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At the time of printing, these Minutes have yet to be confirmed as a true record of proceedings



SHIRE OF LAVERTON

MINUTES

OF THE SPECIAL MEETING OF COUNCIL

HELD ON

28 JUNE 2016

COMMENCING AT 4:07PM

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ATTACHMENTS

ATTACHMENT NO	DESCRIPTION
SMC1606-5.1.A	Statement of Objects and Reasons

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MINUTES OF THE SPECIAL MEETING OF COUNCIL 28 JUNE 2016

PURPOSE OF MEETING

The purpose of the meeting is to consider the following item of business:

- 1. Proposal to Impose Differential Rating for the 2016/2017 Financial Year***

MINUTES OF THE SPECIAL MEETING OF COUNCIL, HELD IN THE LAVERTON COUNCIL CHAMBERS ON 28 JUNE 2016 COMMENCING AT 4:07PM

1. DECLARATION OF OPENING

04:07pm The President, Cr P Hill, declared the meeting open at 04:07pm and read aloud the disclaimer as printed in the Agenda.

2. ANNOUNCEMENT OF VISITORS

There were no visitors present at this meeting.

3. RECORD OF ATTENDANCE

3.1 PRESENT

Cr P Hill	President
Cr S Weldon	Deputy President
Cr G Walder	Councillor
Cr D Ross	Councillor
Cr R Ryles	Councillor (from 4:12pm)
Mr S Deckert	Chief Executive Officer
Mr G Stanley	Executive Manager Corporate & Community Services
Mr R Williams	Executive Manager Technical Services
Miss T Farlow	Executive Assistant to the CEO

3.2 APOLOGIES

Cr R Prentice	Councillor
Cr D Cannons	Councillor

4. PUBLIC QUESTION TIME

Nil.

5. SPECIAL MEETING BUSINESS

5.1 PROPOSAL TO IMPOSE DIFFERENTIAL RATING FOR THE 2016/2017 FINANCIAL YEAR (FILE REF: 1071)

SUBMISSION TO: Special Meeting of Council, 28 June 2016

DISCLOSURE OF INTEREST: The author has no financial interest in this matter

OWNER/APPLICANT: Not applicable

AUTHOR: Graham Stanley, Executive Manager Corporate & Community Services

SENIOR OFFICER: Steven Deckert, Chief Executive Officer

PREVIOUS MEETING REFERENCE: Not applicable

MATTER FOR CONSIDERATION

In previous years, Council has decided to impose differential rates for the GRV and UV valued properties within the Shire. If Council wishes to once again impose differential rating for the 2016/17 Financial Year and comply with the legislative requirements, then a decision to do so is required at this meeting.

ATTACHMENTS

SMC1606-5.1.A Statement of Objects and Reasons

APPLICANT'S SUBMISSION

Not applicable.

BACKGROUND

Council has imposed differential rating since 2001/02, primarily to offset the impact of disproportionately large increases in the valuation of pastoral properties in 2000/01 and 2001/02. Previous rate charges for the last 7 years are summarised below:

Rating Year	Pastoral Leases UV Rate in \$	Mining Leases UV Rate in \$	Townsite GRV Rate in \$	Mining GRV Rate in \$	UV Minimum \$	GRV Minimum \$
2009/10	5.25¢	10.50¢	9.32¢	10.50¢	210	210
2010/11	3.48¢	12.07¢	8.30¢	5.76¢	230	230
2011/12	3.6018¢	12.4924¢	8.5905¢	5.9616¢	240	240
2012/13	3.7099¢	12.8672¢	8.8482¢	6.1404¢	250	250
2013/14	6.70¢	13.38¢	9.20¢	6.39¢	260	260
2014/15	6.91¢	13.80¢	9.49¢	6.59¢	270	270
2015/16	8.80¢	14.86¢	10.72¢	8.03¢	280	280

In 2013/14 the Pastoral Leases UV Rate in the Dollar was increased due the large disparity between the Pastoral UV and the Mining UV. This caused a large increase in Pastoral Rates and a concession was offered to Pastoralists who may have been facing financial difficulty as a result of the large increase.

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine the local government policies.

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

Section 6.33 – Makes provision to levy differential rates.

Section 6.35 – Deals with the imposition of minimum rates, and

Section 6.36(1) – (1) Sets out a requirement for a local government to give local public notice of the intention to levy differential rates.

(3)(c) A notice referred to in subsection (1), is to advise electors and ratepayers where they may obtain the document describing the objects and reasons for each proposed rate and minimum payment.

