to make sure that reflects all current risks and the related treatment action plans.

The Shire should also consider providing a regular report to the audit committee on the status of the risk register and the progress made in completing required treatment action plans.

Management Comment

The Regulation 17 review recommended that the risk management policy and plan required an update. This update is currently underway.

Responsible Person: Executive Manager Finance and Administration

Completion Date: 30 June 2023

17 MAY 2023

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SHIRE OF SHARK BAY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

3. No quote obtained prior to purchase

Finding

We noted one instance where town planning services were provided to the Shire by a supplier with a long-standing relationship, but neither was a quote obtained nor a signed contract in place. Although an annual purchase order was raised for the supplier with monthly work invoiced at an hourly rate, the requirements of the Shire's Purchasing Policy were not met with regards to obtaining a quote.

Rating: Minor

Implication

There is a risk that purchases are being made without the proper process being followed in line with the Shire's Purchasing Policy.

Recommendation

We recommend that quotes be obtained and contracts entered into for all procurements, as applicable, to ensure compliance with the Shire's Purchasing Policy.

Management Comment

A quote and annual purchase order will be raised for these services in line with our purchasing policy.

Responsible Person: Chief Executive Officer

Completion Date: 30 June 2023

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SHIRE OF SHARK BAY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

Matter Outstanding from Prior Audit

3. Conflict of interest declarations not completed by procurement evaluation panel members

Finding 2021

During testing of purchases, we noted that conflict of interest declarations were not completed by members of the evaluation panel, who were responsible for completing the Evaluation and Recommendation Report in relation to Tenders and Request-For-Quote transactions.

We note that this is currently not a requirement per the Shire's procurement policy.

Update 2022

We noted that due to the late finalisation of the 2021-22 audit in March 2022, processes to check for conflicts of interest of panel evaluation members were established only in April 2022.

Eight Request-For-Quote and Tender transactions were processed during 2021-22, prior to the establishment of the conflict of interest checks.

Rating: Moderate

Implication

The risk of any actual, potential or perceived conflict of interest not being identified and addressed in a timely manner increases when conflicts of interest are not declared by the panel members and adequately managed by the Shire.

Recommendation

Management should ensure that a conflict of interest declaration is completed by all panel members, prior to each tender or Request-For-Quote evaluation.

Management Comment 2021

This is not a regulation and the example provided for by the Office of the Auditor General in the best practice report, which is not legislatively required, related to tenders and not Request for Quote which the audit testing refers to. However, to strengthen our internal controls and procurement policy we will implement a Conflict-of-Interest Form, to be completed by all panel members of Tenders and Request for Quote, to identify any potential conflicts and to ensure independence within the purchasing procedure.

Management Comment 2022

Thank you for the recommendation. Moving forward all request for tender evaluation panel members will complete a separate Disclosure of Interest Form.

Responsible Person: Chief Executive Officer and Executive Manager Finance & Administration

Completion Date: 30 June 2023

17 MAY 2023

6.0 REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT (REGULATION LEGISLATIVE COMPLIANCE 17) AND INTERNAL CONTROLS

This item has been deferred and will be presented to Council at a future Council meeting.

7.0 COUNCILLOR FEES, ALLOWANCES AND EXPENSES
FM52324

AUTHOR

Executive Manager Finance and Administration

DISCLOSURE OF ANY INTEREST

Nil

Ms Pears spoke to Council regarding the previous year's item presented to the Ordinary Council Meeting held on 27 April 2022, at item 11.6. Whilst this item contained incorrect information within the resolution, the correct payment amounts could be found both within the body of that report, and the 2022/2023 Budget, adopted by Council at the Special Council Meeting held on 26 August 2022.

The difference in Councillor Fees, Allowances and Expenses will be paid to Council within the 2022/2023 financial year.

Moved Cr Vankova
Seconded Cr Bellottie

Council Resolution

That Council:

- 1. Adopt, in accordance with section 5.98, 5.99 and 5.99A of the *Local Government Act 1995*, annual attendance fees be paid to all Councillors in lieu of meeting fees and annual allowances in lieu of reimbursement of expenses;**
- 2. Approve for inclusion in the 2023/2024 budget, the following entitlements for the 2023/2024 financial year payable three months in advance from 1 July 2023:**
 - a. An annual attendance fee for the Shire President of \$12,135 in accordance with section 5.99 of the *Local Government Act 1995*;**
 - b. An annual attendance fee for council members of \$5,905 in accordance with section 5.99 of the *Local Government Act 1995*;**
 - c. An annual allowance for the Shire President of \$12,465 in accordance with section 5.98(5) of the *Local Government Act 1995*;**
 - d. An annual allowance for the Deputy Shire President of \$3,120 in accordance with section 5.98A of the *Local Government Act 1995*;**

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- e. **An annual Information, Communication and Technology allowance for all council members' of \$2,175 in accordance with section 5.99A of the *Local Government Act 1995*;**
3. **Approve the reimbursement of expenses incurred by a council member in accordance with section 5.98(2)(b) and (3) of the Act and regulation 32 of the Local Government (Administration) Regulations 1996;**
4. **Approve the reimbursement of travel costs incurred by a council member in accordance with regulation 31(1)(b) of the Local Government (Administration) Regulations 1996;**
5. **Approve the reimbursement of childcare costs incurred by a council member in accordance with regulation 31(1)(b) and regulation 32(1) of the Local Government (Administration) Regulations 1996; and**
6. **Include the proposed expenses in the 2023/2024 Draft budget.**

5/0 CARRIED

BACKGROUND

Section 7A of the *Salaries and Allowances Act 1975* require the Salaries and Allowances Tribunal to undertake a review of the fees and allowances for local government elected council members on an annual basis.

The Tribunal determination finalised on the 6 April 2023 deemed that there be a 1.5 percent increase in the remuneration, fees, expenses or allowances ranges provided to elected members.

However, they also mention that each council retains the capacity to provide an increase within the current band parameters as long as they satisfy itself and provide public justification for any increase within their allotted band in the current economic climate.

Council determined the fees to be paid in past years as follows: Please note that due to the COVID-19 pandemic Council resolved to waive Councillor Fees, Allowances and Expenses for the first half of the 2020/2021 financial year.

	2020/2021	2021/2022	2022/2023	2022/2023
Annual Attendance Fees			Budget	Actual
President	\$5,831.50	\$11,663.00	\$11,955.00	\$11,663.00
Councillors	\$2,836.50	\$5,673.00	\$5,815.00	\$5,673.00
Annual Allowances				
President	\$5,989.00	\$11,978.00	\$12,278.00	\$11,978.00
Deputy President (25% of President)	\$1,497.50	\$ 2,995.00	\$3,070.00	\$2,995.00
Other Allowances				
Information Technology	\$1,071.50	\$2,143.00	\$2,143.00	\$2,143.00

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COMMENT

The Tribunal Determination sets a range of fees and allowances for the Shire as a Band 4 Local Government, and this allows the Council the flexibility to amend the fees and allowances annually in order to maintain some relativity with the actual costs of being a council member.

The Council has previously set its Councillor fees and allowances at a mid-range of Band 4 of the Tribunals Determination.

The chart below indicates the minimum Fees and Allowances applicable to a Regional Band 4 Local Government and what Council determine the payment to be in 2023/2024 financial year, in line with the Salary and Allowances Tribunal deemed increase of 1.5%.

Councillor Fees and Allowances 2023/2024			
Band 4 Local Government	Shark Bay		
	Min	Max	Proposed Payment 2023/2024
Annual Attendance Fees			
President	\$2,055	\$16,480	\$12,135
Councillors	\$1,870	\$10,990	\$5,905
Annual Allowances			
President	\$535	\$20,875	\$12,465
Deputy President (25% of President)	\$134	\$5,219	\$3,120
Other Allowances			
Information Technology	\$500	\$3,500	\$2,175

Further to determining the level of fees and allowances, Council is required to approve the reimbursement of expenses, the payment of travel costs and the reimbursement of childcare costs incurred by a council member.

This allows the payment on expenses to council members while on Council business such as meal and accommodation costs or taxi costs; the payment of travel costs such as mileage for the attendance at Council meetings; and the reimbursement of childcare costs to a maximum of \$35 per hour.

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LEGAL IMPLICATIONS

Section 5.99 refers to the payment of an annual meeting attendance fee in lieu of meeting attendance fees for council members.

Section 5.98(2)(b) and (3) refers to the payment of expenses used in the course of council business.

Section 5.98(5) refers to the payment of an annual allowance for the President.

