



SPECIAL COUNCIL MEETING

AGENDA

**NOTICE IS HEREBY GIVEN that an
Special Meeting of Council will be held
in the Council Chambers, Welcome Road, Karratha,
on Friday, 24 May 2019 at 4.30pm
to consider the following item:**

2019/20 Differential Rates

A handwritten signature in black ink, appearing to read "Chris Adams".

**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



No responsibility whatsoever is implied or accepted by the City of Karratha for any act, omission or statement or intimation occurring during Council or Committee Meetings. The City of Karratha disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that persons or legal entity's own risk.

In particular, and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or intimation of approval made by any member or Officer of the City of Karratha during the course of any meeting is not intended to be and is not taken as notice of approval from the City of Karratha.

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 measured 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.

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	OFFICIAL OPENING	5
2	PUBLIC QUESTION TIME.....	5
3	RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE PREVIOUSLY APPROVED.....	5
4	DECLARATIONS OF INTEREST	5
5	CORPORATE SERVICES	7
5.1	CONSIDERATION OF SUBMISSIONS REGARDING ADVERTISED DIFFERENTIAL RATES 2019/20	7
6	CLOSURE & DATE OF NEXT MEETING	13

AGENDA

1 OFFICIAL OPENING

Cr Long acknowledges the traditions of the Ngarluma people, on whose land we are gathered here today.

2 PUBLIC QUESTION TIME

3 RECORD OF ATTENDANCE / APOLOGIES

Councillors:	Cr Peter Long [Mayor] Cr Grant Cucel [Deputy Mayor] Cr Georgia Evans Cr George Levissianos Cr Pablo Miller Cr Kelly Nunn Cr Daniel Scott Cr Joanne Waterstrom Muller
Staff:	Chris Adams Chief Executive Officer Phillip Trestrail Director Corporate Services Arron Minchin Director Community Services Ryan Hall Director Development Services Linda Phillips Minute Secretary
Apologies:	Cr Garry Bailey Cr Margaret Bertling Cr Evette Smeathers
Absent:	
Leave of Absence:	
Members of Public:	
Members of Media:	

4 DECLARATIONS OF INTEREST

5 CORPORATE SERVICES

5.1 CONSIDERATION OF SUBMISSIONS REGARDING ADVERTISED DIFFERENTIAL RATES 2019/20

File No: FM.1

Responsible Executive Officer: Director Corporate Services

Reporting Author: Financial Accountant

Date of Report: 23 May 2019

Applicant/Proponent: Nil

Disclosure of Interest: Nil

Attachment(s): Differential Rates Submissions

PURPOSE

For Council to consider submissions and initiate the process for seeking Ministerial Approval regarding the 2019/20 differential rates model.

BACKGROUND

As part of the budget process, Councillors have reviewed the projected changes in Operating Income and Expenditure, along with efficiency measures, proposed capital works, projects and new initiatives.

The City will experience cost increases for 2019/20 above the forecast CPI of 2%, in particular insurance (7%), electricity (6.7%) and water (4.5%), new services and facilities (Karratha Tourism and Visitor Centre, Welcome Park, Wickham Community Hub, Dampier Foreshore) and increased service levels (street sweeping, litter collection, cleaning of street furniture and pavements, economic development).

Despite these cost increases and Council's adopted Long Term Financial Plan including a 2.1% rate increase in 2019/20, prudent financial management has allowed Council to consider the adoption of a 2% predominant increase in rates across all categories.