Local Government (Financial Management) Regulations 1996

Regulation 56 (4) Requires a brief statement of the objects and reasons for any differential rates imposed under section 6.33 to accompany the rate notice.

POLICY IMPLICATIONS

Policy 3.09 *“Rating of Mining Tenements Crossing Shire Boundaries”*. The Shire has agreed that where a mining tenement crosses the Shire Boundary, it will only claim 50% of the minimum rate if that applies, regardless of the portion of the mining tenement that is situated within this Shire.

FINANCIAL IMPLICATIONS

The levying of differential rates is the process by which Council balances its budget and spreads the rate burden equitably between ratepayers.

STRATEGIC IMPLICATIONS

Consistent with Goal 4.6 of the Shire of Laverton Strategic Community Plan *“Strong financial management and delivery of Shire initiatives”*.

CONSULTATION

Informal discussions with CEO and Councillors.

COMMENT

If it is Council’s intention to impose differential rates for the 2016/17 financial year, it needs to do so at this meeting to ensure various statutory advertising requirements are completed before the budget is adopted.

Council has utilised the differential rating approach for a number of years now and, as a result, the concept is a well and truly tried and tested practice. However, in embarking on this process, there is a requirement for the local government to set down a statement of its “Objects and Reasons” and for these to be available for inspection by any elector or ratepayer following advertising.

A consequential requirement after the budget has been adopted, is for a brief statement of the Objects and Reasons of any differential rates to accompany the rate notice (*Local Government (Financial Management) Regulations 56(4)*).

The objects and reasons for imposing differential rates are outlined in Attachment SMC1606-5.1.A.

It should be noted that Council is not bound by the advertised rate in the dollar when it comes to adopt the budget. Council has the ability to amend the differential rates without further advertising, after considering any submissions or additional information at the time of adopting the budget.

The recommendation of this report is to impose differential rates in 2016/17 and to increase by an average of 2% on last year’s rates for the purposes of advertising. The proposed increase for the minimum rate charge is also based on the 2% increase but rounded to the nearest \$1, up from \$280 to \$286. These proposed increases have been based on the required increases indicated as being necessary in the Shire’s Long Term Financial Plan for the Shire to maintain its financial viability (3%) but reduced to 2% as a result of the lower inflation and wages growth outlook.

The anticipated revenue from rates for 2016/17, based on the proposed increase, is \$3,845,028 compared to the 2015/16 budgeted figure of \$3,639,855. This is an anticipated increase in rate revenue of \$205,173. These estimates are based on the information currently available in our rating system and are subject to change.

None of the differential rates is more than twice the lowest differential general rate, therefore ministerial approval will not be required.

A comparison of other local governments in the region for 2015/16 is as follows:

Area	Pastoral Leases UV Rate in \$	Mining Leases UV Rate in \$	Townsite GRV Rate in \$	Mining GRV Rate in \$	UV Minimum \$	GRV Minimum \$
Laverton	8.80¢	14.86¢	10.72¢	8.03¢	280	280
Leonora	14.2¢	14.2¢	6.48¢	6.48¢	295	295
Menzies	3.747¢	14.205¢	7.887¢	7.887¢	300	300
Wiluna	7.02¢	14.48¢	11.86¢	12.91¢	310	410
Sandstone	5.54¢	26.11¢	6.42¢	33.86¢	310	200

As indicated in the above table, based on last year’s rate in the dollar charges, and considering the geographics, Laverton’s rates are generally in line with the region average.

Proposed rate in the dollar 2016/17						
Area	Pastoral Leases UV Rate in \$	Mining Leases UV Rate in \$	Townsite GRV Rate in \$	Mining GRV Rate in \$	UV Minimum \$	GRV Minimum \$
Laverton	8.98¢	15.16¢	10.94¢	8.2¢	286	286