Section 5.98A(1) refers to the payment of an annual allowance for the Deputy President being no greater than 25% of the annual allowance for the President.

Section 5.99A refers to the payment of an Information Communication and Technology allowance to council members.

Local Government (Administration) Regulations 1996

Regulation 31(1)(b) and 32(1) refers to the reimbursement of travel costs and childcare costs.

POLICY IMPLICATIONS

There are no policy implications associated with this item.

FINANCIAL IMPLICATIONS

Any increase in Councillor Fees would need to be included in the 2023/2024 draft budget considerations.

STRATEGIC IMPLICATIONS

Outcome 6 A strategically focused, unified Council, functioning efficiently.

RISK MANAGEMENT

Adoption of this increase in fees may result in a low political risk to Council on the basis that it will not be supported by the community.

VOTING REQUIREMENTS

Simple Majority Required

SIGNATURES

Executive Manager

Finance and Administration

A Pears

Chief Executive Officer

D Chapman

Date of Report

11 May 2023

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WESTERN AUSTRALIA

SALARIES AND ALLOWANCES ACT 1975

DETERMINATION OF THE SALARIES AND ALLOWANCES TRIBUNAL

ON LOCAL GOVERNMENT CHIEF EXECUTIVE OFFICERS AND ELECTED MEMBERS

Pursuant to Section 7A and 7B

6 April 2023

PREAMBLE

Statutory Context

1. Section 7A of the *Salaries and Allowances Act 1975* ('the SA Act') requires the Salaries and Allowances Tribunal ('the Tribunal') to "inquire into and determine, the amount of remuneration, or the minimum and maximum amounts of remuneration, to be paid or provided to chief executive officers of local governments".
2. Under Section 7B(2) of the SA Act, the Tribunal must inquire into and determine the amount of:
 - fees, or the minimum and maximum amounts of fees, to be paid under the *Local Government Act 1995* ('the LG Act') to elected council members for attendance at meetings;
 - expenses, or the minimum and maximum amounts of expenses, to be reimbursed under the LG Act to elected council members; and
 - allowances, or the minimum and maximum amounts of allowances, to be paid under the LG Act to elected council members.
3. By issuing this Determination, the Tribunal discharges its obligations under Section 8 of the SA Act, which requires determinations under sections 7A and 7B to be issued at intervals of not more than 12 months.

Considerations

4. The Tribunal has considered sections 2.7 to 2.10 and section 5.41 of the LG Act, which outlines the roles and responsibilities of local governments, councillors, mayors, presidents and their deputies, and the functions of local government Chief Executive Officers (CEOs).
5. The Tribunal invited individual local governments, the Department of Local Government, Sport and Cultural Industries, the Western Australian Local Government Association, Local Government Professionals WA and other interested individuals to provide information or submissions regarding developments across the sector.

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6. Eleven submissions were received. All submissions received were considered within the Tribunal's deliberations.

Band allocation model

7. The Tribunal continues to apply the four Band allocation model. The model allows a number of measurable and non-measurable factors to be considered when assessing appropriate levels of remuneration. The model is adjusted annually to accommodate incremental increases experienced by all organisations.
8. The Tribunal notes that the remuneration ranges provide flexibility to local governments to set remuneration within the allocated Band. The Tribunal will only adjust a Band classification when a local government or regional local government can demonstrate a substantial and sustained increase in functions, roles or scope of the organisation.

Christmas and Cocos Islands

9. In 2016, the Commonwealth and WA Governments entered an agreement under the *Christmas Island Act 1958* (Cth), the *Cocos (Keeling) Islands Act 1995* (Cth) and the *Indian Oceans Territories (Administration of Laws) Act 1992* (WA), by which the Tribunal has the power to determine the remuneration of local government CEOs and the fees, expenses and allowances for local government elected members of the Shires of Christmas Island and Cocos (Keeling) Islands.
10. This inquiry reviewed remuneration provided by the Shires of Christmas and Cocos (Keeling) Islands.

CONCLUSIONS

11. The Tribunal has determined that CEO remuneration Bands be increased by 3.5%. The Tribunal considered this appropriate given the economic conditions, the wider public service framework and the mandatory 0.5% superannuation increase from July 2023.
12. The Tribunal notes that each local government must set remuneration within the band to which it is allocated. Any increase, within the bands, must be determined by each local government through its own assessment of whether changes are justified.
13. In reviewing the band allocation model and all other relevant information, the Tribunal has examined local governments with potential to change band classification. The Tribunal considers no change is warranted for any local government at this time.
14. When establishing eligibility for a Regional/Isolation Allowance and the rates as part of the 2012 inquiry, the Tribunal considered the District Allowance (Government Officers) General Agreement 2010 amount and boundaries. The Tribunal also considered the regional price index, isolation as measured by the Accessibility/Remoteness Index of Australia, climate as measured by the Bureau of Meteorology's Relative Strain Index, and market and recruitment pressures in these regions. Specific issues associated with a Local Government brought to the

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Tribunal's attention through either submissions or the Tribunal's meetings was also considered.

15. A formula was developed using maximum district allowance rates, market recruitment pressures, and an additional allowance based on specific local issues. The quantum of this formula and boundary has been reviewed in previous inquiries, and again in this inquiry with the Tribunal determining it remains as the most appropriate method for determining eligibility and rates for the Regional/Isolation Allowance.
16. The Regional/Isolation Allowance rates have been reviewed and increased up to a maximum of \$10,000, reflecting market conditions and pressures.
17. The application of motor vehicles provided to Chief Executive Officers as a tool of the trade is being reviewed to determine if it should be applied to a wider group of regional local governments.
18. The reimbursement of motor vehicle expenses for members has been updated to reflect application of the 1600cc Motor Vehicle Allowance (MVA) rate under the *Local Government Officers' (Western Australia) Award 2021* for members seeking reimbursement for use of their personal Electric Vehicle. This follows advice received from Government Sector Labour Relations, Department of Mines, Industry Regulation and Safety. The Tribunal is keeping abreast of changes to the MVA rates as they relate to Electric Vehicles and will update the determination accordingly should these be amended in the future.
19. The Tribunal has determined Elected Member attendance fees, and annual allowance ranges be increased by 1.5%, rounded to the nearest \$5. The Tribunal considered this appropriate given the expectation of a degree of voluntary service as an elected member, and as fees and allowances are not intended to be full time salaries.
20. The Tribunal received submissions requesting changes to annual allowances provided to elected members in lieu of expenses. The annual allowance for travel and accommodation expenses has been increased to \$100. All other allowances remain unchanged.
21. Clarity had been sought on the annual allowance for ICT expenses. The annual allowance is intended to provide councils with flexibility and recognises the varied scenarios and preferences local governments may have in providing ICT to elected members, to enable them to undertake their duties.
22. If an annual ICT allowance is preferred over reimbursement of costs, councils must calculate, with consideration to their internal policies and procedures, including asset management, an amount within the ICT allowance range (currently \$500 - \$3,500) that considers the total cost of ICT and ensures payment will not result in a windfall gain for council members. It is not intended for the maximum ICT allowance to be paid in addition to providing equipment and hardware.
23. It is emphasised that fees and allowances, in lieu of reimbursement of expenses, provided to elected members are not considered payment for work performed in a manner akin to regular employment arrangements. Elected members are provided these fees and allowances to

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recognise the commitment of their time and to ensure there are no out of pocket expenses incurred in the fulfilment of their duties. The Tribunal's original 2013 determination stated that "fees and allowances provided to elected members are not intended to be full time salaries for members". The Tribunal continues to recognise the degree of voluntary community service in the role of elected members.

24. The explanatory notes have been updated providing clarity on instances where a deputy is performing the functions of a mayor or president.

The Determination will now issue.

**DETERMINATION FOR LOCAL GOVERNMENT CHIEF EXECUTIVE OFFICERS
AND ELECTED MEMBERS PURSUANT TO SECTION 7A AND 7B OF THE
SALARIES AND ALLOWANCES ACT 1975**

PART 1: INTRODUCTORY MATTERS

This Part deals with some matters that are relevant to the determination generally.

1.1 Short title

This determination may be cited as the *Local Government Chief Executive Officers and Elected Members Determination No. 1 of 2023*.

1.2 Commencement

This determination comes into operation on 1 July 2023.

