

# Special Council Meeting

26 May 2023

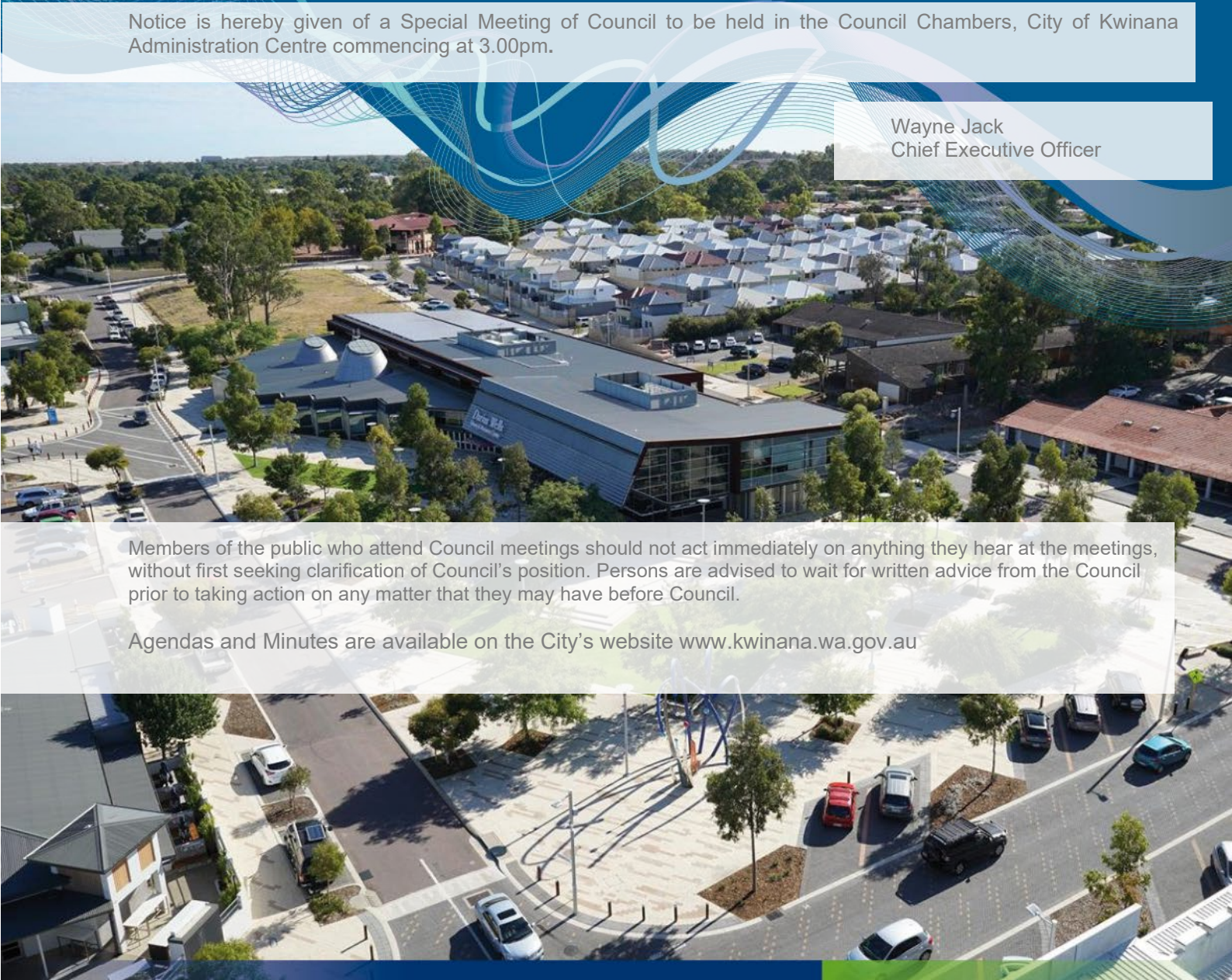
## Agenda

Notice is hereby given of a Special Meeting of Council to be held in the Council Chambers, City of Kwinana Administration Centre commencing at 3.00pm.

Wayne Jack  
Chief Executive Officer

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](http://www.kwinana.wa.gov.au)



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## 1 OPENING AND ANNOUNCEMENT OF VISITORS

Presiding Member to declare the meeting open and welcome all in attendance.

Presiding Member to announce that the Special Council Meeting is being live streamed and recorded in accordance with the City's Live streaming and Recording Council Meetings policy.

By being present at this meeting, members of the public consent to the City recording and livestreaming their image and/or voice.

## 2 WELCOME TO COUNTRY AND ACKNOWLEDGEMENT OF COUNTRY

**Councillor Barry Winmar to present the Welcome to Country:**

*"Ngullak nyinniny kooralong koora ngullak noitj nidja noongar boodjar. Noongar moort djoorapiny nyinniny nidja ngulla quopadok noongar boodjar kooralong.*

From the beginning of time to the end, this is Noongar Country. Noongar people have been graceful keepers of our nation for many, many years.

*Djinanginy katatjin djoorapiny nidja weern noongar boodjar ngalla mia mia boorda.*

Look, listen, understand and embrace all the elements of Noongar Country that is forever our home.

