



'The Council and Staff of the Shire of Boddington, in partnership with the community, are committed to operating effectively and efficiently to provide quality lifestyle opportunities that encourage population growth and development'

AGENDA

For The
Special Meeting of Council
to Consider Differential Rates

To Be Held At

5:30pm

Thursday 23 September 2021

Council Chambers
39 Bannister Rd, Boddington

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Agenda

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1. DECLARATION OF OPENING:

I would like to begin by acknowledging the Traditional Owners of the land on which we meet today. I would also like to pay my respects to Elders past and present.

2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:

2.1.1	Attendance
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2.1.2	Apologies
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Nil

2.1.3	Leave of Absence
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Nil

3. DISCLOSURE OF FINANCIAL INTEREST:

Nil

4. PUBLIC QUESTION TIME:

4.1 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE:

Nil

4.2 WRITTEN QUESTIONS PROVIDED IN ADVANCE:

4.3 PUBLIC QUESTIONS FROM THE GALLERY:

5. PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS:

Nil

6. CONFIRMATION OF MINUTES:

Nil

7. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION:

Nil

8. REPORTS OF OFFICERS AND COMMITTEES:

8.2 CHIEF EXECUTIVE OFFICER:

8.2.1	Differential Rates Submissions – 2021/22 Budget
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Location:	Not Applicable
Applicant:	Not Applicable
File Ref. No:	RTSV002
Disclosure of Interest:	Nil
Author:	Chief Executive Officer
Attachment:	Submission

Summary

To consider submissions in response to the Shire of Boddington's advertised proposal for differential rates for the 2021/22 financial year.

Background

At its meeting held on 17 June 2021, Council considered and resolved to apply differential rates in the draft 2021/22 Budget, and to advertise, seeking public submissions in relation to the proposed differential rates and minimum payments. This process provides the ability for Council to consider any submissions received before the adoption of the draft 2021/22 Budget.

In accordance with the provisions of Section 6.36 of the *Local Government Act 1995* (the Act), the Shire advertised its intention to apply differential rating in the 2021/22 financial year and the proposed differential rates.

Council is required, under Section 6.36 of the Act, to consider any submissions received in relation to the proposed differential rates. As the proposed rate in the dollar for both UV Mining and UV Commercial are more than twice the lowest differential rate of the UV Rural rate to be imposed, Ministerial approval must also be sought.

The advertising period for submissions closes on Wednesday 22 September 2021, with one submission being received to date.

Comment

The proposed differential rates were publicly advertised, calling for general submissions in respect to the proposal. One submission was received in relation the proposed differential rate. The submission is listed in the Attachment to this Report.

The general submission received refers to a number of matters, including the impact of the State Government land revaluation process on rates levied, especially the different valuation methodologies for commercial and residential land. The suggestion to consider further classifications for GRV Commercial properties would enable Council to vary the rate in the dollar on a valuation year, to ensure that in general, both residential and commercial properties receive approximately the same overall impact. This is particularly valuable when

residential and commercial properties receive substantially different valuation increases overall, similar to what occurred in 2017/18.

Valuations occur every 5 years, and with the last valuation in 2017/18, Council has approximately 12 months to consider a rating strategy that will enable a flexible approach should the need arise in the future. It is recommended that Council consider developing a rating strategy that includes a full review of the current differential rate structure, including GRV and UV properties and the classifications within each of these valuation types. This rating strategy would be developed on the principles of objectivity, fairness and equity, consistency, transparency and administrative efficiency as outline in the Department of Local Government Sport and Cultural Industries Differential Rating Policy.

Statutory Environment

Section 6.33 of the *Local Government Act 1995* states:

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.*
- (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 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.*

Section 6.36 of the *Local Government Act 1995* states:

6.36. Local government to give notice of certain rates

- (1) *Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.*

- (2) *A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).*
- (3) *A notice referred to in subsection (1) —*
 - (a) *may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency; and*
 - (b) *is to contain —*
 - (i) *details of each rate or minimum payment the local government intends to impose; and*
 - (ii) *an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and*
 - (iii) *any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and*
 - (c) *is to advise electors and ratepayers that the document referred to in subsection (3A) —*
 - (i) *may be inspected at a time and place specified in the notice; and*
 - (ii) *is published on the local government's official website.*
- (3A) *the local government is required to prepare a document describing the objects of, and reasons for, each proposed rate and minimum payment and to publish the document on the local government's official website.*
- (4) *The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.*
- (5) *Where a local government —*
 - (a) *in an emergency, proposes to impose a supplementary general rate or specified area rate under section 6.32(3)(a); or*
 - (b) *proposes to modify the proposed rates or minimum payments after considering any submissions under subsection (4), it is not required to give local public notice of that proposed supplementary general rate, specified area rate, modified rate or minimum payment.*

Policy Implications

Nil

Financial Implications

Nil

Economic Implications

Nil

Social Implications

Nil

Environmental Considerations

Nil

Consultation

The proposed differential rates have been advertised and submissions invited in accordance with the requirements of Section 6.36 of the Act.

Should any further submissions be received following the Agenda distribution, they will be provided prior to, or tabled at, the meeting.

