



SPECIAL COUNCIL MEETING

MINUTES

**The Special Council Meeting was held
in the Council Chambers, Welcome Road, Karratha,
on Monday, 10 August 2015
to consider the following item:**

- 2015/16 Differential Rates**

**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



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The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed:  _____
Chris Adams - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*; or
 - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the *Local Government Act*, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

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MINUTES

1 OFFICIAL OPENING

The Special Meeting of Council held in the Council Chambers, Welcome Road, Karratha on Monday, 10 August 2015 was declared open at 5.10 pm. Cr Long acknowledged the traditions of the Ngarluma people, on whose land we are gathered here today.

2 PUBLIC QUESTION TIME

Nil.

3 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Councillors:	Cr Peter Long	[Mayor]
	Cr John Lally	[Deputy Mayor]
	Cr Geoff Harris	
	Cr Michael Saylor	
	Cr Evette Smeathers	
	Cr Robin Vandenberg	
Staff:	Chris Adams	Chief Executive Officer
	Phillip Trestrail	Director Corporate Services
	Andrew Ward	Director Community Services
	David Pentz	Director Development Services
	Simon Kot	Director Strategic Projects & Infrastructure
	Linda Franssen	Minute Secretary
Apologies:	Cr Garry Bailey	
	Cr Harry Hipworth	
	Cr Janine Miller	
	Cr Fiona White-Hartig	
Absent:	Nil	
Leave of Absence:	Nil	
Members of Public:	Travis McNaught	
	Grant Singleton	
Members of Media:	Nil	

4 DECLARATIONS OF INTEREST

Nil.

5 EXECUTIVE SERVICES

5.1 2015/16 DIFFERENTIAL RATES

File No:	FM.1
Responsible Executive Officer:	Chief Executive Officer
Reporting Author:	Director Corporate Services
Date of Report:	10 August 2015
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. Correspondence to the DLGC (dated 06/08/15) re TWA bed numbers and residential population 2. Correspondence from Minister Simpson (dated 07/08/2015) re Council's proposed TWA/WA rate

PURPOSE

To update Council on the status of Council's application for approval of the Differential General Rates for 2015/16 and to consider options to respond to the Minister's decision not to approve the proposed Transient Workforce Accommodation/Workforce Accommodation (TWA/WA) rate.

BACKGROUND

Following the Minister's original decision (dated 28 July 2015) not to approve the City's proposed TWA/WA rate (based on incorrect advice from the Department of Local Government & Communities regarding Council's proposed rate) Council resolved as follows at a Special Council Meeting held on Friday 31 July 2015:

That Council by SIMPLE Majority:

1. REAFFIRMS that the Council's intention has always been to maintain a maximum increase in the rate yield of 4% in each category for 2015 /16 (as resolved at the 15 July 2015 Council Meeting) and CONFIRMS that Council's decision at the July OCM authorised Council Officers to modify the proposed rates in the dollar post the receipt of all final valuations from Landgate to achieve this outcome.
2. CONFIRMS and NOTES that the proposed rates in the dollar to achieve the principal as identified in Item 1 above will be:

GRV/UV	Differential Rates Categories 2015/16	Proposed Rate in \$	Minimum Rates
GRV	Residential	0.064121	\$1,450
GRV	Commercial / Tourism / Town Centre	0.073271	\$1,450
GRV	Industry / Mixed Business	0.056287	\$1,450
GRV	Airport / Strategic Industry	0.126515	\$1,450
GRV	Transient Workforce Accommodation / Workforce Accommodation	0.232179	\$1,450
UV	Pastoral	0.096978	\$408
UV	Mining/Other	0.134010	\$408
UV	Strategic Industry	0.152053	\$408

