



MINUTES

of the

Special Council Meeting

held on

Tuesday 9 July 2019

at

5.30pm

in the

Council Chambers

11-13 Waldeck Street, Dongara

I certify that this copy of the Minutes is a true and correct record of the meeting held on Tuesday 9 July 2019

Signed:
Presiding Elected Member

Date: 23/07/2019

Disclaimer

The Shire of Irwin advises that the purpose of an Ordinary Council Meeting is to discuss and, where possible, make resolutions about items appearing in the agenda. No person should rely or act on the basis of any decision, advice or information provided by a Member or Officer, or on the content of any discussion occurring during the course of the meeting. No person should rely on the decisions made by Council until formal written advice of the Council is received by that person.

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Shane Ivers
CHIEF EXECUTIVE OFFICER

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SPECIAL COUNCIL MEETING

held on

Tuesday 9 July 2019

at 5.30pm

MINUTES

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President welcomed those in attendance and opened the meeting at 5.30pm.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Members

Councillor M T Smith

President

Councillor B Wyse

Deputy President

Councillor S F Gumley

Councillor M Leonard

Councillor I Scott

Councillor I F West

Councillor K L Wilson

Staff

Mr S D Ivers

Chief Executive Officer

Mrs N A M'Leane

Governance & Executive Coordinator
(Acting)

Apologies

Councillor A J Gillam

Approved Leave of Absence

Nil.

Guests

Nil.

Gallery

J Arden

3. DECLARATION OF PURPOSE OF MEETING

The purpose of the meeting is to consider the proposed rates in the dollar for differential rating to be advertised prior to the adoption of the 2019/20 Budget.

4. DECLARATIONS OF INTEREST

Nil.

5. PUBLIC QUESTION TIME

Nil.

6. OFFICER REPORTS

CORPORATE AND COMMUNITY		CC01-07/19S
Subject:	Differential Rates 2019/20	
Author:	S Bonny, Finance Officer – Rating	
Responsible Officer:	S Ivers, Chief Executive Officer	
File Reference:	RV.RT.3	
Voting Requirements:	Simple Majority	

Council Role:

- Advocacy** When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive** The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- Legislative** Includes adopting local laws, local planning schemes and policies.
- Review** When Council reviews decisions made by Officers.
- Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice e.g. local planning applications, building permits, other permits/licences (e.g. under Health Act, Dog Act or local laws) and other decisions that may be appealable to the State Administrative Tribunal (SAT).

Report Purpose:

To consider the proposed rates in the dollar for differential rating to be advertised prior to the adoption of the 2019/20 Budget.

Background:

There is provision under the Local Government Act 1995 to impose differential rates within the local government's boundaries and in considering this imposition, there are certain statutory obligations that the local government must comply with.

- Before any consideration to its Budget, the local government is required to give local public notice of its intention to impose differential rates;
- The local government must provide information of each new rate or minimum payment;
- Electors or ratepayers are invited to make submissions in respect of the proposed rate or minimum payment. This submission period must be for a minimum of 21 days; and
- Application to the Minister for Local Government; Heritage; Culture and the Arts seeking approval to impose a differential rate that is more than twice the lowest rate.

For many years, the Shire of Irwin have used differential rates to levy a higher rate in the dollar for Mining Tenements than other Unimproved Valuation (UV) properties. This practice has been common within local governments.

A draft budget workshop was held on Thursday, 4 July 2019, at this workshop Councillors reviewed the projected changes in operating revenue and expenditure, along with efficiency measures, proposed capital works, projects and new initiatives.

The differential rates will directly influence Council's ability to fund expenditure requirements in the 2019/20 Budget.

Officer's Comment:

For Council to meet the requirements of the Act it is required to advertise the proposed differential rates within time frames to meet the 21 day period before the budget is adopted.

A thorough review of the draft budget revenue and expenditure requirements, at the draft budget workshop, has indicated that an increase of 2.25% on the actual revenue raised in the 2018/19 financial year will meet requirements of the 2019/20 budget.

Differential rating allows Council to maintain a degree of equity between rates levied on all unimproved value assessments within the Shire of Irwin rate base whilst providing income annually to allow for the service requirements of all property owners.

The reasoning for levying the higher rate in the dollar can be found in the attachment - Statement of Objects and Reasons.

It is worth noting that while both UV Rural and UV Mining are based on "Unimproved Values" provided by the Valuer General, the *Valuation of Land Act 1978* prescribes different methods of calculating each one.

The unimproved valuation of land utilised for rural purposes is the capital amount that the property (not including improvements) might reasonably be expected to realise upon sale.

The unimproved valuation of land used for mining tenements is calculated on the annual rent per hectare multiplied by a factor, the amount of which depends on the number of hectares and type of lease held. They therefore have no relativity and cannot be compared.