At its Ordinary Council Meeting on 15 April 2019, Council resolved to advertise the following proposed differential rates for the 2019/20 financial year:

Differential Rates Categories 2019/20	Minimum Payment	Rate in the Dollar
Gross Rental Value (GRV)		
Residential	\$1,549	0.117479
Commercial / Industrial	\$1,549	0.100770
Airport / Strategic Industry	\$1,549	0.156459
Transient Workforce Accommodation / Workforce Accommodation	\$1,549	0.387044
Unimproved Value (UV)		
Pastoral	\$325	0.103638
Mining/Other	\$325	0.139142
Strategic Industry	\$325	0.179525

Benchmarking has been undertaken with neighbouring local governments, the results of which are indicated in the following table:

Local Government	Proposed Rate Increase
Shire of Ashburton	– 2% increase in rates in the dollar across all categories except UV Mining/Industrial (no increase)
Shire of Broome	– 1.75% increase in rate yield across all categories (general revaluation year)
Shire of East Pilbara	– To be considered at meeting scheduled 24 May
City of Kalgoorlie-Boulder	– 4.33% increase in rate yield based on no change to rates in the dollar (general revaluation year)
Town of Port Hedland	– 4% increase in rates in the dollar across Residential, Commercial/Industrial and Pastoral – 13% decrease in rate in the dollar across Tourist Accommodation and 40% across Mass Accommodation resulting in a 35% decrease in rate yield across the new combined category – 46% decrease in rate in the dollar across Mining resulting in a 3% decrease in rate yield (owing to increase in total valuations)

LEVEL OF SIGNIFICANCE

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

COUNCILLOR/OFFICER CONSULTATION

Several workshops have been held with Councillors and Officers to assist Council's consideration of the rate setting requirements for the 2019/20 financial year.

COMMUNITY CONSULTATION

Significant community consultation has occurred regarding the City's proposed 2019/20 rates. This has included:

- Statutory Advertising: A Notice of Intention to Impose Differential Rates was published in the West Australian and the Pilbara News on 1 May 2019. This notice was published on the Council's website and included on noticeboards at the City's Administration Office and libraries;
- Media Release: A media release was issued on 18 April 2019 to media outlets and subscribed members of the public;
- Categories with less than 30 properties (Direct Mail): Council officers wrote to all ratepayers in the Airport/Strategic Industry (GRV), Transient Workforce Accommodation/Workforce Accommodation and Pastoral differential rating categories to advise them of the proposed differential rates model and invite submissions as these categories each contain less than 30 properties;
- Properties with an increase more than the predominant 2% (Direct Mail) - Council officers also wrote to 171 ratepayers regarding some 255 properties with a proposed rates increase of more than 2%.

At the close of submissions two (2) submissions have been received, neither of which relate to the TWA differential rating category that requires Ministerial approval.

A summary of key points raised within the submissions received and the proposed response from Council Officers is contained within the following table:

SUBMISSION 1	
Category:	UV Mining/Other
Properties:	Various
Ratepayer:	McMahon Mining Title Services Pty Ltd on behalf of clients
1. GRV for mining tenements is determined based on the rent imposed by Department of Mines, Industry Regulation and Safety. From 1 July 2019 rents will increase by 1.5% for Exploration Licenses and 6% for all other mining tenements. This will deliver a functional increase in rates payable for these properties and as such McMahon request that Council either maintain or reduce the rate in the dollar.	<p>The proposed rates model is based on valuations effective 1 July 2019 as advised by the VGO and incorporates a 2% increase as at 1 July 2019. Any interim valuations received throughout 2019/20 will be actioned accordingly and can include both positive and negative movements.</p> <p>Additionally, almost half of the properties in this category, and in particular the majority of exploration and prospecting licenses, are minimum rated. As such the GRV does not impact on the rates payable. The 2% increase in the minimum rate is consistent with the 2% predominant rates increase across all categories.</p>
SUBMISSION 2	
Category:	Commercial/Industrial
Property:	2/25 Balmoral Road, PEGS CREEK
Ratepayer:	Mat Dall
1. Why has the rating category been changed from Commercial to Commercial/Industrial? The property is an office space in a strata complex in the CBD and should continue to be rated as Commercial.	<p>The previous Commercial and Industrial differential rating categories have been amalgamated into one category called Commercial/Industrial. All properties previously rated as either Commercial or Industrial are now rated in this new category. The previous Commercial differential rating category no longer exists.</p>

STATUTORY IMPLICATIONS

Advertising was undertaken in accordance with Section 6.36 of the *Local Government Act 1995* with the submission period for public comment on the proposed Differential Rates Model closing 22 May 2019.

