Shire of **Tammin**

Your Ref:
Our Ref:
Enquiries: Andrew Malone

11 June 2026

Hon Hannah Beazley
DLGIRS
Gordon Stephenson House
140 William Street
PERTH 6000

Dear Ms Beazley

RE: BREACH OF LOCAL GOVERNMENT ACT - DIVISION 6 SUBDIVISION 1 SECTION 6.28 BASIS OF RATES

The Shire during the Shire's annual Audit raised with the auditors that the Shire did not reasonably apply the correct valuations in the Shire's annual 2025-26 budget. This was a matter relating to an administration error during the Shire's budget preparation.

Council adopted the 2025-26 budget based on Note 2 of the adopted annual budget. The values represented in this note were the 2024-25 values, which was in technical breach of the Local Government Act. Division 6 Subdivision 1 Section 6.28 Basis of Rates (4) states:

> *Subject to subsection (5), for the purposes of this section the valuation to be used by a local government is to be the valuation in force under the Valuation of Land Act 1978 as at 1 July in each financial year.*

Due to this administration error, the Shire did not apply the correct valuation in the budget. It is noted that the Manager of Finance (subsequently resigned), at the time the budget was presented, at no time presented that the report and budget were based on 24-25 values to senior management and Council. It is further noted that the Shire utilised the services of an external consultant to prepare the Shire's budget, in co-operation with the then Manager of Finance to draft the budget. It was incorrectly assumed that with the Manager and external consultants, that the budget would reflect the appropriate values and budgetary processes. Unfortunately, this error was not uncovered until a new Manager of Finance commenced with the Shire.

For the 2025-26 budget preparation, a 7.5% increase was requested to be presented to Council. The then Manager utilised the incorrect 24-25 valuations, however increased the Shire's rate in the dollar to represent a 7.5% increase. The 7.5% increase was presented to senior management and Council but at no time was an indication given that the 24-25 values were utilised, only as noted in Note 2 of the budget. What was known was the budgeted rate revenue needed to form a balanced budget which is presented in note 2 besides the 24/25 budgeted and actual figures which represented a 7.5% increase which is the yield Council agreed to adopt.

Upon identification the incorrect values were used by administration, Council was informed during the Shire's September 2025 information session. Administration informed Council that the incorrect values were used however that no ratepayers where disadvantaged and Council would receive the budgeted rates revenue as adopted. Council had adopted a 7.5% yield increase which was achieved as per the Council adopted budget. At no time was Council or ratepayers disadvantaged.

The Shire's Auditors in June 2026 indicated the breach of the Local Government Act Division 6 Subdivision 1 Section 6.28 Basis of Rates (4). The Shire on further discussion with the Shire's Auditors, has determined it necessary to report this breach to the Department and the Honourable Minister.

The Shire, on identification of the issue in September 2025, did not escalate this matter to the Minister's attention, as administration's assessment was, although the wrong valuations where used, the budgeted revenue was achieved and no ratepayer was disadvantaged, therefore direct reporting did not occur. It was determined that as UV values are received each year, the Shire could correct any values anomaly in the 2026-27 budget. As the Shire were achieving the yield increase adopted by Council, administration determined there was not a breach, however as addressed above, on discussions with the Auditors, they determined that there was a technical breach. Beyond non-compliance, it is noted that there are no other audit impacts as identified by the Shire's Auditors, given there is no impact on the amount or collectability of rates.

Given the above, the Shire would like to report a technical breach of the Local Government Act - Division 6 Subdivision 1 Section 6.28 Basis of Rates (4), albeit having no direct impact to the governance of Council or any direct impact to the finances of Council or the Shire's ratepayers.

If you require any further information regarding this matter, please contact Andrew Malone Shire, CEO at the Shire of Tammin on (08) 9637 0300 or email ceo@tammin.wa.gov.au.

Yours sincerely

Andrew Malone
CHIEF EXECUTIVE OFFICER