Unimproved Valuations

Landgate has advised that the total unimproved valuation for the Shire of Irwin is \$116,884,600 (previous year unimproved valuation was \$113,368,600).

The Valuer's comments also suggest that there is a possibility of a slight change to this figure due to the effect of interim valuations.

In the letter, the Valuer also makes the following comments:

"OVERALL VARIATION TO UNIMPROVED VALUATIONS

Generally, unimproved values for the broadacre market have increased. There had been a disproportionate uplift in the values in the western portion of the Shire. However, the overall total assessed value had decreased due to the influence of the large proportion of rural lifestyle properties situated within the Shire. The rural lifestyle market continues to soften, and this has been reflected in Unimproved Values for this market segment being reduced, sometimes significantly. The rural lifestyle market is showing value trends that have more in common with the movements of the residential market than the broad hectare rural market. Sales close to the date of valuation indicate that the broad hectare rural market is continuing to firm, and some further increases are anticipated in the next revaluation if this trend continues to be supported by sales evidence. On the other hand, sales of rural lifestyle properties – particularly those with poor soils – are showing signs of a continuing softening in prices and demand.

Some changes to individual assessments may have occurred either as a product of the mass valuation process or where records have been amended or corrected for more up to date information about soil types etc.

It should be noted that individual property values will change by more or less than the average increases reported above and therefore when rate notices are issued they will not necessarily reflect a 2.25% increase in rates on their property.

Gross Rental Valuations

Landgate provided a new Gross Rental Valuation (GRV) which took effect as of 1 July 2019, and had advised that the net change of GRV properties within the Shire is a decrease of approximately 12.35% to \$25,065,378.

Analysis undertaken by Landgate for the current 2019 Commercial General Valuation (including interview’s undertaken with agents, owners and tenants) suggests 2019 levels should generally be slightly lower today than they were 4 years ago in 2015. It is believed that the 2015 GRV Commercial GRV’s were applied conservatively – particularly in the main “central precinct”.

With this in mind, despite a softening market, the aggregated total of 2019 commercial GRV’s (excluding “special and strata titled storage units at 31 Moore Road) showed a slight increase of 2.44% over 2015 GRV’s.

Special valuations including Short-Stay Accommodation generally saw a decrease in GRV.

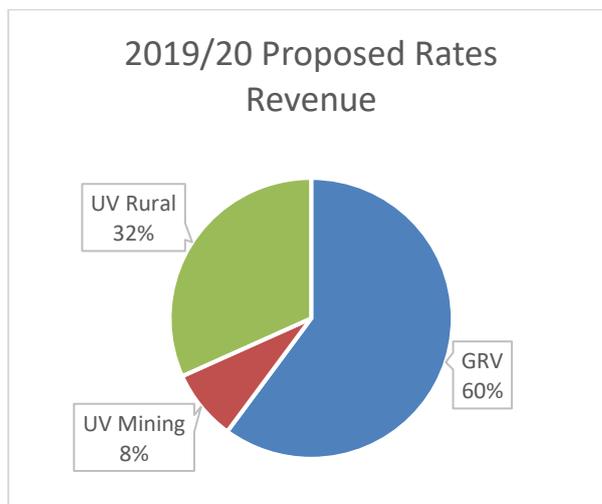
The new chart shows a newly coordinated level of Industrial GRV’s for properties, typically increasing the lower end of properties less than 200m². The larger properties are receiving similar GRV’s as the last general revaluation. The net resulting change of Industrial properties is approximately a 0.9% increase.

Some changes to individual assessments may have occurred either as a product of the mass valuation process or where records have been amended or corrected for more up to date information about soil types etc.

Mining Valuations

Landgate has provided the Mining Valuation Roll which shows an increase from \$2,180,242 (2018) to \$2,305,659 as at 1 July 2019.

	Proposed Rates Revenue
GRV	\$ 3,180,428
UV Mining	\$ 431,017
UV Rural	\$ 1,680,298
Total	\$ 5,291,743



The proposed rate in the dollar has been calculated by using the actual rates raised as at 1 July and then adjusted by any full year equivalent increase or decrease for interims received for the year.

The proposed rates of \$5,291,742 includes the 2.25% increase on last year's rates and anticipated interim revenue of \$10,000. The draft budget is still being finalised and is subject to change due to the end of financial year processes.

WALGA provides an economic forecast each year and the Local Government Cost Index (LGCI) which is a report on the costs and factors affecting local government. The forecast of the 2019/20 financial year has the LGCI to be a 1.8% increase in local government costs (source WALGA Economic Briefing May 2019).

Other factors that have been considered in the proposed budget are:

- street lighting tariffs increasing by at least 3%;
- electricity charges increasing by 14%;
- water tariffs increasing by 2.5%;
- minimum wage increase by 3%; and
- landfill levy increase by 10%.