The Transient Workforce Accommodation/ Workforce Accommodation (TWA) differential rating category requires application for Ministerial approval under section 6.33(3) of the *Local Government Act 1995* as it is proposed to be more than twice the lowest differential rate. All properties within this category have been communicated with in writing outlining property valuations, proposed rates in the dollar, and the impact on property rates.

POLICY IMPLICATIONS

CF-10 Rating Equity Policy.

Each year Council considers the proportion of rate income coming from each category in order to ensure that all property owners make an equitable contribution to rates and to minimise the impact that rates have on residential and commercial ratepayers.

FINANCIAL IMPLICATIONS

The advertised differential rates would raise rates revenue of \$41.5M compared to budgeted rate revenue in 2018/19 of \$41.4M and actual rate revenue of \$40.4M. The proposed rates represent approximately 42% of Council's budgeted total revenue for 2019/20.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2018-2019 provided for this activity:

Programs/Services: 4.c.3.1 Property Rating Services
Projects/Actions:

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	High	Failure to obtain Ministerial approval for the proposed differential rates model may result in an increase in the rates required from other properties or a significant shortfall in rates revenue.
Service Interruption	High	Any budget shortfall or delays in adoption of the rates and annual budget has the potential to impact operations and services.
Environment	N/A	Nil
Reputation	High	Failure to obtain Ministerial approval for the proposed differential rates model may require Council to increase rates on other differential rating categories to make up any shortfall which would not be well received by other ratepayers.
Compliance	High	Council will be in breach of the <i>Local Government Act 1995</i> if it adopts any differential rates higher than 2x the lowest rate without having followed the prescribed process, including public consultation and Ministerial approval.

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 Ministerial Approval in order to impose differential rating for Gross Rental Value properties.

For the 2018/19 financial year Ministerial Approval was granted approval to rate properties with a zoning or land use of Transient Workforce Accommodation/Workforce Accommodation at 3.88 times the lowest rate in the dollar (3.29 times the Residential rate in the dollar).

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:

Option 1

As per Officer's recommendation.

Option 2

That Council, having considered submissions regarding the advertised 2019/20 differential rates model, by SIMPLE Majority pursuant to Section 6.33 of the *Local Government Act 1995* RESOLVES to:

1. NOTE that submissions received regarding the proposed differential rates model 2019/20 have been considered;
2. ADOPT the following amended differential rating model for 2019/20:

Differential Rates Categories 2019/20	Minimum Payment	Rate in the Dollar
Gross Rental Value (GRV)		
Residential		
Commercial / Industrial		
Airport / Strategic Industry		
Transient Workforce Accommodation / Workforce Accommodation		
Unimproved Value (UV)		
Pastoral		
Mining/Other		
Strategic Industry		

3. SEEK Ministerial approval for the Transient Workforce Accommodation/ Workforce Accommodation differential rating category being greater than two times the lowest GRV rate in the dollar.

CONCLUSION

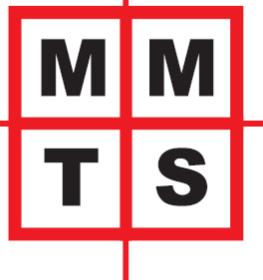
The 2019/20 differential rates model was advertised including a predominant 2% increase to rates in the dollar despite significant cost pressures and enhanced services/facilities. Following consideration of the submissions received, Ministerial Approval must now be sought for the Transient Workforce Accommodation/Workforce Accommodation differential rating category which has a rate in the dollar greater than two times the lowest GRV rate.