*Kaya wandju ngaany koort djoorpiny nidja Noongar boodjar daadjaling waankganinyj Noongar Boodjar.*

Hello and welcome my heart is happy as we are gathered on country and meeting here on Noongar Country

**'Presiding Member to read the Acknowledgement of country:**

*"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 and we pay our respects to their Elders past and present."*

### 3 DEDICATION

Councillor Matthew Rowse to read the dedication:

*“May we, the Elected Members of the City of Kwinana, have the wisdom to consider all matters before us with due consideration, integrity and respect for the Council Chamber. May the decisions made be in good faith and always in the best interest of the greater Kwinana community that we serve.”*

### 4 ATTENDANCE, APOLOGIES, LEAVE(S) OF ABSENCE (PREVIOUSLY APPROVED)

#### Apologies:

Councillor S Kearney

#### Leave(s) of Absence (previously approved):

Councillor D Wood from 11 May 2023 to 4 June 2023 inclusive.

### 5 PUBLIC QUESTION TIME

In accordance with the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*, any person may during Public Question Time ask any question.

In accordance with Regulation 6 of the *Local Government (Administration) Regulations 1996*, the minimum time allowed for Public Question Time is 15 minutes.

A member of the public who raises a question during Question Time is to state his or her name and address.

Members of the public must provide their questions in writing prior to the commencement of the meeting. A public question time form must contain all questions to be asked and include contact details and the form must be completed in a legible form.

Please note that in accordance with Section 3.4(5) of the *City of Kwinana Standing Orders Local Law 2019* a maximum of two questions are permitted initially. An additional question will be allowed by the Presiding Member if time permits following the conclusion of all questions by members of the public.

## **6 RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS**

### **6.1 PETITIONS**

A petition must –

- be addressed to the Mayor;
- be made by electors of the district;
- state the request on each page of the petition;
- contain at least five names, addresses and signatures of electors making the request;
- contain a summary of the reasons for the request;
- state the name of the person to whom, and an address at which, notice to the petitioners can be given; and
- be respectful and temperate in its language and not contain language disrespectful to Council.

The only motion which shall be considered by the Council on the presentation of any petition are –

- that the petition be received;
- that the petition be rejected; or
- that the petition be received and a report prepared for Council.

### **6.2 PRESENTATIONS**

In accordance with Clause 3.6 of the *Standing Orders Local Law 2019* a presentation is the acceptance of a gift, grant or an award by the Council on behalf of the local government or the community.

Prior approval must be sought by the Presiding Member prior to a presentation being made at a Council meeting.

Any person or group wishing to make a presentation to the Council shall advise the CEO in writing before 12 noon on the day of the meeting. Where the CEO receives a request in terms of the preceding clause the CEO shall refer it to the presiding member of the Council committee who shall determine whether the presentation should be received.

A presentation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

### **6.3 DEPUTATIONS**

In accordance with Clause 3.7 of the *Standing Orders Local Law 2019*, any person or group of the public may, during the Deputations segment of the Agenda with the consent of the person presiding, speak on any matter before the Council or Committee provided that:

- the person has requested the right to do so in writing addressed to the Chief Executive Officer by noon on the day of the meeting.
- setting out the agenda item to which the deputation relates;
- whether the deputation is supporting or opposing the officer's or committee's recommendation; and
- include sufficient detail to enable a general understanding of the purpose of the deputation.

A deputation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

## **7 DECLARATIONS OF INTEREST (FINANCIAL, PROXIMITY, IMPARTIALITY – BOTH REAL AND PERCEIVED) BY MEMBERS AND CITY OFFICERS**

Section 5.65(1) of the *Local Government Act 1995* states:

A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest —

in a written notice given to the CEO before the meeting; or  
at the meeting immediately before the matter is discussed.

Section 5.66 of the *Local Government Act 1995* states:

If a member has disclosed an interest in a written notice given to the CEO before a meeting then —

before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and  
at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matters to which the disclosure relates are discussed.

## **8 REQUESTS FOR LEAVE OF ABSENCE**

## **9 REPORTS – ECONOMIC**

### **9.1 CONSIDERATION OF ADVERTISED DIFFERENTIAL RATES SUBMISSIONS AND REQUEST FOR MINISTERIAL APPROVAL OF 2023/2024 PROPOSED DIFFERENTIAL RATES AND MINIMUM PAYMENTS**

#### **SUMMARY**

This report has been prepared for Council to consider submissions received as part of the advertising of the proposed differential rates, and to authorise a request to the Minister for Local Government, Sport, and Cultural Industries (Minister) to approve the proposed differential rates prior to the adoption of the rates through the budget process.

At the Ordinary Council Meeting of 26 April 2023, Council resolved to advertise the Statement of Objects and Reasons and proposed differential rates and minimum payments for the 2023/2024 financial year, in accordance with the *Local Government Act 1995 (LG Act)*. The advertisement, that was arranged for placement in The West Australian newspaper on 1 May 2023 and the Sound Telegraph newspaper on 3 May 2022, called for public submissions until the close of business on 23 May 2023. In addition to the public notices required by the *LG Act*, the City advertised the proposal to levy differential rates through social media and the engagement platform Love My Kwinana.