3. REJECTS the proposition of discounting the rate in the dollar for Transient Workforce Accommodation/Workforce Accommodation on the basis of occupancy as:
 - Council rates are primarily based on property valuations not occupancy levels;
 - Treating one rating category in this manner would be discriminatory to other ratepayers;
 - The TWAWA rating category already pays significantly less rates per dwelling than similar type individual properties within the City (i.e. units, apartments and bedsits); and
 - FIFO population and Residential population are not mutually exclusive.
4. CONFIRMS that the City's application for Ministerial approval for Differential rates for 2015/16 is for the categories of GRV Airport/Strategic Industry and Transient Workforce Accommodation/Workforce Accommodation are 0.126515c and 0.232179c respectively, not 0.132140c and 0.257180c.
5. Formally REQUESTS that the Minister for Local Government reconsider his decision of the 28 July 2015 that rejects the City's 2015/16 GRV TWAWA differential rates on the basis that the information provided to him to make the decision was not consistent with the full and complete information provided by the City on this matter.

Council's resolution was communicated to the Department of Local Government & Communities (the Department) together with additional information regarding the Department's position on TWA bed numbers and residential population (refer attached). Despite this, the Minister has advised that he is not prepared to approve the City's proposed TWAWA rate of \$0.232179 stating in part that:

I remain of the view that the proposed differential rate for the TWAWA category does not conform to the principles of fairness and equity as outlines in the administrative policy for assessing applications of this kind. The re-assessment included a proportional comparison of the rate burden applied between the residential population using the 2013 Estimated Resident Population published by the Australian Bureau of Statistics and all beds in the TWAWA Category, including the 1500 beds associated with the (currently closed) Camp 123.

In the future, if Camp 123 remains closed, it should not be considered for the purposes of determining a proportional rate burden in the TWAWA rate category.

As reported at the last meeting, the City's submissions included the following data:

	Population	%	Rate Income
Residential Population	22,900*	69%	\$17.74M (69%)
TWA Beds	10,374**	31%	\$7.85M (31%)
Total	33,274	100%	\$25.59M

* 2011 Census Data

** Data from Council's lodging house register

This is just one element of the submissions made to the Department and it is the view of Council Officers that too much emphasis is being placed on this imperfect measure at the expense of the majority of the City's ratepayers. Other aspects of the City's submissions include:

- The proposed TWA/WA rate is 3.6 times the residential rate compared with the four times approved by the Minister in previous years;
- 19 of the 23 properties in the TWA/WA rate category are within town boundaries and have access to the same services and infrastructure as the residential population;
- The rate yield from the TWA/WA rating category has reduced while the residential rate yield has been increasing;
- The TWA/WA rating category already pays significantly less rates per dwelling than similar type individual properties within the City (i.e. units, apartments and bedsits);
- The TWA/WA rate in the dollar was reduced (from \$0.272868 to \$0.084228) when valuations increased significantly in 2009/10 and it is appropriate that the rate in the dollar increase now that valuations are reducing;
- Some TWA/WA properties have been reclassified reflecting a change in use to commercial. This results in a \$0.55 million reduction in rates for those properties. Occupancy rates in most of the remaining properties high;
- Of the 23 TWA/WA properties, 12 are already receiving a reduction in their rates bill from the 2014/15 level and two others are receiving a rates bill that increases by less than 4% on last year.

Assuming the rate collection across the total population is to remain at the level as projected in the Draft 2015/16 Budget, the impact of the Minister's position is as follows:

Category	Population	%	Rate Income \$	Inc/(Dec)	% of total yield	Previous Yield
Residential	25,904	71.4	\$18.27m	\$0.53m	44.1%	42.8%
TWA/WA	10,374	28.6	\$7.32m	(\$0.53m)	17.7%	19.0%
TOTAL	36,278	100	\$25.59m	-	61.8%	61.8%

This would mean that the average residential ratepayer would pay an additional \$63 per property and the average TWA/WA would pay \$23K less in rates to achieve the same rate yield. If Council chose to spread the shortfall across the properties in all other categories, not just residential, the average ratepayer would pay an additional \$54.