Comparison between 2015/16 and 2016/17						
Year	Pastoral Leases UV Rate in \$	Mining Leases UV Rate in \$	Townsite GRV Rate in \$	Mining GRV Rate in \$	UV Minimum \$	GRV Minimum \$
2016/17	8.98¢	15.16¢	10.94¢	8.2¢	286	286
2015/16	8.80¢	14.86¢	10.72¢	8.03¢	280	280
	Pastoral Leases UV Valuations	Mining Leases UV Valuations	Townsite GRV Valuations	Mining GRV Valuations	UV Minimums No.	GRV Minimums No.
2016/17	581,775	15,585,432	2,449,878	12,580,500	402	60
2015/16	592,775	14,451,160	2,451,074	13,002,176	423	60
	Pastoral Leases Rates Budgeted	Mining Leases Rates Budgeted	Townsite GRV Rates Budgeted	Mining GRV Rates Budgeted	UV Min Rates Budgeted	GRV Min Rates Budgeted
2016/17	52,243	2,362,751	268,017	1,031,601	113,256	17,160
2015/16	52,164	2,147,442	262,755	1,044,075	116,620	16,800
% Change	+0.15%	+10.03%	+2.00%	-1.19%	-2.88%	+2.14%

New GRV's for the Laverton townsite were implemented in 2015/16 and there has been a slight reduction in the total valuations this year. By contrast there has been a large reduction in Mining GRV values this year and despite a 2% increase in the rate in the \$ the actual rates that will be raised from Mining GRV assessments will fall by \$12,474 or 1.19%. A reduction in UV valuations for Pastoral properties of \$11,000 means that a 2% increase in the rate only raises an additional \$79. There has been an increase in the number of mining tenements recently, possibly as a result of increased interest in gold exploration due to the high gold price. Total Mining unimproved valuations have gone up by \$1,134,272 and this combined with the increase in the rate in the \$ by 2% has yielded an additional \$215,309 in potential rates. A note of caution however, last year in July & August there was a substantial fall in the valuations for mining tenements compared with the June total, as a number were forfeited and others had area reductions. If this is repeated in 2016 then there is potential for all of the apparent growth to be lost which will affect the budget bottom line.

2015/16 Regional Average						
	Pastoral Leases UV Rate in \$	Mining Leases UV Rate in \$	Townsite GRV Rate in \$	Mining GRV Rate in \$	UV Minimum \$	GRV Minimum \$
	7.86¢	16.77¢	8.67¢	13.83¢	299	297

VOTING REQUIREMENTS

Simple majority decision of Council required.

SMC160601 COUNCIL DECISION/STAFF RECOMMENDATION

Moved Cr G Walder; Seconded Cr R Ryles

That Council:

1. **Resolves that public notice seeking submissions be given, in accordance with Section 6.36 of the Local Government Act 1995, advising that Council intends to impose the following differential rates and minimums for the 2016/17 financial year.**

2016/17 Financial Year					
Pastoral Leases UV Rate in \$	Mining Leases UV Rate in \$	Townsite GRV Rate in \$	Mining GRV Rate in \$	UV Minimum \$	GRV Minimum \$
8.98¢	15.16¢	10.94¢	8.2¢	286	286

2. **Adopts the 2016/17 Rates – Objects and Reasons statement as set out in Attachment SMC1606-5.1.A.**
3. **Affirms that the recommended increase in rates of 2% has been made after considering the Shire of Laverton Long Term Financial Plan, current economic conditions and the potential for budget efficiencies.**

CARRIED 5/0

6. NEXT MEETING

The next Ordinary Meeting of Council will be held on Thursday, 21 July 2016 at the Shire of Laverton Council Chambers, commencing at 5.00pm.

7. CLOSURE OF MEETING

There being no further business, the Chairman declared the meeting closed at 4:34pm.

CERTIFICATION BY CHAIRMAN

I, Patrick Hill, hereby certify that the Minutes of the Special Meeting of Council held on 28 June 2016 are confirmed as a true and correct record, as per the Council resolution of the Ordinary Meeting of Council held on 21 July 2016.

SIGNED:

.....

DATED:

.....

2016

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SHIRE OF LAVERTON

2016/17 Rates – “Objects and Reasons”

The objective for all Council's rates is to meet the shortfall between planned expenditures and expected revenues in order to achieve a balanced budget.

Rate Increase for 2015/16

For 2016/17 Council has indicated its intention to increase rates by 2%. Coupled to this, it is proposed to increase the minimum rate charge by 2.1%, from \$280 to \$286.

The proposed increase of 2.0% has been determined by examining our expected cost increases over the coming year taking note of inflation and wage increases and referencing our Long Term Financial Plan to maintain the financial viability of the Shire. The 2.1% increase in the minimum charge has been determined by applying a 2% increase to the 2015/16 minimum rate and rounding it off to the nearest \$1.