Copies of the public notice and Statement of Objects and Reasons were made available for public inspection at the City's Administration Building, Darius Wells Library and Knowledge Centre and on the City's website. Landowners within the General Industry (UV) rate category were also written to regarding the proposed differential rate for their properties. At the expiration of the statutory advertising period, six submissions had been received.

However, after the proposed differential rates were advertised, City officers had to review the rate increase in light of Western Power's announcement to increase street lighting tariffs by 7.5%. This 7.5% increase equates to a cost to Council of \$105,000 that must now be incorporated into the 2023/2024 budget. The additional \$105,000 equates to 0.25% on top of the advertised 3.95%, this report therefore includes adjustments to the differential rates to include a total of a 4.2% rate increase.

#### **OFFICER RECOMMENDATION**

##### **That Council:**

- 1. Request the Chief Executive Officer proceed with the budget preparation based on the Statement of Objects and Reasons contained in Attachment A.**
- 2. Authorise the Chief Executive Officer to proceed with the application for Ministerial Approval of the adopted differential rates for:**
  - (a) GRV Vacant Minimum Payment; and**
  - (b) GRV Vacant General Rates; and**
  - (c) UV General Industry Differential General Rates.**
- 3. Note that the proposed rate increase for the 2023/2024 budget report to the Ordinary Council Meeting on 28 June 2023, will be based on 4.20% to incorporate the increase from Western Power street-lighting tariffs.**



## DISCUSSION

The purpose of levying rates is to meet the City's budget requirements led by its objectives, strategies and activities, as detailed in its various plans, in order to deliver services and community infrastructure each financial year. Rates income is a significant part of the City's revenue needed to meet these strategic objectives.

The City's Long Term Financial Plan (LTFP), adopted by Council in December 2021, forecast a 3% rate increase for the 2023/2024 financial year, based on the assumption that CPI would be 2%. Whilst the intent of the LTFP was for the annual rates increases to reflect the LGCI, officers are recommending an increase to rates of 4.2% which is still below both the CPI and LGCI figures of 7.8% (December 2022 quarter) and 4.5% (June 2023 forecast), respectively. Council resolved at the Ordinary Council Meeting of 26 April 2023 to advertise a 3.95% rate increase. The proposed increase of 4.2% incorporates the additional cost of streetlighting resulting from a late increase in the Western Power streetlight tariff. Both the Improved Special Residential and Vacant Non-Residential rating categories are part of the harmonisation process that was started in 2019, to remove the discount relative to the other residential rating categories, thereby removing an artificial subsidy. Increases of 4.16% and 6.71% respectively, were advertised for these two rating categories. Essentially, the harmonisation process removes the use of differential rates for these rate categories.

The City of Kwinana's 2023/2024 advertised proposed differential rates are provided in Table 1 and 2 below, with the rates income model shown at Table 4.

*Table 1 – Advertised Proposed Differential Rate in the Dollar and Minimum Payments for GRV Rating Categories*

<b>GRV 2023/2024 Rate Categories</b>	<b>2023/2024 Minimum Payment (\$)</b>	<b>2023/2024 Rate in Dollar (\$)</b>	<b>Average Variation from 2022/2023</b>
Improved Residential	\$1,170	0.08469	4.16%
Improved Commercial & Industrial	\$1,524	0.10212	3.95%
Vacant	\$1,170	0.18586	6.71%

*Table 2 – Advertised Proposed Differential Rate in the Dollar and Minimum Payments for UV Rating Categories*

<b>UV Rate Categories</b>	<b>2023/2024 Minimum Payment (\$)</b>	<b>2023/2024 Rate in Dollar (\$)</b>	<b>Average Variation from 2022/2023</b>
General Industry	\$1,524	0.01943	3.97%
Rural	\$1,170	0.00506	3.84%
Mining & Industrial	\$1,524	0.00900	3.90%

Advertising of the proposed differential rates for 2023/2024 took place within The West Australian newspaper and was programmed for 1 May 2023 and the Sound Telegraph newspaper on 3 May 2023, with a copy of the public notice also available on the City's website. The City also used social media and the engagement platform *Love My Kwinana* to inform the community of the Council's intention to levy differential rates. Ratepayers within the General Industry rate category were also written to separately regarding the proposed differential rates for their properties. The notice called for submissions to the proposal, with a closing date of 23 May 2023 (not less than 21 days). Six submissions were received. Consideration of these submissions is contained within Attachment B.



All submissions were received via the Love My Kwinana engagement platform. The platform recorded 211 page visits, with 34 opening information contained on the page. Six of the visitors decided to make a comment on the proposed rates.

*Table 3 – Submissions*

Rating Category	Quantity
<b>GRV</b>	
Improved Residential	5
Improved Commercial and Industrial	0
Vacant	0
<b>UV</b>	
General Industrial	0
Mining and Industrial	0
Rural	1
<b>Total submissions</b>	6

In summary, items raised by ratepayers as concerning them were:

- the proposed increases are more than CPI and will add financial pressures to households when they are already facing an increased cost of living;
- lack of services provided by Council;

#### **Impact on households during this time of increased cost of living**

As discussed earlier in this report, the City provides a number of services and facilities to the Kwinana community as planned for in the Strategic Community Plan (SCP) and contained in the LTTP. The demand for services and facilities also grows as the City's population grows, thereby impacting budgets. During consultation with the community, as part of the development of the SCP, it was identified that the Local Government Cost Index (LGCI) provides a better index for the setting of rates, with forecasts based on the LGCI as it was at that point of time.