Alternatively, Council could 'forego' to the \$0.53 million in rates that the Minister is effectively suggesting that the City is overcharging. This would lead to total estimated rate collection dropping from \$41.41M to \$40.87M – an increase of only 0.67% on the \$40.6M that the City collected in 2014/15. This increase in total rates would be 9.63% less than what was proposed in the original Long Term Financial Plan. Council would need to either reduce service levels, review the planned capital works program, use reserve funds, borrow funds or adopt a deficit budget to respond to the reduction in revenue.

If Camp 123 is excluded for the purposes of determining a proportional rate burden in the TWAWA rate category, despite it not being demobilised, and the residential population continues to reflect the over-inflated ERP, the impact of the Minister's position will be as follows:

Category	Population	%	Rate Income \$	Inc/(Dec)	% of total yield	Previous Yield
Residential	25,904	74.5	\$19.06m	\$1.32m	46.0%	42.8%
TWAWA	8,874	25.5	\$6.53m	(\$1.32m)	15.8%	19.0%
TOTAL	34,778	100	\$25.59m	-	61.8%	61.8%

This would mean that the average residential ratepayer would pay an additional \$158 per property and the average TWAWA would pay \$57K less in rates to achieve the same rate yield. Alternatively, an increase of approximately 2% across all rate categories would be required to maintain the same total rate yield.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CE-8 Significant Decision Making Policy, this matter is considered to be of high significance in terms of economic issues, parties affected and Council's financial sustainability and ability to perform its role in delivering services to the community.

COUNCILLOR/OFFICER CONSULTATION

Councillors have discussed this matter formally at the various Council meetings and Briefing sessions.

COMMUNITY CONSULTATION

As outlined earlier in this report community consultation has been undertaken in the form of public advertising and by writing to those ratepayers who are most affected by the rating and valuation changes from a financial perspective.

STATUTORY IMPLICATIONS

Section 6.33(3) of the *Local Government Act 1995* stipulates that Ministerial approval is required to impose a differential rate which is more than twice the lowest differential rate. As the differential rates proposed for TWAWA and Airport/Strategic Industry are more than twice the rate in the dollar proposed for Industry/Mixed Business, Ministerial Approval is being sought.

Section 6.2 of the Act provides that each local government is to prepare and adopt a budget for the financial year by 31 August. It is unclear what occurs if the Council is unable to adopt its budget owing to the Minister's determination of the City's rates.

POLICY IMPLICATIONS

CF-10 Rating Equity Policy.

FINANCIAL IMPLICATIONS

Council's adopted rate model for 2015/16 sought a 4% yield increase, spread equally across each category, which would have resulted in a total rate yield of \$42.2 million. In the interest of fairness and equity, some properties are being reclassified from TWAWA to other lower rate yield categories as the primary use of the property has changed from TWAWA to a commercial use. This has effectively led to a reduction in rate yield from the TWAWA category of \$0.89 million. If the Minister's proposition is accepted, the TWA yield would

reduce by a further \$0.53 million (a total reduction of \$1.42 million). The cumulative impact of this reduction in rate income from TWAWA properties is \$17 million over 10 years.

Rating income makes up 29% of the City's total revenue making this a significant financial matter.

STRATEGIC IMPLICATIONS

This item is relevant to Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2015-2016 provided for this activity:

Our Program	4.d.11	Maximise opportunities for long term financial sustainability and equitable rating structure.
Our Services	4.d.1.1.1	Responsible financial management

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be high to the City in terms of financial sustainability.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

Annually the City applies for, and has obtained, Ministerial approval in order to impose differential rating for all Gross Rental Value properties and Unimproved Value properties. Ministerial approval was obtained for the 2014/15 Financial Year to rate properties with a land use of: Transient Workforce Accommodation/Workforce Accommodation (relativity of 4 times the residential rate in the dollar); Airport/Strategic Industry (3.5 times residential); and UV Strategic Industry (2.5 times pastoral). If the Council accepts the Minister's proposition, the TWAWA rate would drop to 3.38 times the residential rate in the dollar, despite their being no change in the circumstances surrounding the City's application.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:

The Council options to progress this matter are largely the same as those available when this matter was considered at the last Special Council Meeting. The following four options have been identified for Council's consideration.