Consultation:

Once adopted the proposed differential rates together with the objects of imposing differential rates and reasons for each rate category must be advertised for a minimum period of 21 days. This period of advertising allows ratepayers to consider the proposed rates and make any submissions to Council. The advertising process does not prevent Council from amending the rate in the dollar at budget adoption.

It is also proposed that the Shire write to all Mining Tenement owners.

Statutory Environment:

Local Government Act 1995

6.33. Differential general rates

6.36. Local government to give notice of certain rates

Policy Implications:

In accordance with the Department of Local Government and Communities' Rating Policy – Differential Rates, Council must demonstrate that consideration has been given to the key values of Objectivity, Fairness and Equity, Consistency, Transparency and Administrative Efficiency.

Objectivity

The land on which differential general rates has been rated according to one or more of the following land characteristics:

- zoning
- land use
- vacant land.

Where there has been a change to the boundaries of the district within the past five years, the land on which differential general rates apply may also be rated according to one or more of the following land characteristics:

- whether or not it is situated in a town-site
- whether or not it is situated in a particular part of the district.

The local government has proposed a differential general rate which is more than twice the lowest differential rate.

Fairness and Equity

The Council of the local government has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. This is to be reflected in the council minutes when it adopts the budget strategy and endorses objects and reasons for each differential rating category and each minimum payment.

The objects of imposing differential rates and reasons for each proposed differential general rate are set out by the local government in a publically available document.

These objects and reasons clearly explain why each differential general rate is proposed to be imposed.

The objects and reasons clearly explain why it is proposed to set the differential general rate at that particular rate.

If a category of ratepayer is significantly contributing to the local government's revenue through fees, charges and other payments, the local government has not used these same costs as the justification for the difference in differential general rate.

If there are fewer than thirty ratepayers who will be subject to the differential general rate, each affected ratepayer has been informed in writing by the local government of:

- the terms of this policy (through the provision of a copy of this document to the ratepayer)
- the local government's objects of and reasons for proposing to impose the differential general rates
- the differential general rate that will apply to the ratepayer's property; and
- the differential general rate that applied in the previous year for comparison

and was given at least 21 days to make submissions to the local government on the proposal.

The ratepayers' submissions, if any, and the local government's response to each ratepayer's submission (as recorded in the minutes of the Council meeting at which the response was adopted) have been provided to the Minister.

Consistency

The local government has rated similar properties that are used for the same purpose in the same way.

The proposed differential rates align with the rating strategy in the corporate business plan and long term financial plan or the council of the local government has detailed its reasons for deviating from that rating strategy.

The local government has reviewed and considered rates proposed in neighbouring or similar local government districts in the rating strategy.

Transparency and administrative efficiency

The local government has:

- prepared and made publically available a document clearly describing the object of and reason for each differential general rate;
- given public notice in a newspaper circulating generally throughout the district and exhibited to the public on a notice board at the local government's office and at every local government library in the district (refer to Rating Policy – Giving Notice)
- published the notices after 1 May in the relevant year.

The public notice published by the local government contained:

- details of each differential general rate that the local government intends to impose
- an invitation for submissions to be made by an elector or ratepayer
- a closing date for submissions which is at least twenty one days after the day on which the notice is published
- advice on the time and place where a document containing the objects of and reasons for the differential general rates can be inspected.

The council of the local government has:

- considered each ratepayer submission (if any)

- resolved to make the application provided the Minister with the minutes and agenda papers relevant to these matters.

Financial/Resource Implications:

The Shire’s principle source of income is through rates. It is an essential part of the budget process that the Council consider the level of rates that need to be raised in the context of funding the annual budget. It must also be noted that as other income, such as fees and charges are fixed by external legislation, there is very little scope for the Shire to increase this revenue source to keep up with the rising costs of service provision and reduction of grant funding, therefore, these increasing costs must be borne by increases in rates.

Strategic Implications:

Strategic Community Plan 2017 - 2027

Strategy 4.2.1 Ensure compliance whilst embracing innovation and better practice principles

Strategy 4.3.2 Adopt and follow better practice processes

Attachments:

Attachment 1 - Statement of Objects and Reasons

OFFICERS RECOMMENDATION		
MOVED: Cr Scott	SECONDED: Cr Leonard	
That Council;		
1) Adopts the following rates in the dollar and minimum rates for the differential rating categories specified for the 2019/20 financial year.		
<u>Rate Category</u>	<u>Rate in Cents in the Dollar</u>	<u>Minimum Rates</u>
<i>Gross Rental Valuations</i>		
General Rate	11.2188	\$999
<i>Unimproved Valuations</i>		
General Differential Rate	1.4241	\$999
Mining Differential Rate	19.0527	\$999
2) Approves the advertising of its intention in accordance with Section 6.36 of the Local Government Act 1995.		
3) Endorses the Statement of Objects and Reasons, as presented in the Attachments Booklet – July 2019 under separate cover.		
4) Confirms that expenditure has been reviewed and the following efficiency measures have been considered as part of budget deliberations:		
<u>Efficiency Measures:</u>		
<ul style="list-style-type: none"> • Service levels and core business; • Process improvement strategy to increase efficiencies; • Rural roads infrastructure improvement strategy; • Asset management strategy; • Improve utility efficiencies for future savings; and • Review each position as vacancies arise. 		