Importantly, in order to maintain the levels of services agreed with the community, Council has to continue to invest in the context of extraordinary inflationary pressure. The LGCI index provided by WALGA, that assists local governments in forecasting real inflation of costs for services within the local government industry, forecast LGCI at 4.5% for the June 2023 quarter. While the LGCI does average out all cost drivers in Local Government, it is relevant to also note that the City has a number of large contracts, such as the waste contract, that are tied to CPI, which was 7.8% to December 2022.

The City is constantly reviewing budgets and plans to ensure that levels of service agreed with the community are maintained, while ensuring services are financially efficient, and savings are made where possible. In effect, the proposal by the City is to find additional savings in the budget, rather than pass on the full cost increase based on a LGCI rate of 4.5%. This approach recognises that the underlying cost of living increase to the community is higher than it has been for many years. It should be noted though, this approach will ultimately have an effect on the City's overall sustainability and will need to be managed through further efficiencies. A key focus to ensure the financial sustainability of the Council has been to ensure funding is applied to asset renewal. The significant rise in construction costs could have an impact on this and will need to be monitored.

**Lack of services**

The City provides services and facilities for the community within the parameters of the LTFP, which incorporates significant feedback from all stakeholders including ratepayers and residents. The City has recently completed a SCP process and surveyed the community regarding current and desired services. The SCP process determined a high-level of satisfaction with existing services and limited desire to add to the existing suite of services. Should the community be seeking new services, it would be necessary to consult the community on the desired levels of service and willingness to pay for these additional services.

Although the Regulations allow for comment to be made on any matter in response to a process of consultation on differential rates, it is relevant that the requirement to advertise proposed rates is only created where it is proposed that differential rates will be imposed (i.e., it is not a requirement that the City advertise rates normally, and the community can communicate with the City at any time on other matters). In response to the consultation on the specific issue of differential rates, the City has received four objections and one supporting to the differential rate proposed in the Improved Residential category.

After Council advertised its intentions to levy differential rates, local governments became aware of Western Power's intentions to increase street-lighting tariffs by 44%, subject to endorsement by the Economic Regulatory Authority (ERA). This increase was later revised to 7.5% with the ERA's endorsement. This 7.5% increase for the City of Kwinana amounts to an additional \$105,000 cost within the City's budget. As the media reported accurately, to account for this additional cost, Council must either consider reducing services or increase rates. Due to the City already running services very efficiently, in response to general budget pressures and the impact of Covid over the last three years, there is no further opportunity to accommodate cost shifts through savings, and an increase over the advertised proposed rate is required to cover the additional streetlight charges. An additional \$105,000 equates to an additional 0.25% on the 3.95% increase advertised, therefore the Tables 4 and 5 below shows the applicable differential rates based on a 4.2% increase.

*Table 4 – Adjusted Proposed Differential Rate in the Dollar and Minimum Payments for GRV Rating Categories*

<b>GRV 2023/2024 Rate Categories</b>	<b>2023/2024 Minimum Payment (\$)</b>	<b>2023/2024 Rate in Dollar (\$)</b>	<b>Average Variation from 2022/2023</b>
Improved Residential	\$1,173	0.08489	4.41%
Improved Commercial & Industrial	\$1,528	0.10237	4.20%
Vacant	\$1,173	0.18630	6.97%

*Table 5 – Adjusted Proposed Differential Rate in the Dollar and Minimum Payments for UV Rating Categories*

<b>UV Rate Categories</b>	<b>2023/2024 Minimum Payment (\$)</b>	<b>2023/2024 Rate in Dollar (\$)</b>	<b>Average Variation from 2022/2023</b>
General Industry	\$1,528	0.01947	4.18%
Rural	\$1,173	0.00507	4.05%
Mining & Industrial	\$1,528	0.00902	4.13%

Table 6 below provides a summary of the proposed rates.

*Table 6 – Rates model based on rateable values as at 19 May 2023*

2023/2024 Proposed Rates	2023/24 Proposed Rate in Dollar	2023/24 Proposed Minimum	Number of properties	2023/24 Proposed Rates
<b>Non-Minimum Rated</b>				
<b>GRV</b>				
Improved Residential	0.08489	1,173	15,467	25,071,004
Improved Commercial and Industrial	0.10237	1,528	518	12,624,475
Vacant	0.18630	1,173	516	2,166,214
<b>UV</b>				
General Industry	0.01947	1,528	3	2,414,280
Mining and Industrial	0.00902	1,528	32	474,687
Rural	0.00507	1,173	131	1,187,166
<b>Non- Minimum Rated Total</b>			<b>16,667</b>	<b>43,937,825</b>
<b>Minimum Rated</b>				
<b>GRV</b>				
Improved Residential	0.08489	1,173	2,057	2,412,861
Improved Commercial and Industrial	0.10237	1,528	64	97,792
Vacant	0.18630	1,173	1,040	1,219,920
<b>UV</b>				
General Industry	0.01947	1,528	0	0
Mining and Industrial	0.00902	1,528	14	21,392
Rural	0.00507	1,173	12	14,076
<b>Minimum Rated Total</b>			<b>3,187</b>	<b>3,766,041</b>
<b>Grand Total</b>			<b>19,854</b>	<b>47,703,866</b>

The Statement of Objects and Reasons is contained within Attachment A.