Option 1 – Reconsider the Rating Model/Reduce TWAWA rates

Council could 'discount' the TWAWA rates in the dollar to reflect the Minister's position. This option is the preferred direction of the Department. Recent advice indicates that the Town of Port Hedland has agreed to modify their TWAWA rate downwards from \$0.28 to \$0.26 based on negotiations with the Department.

The following observations are made in relation to this option:

- The Estimated Resident Population figures are derived by adding natural increase (births minus deaths), net overseas migration (immigration minus emigration) and estimated interstate movements involving a change of usual residence (net interstate migration) to the estimated population at the beginning of the period. This generally results in increases year on year from one census to the next without any regard for actual population movements. Neither the Minister nor the Department appear willing to accept evidence that the population has not increased to the level predicted by the ERP.
- Until it is demobilised, Camp 123 could be re-opened at any time and Council infrastructure and services have to respond to that potential.

- Reducing the TWAWA rate in the dollar would result in this category receiving preferential treatment in relation to rate yield over all other property categories in the District. This is at odds with the Council's direction as seems to be counter-intuitive to the State Government policy principles of creating Pilbara Cities whereby residential populations are encouraged.
- Of the 23 TWAWA properties, 12 are already receiving a reduction in their rates bill from the 2014/15 level and two others are receiving a rates bill that increases by less than 4% on last year. Reducing the TWAWA rate in the dollar would provide further discounts to these property owners and would not be consistent with the approach that has been taken with the seven (7) other rating categories.
- Where TWA occupancy is low, a number of property owners have changed their use to a more commercial style operation. This change in operation has been noted and seven (7) properties have been reclassified to commercial to reflect the different use. This results in a \$0.55 million reduction in those rate bills.
- Discounting TWAWA rates in the dollar would result in Council effectively subsidising this type of accommodation by a greater amount than any other category with limited evidence for such a decision to be based upon.

If this option is preferred by Council, the following resolution may be appropriate:

That Council by SIMPLE Majority RESOLVES to:

1. ACCEPT the TWAWA rate proposed by the Minister at \$0.216481;
2. UPDATE the application for Ministerial approval to reflect this rate; and
3. NOTE that options to address the shortfall of \$0.53 million in rates yield from the TWAWA category as a result of the Minister's decision will be discussed in the 2015/16 Budget adoption report.

Option 2 – Lobby/Request further reconsideration of this matter.

Council could continue to advocate for approval of its model on the basis that it is consistent (or better) than previous approvals that this Government has made on this issue. Through further explanation and advocacy, the Department/Minister may concede that the rating model is consistent with previous approvals, is a fair and equitable method of rating in the circumstances and is consistent with similar approvals that have been granted at other LGAs.

The risk of taking this strategy is that the *Local Government Act* prescribes that the Council must have a Budget adopted by 31 August. This may not be achieved if the Council's position continues to conflict with the stance of the Department/Minister on the matter. Furthermore, the lack of budget adoption for an extended period impacts on the Council's cash-flows as rate revenue is not being received. This revenue delay also potentially impacts on the ability to progress with significant new projects and initiatives.

If this option is preferred by Council, the following resolution may be appropriate:

That Council by SIMPLE Majority RESOLVES to REJECT the proposition of discounting the rate in the dollar for Transient Workforce Accommodation/Workforce Accommodation on the following basis:

- a) All rating categories should contribute equally to the increase in total rate yield;
- b) The proposed TWAWA rate already provides a significant reduction to TWAWA properties;
- c) Treating one rating category in this manner would be discriminatory and would unfairly increase the rate burden on other ratepayers;

- d) The TWA/WA rating category already pays significantly less rates per dwelling than similar type individual properties within the City (i.e. units, apartments and bedsits);
- e) FIFO population and Residential population are not mutually exclusive;
- f) All TWA/WA properties (open and closed) should be included in determining a proportional rate burden in the TWA/WA rate category; and
- g) The ABS Estimated Resident Population does not reflect recent trends in the City's residential population.