1.3 Content and intent

- (1) The remuneration listed in this determination comprises all remuneration as defined under the *Salaries and Allowances Act 1975* as including salary, allowances, fees, emoluments and benefits.
- (2) The determination applies to
 - a. Chief Executive Officers (CEOs);
 - b. Acting Chief Executive Officers; and
 - c. Elected Members
- (3) The remuneration specified in this determination for CEOs is based on a person being appointed to one local government CEO position only. In the case of a person appointed to undertake the duties of more than one CEO position simultaneously, the relevant local governments must seek a determination from the Tribunal for the multiple CEO positions held by that person.
- (4) If a local government undergoes an amalgamation or a rezoning of local government boundaries, the local government is required to seek a new determination from the Tribunal.
- (5) This determination provides for the amount of fees, expenses and allowances to be paid or reimbursed to elected council members under the *Local Government Act 1995*

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(‘the LG Act’) Part 5 Division 8. The determination applies to elected council members who are members of the council of a local government, and under section 3.66 of the LG Act.

- (6) Where the Tribunal has determined a specific amount for a fee, expense or allowance for elected council members of a local government or regional local government, the amount determined by the Tribunal will be payable to an eligible elected council member.
- (7) Where the Tribunal has determined a minimum and maximum amount for a fee, expense or allowance for elected council members of a local government or regional local government, each local government or regional local government council will set an amount within the relevant range determined and the amount set will be payable to an eligible elected council member.
- (8) The fees, expenses and allowances determined are intended to recognise the responsibilities of elected council members, mayors and presidents of local governments and chairs of regional local governments and to remunerate them for the performance of the duties associated with their office.
- (9) Nothing in this determination shall be interpreted and/or applied in such a manner as to circumvent the intention of the Tribunal to ensure transparency and accountability in the remuneration of Local Government CEOs and the provision of fees, expenses and allowances to elected members.

1.4 Terms used

In this determination, unless the contrary intention appears -

chair means a person who is elected or appointed from among the members of a council of a regional local government as its chair;

committee meeting means a meeting of a committee of a council where the committee comprises –

- (a) council members only; or
- (b) council members and employees of the local government or regional local government;

council, in relation to:

- (a) a local government, means the council of the local government;

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(b) a regional local government, means the council of the regional local government;

council member, in relation to:

(a) a local government –

(i) means a person elected under the LG Act as a member of the council of the local government; and

(ii) includes the mayor or president of the local government;

(b) a regional local government –

(i) means a person elected under the LG Act as a member of the council of a local government and who is a member of the council of the regional local government; and

(ii) includes the chair of the regional local government;

LG Regulations means the *Local Government (Administration) Regulations 1996*;

mayor means a council member holding the office of mayor, whether elected by the council from amongst its members or elected by the electors;

president means a council member holding the office of president, whether elected by the council from amongst its members or elected by the electors.

1.5 Pro rata payments

(1) The Total Reward Package specified in this determination for CEOs is based on a person serving in the office on a full-time basis. The relevant range shall be payable on a pro rata basis if the position is undertaken on a part time basis.

(2) The amount of a person's entitlement to remuneration, annual attendance fee or annual allowance specified in this determination shall be apportioned on a pro rata basis according to the portion of a year that the person holds office.

1.6 Local government band allocations

Unless the contrary intention appears, this determination allocates local governments to the bands set out in Schedule 1. Regional local governments (as constituted under Part 3 Division 4 of the LG Act) are allocated to a Band only with respect to CEOs.

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PART 2: TOTAL REWARD PACKAGE

This Part deals with the remuneration payable to Chief Executive Officers.

2.1 GENERAL

- (1) Offices listed in this Part have been assigned by the Tribunal to one of four classifications designated Band 1 to Band 4.
- (2) Each classification (Band 1 to Band 4) has a commensurate Total Reward Package (TRP) range.
- (3) Typical components of a TRP include:
 - (a) Base salary;
 - (b) Annual leave loading;
 - (c) Associated FBT accrued (total annual amount of fringe benefits tax paid by the local government for all fringe benefits provided to a CEO);
 - (d) Association membership fees;
 - (e) Attraction/retention allowance, not being provided under Part 3;
 - (f) Personal benefit value of the provision of a motor vehicle for private use (if applicable) as defined under Part 5 of this determination;
 - (g) Cash bonus and performance incentives;
 - (h) Cash in lieu of a motor vehicle;
 - (i) Fitness club fees;
 - (j) Grooming/clothing allowance;
 - (k) Health insurance;
 - (l) School fees and/or child's uniform;
 - (m) Superannuation (all mandatory and non-mandatory employer superannuation contributions);
 - (n) Travel or any other benefit taken in lieu of salary;
 - (o) Travel for spouse or any other member of family;
 - (p) Unrestricted entertainment allowance;
 - (q) Utilities allowance (any water, power or other utility subsidy provided to the CEO); and
 - (r) Any other form of payment, in cash or not, in consideration as a reward or benefit of the CEOs duties.
- (4) The only exclusions from the TRP are:
 - (a) items listed in Parts 3, 4 and 5 of this determination (however, any superannuation guarantee associated with the payment of a Regional/Isolation Allowance and any associated FBT accrued from the

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- provision of a motor vehicle or accommodation are to be included as part of the TRP);
- (b) employer obligations such as professional development (restricted to the CEO), reimbursement for genuine work expenses or the cost of recruitment and relocation expenses; and
 - (c) items considered by the local government to be a tool of trade (i.e. equipment needed to undertake the duties of a CEO) and which are not a direct or indirect reward or benefit for the performance of duties as a CEO.

2.2 LOCAL GOVERNMENT CLASSIFICATION

- (1) The ranges of TRP in Table 1 apply where a local government or regional local government has been classified into the relevant band.

Table 1: Local government band classification – Total Reward Package range

Band	Total Reward Package
1	\$265,616 - \$404,488
2	\$219,071 - \$340,778
3	\$167,533 - \$276,327
4	\$136,023 - \$213,356

- (2) Local governments have been classified in Schedule 1.
- (3) Regional local government Councils have been classified in Table 2 below.

Table 2: Regional local government councils band classification

Regional Local Government Councils	Band
Bunbury-Harvey Regional Council	4
Eastern Metropolitan Regional Council	2
Mindarie Regional Council	3
Murchison Regional Vermin Council	4
Pilbara Regional Council	4
Rivers Regional Council	3
Southern Metropolitan Regional Council	2
Tamala Park Regional Council	2
Western Metropolitan Regional Council	4

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- (4) A person who holds a dual appointment of the CEO of the Shire of East Pilbara and the CEO of the Pilbara Regional Council, shall be entitled to receive a TRP range equivalent to the Band 2 range (\$219,071 - \$340,778).

PART 3: REGIONAL/ISOLATION ALLOWANCE

This Part deals with the Regional/Isolation Allowance that may be payable to Chief Executive Officers from local governments identified in this Part.

3.1 GENERAL

- (1) Local governments listed in Table 3 in this Part may provide a Regional/Isolation Allowance to a CEO, in addition to the CEO's Total Reward Package, in recognition of the regional and isolation factors which may affect the attraction and retention of the CEOs of those local governments.
- (2) There is no requirement to provide a Regional/Isolation Allowance to a CEO. Payment of this allowance is at the discretion of the local government, within the parameters set by the Tribunal.
- (3) When a local government chooses to use any or all of this allowance, the payment of the allowance should be properly justified and applied in a transparent manner considering the issues outlined in 3.2.
- (4) When a local government chooses to pay all or any of this allowance, it is to be paid to the CEO as salary.

3.2 DETERMINING APPROPRIATENESS AND RATE OF ALLOWANCE

- (1) When assessing the appropriateness of providing a Regional/Isolation Allowance, an eligible local government must consider the impact of factors outlined in 3.2(3) on attraction and retention of a CEO. In the event these factors have little or no impact, the Local Government should not provide this Allowance.
- (2) In the event a Regional/Isolation Allowance is considered appropriate, the amount of the Allowance should be proportionate to the circumstances faced by the Local Government.
- (3) The following factors should be considered when determining whether to apply the Regional/Isolation Allowance:
 - a) *Remoteness* - issues associated with the vast distances separating communities within a Local Government or the distance of the Local Government from Perth or a Regional Centre.
 - b) *Cost of living* - the increased cost of living highlighted specifically in the Regional Price Index.
 - c) *Social disadvantage* - reduced specialist health services, schooling opportunities for children, employment opportunities for spouse, reduced

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lifestyle commodities when compared to Perth and regional centres, and access to professional and personal support networks.

- d) *Dominant industry* - the impact that a dominant industry such a mining or agriculture has on an area and the ability to attract and retain people in the face of a dominant industry.
- e) *Attraction/retention* - the ability to recruit suitably qualified candidates and being able to retain them in light of the above concerns in competition with positions in Perth, regional centres and private industry.
- f) *Community expectations* - the pressures on a CEO to meet expectations when professional or operational expertise is not readily available.