### Recommendation

Officers recommend that the Council adopt a rate increase of 4.20% (as shown in Tables 4 and 5) and the continuation of the removal of the discounts to the Improved Special Residential and Vacant Non-Residential rating categories. It is considered that the proposed rate strikes a balance between maintaining community desired levels of service, while limiting the impact on financial sustainability and the cost of living impacts to the community. It is recognised that there are cost pressures being experienced by all groups, including the community. The proposed rate is below the LGCI of 4.5% and CPI and is based on a financially prudent approach while also requiring further efficiencies to be obtained.

Similarly, it is recommended that the phasing out of the discounted Improved Special Residential and Vacant Non-residential rates classes is maintained. The removal of the rates classes addresses the inequity of applying an artificial subsidy to a class of ratepayer at the cost of other ratepayers. As noted above, local amenity is a consideration in determining the Gross Rental Value, so any perception that an Improved Special Residential property has a lower level of amenity than an Improved Residential property, is already accounted for within the valuation.

**Application to the Minister**

Based on the proposed advertised differential rates, it is a requirement that the City seek approval of the Minister to impose differential rates for:

1. UV General Industry rate in the dollar is more than twice the value of the lowest UV rating category, Rural.
2. GRV Vacant rate in the dollar is more than twice the value of the lowest GRV rating category, Improved Residential.
3. The number of properties on minimum payment within the Vacant rating category is more than 50% for that rating category.

It is recommended that Council resolve to request the Chief Executive Officer to proceed with preparing a draft budget, on the basis of the adjusted differential rates in Tables 4 and 5, and to make the required application to the Minister.

**STRATEGIC IMPLICATIONS**

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	5.1.2 – Implement the Long Term Financial Plan	The rate revenue derived from this proposal directly impacts the funds available to deliver services and programs in the 2023/2024 budget

**SOCIAL IMPLICATIONS**

There are no social implications as a result of this proposal.

**LEGAL/POLICY IMPLICATIONS**

*Local Government Act 1995 section 6.33(3) states:*

*Differential general rates*

- (3) *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.*

*Local Government Act 1995 section 6.35 states:*

*Minimum payment*

- (1) *Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.*
- (2) *A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.*
- (3) *In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —*
- (a) 50% of the total number of separately rated properties in the district; or*
  - (b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.*
- (4) *A minimum payment is not to be imposed on more than the prescribed percentage of —*
- (a) the number of separately rated properties in the district; or*
  - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.*
- (5) *If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.*

**FINANCIAL/BUDGET IMPLICATIONS**

The estimated rate revenue of \$47,703,866 as at 19 May 2023 directly impacts the funds available to deliver services and programs in the 2023/2024 budget.

**ASSET MANAGEMENT IMPLICATIONS**

There are asset management implications as a result of this report due to the delivery of City's services and programs being based on the amount of revenue that is included in the budget.

**ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS**

There are environmental implications as a result of this report due to the delivery of City's services and programs being based on the amount of revenue that is included in the budget.

## **COMMUNITY ENGAGEMENT**

The proposed rates were advertised by local public notice in The West Australian newspaper programmed for 1 May 2023 and in the Sound Telegraph newspaper on 3 May 2023, detailing each rate in the dollar and minimum payment. A submission period of 21 days was provided. Submissions closed at 5pm, 23 May 2023 and six submissions were received.

The following additional engagement also took place:

- Information was made available on the City's Website outlining the intention to raise differential rates and minimum payments and details on how to make a submission.
- The Love My Kwinana engagement platform was also used to inform and collect submissions.
- Ratepayers within the General Industry (UV) rate category were also written to regarding the proposed differential rate for their properties.
- A media release was printed in the local newspaper, Sound Telegraph, on 27 April 2023.
- Advertorial placed in the local newspaper, Sound Telegraph, on 3 May 2023.
- A social media post on the City's Facebook page appeared from 30 April 2023 which was also boosted to reach more social media users.

## **ATTACHMENTS**

- A. ATTACHMENT A - Statement of Objects and Reasons**
- B. ATTACHMENT B - Submissions Received**

## ATTACHMENT A



### STATEMENT OF OBJECTS AND REASONS FOR DIFFERENTIAL RATE CATEGORIES 2023/2024

In accordance with section 6.36 of the *Local Government Act 1995* and the Council's "Notice of Intention to Levy Differential Rates and Minimum Payments", the following information details the objects and reasons for each of the proposed differential rating categories.

#### Summary

The following are the proposed Differential General Rates and Minimum Payments for the City of Kwinana for the 2023/2024 financial year, to be effective from 1 July 2023.