Basis of Rates

The Basis for calculating property rates are the gross rental values (GRV) and unimproved values (UV) provided for individual properties by Landgate's Property and Valuations section. A property's GRV represents the amount of the gross annual rental the land might obtain if it is let on a tenancy from year to year. A property's UV means the amount the land may reasonably be expected to obtain if it was sold assuming no improvements to the land had been made.

Updated Valuations

Updated unimproved values for rural properties and mining tenements are provided every year. Updated gross rental values for residential, commercial, light industrial and several mine site properties are carried out every four to five years. A revaluation of GRV properties was recently carried out and took effect from 1 July 2015.

Council's approach this year has been to apply a 2% increase to the adopted rates for 2015/16.

OBJECTS and REASONS for DIFFERENTIAL RATING

Local Government Act 1995 - Section 6.33

Local Government (Financial Management) Regulations 1996 - Regulation 56(4)

Council has adopted differential rating in order to spread the rates burden equitably and at the same time maintain rating on the basis of land zoning and land use. Council has the following classifications:

Pastoral Leases (UV) (8.98 cents in the \$, \$286 minimum)

This classification applies to all pastoral leases within the Shire. Commencing from around 2005 the State Government instigated a plan to review all pastoral leases throughout the State and revalue their rents. However, the resultant rent had a direct correlation to the calculation of the unimproved value for rating purposes and would have resulted in very significant rate increases. The solution to this dilemma was to drop the rate in the dollar to achieve relativity to earlier rating regimes, subject to annual increases as part of ongoing rating needs. Council is satisfied that this approach achieves an equitable basis of differentiation to that of mining lease rating, recognising the relatively low profitability from pastoral operations, the land management and remote area population benefits from the existence of these pastoral operations.

Mining Leases (UV) (15.16 cents in the \$, \$286 minimum)

This classification covers mining leases in the rural area with the exception of several mine sites with substantial accommodation villages and processing plants and which are rated on gross rental values. Council is satisfied that mining lease interests are making an equitable contribution to the Shire's rating effort and that the rate in the dollar is well within the context of the rate in the dollar being applied by all other local governments in the North Eastern Goldfields.

Townsite (GRV) (10.94 cents in the \$, \$286 minimum)

This classification applies to the Laverton town site and covers land zoned as Residential, Commercial, Community, Industrial, Mining Tenement, Special Residential and Vacant. Council is satisfied that the basis of rating as set down in section 6.28(2)(b) of the Local Government Act 1995 is appropriate for Laverton town site and that GRV's generally form a proper and equitable basis for differentiation amongst these properties.

Mining (GRV) (8.2 cents in the \$, \$286 minimum)

This classification currently applies to mining accommodation and processing plants for the following establishments:

- Murrin Murrin (ass 4756 & ass 4757)
- Granny Smith (ass 3008 & ass 4057)
- Sunrise Dam (ass 4627 & ass 4628)
- Moolart Well (ass 10256 & ass 10257)
- Bright Star (ass 10258, ass 10259 & ass 10260)
- Garden Well (ass 10261 & ass 10262)

Council acknowledges and is satisfied that whilst each of these mining camps is some distance from Laverton, the gross rental value provided by the Valuer General provides sufficient acknowledgement of the mine sites location relative to the Shire facilities and amenities. Due to the large valuations associated with these mining establishments a lower GRV has been applied so as not to place an unfair burden on the mining companies.

Minimum Rating

Council has established a uniform minimum rate across the district. Pursuant to section 6.47 of the *Local Government Act 1995* Council has agreed where a mining tenement crosses the Shire's Boundary with a neighbouring Shire, only to claim 50% of the minimum rate should it apply, regardless of the portion of the mining tenement in this municipality. This policy only applies to prospecting, mining or exploration licences which are subject to minimum rates.

Summary

The following table shows the rating information proposed for the 2016/17 financial year:

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2016/17 Budgeted Rate Revenue \$
Differential General Rate				
GRV				
Townsite	0.1094	180	2,449,878	268,017
Mining	0.082	12	12,580,500	1,031,601
UV				
Pastoral	0.0898	17	581,775	52,243
Mining	0.1516	676	15,585,432	2,362,751
Sub-Totals		885	31,197,585	3,714,612
	Minimum			
	\$			
Minimum Rates				
GRV				
Townsite	286	59	18,075	16,874
Mining	286	1	20	286
UV				
Pastoral	286	0	0	0
Mining	286	390	387,136	111,540
Mining Shared	143	12	2,306	1,716
Sub-Totals		462	407,537	130,416
Totals		1,347	31,605,122	3,845,028