Formal debate followed with elected members speaking either for or against the motion.

AMENDMENT MOVED

MOVED: Cr Wyse

SECONDED: Cr Wilson

That Council;

- 1) Amends the staff recommendation and adopts the following rates in the dollar and minimum rates for the differential rating categories specified for the 2019/20 financial year.

<u>Rate Category</u>	<u>Rate in Cents in the Dollar</u>	<u>Minimum Rates</u>
<i>Gross Rental Valuations</i>		
General Rate	10.9340	\$999
<i>Unimproved Valuations</i>		
General Differential Rate	1.3880	\$999
Mining Differential Rate	18.5690	\$999

Formal debate followed with elected members speaking either for or against the amended motion.

Cr Wyse spoke to close the debate.

At the conclusion of debate the Shire President put Cr Wyse proposed amendment, which reads:

AMENDMENT SS010719:

MOVED: Cr Wyse

SECONDED: Cr Wilson

That Council;

- 1) Amends the staff recommendation and adopts the following rates in the dollar and minimum rates for the differential rating categories specified for the 2019/20 financial year.

<u>Rate Category</u>	<u>Rate in Cents in the Dollar</u>	<u>Minimum Rates</u>
<i>Gross Rental Valuations</i>		
General Rate	10.9340	\$999
<i>Unimproved Valuations</i>		
General Differential Rate	1.3880	\$999
Mining Differential Rate	18.5690	\$999

VOTING DETAILS:

Lost 3/4

The amendment was put and lost.

AMENDMENT MOVED

MOVED: Cr West

SECONDED: Cr Scott

That Council;

- 1) Amends the staff recommendation and adopts the following minimum rates for the differential rating categories specified for the 2019/20 financial year.

<u>Rate Category</u>	<u>Minimum Rates</u>
<i>Gross Rental Valuations</i>	
General Rate	\$1100
<i>Unimproved Valuations</i>	
General Differential Rate	\$1100
Mining Differential Rate	\$1100

Formal debate followed with elected members speaking either for or against the amended motion.

At conclusion of debate the Shire President put Cr West proposed amendment, which reads:

AMENDMENT SS020719:

MOVED: Cr West

SECONDED: Cr Scott

That Council;

- 1) Amends the staff recommendation and adopts the following minimum rates for the differential rating categories specified for the 2019/20 financial year.

<u>Rate Category</u>	<u>Minimum Rates</u>
<i>Gross Rental Valuations</i>	
General Rate	\$1100
<i>Unimproved Valuations</i>	
General Differential Rate	\$1100
Mining Differential Rate	\$1100

VOTING DETAILS:

Carried 7/0

The amendment was put and carried. The Shire President the put the substantive motion as amended, which read:

SUBSTANTIVE MOTION AND COUNCIL DECISION SS030719:

MOVED: Cr West

SECONDED: Cr Scott

- 1) That Council; Adopts the following rates in the dollar and minimum rates for the differential rating categories specified for the 2019/20 financial year.

<u>Rate Category</u>	<u>Rate in Cents in the Dollar</u>	<u>Minimum Rates</u>
<i>Gross Rental Valuations</i>		
General Rate	11.2188	\$1100
<i>Unimproved Valuations</i>		
General Differential Rate	1.4241	\$1100
Mining Differential Rate	19.0527	\$1100

- 2) Approves the advertising of its intention in accordance with Section 6.36 of the Local Government Act 1995.
- 3) Endorses the Statement of Objects and Reasons, as presented in the Attachments Booklet – July 2019 under separate cover.
- 4) Confirms that expenditure has been reviewed and the following efficiency measures have been considered as part of budget deliberations:

Efficiency Measures:

- Service levels and core business;
- Process improvement strategy to increase efficiencies;
- Rural roads infrastructure improvement strategy;
- Asset management strategy;
- Improve utility efficiencies for future savings; and

Review each position as vacancies arise.

VOTING DETAILS:

Carried 4/3

7. MATTERS FOR WHICH THE MEETING IS CLOSED TO THE PUBLIC

Nil.

8. CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 5.59pm.

An electronic copy of the Minutes are available for download from the Shire's website

<http://www.irwin.wa.gov.au/Agendas-Minutes.aspx>