GRV Rate Categories	Minimum Payment (\$)	Rate in \$	% Change
GRV Improved Residential	1,173	0.08489	4.41%
GRV Vacant	1,173	0.18630	6.97%
GRV Improved Commercial and Industrial	1,528	0.10237	4.20%
UV Rate Categories	Minimum Payment (\$)	Rate in \$	% Change
UV General Industry	1,528	0.01947	4.18%
UV Rural	1,173	0.00507	4.05%
UV Mining and Industrial	1,528	0.00902	4.13%

The above rate model is estimated to yield \$47,703,866 in rate revenue based on the information current at 19 May 2023.

#### What are Rates?

Rates are a tax levied on all rateable properties within the boundaries of the City of Kwinana in accordance with the *Local Government Act 1995*. The overall objective of the proposed rates in the 2023/2024 Budget is to provide for the net funding requirements of the City's services, activities, financing costs and the current and future capital requirements of the City, after considering all other forms of revenue. The formulation of a rating system is about achieving a means by which Council can raise sufficient revenue to pay for the services it provides.

Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone. For this reason, there are refinement options made available, such as differential rating, that the City of Kwinana has elected to use.

In Western Australia, land is valued by Landgate (Western Australian Land Information Authority – a State Government agency) and those valuations are forwarded to each Local Government. Two types of values are calculated - Gross Rental Value (GRV) which generally

#### Administration

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## ATTACHMENT A



applies to urban, non-rural land; and Unimproved Value(UV) which generally applies to rural land.

#### Rating Provisions – Local Government Act 1995

The *Local Government Act 1995* sets out the basis on which differential general rates may be based as follows:

##### Section 6.32. Rates and service charges

(1) When adopting the annual budget, a local government –

(a) in order to make up the budget deficiency, is to impose\* a general rate on rateable land within its district, which rate may be imposed either –

- (i) uniformly; or
- (ii) differentially

#### Differential Rates - Local Government Act 1995

##### Section 6.33. Differential general rates

(1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —

(a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and Development Act 2005; or

(b) a purpose for which the land is held or used as determined by the local government; or

(c) whether or not the land is vacant land; or

(d) any other characteristic or combination of characteristics prescribed.

(2) Regulations may —

(a) specify the characteristics under subsection (1) which a local government is to use; or

(b) limit the characteristics under subsection (1) which a local government is permitted to use.

(3) 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.

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(4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.

(5) A differential general rate that a local government purported to impose under this Act before the Local Government Amendment Act 2009 section 39(1)(a) came into operation 1 is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

#### Minimum Payments - Local Government Act 1995

##### Section 6.35. Minimum Payment

(1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.

(2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.

(3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —

(a) 50% of the total number of separately rated properties in the district; or

(b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.

(4) A minimum payment is not to be imposed on more than the prescribed percentage of —

(a) the number of separately rated properties in the district; or

(b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.

(5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.

(6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —

(a) to land rated on gross rental value; and

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*(b) to land rated on unimproved value; and*

*(c) to each differential rating category where a differential general rate is imposed.*

### Gross Rental Value (GRV)

It is Council's intention to complete the rate harmonisation process to achieve a simplified rating structure comprising the following GRV rating categories by 2023/2024:

1. Improved Residential
2. Vacant
3. Improved Commercial and Industrial

The rates in the dollar are based on the general valuation as supplied by the Valuer General's Office (VGO) in respect of gross rental values (GRV's) effective from 1 July 2023. The VGO is required to maintain valuations of all rateable land in Western Australia for rating and taxing purposes and rating valuations are updated every three (3) years known as a General Valuation. Every property is valued at a date set by the VGO and this is referred to as the Date of Valuation. Rating valuations are therefore assessed at a snapshot in time reflecting the property market for the local area at the same time. This ensures consistency and fairness in the allocation of rates.

**The current GRV has a date of valuation of 1 August 2021** and will be updated by the VGO for the 2023/2024 rating year. The GRV is determined by collecting rental evidence to determine the fair rental value for each property. The rental value for a house or other GRV property will be influenced by factors such as age, construction, size, car shelters, pools and location. As the GRV is currently assessed every three years, despite possible changes to the rental market, the GRV remains fixed until the next general valuation.

### Unimproved Valuation (UV)

Council has adopted the following differential general rating categories for UV properties:

1. UV General Industry
2. UV Mining and Industrial
3. UV Rural

The VGO determines unimproved values annually with a valuation roll provided to local governments. The City has completed rates modelling including the revaluations received to be effective from 1 July 2023.

### Proposed Differential General Rates and General Minimum Payments

The following are the objects and reasons for each of the differential rating categories and minimum payments for the 2023/2024 financial year:

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**GRV Improved Residential**

This differential rate category imposes a differential general rate on land valued on a gross rental value basis for rateable properties used for residential purposes where the zoning allows for residential use.

The object of this rate is to apply a base differential general rate to land zoned and used for residential purposes and to act as the City's benchmark differential rate by which all other GRV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the City.

The proposed rate in the dollar for this category is \$0.08489, with a minimum payment of \$1,173. It will be applied to 17,524 of the City's rateable properties and deliver 57.61% of the proposed rate income.

