

Special Council Meeting

13 June 2016

Minutes



Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Agendas and Minutes are available on the City's website www.kwinana.wa.gov.au

Vision Statement

Kwinana 2030

***Rich in spirit, alive with opportunities,
surrounded by nature – it's all here!***



Mission

**Strengthen community spirit, lead
exciting growth, respect the environment
- create great places to live.**

We will do this by –

- providing strong leadership in the community;
- promoting an innovative and integrated approach;
- being accountable and transparent in our actions;
- being efficient and effective with our resources;
- using industry leading methods and technology wherever possible;
- making informed decisions, after considering all available information; and
- providing the best possible customer service.

Values

We will demonstrate and be defined by our core values, which are:

- Lead from where you stand – Leadership is within us all.
- Act with compassion – Show that you care.
- Make it fun – Seize the opportunity to have fun.
- Stand Strong, stand true – Have the courage to do what is right.
- Trust and be trusted – Value the message, value the messenger.
- Why not yes? – Ideas can grow with a yes.

Special Council Meeting

Consider rate submissions and request Ministerial approval for differential rates raised for the 2016/2017 financial year

TABLE OF CONTENTS

1	Declaration of Opening:	4
2	Prayer:	4
3	Apologies/Leave(s) of Absence (previously approved)	4
4	Public Question Time:	5
5	Applications for Leave of Absence:	5
6	Declarations of Interest by Members and City Officers:	5
7	Reports	6
7.1	Submissions Received on the Proposed 2016/17 Differential Rates and Minimum Payments	6
8	Councillor Reports	11
9	Mayoral Announcements (without discussion)	11
10	Matters Behind Closed Doors	11
11	Meeting Closure	11

Present:

HER WORSHIP THE MAYOR CR C ADAMS
DEPUTY MAYOR PETER FEASEY
CR S LEE
CR S MILLS
CR B THOMPSON
CR D WOOD

MS J ABBISS	-	Chief Executive Officer
MS C MIHOVILOVICH	-	Acting Director City Strategy
MR P NEILSON	-	Acting Director City Development
MRS B POWELL	-	Acting Director City Living
MS M BELL	-	Corporate Lawyer
MR E LAWRENCE	-	Director Corporate and Engineering Services
MS A MCKENZIE	-	Council Administration Officer

Members of the Press	0
Members of the Public	0

1 Declaration of Opening:

Presiding Member declared the meeting open at 5:00pm and welcomed Councillors, City Officers and gallery in attendance and read the Welcome.

“IT GIVES ME GREAT PLEASURE TO WELCOME YOU ALL HERE AND BEFORE COMMENCING THE PROCEEDINGS, I WOULD LIKE TO ACKNOWLEDGE THAT WE COME TOGETHER TONIGHT ON THE TRADITIONAL LAND OF THE NOONGAR PEOPLE”

2 Prayer:

Councillor Bob Thompson read the Prayer

“OH LORD WE PRAY FOR GUIDANCE IN OUR MEETING. PLEASE GRANT US WISDOM AND TOLERANCE IN DEBATE THAT WE MAY WORK TO THE BEST INTERESTS OF OUR PEOPLE AND TO THY WILL. AMEN”

3 Apologies/Leave(s) of Absence (previously approved)

Apologies

Councillor Ruth Alexander
Councillor Wendy Cooper

Leave(s) of Absence (previously approved):

Nil

4 Public Question Time:

Nil

5 Applications for Leave of Absence:

COUNCIL DECISION

231

MOVED CR B THOMPSON

SECONDED CR S LEE

- 1. That Councillor Dennis Wood be granted a leave of absence from 28 July 2016 to 20 August 2016 inclusive.**
- 2. That Councillor Dennis Wood cancel his leave of absence previously approved:**
 - 19 July 2016 to 9 August 2016 inclusive;**
 - 1 July 2016 to 31 July 2016 inclusive.**

**CARRIED
6/0**

6 Declarations of Interest by Members and City Officers:

Nil

7 Reports

7.1 Submissions Received on the Proposed 2016/17 Differential Rates and Minimum Payments

SUMMARY:

Following the endorsement by Council on 11 May 2016 to advertise the Statement of Objects and Reasons and proposed differential rates and minimum payments for the 2016/17 financial year in accordance with the *Local Government Act 1995*, advertisements calling for public submissions were placed in the "Sound Telegraph" on the 18 May 2016. The deadline for submissions was Thursday 9 June 2016.

Copies of the Statement of Objects and Reasons were also made available for public inspection at the City's Administration Building, Darius Wells Library and Resource Centre and on the City's website. At the expiration of the statutory advertising period, 2 submissions were received.