3.3 REGIONAL/ISOLATION ALLOWANCE

Local governments eligible for the Regional/Isolation Allowance are listed in Table 3.

Table 3: Regional/Isolation Allowance

Local Government	Maximum Regional/Isolation Allowance Per Annum
Ashburton Shire	\$55,000
Broome Shire	\$45,000
Carnamah Shire	\$38,600
Carnarvon Shire	\$38,600
Chapman Valley Shire	\$38,600
Christmas Island Shire	\$90,000
Cocos (Keeling) Islands Shire	\$90,000
Coolgardie Shire	\$38,600
Coorow Shire	\$38,600
Cue Shire	\$50,000
Derby-West Kimberley Shire	\$55,000
Dundas Shire	\$38,600
East Pilbara Shire	\$55,000
Esperance Shire	\$32,200
Exmouth Shire	\$45,000
Greater Geraldton City	\$32,200
Halls Creek Shire	\$75,000
Irwin Shire	\$38,600
Jerramungup Shire	\$32,200
Kalgoorlie-Boulder City	\$38,600
Karratha City	\$70,000

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Local Government	Maximum Regional/Isolation Allowance Per Annum
Kent Shire	\$12,900
Kondinin Shire	\$12,900
Kulin Shire	\$12,900
Lake Grace Shire	\$12,900
Laverton Shire	\$50,000
Leonora Shire	\$50,000
Meekatharra Shire	\$50,000
Menzies Shire	\$38,600
Merredin Shire	\$12,900
Mingenew Shire	\$38,600
Morawa Shire	\$38,600
Mount Magnet Shire	\$38,600
Mount Marshall Shire	\$12,900
Mukinbudin Shire	\$32,200
Murchison Shire	\$38,600
Narembeen Shire	\$12,900
Ngaanyatjarraku Shire	\$50,000
Northampton Shire	\$38,600
Nungarin Shire	\$12,900
Perenjori Shire	\$38,600
Port Hedland Town	\$70,000
Ravensthorpe Shire	\$38,600
Sandstone Shire	\$38,600
Shark Bay Shire	\$45,000
Three Springs Shire	\$38,600
Upper Gascoyne Shire	\$50,000
Westonia Shire	\$32,200
Wiluna Shire	\$50,000
Wyndham-East Kimberley Shire	\$55,000
Yalgoo Shire	\$38,600
Yilgarn Shire	\$32,200

PART 4: HOUSING ALLOWANCE

This Part deals with the Housing Allowance that may be payable to Chief Executive Officers.

4.1 GENERAL

- (1) In recognition of the need for local governments to provide accommodation as a result of a lack of suitable housing or recruitment issues, on either a permanent or temporary basis, local governments are able to utilise this allowance as required.
- (2) When a local government utilises this allowance, the payment of the allowance should be properly justified and applied in a transparent manner.
- (3) Any accommodation provided under this Part must be located within or adjacent to the local government area in which the CEO is employed.
- (4) Local governments should tailor the provision of any housing allowance to suit their particular circumstances. This may include the CEO making contributions towards the cost of the accommodation.

4.2 APPLICABLE HOUSING ALLOWANCE

- (1) Where a local government owns a property and provides that property to the CEO for accommodation, the value of this accommodation will not be included in the Total Reward Package.
- (2) For reporting purposes, the value of the local government owned property shall be valued at the annual Gross Rental Value of the property as determined by the Valuer General.
- (3) Where a local government leases accommodation for the use of the CEO, the lease costs will not be included in the Total Reward Package.
- (4) For reporting purposes, the value of the local government leased property shall be the annual actual costs of the accommodation lease.

PART 5: MOTOR VEHICLE

This Part deals with the provision of motor vehicles to Chief Executive Officers.

5.1 GENERAL

- (1) For local governments generally, except those listed in Table 3 under Part 3 of this determination, the private benefit value of any motor vehicle provided to the CEO by the local government is to be included in the Total Reward Package.
- (2) For local governments listed in Table 3 under Part 3 of this determination, any motor vehicle provided to the CEO or an allowance provided to a CEO for use of a private motor vehicle for work-related purposes, is to be considered a tool of trade (i.e. a tool needed to undertake the duties of a CEO in these local governments) and any private benefit will not be considered as part of the Total Reward Package.

5.2 PRIVATE BENEFIT VALUE

- (1) The private benefit value of the motor vehicle will be dependent on the type of motor vehicle provided, method of ownership (i.e. local government owned or leased), maintenance and running costs, insurance, any applicable luxury car tax and the amount of private use of the vehicle (i.e. non-business use).
- (2) As a general rule, the private benefit value will be based upon the annual costs multiplied by the percentage of private use.
- (3) Local governments and CEOs will need to agree on the most appropriate way to record the amount of private use in order to calculate the private benefit value.

PART 6: MEETING ATTENDANCE FEES

This Part deals with fees payable to council members for attendance at council and other meetings

6.1 GENERAL

- (1) Pursuant to section 5.98(1)(b) of the LG Act, a council member who attends a council meeting is entitled to be paid the fee set by the local government or the regional local government within the range determined in section 6.2 of this Part for council meeting attendance fees.
- (2) Pursuant to section 5.98(1)(b) and (2A)(b) of the LG Act, a council member who attends a committee meeting or (at the request of the local government or regional local government) a meeting of a type prescribed in regulation 30(3A) of the LG Regulations is entitled to be paid the fee set by the local government or regional local government within the range determined in section 6.3 of this Part for attending committee meetings or, as the case requires, meetings of that type.
- (3) Each of the following meetings is a type of meeting prescribed in regulation 30(3A) of the LG Regulations -
 - (a) meeting of a WALGA Zone, where the council member is representing a local government as a delegate elected or appointed by the local government;
 - (b) meeting of a Regional Road Group established by Main Roads Western Australia, where the council member is representing a local government as a delegate elected or appointed by the local government;
 - (c) council meeting of a regional local government where the council member is the deputy of a member of the regional local government and is attending in the place of the member of the regional local government;
 - (d) meeting other than a council or committee meeting where the council member is attending at the request of a Minister of the Crown who is attending the meeting;
 - (e) meeting other than a council meeting or committee meeting where the council member is representing a local government as a delegate elected or appointed by the local government.
- (4) Pursuant to section 5.99 of the LG Act, a local government or regional local government may decide by an absolute majority that instead of paying council

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members an attendance fee referred to in section 5.98(1) of the LG Act, it will pay all council members who attend council or committee meetings a fee set within the range for annual fees determined in section 6.4 of this Part.

- (5) Regulation 30(3C) of the LG Regulations prevents the payment of a fee to a council member for attending a meeting of a type prescribed in regulation 30(3A) of those regulations if –
 - (a) the person who organises the meeting pays the council member a fee for attending the meeting; or
 - (b) the council member is paid an annual fee in accordance with section 5.99 of the LG Act; or
 - (c) the council member is deputising for a council member at a meeting of a regional local government and the member of the regional local government is paid an annual fee in accordance with section 5.99 of the LG Act.
- (6) In determining the fees set out in this Part, the Tribunal has taken into account a range of factors including –
 - (a) the time required to prepare adequately for the meetings including consideration of agenda papers, site visits related to agenda items and consultation with council staff and community members;
 - (b) the role of the council member, mayor or president including, but not limited to, representation, advocacy, and oversight and determination of policy and local legislation;
 - (c) particular responsibilities associated with the types of meetings attended;
 - (d) responsibilities of a mayor, president or chair to preside over meetings; and
 - (e) the relative “size” of the local government as reflected in the Tribunal’s local government banding model.
- (7) The Tribunal has not determined a specific meeting attendance fee for the purposes of section 5.98(1)(a) or (2A)(a) of the LG Act.

6.2 COUNCIL MEETING ATTENDANCE FEES – PER MEETING

- (1) The ranges of fees in Table 4 and Table 5 apply where a local government or regional local government decides by an absolute majority to pay a council member a fee referred to in section 5.98(1)(b) of the LG Act for attendance at a council meeting.