**GRV Vacant**

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is vacant land.

The object of this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the City.

The proposed rate in the dollar for this category is \$0.18630, with a minimum payment of \$1,173. It will be applied to 1,556 of the City's rateable properties and deliver 7.10% of the proposed rate income.

**GRV Improved Industrial and Commercial**

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is not used for residential purposes and is not vacant land.

The object of this rate category is to apply a higher differential rate so as to raise additional revenue to offset the increased costs associated with service provision to these properties.

The reason for this rate is that a higher differential rate is required to meet the higher level of service costs associated with Commercial and Industrial properties and the localities within which they are situated, including costs of:

- (a) provision and maintenance of transport and streetscape infrastructure including renewal/refurbishment infrastructure, car parking and traffic treatments; and
- (b) the management, administration and delivery of marketing activities aimed at enhancing the economic and social viability, and the general amenity of the Kwinana commercial and industrial areas.

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The proposed rate in the dollar for this category is \$0.10237, with a minimum payment of \$1,528. It will be applied to 582 of the City's rateable properties and deliver 26.67% of the proposed rate income.

#### UV General Industry

This differential rate category imposes a differential general rate on land zoned for the purpose of General Industry under Local Planning Scheme No 2.

The object of this rate category is to raise additional revenue to offset the costs associated with increased maintenance of infrastructure and higher levels of service provided to or associated with properties in this category.

The reason for this rate is to meet a significant proportion of the additional costs involved in servicing properties within this rate category, which include but are not limited to major outlays for transport infrastructure maintenance and renewal/refurbishment and significant costs relating to monitoring of land use and environmental impacts.

The proposed rate in the dollar for this category is \$0.01947 cents, with a minimum payment of \$1,528. It will be applied to 3 of the City's rateable properties and deliver 5.06% of the proposed rate income.

#### UV Mining and Industrial

This differential rate category imposes a differential general rate on land valued on an unimproved value (UV) basis, which is:

- (a) zoned for the purpose of Rural B under Local Planning Scheme No 2; or
- (b) held or used for industrial, extractive industry or quarrying purposes under a Master Plan adopted pursuant to Part 3 of the *Hope Valley-Wattleup Redevelopment Act 2000*; or
- (c) zoned for the purpose of Rural A under Local Planning Scheme No 2 and held or used for industrial, extractive industry or quarrying purposes.

The object of this rate category is to raise additional revenue to offset the costs associated with increased maintenance of infrastructure and higher levels of service provided to properties in this category.

The reason for this rate is the need to offset the higher level of costs associated in servicing these properties, including the costs of transport infrastructure maintenance and renewal/refurbishment, and costs relating to monitoring of land use and environmental impacts.

The proposed rate in the dollar for this category is \$0.00902, with a minimum payment of \$1,528. It will be applied to 46 of the City's rateable properties and deliver 1.04% of the proposed rate income.

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## UV Rural

This differential rate category imposes a differential general rate on land valued on an unimproved value (UV) basis which is predominantly used or held for rural pursuits, rural industry or intensive agriculture, and:

- (a) is not zoned for the purpose of General Industry under Local Planning Scheme No 2; or
- (b) is not zoned for the purpose of Rural B under Local Planning Scheme No 2; or
- (c) is not held or used for industrial, extractive industry or quarrying purposes under a Master Plan adopted pursuant to Part 3 of the *Hope Valley-Wattleup Redevelopment Act 2000*.

The object of this rate category is to impose a differential rate commensurate with the rural use of land, which additionally is to act as the City's benchmark differential UV rate and is considered to be the base rate by which all other UV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers on rural land make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the City.

The proposed rate in the dollar for this category is \$0.00507, with a minimum payment of \$1,173. It will be applied to 143 of the City's rateable properties and deliver 2.52% of the proposed rate income.

## Minimum Payment

The City proposes to impose following minimum payments for each differential rating category:

GRV Rate Categories	Minimum Payment (\$)
GRV Improved Residential	1,173
GRV Vacant	1,173
GRV Improved Commercial and Industrial	1,528
UV General Industry	1,528
UV Mining and Industrial	1,528
UV Rural	1,173

The object of the minimum payment is to ensure that all ratepayers make an equitable contribution to rate revenue, to provide for the net funding requirements of the City's services, activities, financing costs, and current and future capital requirements as outlined in the Strategic Community Plan and Corporate Business Plan.

Each minimum payment has increased by 4.20%.