OFFICER'S RECOMMENDATION

That Council, having considered submissions regarding the advertised 2019/20 differential rates model, by SIMPLE Majority pursuant to Section 6.33 of the *Local Government Act 1995* RESOLVES to:

1. NOTE that submissions received regarding the proposed differential rates model 2019/20 have been considered; and
2. SEEK Ministerial approval for the following differential rating category being greater than two times the lowest rate in the dollar (noting that the application is similar to those approved every year since at least 2013):

Differential Rates Categories 2019/20	Minimum Payment	Rate in the Dollar	Multiplier	Basis
Gross Rental Value (GRV)				
Commercial / Industrial	\$1,549	0.100770		Lowest GRV rate in the dollar for purpose of seeking approval.
Transient Workforce Accommodation / Workforce Accommodation	\$1,549	0.387044	3.84x	Maintain 2018/19 relative rate yield by increasing rate-in-the-dollar by 2%



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20 May 2019

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

By email to: enquiries@karratha.wa.gov.au

Dear Sir

SUBMISSION - DIFFERENTIAL RATING 2019/20

Thank you for the opportunity to make a submission regarding the proposed rates for 2019-20.

We note that valuations provided by the Valuer General are used to calculate mining tenement rates, and these valuations are based on the rent imposed by the Department of Mines, Industry Regulation and Safety. Any increases in the rent therefore result in an increase in valuations and in turn an automatic increase in rates.

Effective from 1 July 2018, the Department increased the rent rate by 1.5% for exploration licences and 6% for all other mining tenements. From 1 July 2019, the Department will increase exploration licence rents by a further 1.5% and the rent of all other mining tenements by a further 6%.

The resource sector is already one of the most significant contributors to the State's economy, with the WA Government receiving royalty revenue totalling \$5.8 billion in 2017–18 – a major proportion of the State's annual revenue. It is also one of the most significant employers in the State, with the WA minerals sector employing over 120,000 people in 2018.

To encourage the continued contributions made by the resources sector to the State economy it is critical that all government fees are set so as to reduce the cost of doing business in the State in the face of significant international competition wherever possible, and increase and incentivise investment in local exploration to discover vital new resources for the whole of the State.

We note that the Shire has proposed an increase in the UV Mining rate and minimum for 2019-20. We ask that you consider that the increase in rent will already result in an automatic increase in rates in your budget modelling, and consider maintaining or reducing the UV Mining rates for the 2019-20 year.

I would be happy to discuss this matter further on (08) 6467 7997.

Yours sincerely

Shannon McMahon
Director

Adrian D'Cunha

From: Records Officer
Sent: Wednesday, 22 May 2019 12:23 PM
To: Rates2; Adrian D'Cunha
Subject: FW: Differential Rates

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Mat Dall <mat_dall@outlook.com>
Sent: Wednesday, 22 May 2019 12:15 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Differential Rates

Dear Ray McDermott,

I am writing in regards to the letter I received outlining the Advertised Differential Rates Model 2019/20. My rates assessment number is; A74364
Property location; Lot 2/25 Balmoral Road, Pegs Creek.

I would like a detailed explanation of why the rate category is to be changed from Commercial to Commercial/Industrial for the above property.

This property is an office space with 130 square meters of floor area within a strata complex located in the Karratha CBD. The property can not be used as for an Industrial purpose and is not located in an Industrial area. I do not know of any similar properties to mine anywhere else that are categorised as "Commercial/Industrial", so in my opinion this proposed rate category change for the above property is not correct and should rightly stay categorised as Commercial.

Given that my office is not an industrial property, can you please explain why it is proposed to be categorised that way?

Regards
Mathew Dall

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

6 CLOSURE & DATE OF NEXT MEETING

The meeting closed at _____.

The next Ordinary Council meeting is to be held on Friday, 28 June 2019 at 3 pm at Council Chambers - Welcome Road, Karratha.