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Table 4: Council meeting fees per meeting – local governments

Band	For a council member other than the mayor or president		For a council member who holds the office of mayor or president	
	Minimum	Maximum	Minimum	Maximum
1	\$640	\$825	\$640	\$1,240
2	\$390	\$610	\$400	\$815
3	\$205	\$430	\$205	\$660
4	\$95	\$250	\$95	\$510

Table 5: Council meeting fees per meeting – regional local governments

	For a council member other than the chair		For a council member who holds the office of chair	
	Minimum	Maximum	Minimum	Maximum
All regional local governments	\$95	\$250	\$95	\$510

6.3 COMMITTEE MEETING AND PRESCRIBED MEETING ATTENDANCE FEES – PER MEETING

- (1) The ranges of fees in Table 6 and Table 7 apply where a local government or regional local government decides to pay a council member a fee referred to in –
- (a) section 5.98(1)(b) of the LG Act for attendance at a committee meeting; or
 - (b) section 5.98(2A)(b) of the LG Act for attendance at a meeting of a type prescribed in regulation 30(3A) of the LG Regulations.

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Table 6: Committee meeting and prescribed meeting fees per meeting – local governments

For a council member (including the mayor or president)		
Band	Minimum	Maximum
1	\$325	\$415
2	\$195	\$305
3	\$100	\$215
4	\$50	\$125

Table 7: Committee meeting and prescribed meeting fees per meeting – regional local governments

For a council member (including the chair)		
	Minimum	Maximum
All regional local governments	\$50	\$125

6.4 ANNUAL ATTENDANCE FEES IN LIEU OF COUNCIL MEETING, COMMITTEE MEETING AND PRESCRIBED MEETING ATTENDANCE FEES

- (1) The ranges of fees in Table 8 and Table 9 apply where a local government or regional local government decides by an absolute majority that, instead of paying council members an attendance fee referred to in section 5.98 of the LG Act, it will pay an annual fee to all council members who attend council, committee or prescribed meetings.

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Table 8: Annual attendance fees in lieu of council meeting, committee meeting and prescribed meeting attendance fees – local governments

For a council member other than the mayor or president			For a council member who holds the office of mayor or president	
Band	Minimum	Maximum	Minimum	Maximum
1	\$25,600	\$32,960	\$25,600	\$49,435
2	\$15,470	\$24,170	\$15,470	\$32,410
3	\$8,000	\$17,030	\$8,000	\$26,370
4	\$3,735	\$9,890	\$3,735	\$20,325

Table 9: Annual attendance fees in lieu of council meeting, committee meeting and prescribed meeting attendance fees – regional local governments

For a council member other than the chair			For a council member who holds the office of chair	
	Minimum	Maximum	Minimum	Maximum
All regional local governments	\$1,870	\$10,990	\$2,055	\$16,480

**PART 7: ANNUAL ALLOWANCE FOR A MAYOR, PRESIDENT, CHAIR,
DEPUTY MAYOR, DEPUTY PRESIDENT AND DEPUTY CHAIR**

This Part deals with annual allowances payable to mayors, presidents, chair and their deputies, in addition to any entitlement to meeting attendance fees or the reimbursement of expenses.

7.1 GENERAL

- (1) Pursuant to section 5.98(5) of the LG Act, the mayor or president of a local government and the chair of a regional local government are entitled, in addition to any fees or reimbursement of expenses payable under section 5.98(1) or (2), to be paid the annual allowance set by the local government or regional local government within the range determined in section 7.2 of this Part.
- (2) Pursuant to section 5.98A(1) of the LG Act, a local government or regional local government may decide, by an absolute majority, to pay the deputy mayor or deputy president of the local government, or the deputy chair of the regional local government, an allowance of up to the percentage that is determined by the Tribunal of the annual allowance to which the mayor or president of the local government, or the chair of the regional local government, is entitled under section 5.98(5) of the LG Act. That percentage is determined in section 7.3 of this Part. This allowance is in addition to any fees or reimbursement of expenses payable to the deputy mayor, deputy president or deputy chair under section 5.98 of the LG Act.
- (3) In determining the allowances set out in this Part, the Tribunal has taken into account a range of factors including the following –
 - (a) the leadership role of the mayor, president or chair;
 - (b) the statutory functions for which the mayor, president or chair is accountable;
 - (c) the ceremonial and civic duties required of the mayor, president or chair, including local government business related entertainment;
 - (d) the responsibilities of the deputy mayor, deputy president or deputy chair when deputising;
 - (e) the relative “size” of the local government as reflected in the Tribunal’s local government banding model;
 - (f) the civic, ceremonial and representation duties particular to the Lord Mayor of Western Australia’s capital city.

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7.2 ANNUAL ALLOWANCE FOR A MAYOR, PRESIDENT OR CHAIR

- (1) The ranges of allowances in Table 10 apply where a local government sets the amount of the annual local government allowance to which a mayor or president is entitled under section 5.98(5) of the LG Act.
- (2) The range of allowances in Table 11 apply where a regional local government sets the amount of the annual local government allowance to which a chair is entitled under section 5.98(5) of the LG Act.
- (3) Despite the provisions of subsection (1), the Perth City Council is to set the amount of the annual local government allowance to which the Lord Mayor is entitled within the range of \$62,432 to \$139,327.

Table 10: Annual allowance for a mayor or president of a local government

For a mayor or president		
Band	Minimum	Maximum
1	\$53,330	\$93,380
2	\$16,000	\$65,915
3	\$1,070	\$38,450
4	\$535	\$20,875

Table 11: Annual allowance for a chair of a regional local government

For a chair		
	Minimum	Maximum
All regional local governments	\$535	\$20,875

7.3 ANNUAL ALLOWANCE FOR A DEPUTY MAYOR, DEPUTY PRESIDENT OR DEPUTY CHAIR

- (1) The percentage determined for the purposes of section 5.98A(1) of the LG Act is 25 per cent.
- (2) If the office of mayor or president is vacant under section 5.34(a) of the Local Government Act 1995, and the deputy performs the functions of mayor or president for a continuous period of no less than four months, the deputy will be entitled to receive the mayor or president allowance according to the applicable local government band in 7.2 of the Determination. Refer to the explanatory notes.

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PART 8: EXPENSES TO BE REIMBURSED

This Part deals with expenses for which council members are entitled to be reimbursed.

8.1 GENERAL

- (1) Pursuant to section 5.98(2)(a) and (3) of the LG Act, a council member who incurs an expense of a kind prescribed in regulation 31(1) of the LG Regulations is entitled to be reimbursed for the expense to the extent determined in section 8.2(1) to (5) of this Part.
- (2) Regulation 31(1) of the LG Regulations prescribes the following kinds of expenses that are to be reimbursed:
 - (a) rental charges incurred by a council member in relation to one telephone and one facsimile machine; and
 - (b) child care and travel costs incurred by a council member because of the member's attendance at a council meeting or a meeting of a committee of which he or she is also a member.
- (3) Pursuant to section 5.98(2)(a) and (3) of the LG Act, a council member who incurs an expense of a kind prescribed in regulation 32(1) of the LG Regulations is entitled to be reimbursed for the expense to the extent determined in section 8.2(6) to (8) of this Part.
- (4) Regulation 32(1) of the LG Regulations prescribes the following kinds of expenses that may be approved by a local government for reimbursement –
 - (a) an expense incurred by a council member in performing a function under the express authority of the local government;
 - (b) an expense incurred by a council member to whom paragraph (a) applies by reason of the council member being accompanied by not more than one other person while performing the function if, having regard to the nature of the function, the local government considers that it is appropriate for the council member to be accompanied by that other person; and
 - (c) an expense incurred by a council member in performing a function in his or her capacity as a council member.

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8.2 EXTENT OF EXPENSES TO BE REIMBURSED

- (1) The extent to which a council member can be reimbursed for rental charges in relation to one telephone and one facsimile machine is the actual expense incurred by the council member.
- (2) The extent to which a council member can be reimbursed for child care costs incurred because of attendance at a meeting referred to in regulation 31(1)(b) of the LG Regulations is the actual cost per hour or \$35 per hour, whichever is the lesser amount.
- (3) The extent to which a council member of a local government can be reimbursed for reasonable travel costs referred to in regulation 31(1)(b) of the LG Regulations is:
 - (a) if the person lives or works in the local government district or an adjoining local government district, the actual cost for the person to travel from the person's place of residence or work to the meeting and back; or
 - (b) if the person does not live or work in the local government district or an adjoining local government district, the actual cost, in relation to a journey from the person's place of residence or work and back:
 - (i) for the person to travel from the person's place of residence or work to the meeting and back; or
 - (ii) if the distance travelled referred to in subparagraph (i) is more than 100 kilometres, for the person to travel from the outer boundary of an adjoining local government district to the meeting and back to that boundary.
- (4) The extent to which a council member of a regional local government can be reimbursed for reasonable travel costs referred to in regulation 31(1)(b) of the LG Regulations is the actual cost for the person to travel from the person's place of residence or work to the meeting and back.
- (5) For the purposes of subsections (3) and (4), travel costs incurred while driving a privately owned or leased vehicle (rather than a commercially hired vehicle) are to be calculated at the same rate contained in Section 30.6 of the *Local Government Officers' (Western Australia) Award 2021* as at the date of this determination. For members with Electric Vehicles, the 1600cc Motor Vehicle Allowance rate should be applied.
- (6) The extent to which a council member can be reimbursed for child care costs incurred in any of the circumstances referred to in regulation 32(1) of the LG Regulations is the actual cost per hour or \$35 per hour, whichever is the lesser amount.

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- (7) The extent to which a council member can be reimbursed for intrastate or interstate travel and accommodation costs incurred in any of the circumstances referred to in regulation 32(1) of the LG Regulations is at the same rate applicable to the reimbursement of travel and accommodation costs in the same or similar circumstances under the *Public Service Award 1992* issued by the Western Australian Industrial Relations Commission as at the date of this determination.
- (8) The extent to which a council member can be reimbursed for any other cost incurred under regulation 32(1) of the LG Regulations is the actual cost upon presentation of sufficient evidence of the cost incurred.

PART 9: ANNUAL ALLOWANCES IN LIEU OF REIMBURSEMENT OF EXPENSES

This Part deals with annual allowances that a local government or regional local government may decide to pay.

9.1 GENERAL

- (1) Pursuant to section 5.99A of the LG Act, a local government or regional local government may decide by absolute majority that instead of reimbursing council members under the LG Act section 5.98(2) for all of a particular type of expense, it will pay all council members, for that type of expense, the annual allowance determined in section 9.2 of this Part or, as the case requires, an annual allowance within the range determined in that section.
- (2) Where a local government or regional local government has decided to pay council members an annual allowance for an expense of a particular type instead of reimbursing expenses of that type under section 5.98(2) of the LG Act, section 5.99A of the LG Act provides for reimbursement of expenses of that type in excess of the amount of the allowance.
- (3) In determining the maximum annual allowance for expenses of a particular type, the Tribunal has taken into account a range of factors including the following:
 - (a) the intent of the allowance to reflect the extent and nature of the expenses incurred and not to result in a windfall gain for council members;
 - (b) the capacity of local governments to set allowances appropriate to their varying operational needs;
 - (c) the particular practices of local governments in the use of information and communication technology (e.g. laptop computers, iPads); and
 - (d) the varying travel requirements of council members in local governments associated with geography, isolation and other factors.
- (4) With respect to ICT expenses, the Tribunal's intention is for the maximum annual allowance to cover the cost of providing ICT hardware and equipment. It is not the intention for the allowance to be paid in addition to providing equipment and hardware.

9.2 ANNUAL ALLOWANCES DETERMINED INSTEAD OF REIMBURSEMENT FOR PARTICULAR TYPES OF EXPENSES

(1) In this section:

ICT expenses means:

- (a) rental charges in relation to one telephone and one facsimile machine, as prescribed by regulation 31(1)(a) of the LG Regulations;
- (b) any other expenses that relate to information and communications technology (for example, telephone call charges and internet service provider fees) and that are a kind of expense prescribed by regulation 32(1) of the LG Regulations;
or
- (c) any expenses, including the purchase costs, of ICT hardware provided to elected members.

travel and accommodation expenses means:

- (a) travel costs, as prescribed by regulation 31(1)(b) of the LG Regulations; or
 - (b) any other expenses that relate to travel or accommodation and that are a kind of expense prescribed by regulation 32(1) of the LG Regulations.
- (2) For the purposes of section 5.99A(b) of the LG Act, the minimum annual allowance for ICT expenses is \$500 and the maximum annual allowance for ICT expenses is \$3,500.
- (3) For the purposes of section 5.99A(a) of the LG Act, the annual allowance for travel and accommodation expenses is \$100.

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SCHEDULE 1: LOCAL GOVERNMENT BAND ALLOCATIONS

Local Government	Band
Albany City	1
Armadale City	1
Ashburton Shire	2
Augusta-Margaret River Shire	2
Bassendean Town	3
Bayswater City	1
Belmont City	1
Beverley Shire	4
Boddington Shire	4
Boyup Brook Shire	4
Bridgetown-Greenbushes Shire	3
Brookton Shire	4
Broome Shire	2
Broomehill-Tambellup Shire	4
Bruce Rock Shire	4
Bunbury City	1
Busselton City	1
Cambridge Town	2
Canning City	1
Capel Shire	3
Carnamah Shire	4
Carnarvon Shire	2
Chapman Valley Shire	4
Chittering Shire	3
Christmas Island Shire	3
Claremont Town	3
Cocos (Keeling) Islands Shire	4
Cockburn City	1
Collie Shire	3
Coolgardie Shire	3
Coorow Shire	4
Corrigin Shire	4
Cottesloe Town	3
Cranbrook Shire	4
Cuballing Shire	4
Cue Shire	4

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Local Government	Band
Cunderdin Shire	4
Dalwallinu Shire	3
Dandaragan Shire	3
Dardanup Shire	3
Denmark Shire	3
Derby-West Kimberley Shire	2
Donnybrook Balingup Shire	3
Dowerin Shire	4
Dumbleyung Shire	4
Dundas Shire	4
East Fremantle Town	3
East Pilbara Shire	2
Esperance Shire	2
Exmouth Shire	3
Fremantle City	1
Gingin Shire	3
Gnowangerup Shire	4
Goomalling Shire	4
Gosnells City	1
Greater Geraldton City	1
Halls Creek Shire	3
Harvey Shire	2
Irwin Shire	3
Jerramungup Shire	4
Joondalup City	1
Kalamunda Shire	2
Kalgoorlie-Boulder City	1
Karratha City	1
Katanning Shire	3
Kellerberrin Shire	4
Kent Shire	4
Kojonup Shire	3
Kondinin Shire	4
Koorda Shire	4
Kulin Shire	4
Kwinana City	1
Lake Grace Shire	4

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Local Government	Band
Laverton Shire	3
Leonora Shire	3
Mandurah City	1
Manjimup Shire	2
Meekatharra Shire	3
Melville City	1
Menzies Shire	4
Merredin Shire	3
Mingenew Shire	4
Moora Shire	3
Morawa Shire	4
Mosman Park Town	3
Mount Magnet Shire	4
Mount Marshall Shire	4
Mukinbudin Shire	4
Mundaring Shire	2
Murchison Shire	4
Murray Shire	2
Nannup Shire	4
Narembeen Shire	4
Narrogin Shire	3
Nedlands City	2
Ngaanyatjarraku Shire	4
Northam Shire	2
Northampton Shire	3
Nungarin Shire	4
Peppermint Grove Shire	4
Perenjori Shire	4
Perth City	1
Pingelly Shire	4
Plantagenet Shire	3
Port Hedland Town	1
Quairading Shire	4
Ravensthorpe Shire	3
Rockingham City	1
Sandstone Shire	4
Serpentine-Jarrahdale Shire	2

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Local Government	Band
Shark Bay Shire	4
South Perth City	2
Stirling City	1
Subiaco City	2
Swan City	1
Tammin Shire	4
Three Springs Shire	4
Toodyay Shire	3
Trayning Shire	4
Upper Gascoyne Shire	4
Victoria Park Town	2
Victoria Plains Shire	4
Vincent City	2
Wagin Shire	4
Wandering Shire	4
Wanneroo City	1
Waroona Shire	3
West Arthur Shire	4
Westonia Shire	4
Wickepin Shire	4
Williams Shire	4
Wiluna Shire	4
Wongan-Ballidu Shire	4
Woodanilling Shire	4
Wyalkatchem Shire	4
Wyndham-East Kimberley Shire	2
Yalgoo Shire	4
Yilgarn Shire	3
York Shire	3

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Signed on 6 April 2023.

M Seares AO
CHAIR

B A Sargeant PSM
MEMBER

Hon J Day
MEMBER

SALARIES AND ALLOWANCES TRIBUNAL

LOCAL GOVERNMENT ELECTED MEMBERS EXPLANATORY NOTES

This section does not form part of the determination

1. Entitlements

The entitlement of a council member to a fee, allowance or reimbursement of an expense established under the LG Act, the LG Regulations and this determination, cannot be proscribed, limited or waived by a local government. Any eligible claim against those entitlements is to be paid in accordance with the applicable financial procedures of the local government.

2. Local governments to set amounts within the range determined

Where the Tribunal has determined a minimum and maximum amount for a fee, expense or allowance for members of the council of a local government or a regional local government, each council is to set, by absolute majority, an amount within the relevant range determined and the amount set will be payable to elected council members.

3. Superannuation

Nothing in this determination establishes a liability for the payment of superannuation by local governments. Elected council members are eligible for superannuation payments if their council has resolved unanimously to become an Eligible Local Governing Body (ELGB) pursuant to section 221A and section 221B of the *Income Tax Assessment Act 1936* (Cwlth). Where the council is an ELGB, it is deemed to have an employer/employee relationship with its elected council members and this attracts the application of a number of statutory obligations. Alternative arrangements described in Australian Taxation Office (ATO) Interpretative Decision ATO ID 2007/205 allow for elected council members and councils to agree for whole or part of meeting attendance fees to be paid into a superannuation fund. Where the council is an ELGB, fees for attendance at council, committee and prescribed meetings (whether paid via a per meeting fee or annual allowance) are to be inclusive of any superannuation guarantee liability. This information is not published by way of legal or financial advice.

4. Performing functions of mayor or president if vacant

If the deputy performs the functions of mayor or president for a continuous period of no less than four months, the deputy will be entitled to receive the mayor or president allowance according to the applicable local government band in 7.2 of the Determination. This can be applied retrospectively, in instances where an initial short term period of acting becomes a continuous period of acting for four months or more.

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8.0 RATES – DIFFERENTIAL RATES

FM52324

Author

Executive Manager Finance and Administration

Disclosure of Any Interest

Nil

Moved Cr Stubberfield

Seconded Cr Smith

Council Resolution

That Council suspend Standing Orders, clause 9.5 Limitation on number speeches to be suspended at 3.00 pm for open discussion on item 8.0 Rates – Differential Rates.

5/0 CARRIED

Moved Cr Stubberfield

Seconded Cr Smith

Council Resolution

That Council reinstate Standing Orders at 3.16 pm.

5/0 CARRIED

Moved Cr Smith

Seconded Cr Cowell

Council Resolution

That Council, having regard to the budget deficiency in the context of the Strategic Community Plan and the Corporate Business Plan:

- 1. Advertise in The West Australian the Shire of Shark Bay's Notice of Intention to Levy the following Differential Rates in accordance with Section 6.36 of the *Local Government Act 1995*.**

Rates Category	Minimum Rates (\$)	Rate in the Dollar (¢)
Gross Rental Value (GRV)		
- Residential	866.00	10.2239
- Commercial	866.00	10.5067
- Industrial/Residential	866.00	11.3138
- Vacant	866.00	10.2239
- Rural Commercial	866.00	10.6260
- Industrial/Residential Vacant	541.00	10.2239
- Rural Resort	866.00	11.2162

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Unimproved Value (UV)		
- General	659.00	14.5499
- Pastoral *	910.00	9.9645
- Mining	910.00	19.8451
- Exploration *	910.00	19.0811

*** Note – concessions have not been applied to these categories and will be considered as part of the budget process.**

2. Adopt the Objects and Reasons for each differential rate and minimum payment as attached.

5/0 CARRIED

Background

The current structure of the Shires Rating categories is based on differential rating and requires the Shire of Shark to give local public notice as per Section 1.7 of the *Local Government Act 1995* of its intention within the period of two (2) months proceeding the commencement of the financial year (ie on or after 1 May).

The differential rating structure was introduced to recognise the differing use of each property rather than assigning one general rate to a number of different properties uses and zoning in accordance with the Town Planning Scheme.

An elector or ratepayer is invited to lodge a submission in respect of the proposed rate or minimum payment within twenty-one (21) days of the notice being published. The Local Government is required to consider any submissions received before imposing the proposed rate.

A differential rate is defined under Section 6.33 (1) of the *Local Government Act 1995* -

“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 under a town planning scheme in force under the Town Planning and Development Act 1928.*
- (b) The predominant purpose for which the land is held or used as determined by the local government.*
- (c) Whether or not the land is vacant land; or*
- (d) Any other characteristic or combination of characteristics prescribed.”*

The Shire of Shark Bay has previously imposed a differential rate in accordance with Section 6.35(6)(c) *Local Government Act 1995*. If the Shire wishes to impose a differential rate again this year, local public notice must be given and contain the following information -

- (a) details of each rate or minimum payment the Local Government intends to impose.
- (b) an invitation for submissions to be made by an elector or ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days of the notice: and

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- (c) any further information in relation to matters specified in the above which may be prescribed.

In the 2022/2023 financial year the Shire of Shark Bay imposed the following differential rates -

Rates Category	Minimum Rates (\$)	Rate in the Dollar (¢)
Gross Rental Value (GRV)		
- Residential	833.00	9.8307
- Commercial	833.00	10.1026
- Industrial/Residential	833.00	10.8786
- Vacant	833.00	9.8307
- Rural Commercial	833.00	10.2173
- Industrial/Residential Vacant	520.00	9.8307
- Rural Resort	833.00	10.7848
Unimproved Value (UV)		
- General	875.00	19.7958
- Pastoral *	875.00	13.5571
- Mining	875.00	27.0001
- Exploration *	875.00	25.9606

*** Note – concessions have not been applied to these categories and will be considered as part of the budget process.**

Rating Comment

The Long Term Financial Plan adopted by Council recommends a 4% increase in rate revenue for the 2023/2024 year. If Council adopt this percentage increase approximately \$61,207 additional rates revenue would be achieved. However, Council may consider the economic impact that a rate increase of this nature would have on the community noting that no increase was imposed in the 2020/21 financial year.

In the proposal put forward for consideration by Council for advertising purposes, the rate in the dollar for gross rental values and minimum rate values have been increased by 4% respectively. The unimproved value rate in the dollar has been decreased by 26.5%, as a direct result of the removal of the long-standing concession for pastoral and exploration, in order to comply with section 6.33 of the Western Australian Local Government Act 1995. In addition, this decrease also reduces the variance between the gross valuation and unimproved rates in the dollar making it more equitable between the different rate categories.

The Valuer General completed the general valuation of the Gross Rental Values and Unimproved Values which took effect from the 1 July 2022. Overall there was an increase in gross rental values and unimproved values of \$1,251,083 and \$295,029 respectively resulting in a decrease in the rates in the dollar and minimum rates of 7.75% in order to align with the overall increase of 4% incorporated within the Strategic and Long Term Financial Plan.

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Details of the draft proposal of rates for 2023/2024 are as follows -

Rates Category	Minimum Rates (\$)	Rate in the Dollar (¢)
Gross Rental Value (GRV)		
- Residential	866.00	10.2239
- Commercial	866.00	10.5067
- Industrial/Residential	866.00	11.3138
- Vacant	866.00	10.2239
- Rural Commercial	866.00	10.6260
- Industrial/Commercial Vacant	541.00	10.2239
- Rural Resort	866.00	11.2162
Unimproved Value (UV)		
- General	659.00	14.5499
- Pastoral *	910.00	9.9645
- Mining	910.00	19.8451
- Exploration *	910.00	19.0811

** Note – concessions have not been applied to these categories and will be considered as part of the budget process.*

These differential rates result in the rates revenue model including concessions and a specified area rate below -

Rate in the Dollar

Land Category	Proposed Rate in the Dollar (cents)	Current Number Of Properties	Proposed Rates to be Levied \$	2022/2023 Annual Rates Based on Model
GRV				
- Residential	10.2239	394	570,053	548,595
- Commercial	10.5067	41	245,142	235,713
- Industrial/Residential	11.3138	47	73,324	70,504
- Rural Commercial	10.6260	5	36,290	34,894
- Rural Resort	11.2162	2	165,400	159,038
UV				
- General	14.5499	7	134,180	182,558
- Pastoral	9.9645	11	54,274	73,842
- Mining	19.8451	1	1,856	2,524
- Exploration	19.0811	10	207,934	266,751
Total		521	\$1,488,453	\$1,574,419

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Minimum Rates

Land Category	Proposed Minimum \$	Current Number of Properties	Proposed Rates to be Levied \$	2022/2023 Annual Rates Min Based on Model
GRV - all categories except Industrial/Residential -Vacant	866	112	96,992	92,463
GRV – Ind/Residential Vacant	560	0	0	0
UV – all categories except UV General	910	3	2,730	1,750
UV – General	659	6	3,954	5,250
Total		121	\$103,676	\$99,463
Total Proposed Rates			\$1,592,129	\$1,520,241
Less Proposed Concessions			(\$0.00)	(\$153,641)
Total Amount from General Rates			\$1,592,129	\$1,520,241
Total Proposed Rate Yield			\$1,592,129	\$1,520,241

At present the net rates received totals \$1,530,131 as it incorporates back rates and two concessions that are raised on application and are not taken into account in the above model. However, we have based the 4% increase on the figure above which aligns with our financial statements.