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Submission No.	Assessment	Rating Category	Support/Object	Reasons	Submission Received Via	Officer Response
1	11113	Improved Residential	I object as it is being presented	I feel that this is just another expense for already struggling families. I know that the council have costs too, but it would need more consideration before implementing	Love My Kwinana	<p>As the population within the City grows, the demand for services also grows and the City is required to provide more services such as maintenance of parks, community infrastructure, roads, footpaths, street lighting etc. The City is constantly reviewing budgets and long term financial plans to ensure that we are providing an adequate level of services and that savings are made where possible.</p> <p>The City makes a concerted effort to reduce costs wherever possible to minimise the impact on the ratepayers but without reducing the level of services. However, local governments are also subject to inflationary pressures. The Local Government Cost Index (LGCI) reflects the costs for wages, construction, and other services and is a better reflection of the cost increases that local government face. LGCI is forecasted at 4.5% for June 2023. However, separate to this, the City's contracts are tied to the CPI (Consumer Price Index) and will therefore mean that costs associated with these contracts will also increase by 7.8%, as reported for the December 2022 quarter. Despite seeking to adhere to the the Long Term Financial Plan adopted by Council in December 2021, Council has decided that a 4.20% benchmark increase was necessary in minimising the impact on ratepayers while still achieving financial sustainability.</p>
2	5192	Improved Residential	I object as it is being presented	The cost of living is rising daily and our wages are not matching that. There is a huge amount of not willing to work (lazy) / low income / health care card / seniors card in our area who get 50% discount on rates. Or maybe free - who knows. I am not that person. I am working and live on my own at age 55 and enough. To pay nearly \$1922 for rates last year in Kwinana was ridiculous and to have them further increase - is beyond words. I do not see value in those rates now, let alone a further increase. Enough!! I see plenty of Kwinana shire workers out on the roads, talking and standing around - not working. Perhaps this needs to be looked at.	Love My Kwinana	<p>As the population within the City grows, the demand for services also grows and the City is required to provide more services such as maintenance of parks, community infrastructure, roads, footpaths, street lighting etc. The City is constantly reviewing budgets and long term financial plans to ensure that we are providing an adequate level of services and that savings are made where possible.</p> <p>The City makes a concerted effort to reduce costs wherever possible to minimise the impact on the ratepayers but without reducing the level of services. However, local governments are also subject to inflationary pressures. The Local Government Cost Index (LGCI) reflects the costs for wages, construction, and other services and is a better reflection of the cost increases that local government face. LGCI is forecasted at 4.5% for June 2023. However, separate to this, the City's contracts are tied to the CPI (Consumer Price Index) and will therefore mean that costs associated with these contracts will also increase by 7.8%, as reported for the December 2022 quarter. Despite seeking to adhere to the the Long Term Financial Plan adopted by Council in December 2021, Council has decided that a 4.20% benchmark increase was necessary in minimising the impact on ratepayers while still achieving financial sustainability.</p>



Submission No.	Assessment	Rating Category	Support/Object	Reasons	Submission Received Via	Officer Response
3	4780	Improved Residential	I object as it is being presented	The main reason a council where others pay less get more services and our Council does not listen, discriminates against people on basis of religion and therefore no reason given will be considered valid. They will hike the rates and their wages and the services provided will be poor and targeted to specific areas only while hooning, vandalism etc run riot. All the council does is blame the police. Maybe rate rises should be only allowed if councils meet a certain performance standard and therefore it was value for money	Love My Kwinana	<p>As the population within the City grows, the demand for services also grows and the City is required to provide more services such as maintenance of parks, community infrastructure, roads, footpaths, street lighting etc. The City is constantly reviewing budgets and long term financial plans to ensure that we are providing an adequate level of services and that savings are made where possible.</p> <p>The City makes a concerted effort to reduce costs wherever possible to minimise the impact on the ratepayers but without reducing the level of services. However, local governments are also subject to inflationary pressures. The Local Government Cost Index (LGCI) reflects the costs for wages, construction, and other services and is a better reflection of the cost increases that local government face. LGCI is forecasted at 4.5% for June 2023. However, separate to this, the City's contracts are tied to the CPI (Consumer Price Index) and will therefore mean that costs associated with these contracts will also increase by 7.8%, as reported for the December 2022 quarter. Despite seeking to adhere to the the Long Term Financial Plan adopted by Council in December 2021, Council has decided that a 4.20% benchmark increase was necessary in minimising the impact on ratepayers while still achieving financial sustainability.</p> <p>Local government rates are calculated proportionate to the valuation of each property to ensure that each property owner contributes to the cost of services provided by the local government. The rate in the dollar is set by the local government and in basic terms, it is calculated by dividing the total proposed expenditure by the total property valuations. This method of calculating rates has been used since the inception of local governments and has proven to be the fairest and most consistent method available to local governments.</p> <p>Hooning is a Police matter, and instances of hooning should be reported to Police. Unfortunately, hooning is an issue across all of Metropolitan Perth.</p>
4	5670	Improved Residential	I support it as it is being presented	Na	Love My Kwinana	Noted
5	9575	Improved Residential	I object as it is being presented	Would like to know what council does with rates received from homestead ridge residents as i see no money or upgrades in the suburb.	Love My Kwinana	All residents have access to all the facilities of the City, including the library, Requatic, sporting facilities and playgrounds, in addition to the more general management of roads, planning control and public health services.
6	7747	Rural	I conditionally support it as it is being presented	All properties under UV Rural without houses should be put under GRV Vacant Residential or UV Rural vacant I support Fininacial contribution to the running of city budget. Hope the council will consider my suggestion. Thank you.	Love My Kwinana	Noted

**10      REPORTS OF ELECTED MEMBERS**

**11      MAYORAL ANNOUNCEMENTS**

**12      CLOSE OF MEETING**