Option 3 – Modify the Council's Rating Model so as not to require Ministerial Approval

If the difference between the lowest and highest rate in the dollar is less than 100%, Council has the ability to set the rates without the need for Ministerial Approval. Currently two proposed Rates in the Dollar exceed the 100% threshold.

Section 6.47 of the *Local Government Act 1995* provides that a local government may resolve to grant other concessions in relation to a rate or service charge. While further financial modelling would be required if this model is to be pursued, preliminary indications are that the following amended rates and concessions would achieve the same rate yield and result in no differential general rate which is more than twice the lowest differential general rate and therefore no requirement for Ministerial approval.

Category	Proposed Rate	Amended Rate	Concession	Change in Rate Yield
GRV Residential	\$0.064121	\$0.116090	57.6%	Nil
GRV Commercial/ Tourism/Town Centre	\$0.073271	\$0.116090	65.9%	Nil
GRV Industry/Mixed Business	\$0.056287	\$0.116090	50.3%	Nil
GRV Airport / Strategic Industry	\$0.126515	\$0.126515	0%	Nil
GRV Transient Workforce Accommodation / Workforce Accommodation	\$0.232179	\$0.232179	0%	Nil
UV Pastoral	\$0.096978	\$0.096978	0%	Nil
UV Mining/Other	\$0.134010	\$0.134010	0%	Nil
UV Strategic Industry	\$0.152053	\$0.152053	0%	Nil

While technically this may be an option for Council to consider, the Department has advised that it has carefully considered this approach in some detail previously and is very strongly of the view that a rating regime that is imposed in the manner suggested is likely to be invalid.

If this option is preferred by Council, the following resolution may be appropriate:

That Council by SIMPLE Majority RESOLVES to:

1. REJECT the proposition of discounting the rate in the dollar for Transient Workforce Accommodation/Workforce Accommodation; and
2. REQUEST a further report detailing the modifications required to Council's rating model so as to achieve legislative compliance without the need for Ministerial approval.

Option 4 – Challenge the Minister’s Determination at the State Administrative Tribunal
Section 6.33(3) of the Local Government Act states that:

In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

The Minister decision not to approve the City’s TWAWA rate could possibly be challenged by the City at the State Administrative Tribunal.

At this point in time the basis of any possible challenge has not been articulated and the likelihood of success/failure has not been quantified. Legal challenges to the Minister’s decision should be a ‘last resort’ option.

If this option is preferred by Council, the following resolution may be appropriate:

That Council by SIMPLE Majority RESOLVES to REJECT the proposition of discounting the rate in the dollar for Transient Workforce Accommodation/Workforce Accommodation and seek advice regarding a legal challenge to the Minister’s decision not to approve the City’s proposed TWAWA rate.

CONCLUSION

Despite the fact that the Council’s application for Differential Rates in 2015/16 is consistent with the approach and decisions that have been in this regard in previous years, the Minister has not approved the TWAWA rate. As the Minister has not reconsidered his position, Council will need to consider how it would like to address the matter. Officers have outlined four options that Council could potentially pursue. Put simply these are:

- 1) Rate Modification to meet the Ministers request;
- 2) Continued Advocacy/Lobbying;
- 3) Rate Concessions to achieve compliance; and
- 4) Legal avenues.