Options

Council can resolve to:

1. amend any or all of the differential rates, cents in the dollar and / or minimum payments proposed and advertised in accordance with the provisions of Sections 6.33 and 6.36 of the Act.
2. approve the differential rates as advertised for the draft 2021-22 Budget.

Voting Requirements

Simple Majority

OFFICER'S RECOMMENDATION – ITEM 8.2.1

That Council:

1. applies the following Differential General Rate and Minimum Payment amounts for the 2021/2022 financial year:

Rating Category	Rate in \$	Minimum Payment
UV Rural	0.006884	\$750
UV Mining	0.032646	\$984
UV Commercial	0.025432	\$984
GRV Residential	0.111213	\$984
GRV Mining	0.090161	\$984

2. Seek approval from the Minister for Local Governments to impose differential rates for the 2021/22 that have unimproved valuations assigned to them as follows:

Rating Category	Rate in \$	Minimum Payment
UV Mining	0.032646	\$984
UV Commercial	0.025432	\$984

3. acknowledges the submission made by the ratepayer in relation to the proposed differential rates and resolve to consider development of a Shire of Boddington Rating Strategy to guide the future differential rate structure.

ATTACHMENT 8.2.1

Submission 1

Background:

Up until about 2016, ratepayers in the GRV General category received a discount for paying their rates in full – option 1. About 2 weeks before that year's budget was brought down, the Shire faced an approximate \$150,000 deficit as a result of Newmont successfully appealing to the Valuer General over the valuation of the mine camp on Goldmine Rd. The result was that the aforementioned discount for GRV General ratepayers was abolished.

In 2017/2018 the GRV's were revalued in the Shire of Boddington and due to a general slump in the value of the residential property market in Western Australia, the Shire was faced with another challenge. To maintain budgeted income for the Shire, the GRV General rate in the dollar was increased by approximately 27%. This was to the detriment of most commercial properties, as commercial properties do not experience the same rollercoaster ride that residential properties do. It meant some massive increases in rates, reducing the bottom line of commercial property owners in the Shire. The increase in rates to the Motel business was 49%. When the residential valuations rise again as part of the property cycle, the commercial sector will again suffer, effectively making it a double blow.

Some business owners paying a lease to their landlords **do not** therefore agree with Council considering that this sector is contributing in a "fair manner" as stated below and it certainly does not give any encouragement or incentive to invest in a commercial venture in the Shire of Boddington.

Shire's Definition:

GRV General - This rating category covers all properties with a GRV valuation not categorised as GRV Mining. The proposed rate for 2021//22 is 11.1213 cents in the dollar GRV General. Rates provided by this category, including minimum rates at \$984 are approximately 18.1% of the total rate requirements of council. This sector comprises the residential and commercial properties in the town area and Council considers that this sector has been contributing to the services and infrastructure of the shire in a fair manner.

ATTACHMENT 8.2.1

The Proposal:

If **GRV General (Residential)** is assumed as a benchmark, the proposal is;

“That GRV General be split into;

- a) GRV Residential
- b) GRV Commercial
- c) GRV Unimproved
- d) GRV Holiday Home / B&B

with

GRV Commercial rate in the dollar set at the GRV Residential less 30%,

GRV Unimproved set at GRV Residential plus 50%

GRV Holiday Home / B&B set at GRV Residential plus 25%.”

Notes:

b) A **GRV Commercial** rate - set lower in the dollar compared to **Residential**, would reflect the economic circumstances associated with the significant fluctuation in valuations in the 2017/18 financial year in particular, but also future years of reduced valuations. This will help to retain current commercial activities during times of challenging economic circumstances and encourage diversification of the local economy and opportunity for more local employment. It would mean a slight increase to GRV Residential (General) as would be proposed by Council, however most owners of commercial properties within the Shire, are also owners of residential property. Commercial businesses in the Shire are a major employer in the community, who keep the day to day services in town running. The Shire of Murray has a substantially reduced GRV Commercial rate as an incentive for land on which commercial business is operated.

c) The addition of **GRV Unimproved** - would be an incentive for undeveloped properties to be improved. As an example, the empty blocks on the main street of Boddington have been a talking point for years and continue to be like ‘warts on a frog’. The development of Banksia Park at the end of Hotham Ave consists of 47 blocks, yet just seven (7) of them have dwellings on them. The Council, like many others already do, should consider the development of all vacant rateable land to be in the best interests of the community as it would improve the economy, amenity and vibrancy of the Shire.

d) A residential **GRV Holiday Home / B&B** rate - to apply to land zoned residential where a purpose for which the land is held or used to offer home short stay lodging primarily for tourism experiences, as suggested in an attachment 8.1.1c (pages 49-66 at the link below), presented to Council at the December 2020 Council meeting. The response addresses both the traditional and the unregulated sectors of the accommodation market. Similar to the opinion of the City of Fremantle, it would help cover the extra costs to the Shire associated with such an activity.

9. ELECTED MEMBERS' MOTION OF WHICH PREVIOUS MOTION HAS BEEN GIVEN:

Nil

10. URGENT BUSINESS WITHOUT NOTICE WITH THE APPROVAL OF THE PRESIDENT OR MEETING:

Nil

11. CONFIDENTIAL ITEM:

Nil

12. CLOSURE OF MEETING: