



Shire of Victoria Plains

28 Cavell Street Calingiri Western Australia 6569

P.O. Box 21 Calingiri W.A. 6569

TELEPHONE (08) 9628 7004 FACSIMILE (08) 9628 7008

Your ref: VP3-4#03 E1916609

Department of Local Government, Sport and Cultural Industries
PO Box 8349
PERTH BUSINESS CENTRE WA 6849

Attn Stuart Fraser

Dear Sir

RE: Audit Report 2017-2018

I refer to your letter of 28 June 2019 regarding the Operating Surplus Ratio, and noting that in accordance with the Local Government Act 1995 s.7.12A a report is to be provided to the Minister and published on the website.

At the July 2019 meeting, Council was advised of the Departments' letter and that a response is required within 60 days. It was resolved that –

The Dept of Local Government, Sport and Cultural Industries be advised that the significant adverse trends noted for the Operating Surplus Ratio is to be addressed by the draft Strategic Resources Plan (which incorporates long term financial planning) and allows for a 7% rate increase annually for the first 5 years of the plan, with significant expenditure reductions being considered.

The draft Strategic Resources Plan and Corporate Business Plan were prepared by Moore Stephens, and included workshops with councillors and staff.

The 7% increase proposed in the SRP would have resulted in a gradually improving operating surplus ratio over a number of years –

Financial year	Forecast Operating surplus ratio
2019-2020	-0.66 (-66.0%)
2020-2021	-0.59 (-59.0%)
2021-2022	-0.53 (-53.0%)
2022-2023	-0.46 (-46.0%)

A Community Meeting held on 5 August 2019, concern was voiced regarding the rate increases within the SRP and CBP. The Community Meeting was attended by Mr Russell Barnes of Moore Stephens.

Council adopted the draft Strategic Resources Plan and Corporate Business Plan at a Special Meeting held on 12 August 2019. The adopted SRP and CBP disclosed a planned 7% annual rate increase for the first 5 years.

At the Special Meeting, Council also considered a draft 2019-20 Budget that provided for a 5% rate increase.

Following the views expressed at the Community Meeting and during public question time at the Special Council Meeting, the adopted 2019-20 Budget was resolved with a 4% rate increase. Non-statutory fees and charges were also generally increased by 4%.

The reductions in expenditure in the adopted Budget included, but were not limited to –

- a reduction in consultant costs, noting various reports published by the Office of Auditor General, compliance costs generally are rapidly escalating (environmental health, environmental regulation, building, planning, engineering, governance), and the requirement for legislative compliance;
- legal costs remaining static, given that some actions are underway and others are outside of Council's control;
- discontinuation of one staff position; and
- deferral of plant and vehicle replacement changeover.

The requirement for Audit Committee oversight is noted.

I trust this information is sufficient, but please contact me if further detail is required.

Yours faithfully,



Glenda Teede
Chief Executive Officer

27 August 2019