OFFICER’S RECOMMENDATION

Option 1

That Council by SIMPLE Majority RESOLVES to:

1. **ACCEPT** the TWAWA rate proposed by the Minister at \$0.216481;
2. **UPDATE** the application for Ministerial approval to reflect this rate; and
3. **NOTE** that options to address the shortfall of \$0.53 million in rates yield from the TWAWA category as a result of the Minister’s decision will be discussed in the 2015/16 Budget adoption report.

OR

Option 2

That Council by SIMPLE Majority RESOLVES to REJECT the proposition of discounting the rate in the dollar for Transient Workforce Accommodation/Workforce Accommodation on the following basis:

- a) All rating categories should contribute equally to the increase in total rate yield;
- b) The proposed TWA/WA rate already provides a significant reduction to TWA/WA properties;
- c) Treating one rating category in this manner would be discriminatory and would unfairly increase the rate burden on other ratepayers;
- d) The TWA/WA rating category already pays significantly less rates per dwelling than similar type individual properties within the City (i.e. units, apartments and bedsits);
- e) FIFO population and Residential population are not mutually exclusive;
- f) All TWA/WA properties (open and closed) should be included in determining a proportional rate burden in the TWA/WA rate category; and
- g) The ABS Estimated Resident Population does not reflect recent trends in the City's residential population.

COUNCIL AMENDMENT RESOLUTION

Res No : 153214
MOVED : Cr Lally
SECONDED : Cr Saylor

That Council by **SIMPLE** Majority **RESOLVES** to:

1. **ACCEPT** the TWA/WA rate proposed by the Minister at \$0.216481;
2. **UPDATE** the application for Ministerial approval to reflect this rate; and
3. **NOTE** that options to address the shortfall of \$0.53 million in rates yield from the TWA/WA category as a result of the Minister's decision will be discussed in the 2015/16 Budget adoption report.
4. **ADVISE** the Minister and the Department that the Council is disappointed with the inconsistent and arbitrary approach taken to the determination of differential rates for 2015/16 and maintains that the City's TWA/WA rate should reflect the following:
 - a) All rating categories should contribute equally to the increase in total rate yield;
 - b) The proposed TWA/WA rate already provides a significant reduction to TWA/WA properties;
 - c) Treating one rating category in this manner would be discriminatory and would unfairly increase the rate burden on other ratepayers;
 - d) The TWA/WA rating category already pays significantly less rates per dwelling than similar type individual properties within the City (i.e. units, apartments and bedsits);
 - e) FIFO population and Residential population are not mutually exclusive;
 - f) All TWA/WA properties (open and closed) should be included in determining a proportional rate burden in the TWA/WA rate category; and
 - g) The ABS Estimated Resident Population does not reflect recent trends in the City's residential population.

CARRIED 5-1

FOR : Cr Long, Cr Lally, Cr Harris, Cr Smeathers, Cr Saylor
AGAINST : Cr Vandenberg

REASON : Council modified the Officer's Recommendation as Councillors noted that the Budget cannot be adopted until the Minister approves the City's differential rates and in addition, the City is losing money as a result of the delays in issuing rate notices. As such, Council felt that it has no option but to accept the Minister's position, however Council wanted to ensure that the Minister and the Department of Local Government and Communities are aware of the Council's disappointment with the process and position on this matter.

Cr Vandenberg requested that his reason for being against the motion be recorded. Cr Vandenberg expressed the view that Council should not accept a flawed outcome at the expense of residential ratepayers and should continue to lobby for the appropriate rate in accordance with the City's application.

Mr Brad Jolly
Executive Director
Sector Regulation & Support
Department of Local Government & Communities
GPO Box R1250
PERTH WA 6844

Dear Brad

Differential General Rates 2015/16

Thank you for providing clarification regarding the Department's view that the proportional rate yield from the TWAWA category and the City's objective of maintaining relativity leads to an inequitable distribution of the rate burden on TWAWA properties. The City has provided a great deal of evidence as to how the proposed differential rates satisfy the principles contained in the Department's Rating Policy, however it appears that there may be a potential over reliance on one imperfect measure. In this regard, I make the following observations regarding the Department's position on TWA bed numbers and residential population:

1. Although Camp 123 is currently closed, it could be open again at any time and therefore should be included in the bed numbers.
2. In addition to the 10,374 beds in the 23 properties in the TWAWA category, there are a further 874 beds in properties that have previously operated as a TWA which could resume operations as a TWA at any time. There are also approximately 3,000 beds that the City is unable to rate on the basis of GRV owing in part to State Agreements. All of these beds should be included in determining the relativity of TWAWA beds to residential population.
3. The Estimated Resident Population (ERP) published by the ABS may be widely accepted as the appropriate population count for a range of purposes, but this does not change the fact that the residential population has not continued to increase as expected after the last census. The latest *Pilbara Residential Housing & Land Snapshot* published by the Pilbara Development Commission (PDC) this week, confirms that there were 474 residential properties for rent and 216 properties for sale during the quarter ending June 2015.
4. If the Department proposes to rely on ERP to determine the current residential population, then estimated bed numbers should also be used. The flaw in this approach is highlighted by a PDC study which counted 13,048 TWA beds in the City in 2011/12 with growth of another 6,526 bed proposed by 2015.

It is proposed to hold another Special Council Meeting on Monday 10 August 2015 to consider the Department's alternative approach to calculating the TWAWA rate. In the meantime, I note that the Department has committed to provide a further response to the City's application for Ministerial approval by the end of the week and I would appreciate consideration of the above in the Department's response.

Yours sincerely



Chris Adams
CHIEF EXECUTIVE OFFICER

6 August 2015

cc. Minister for Local Government

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**The Hon Tony Simpson MLA
Minister for Local Government; Community Services;
Seniors and Volunteering; Youth**

Our Ref: 49-08665/3

Mr Chris Adams
Chief Executive Officer
City of Karratha
PO Box 219
KARRATHA WA 6714

Dear Mr Adams *Chris*

DIFFERENTIAL GENERAL RATES 2015/16

I refer to your letter dated 30 July 2015 in which you requested that I re-assess the City's application for approval of differential rates for 2015/16.

I understand that Council has resolved to apply for revised rate rates of \$0.126515 for the GRV Airport/Strategic Industry category and of \$0.23179 for (GRV) Transient Workforce Accommodation/Workforce Accommodation (TWAWA).

After carefully considering the City's application and supporting documentation I can advise that I have approved the proposed differential rate of \$0.126515 for the (GRV) Airport/Strategic Industry category. However I am not prepared to approve the proposed rate for the Transient Workforce Accommodation/Workforce Accommodation (TWAWA) category.

I remain of the view that the proposed differential rate for the TWAWA category does not conform to the principles of fairness and equity as outlined in the administrative policy for assessing applications of this kind. The re-assessment included a proportional comparison of the rate burden applied between the residential population using the 2013 Estimated Resident Population published by the Australian Bureau of Statistics and all beds in the TWAWA Category, including the 1500 beds associated with the (currently closed) Camp 123.

In the future, if Camp 123 remains closed, it should not be considered for the purposes of determining a proportional rate burden in the TWAWA category.

I would like to see this matter resolved soon and should Council resolve to adopt a more equitable rates distribution, I will be pleased to consider it.

Yours sincerely



HON TONY SIMPSON MLA

**MINISTER FOR LOCAL GOVERNMENT; COMMUNITY SERVICES;
SENIORS AND VOLUNTEERING; YOUTH**

07 AUG 2015

6 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 5.28 pm.

The date of the next Ordinary Council Meeting is to be held on Monday, 17 August 2015 at 6.30 pm at Council Chambers - Welcome Road, Karratha.

I, Cr Peter Long, Mayor of the City of Karratha, hereby declare on behalf of the Councillors of the City of Karratha that the enclosed Minutes are a true and accurate record of the Special Council Meeting held on Monday, 10 August 2015.

..... Date ____/____/____
Signed