In addition to the statutory advertising process, where there were less than 30 ratepayers in a differential category ("General Industrial" and "Mining"), each ratepayer was consulted in writing and provided with a 21 day submission period. Each ratepayer was provided with a copy of the Department of Local Government and Communities' Rating Policy: Differential General Rates, the City's objects and reasons, the differential general rate that will apply and a comparison to the previous year.

This report has been prepared for Council to consider the feedback prior to the adoption of the rates through the budget process and to proceed with Ministerial approval.

OFFICER RECOMMENDATION:

1. Receive the 2 submissions and endorse the Officer's comments outlined in Attachment 1 and Confidential Attachment 2.
2. Authorise the Chief Executive Officer to proceed with Ministerial Approval of the advertised differential rates for:
 - a. Vacant Residential rate in the dollar;
 - b. Vacant Residential minimum payment; and
 - c. General Industrial (UV) rate in the dollar.

DISCUSSION:

2 submissions have been received in regard to the advertising of the 2016/17 proposed differential rates, which are summarised in the attached Schedule of Submissions (Attachment 1) and one submission, at the submitter's request, in Confidential Attachment 2.

The proposed 2016/17 differential rating categories and nominated rates in the dollar continues as a strategic step in establishing a consistent and sustainable rating structure. The City's differential rating structure was simplified in 2015/16 from previous years, providing fairness and equity by ensuring that like uses and ultimately zonings are rated similarly across the City of Kwinana.

7.1 SUBMISSIONS RECEIVED ON THE PROPOSED 2016/17 DIFFERENTIAL RATES AND MINIMUM PAYMENTS

In addition, the City of Kwinana made a commitment in its adopted Corporate Business Plan to review the method of valuation applied to residential / lifestyle properties with unimproved valuations. (Action 6.1.4.2 – *“Review the process to change method of rating for residential land use properties within current rating of UV to GRV”*).

With growth and change in land uses within the City's rural areas, equitable rating has been an ongoing focus, particularly with properties that are rated using the property's unimproved value (UV) but are essentially residential properties in a rural area.

As part of this review, improved residential / lifestyle properties that were valued using the unimproved value method were assessed and 100 properties will change to GRV. Interim approval for this change has been received from the Department of Local Government and Communities with an effective date of 1 July 2016.

In 2016/17 the City will continue to review the valuation method applied for industrial / commercial properties with unimproved valuations as per the adopted Corporate Business Plan (Action 6.1.4.3 – *“Commence investigation of properties with a commercial or industrial land use within current rating of UV”*). It is anticipated that any changes to the method of valuation will be effective 1 July 2017.

Long Term Financial Plan and 2016/17 Budget Process

Council articulates its objectives, strategies and activities through community consultation and the development of key documents such as:

- Strategic Community Plan
- Corporate Business Plan
- Long Term Financial Plan (LTFP)

In order to achieve set initiatives, rates play a significant part of Council's revenue. The purpose of levying rates is to meet Council's budget requirements led by its objectives, strategies and activities detailed in its various plans in order to deliver services and community infrastructure each financial year.

Commencing December 2015 through to May 2016, Councillors participated in LTFP and budget workshops, where projected income and expenditure, along with efficiency measures, proposed capital works, projects and new initiatives were reviewed.

In setting its draft LTFP and 2016/17 Budget, the City has aspired to balance service levels in accordance with the needs and expectations of its community and set rating levels to adequately resource its roles and responsibilities. Council has also established the maintenance needs of its assets and infrastructure with regard to the City's asset management plan and the community services and facilities that will be provided in the next financial year. After considering these and other revenue sources, Council has then determined the amount required to be collected in rates to meet its financial responsibilities and achieve a balanced budget.

7.1 SUBMISSIONS RECEIVED ON THE PROPOSED 2016/17 DIFFERENTIAL RATES AND MINIMUM PAYMENTS

Furthermore, as part of Council's review of income and expenditure, efficiency measures have diligently been considered as part of draft LTFP and budget deliberations. In particular, to improve efficiency and reduce expenditure Council has committed to:

- No CPI increases in operating costs for the next 4 years;
- 1% CPI increase per annum in utilities (power, water, gas) for the next 4 years;
- 2.5% CPI increase on fees and charges;
- Minimal new appointments, only where absolutely necessary;
- Replacement of passenger and light commercial fleet being deferred for an extra year; and
- Reduction in capital expenditure over the next four years.

The LTFP provides for continued commitment to sound and prudent financial management. The basis for developing the 2016/17 proposed differential rates and minimum payments are consistent with the LTFP.