Under the Local Government Act there can be no more than 50% of properties on the minimum rate for each differential rate.

This poses challenges especially where there have been revaluations and the need to maintain relativity with previous years rate yield. This was predominantly in the unimproved valuations applied to the pastoral and mining properties.

Council should note that, when adopting the budget, it may resolve to impose different rates to the above. In this case, readvertising of the adopted rates is not necessary.

Objects and Reasons

Council, in adopting the intention to implement differential rates, is required to develop a document describing the objects of, and reasons for, each proposed rate and minimum payment. In the notice of intention to levy rates, Council is to advise electors and ratepayers of the time and place where this document can be inspected. Attached is the objects and reasons for Council's consideration.

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Legal Implications

Subdivision 2 of Division 6 under Part 6 of the *Local Government Act 1995*, Section 1.7 and Section 6.36 of the *Local Government Act 1995*.

Policy Implications

There are no policy implications relative to this report.

Financial Implications

Council needs to ensure that rate revenue remains at a level where the Shire can maintain its present level of service to ratepayers.

Strategic Implications

Outcome 6 A strategically focused, unified Council, functioning efficiently.

Risk Management

This is a high-risk item. Failure to adopt a motion for this would delay the adoption of the budget and be in contravention of the *Local Government Act 1995*.

Voting Requirements

Simple Majority Required.

Signatures

Author
Chief Executive Officer
Date of Report

A Pears
D Chapman
10 May 2023

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SHIRE OF SHARK BAY
2023/2024 DIFFERENTIAL RATES
STATEMENT OF OBJECTS AND REASONS

Objects and Reasons for Implementing a Differential Rate

In accordance with Section 6.36 of the **Local Government Act 1995** and the Council’s “Notice of Intention to Impose Differential Rates”, the following Information details the objectives and reasons for those proposals.

What are Rates?

The raising of rates is the primary source of revenue of all Councils throughout Australia. The purpose of levying rates is to meet Council’s proposed budget requirements each year in a manner that is fair and equitable to the ratepayers of the community.

In Western Australia land is valued by Landgate Valuation Services (Valuer General’s Office – a State Government agency) and those values are forwarded to each Local Government.

Two types of values are calculated:

- Gross Rental Value (GRV); and
- Unimproved Value (UV)

To calculate the rates to be charged, Council multiplies a rate in the dollar by the supplied value. The rate in the dollar is determined by the level of revenue the Council wishes to raise and is dependent on its proposed budget.

Apart from the need to ensure sufficient revenue to meet its expenditure needs, Council must be mindful of the impact and affordability of rates to the community.

The following are the estimated Differential Rates and Minimum Payments for the Shire of Shark Bay for the 2023/2024 financial year.

Rating Category	Minimum Rate	Rate in the Dollar (cents)
GRV – Residential	\$866	10.2239
GRV – Commercial	\$866	10.5067
GRV – Industrial/Residential	\$866	11.3138
GRV – Vacant	\$866	10.2239

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GRV – Rural Commercial	\$866	10.6260
GRV - Industrial/Residential Vacant	\$541	10.2239
GRV – Rural Resort	\$866	11.2162
UV General	\$659	14.5499
UV Pastoral	\$910	9.9645
UV Mining	\$910	19.8451
UV Exploration	\$910	19.0811

Differential Rating

Local Government, under section 6.33 of the Local Government Act 1995, have the power to implement differential rating in order to take into account certain characteristics of the rateable land.

These characteristics include:

- ❖ The purpose for which the land is zoned under the town planning scheme in force.
- ❖ The predominant use for which the land is held or used as determined by the local government.
- ❖ whether or not the land is vacant land; or
- ❖ any other characteristic or combination of characteristics prescribed.

Differential rates may be applied according to any, or a combination of the above characteristics. However, local governments are constrained in the range of differential rates that they may impose. That is, a local government may not impose a differential rate which is more than twice the lowest differential rate applied by that local government unless approval from the Minister is sought.

GRV - Residential

This category is applied to all properties with a land use that does not fall within any of the other categories in GRV. The rate reflects the level of rating required to raise revenue for the Council to operate efficiently and provide the diverse range of services and programs required for developed residential areas.

GRV – Vacant

This category is applied to residential land that has not been developed.

GRV - Industrial /Residential

This category is applied to all properties with an industrial land use which has the capacity for a caretaker's residence and is located in the industrial estate. The rate reflects the level of infrastructure required to maintain an industrial area and the ability of commercial property owners to utilise taxation benefits.

GRV – Industrial/Residential Vacant

This category is applied to all properties with an industrial land use which has not been developed. The rate reflects the level of infrastructure required to maintain an industrial area and the ability of commercial property owners to utilise taxation benefits.

GRV - Commercial

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This category is applied to properties with a commercial land use and reflects the level of services to commercial operators and the ability of commercial property owners to utilise taxation benefits.

GRV Rural Commercial

This category is applied to properties of a commercial nature which are located outside of the town centre. The rate reflects the level of infrastructure and services provided to these properties and the ability of commercial property owners to utilise taxation benefits.

GRV – Resort

This category is applied to properties of a commercial nature which are established with the purpose of providing accommodation and activities to the tourism market. The rate reflects the level of infrastructure and services provided to these properties and the ability of commercial property owners to utilise taxation benefits.

UV – General

This category is applied to all properties which do not fall into one of the other UV categories and includes all unimproved land. The rate reflects a contribution towards built infrastructure and recognises that this infrastructure is used by all property owners.

UV - Pastoral

This category is applied to the pastoral properties and reflects the contribution required by pastoral properties for the facilities that are available to them in the Shire.

UV - Mining

This category applies to mining tenement leases and reflects the contribution required by mining to the maintenance of the Shire's assets and services to the extent that the mining operations use these assets.

UV Exploration

This category applies to mining exploration and applies until the exploration moves to the establishment of mining activities. This rate reflects the contribution to the maintenance of the Shire' assets and services.

GRV Minimum

The GRV minimum is considered to be the minimum contribution for basic infrastructure and services.

UV Minimum

The UV minimum is considered to be the minimum contribution for basic infrastructure and services.

Submissions are invited from any Elector or Ratepayer with respect to the proposed differential rate within 21 days of the date of the notice of intention.

All submissions in writing should be forwarded to the Shire of Shark Bay no later than 4.00pm on 12 June 2023.

Dale Chapman
Chief Executive Officer

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9.0 CONFIDENTIAL ITEM

Moved Cr Vankova
Seconded Cr Stubberfield

Council Resolution

That the meeting be closed to members of the public in accordance with section 5.23(2) of the Local Government Act 1995 for Council to discuss matters of a confidential nature.

5/0 CARRIED

9.1 TENDER TE2022/2023-02 PROVISION OF KERBSIDE WASTE COLLECTION AND STREET SWEEPING SERVICES
TE2022/2023-02

AUTHOR

Chief Executive Officer

DISCLOSURE OF ANY INTEREST

Nil

Moved Cr Vankova
Seconded Cr Cowell

Council Resolution

That Council consider the Officer's Recommendation contained within the body of the confidential report.

5/0 CARRIED

Moved Cr Vankova
Seconded Cr Cowell

Ms Pears left the Council chamber at 3.32pm and returned to the Council Chamber at 3.34pm

Council Resolution

That Council:

- 1. Resolves, in accordance with r.18(5) of the *Local Government (Functions and General) Regulations*, not to accept any tender in relation to Request for Tender TE 2022/2023-02 Provision of Kerbside Waste Collection and Street Sweeping Services;**
- 2. Resolves to adopt the tender exemption process under r.11(2)(c)(i) of the *Local Government (Functions and General) Regulations*; and**
- 3. Authorises the Chief Executive Officer to conduct relevant enquiries on suitable service provision options for the provision of Kerbside Waste**

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Collection and Street Sweeping Services and provide a report and recommendations to a future Council Meeting.

5/0 CARRIED

Moved Cr Stubberfield
Seconded Cr Vankova

Council Resolution

That the meeting be reopened to the members of the public.

5/0 CARRIED

5.0 CLOSURE OF MEETING

As there was no further business, the President closed the Special Council meeting at 3.45 pm.