Only one rate model was formally considered as the intention was to achieve consistency with the draft LTFP:

Differential Category	2016/17
Vacant Residential (GRV)	3%
Improved Residential (GRV)	3%
Improved Special Residential (GRV)	3%
Light Industrial and Commercial (GRV)	3%
General Industry and Service Commercial (GRV)	6%
Large Scale Gen Ind and Service Commercial (GRV)	6%
General Industrial (UV)	-24%
Rural (UV)	3%
Mining (UV)	3%
Urban / Urban Deferred (UV)	3%

In implementing its 2016/17 rating strategy, Council considered the key values contained within *Rating Policy Differential Rates (s.6.33) March 2016* released by the Department of Local Government and Communities, being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and administrative efficiency

The structure of the rating system has then been determined, considering how rates are levied between and within the various categories of ratepayers by setting differential rates i.e. the Rating Strategy.

As part of the continuing rates harmonisation program, for 2016/17 the City has continued to reduce the rates payable for 'General Industrial UV ratepayer's to achieve greater parity with other industrial ratepayers (as per the draft LTFP).

7.1 SUBMISSIONS RECEIVED ON THE PROPOSED 2016/17 DIFFERENTIAL RATES AND MINIMUM PAYMENTS

To continue to achieve the rate harmonisation process, it is also proposed that there be a 6% increase in the rate in the dollar for 'General Industry and Service Commercial' (GRV < \$500,000) and a 6% increase in the rate in the dollar for 'Large Scale General Industry and Service Commercial' (GRV > \$500,000). Furthermore, in comparison to neighbouring local governments the proposed rate in the dollars are comparative for similarly rated properties.

LEGAL/POLICY IMPLICATIONS:

Local Government Act 1995:
Section 6.33 - Differential Rates
Section 6.35 - Minimum Payment
Section 6.36 - Local Government to give notice of certain rates

The City must conduct local advertising and detail each rate and minimum payment and make available the Objects and Reasons for rating. A minimum period of 21 days must be allowed to permit the community to provide feedback. Any submissions received must be considered by Council prior to adoption of the differential rates.

FINANCIAL/BUDGET IMPLICATIONS:

The financial implications resulting from the preferred differential rates model include a growth of \$1,460,822 of rates to be levied in the 2016/17 financial year. Total rates amount to be levied is \$34,250,515.

The differential rates model as endorsed by Council will directly influence Council's ability to fund expenditure requirements proposed to be included in the 2016/17 budget.

Financial implications to the 2016/17 budget would occur if Council altered the rate in the dollar for a differential rate category.

ASSET MANAGEMENT IMPLICATIONS:

The allocation of funds in 2016/17 budget towards the upgrading and renewal of existing City assets in the capital expenditure items is in line with the Asset Management Strategy and will reduce the current asset management gap.

ENVIRONMENTAL IMPLICATIONS:

No environmental implications have been identified as a result of this report or recommendation.

7.1 SUBMISSIONS RECEIVED ON THE PROPOSED 2016/17 DIFFERENTIAL RATES AND MINIMUM PAYMENTS**STRATEGIC/SOCIAL IMPLICATIONS:**

The item is relevant to Council's approved Strategic Community Plan 2013-2023 and, in particular, the Corporate Business Plan 2015-2020:

Objective 6.1.4 Monitor the City's rating system to ensure it is responsive to the cost of living and provides flexibility and fairness for all.

RISK IMPLICATIONS:

The greatest risk to Council is achieving the infrastructure and operation outcomes contained within the City's Strategic Community Plan, Long Term Financial Plan and Corporate Business Plan.

Local Government Guidelines indicate that a local government needs to ensure that the rating principles of the *Local Government Act 1995* are correctly applied to rateable land within their district.

In implementing suitable systems and procedures to enable this to occur, the guidelines recommend local governments observe objectivity, fairness and equity, consistency, transparency and administrative efficiency.

COUNCIL DECISION**232****MOVED CR B THOMPSON****SECONDED CR D WOOD**

1. **Receive the 2 submissions and endorse the Officer's comments outlined in Attachment 1 and Confidential Attachment 2.**
2. **Authorise the Chief Executive Officer to proceed with Ministerial Approval of the advertised differential rates for:**
 - a. **Vacant Residential rate in the dollar;**
 - b. **Vacant Residential minimum payment; and**
 - c. **General Industrial (UV) rate in the dollar.**

**CARRIED
6/0**

8 Councillor Reports

Nil

9 Mayoral Announcements (without discussion)

Nil

10 Matters Behind Closed Doors

Nil

11 Meeting Closure

The Mayor declared the Meeting closed 5:03pm.