



SHIRE OF BODDINGTON

'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'

SPECIAL MEETING OF COUNCIL

AGENDA

Held At

5:00PM

TUESDAY 7 May 2019

Council Chambers
39 Bannister Road Boddington

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1. DECLARATION OF OPENING:

"I would like to acknowledge the traditional custodians of the land, the Nyoongar People, and pay my respects to Elders, past and present".

2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:

3. DISCLOSURE OF FINANCIAL INTEREST:

Nil.

4. CONFIRMATION OF MINUTES:

Nil.

5. REPORTS:

5.1.1 Differential Rating

File Ref. No: ADM 0727
Disclosure of Interest: Nil
Date: 1 May 2019
Author: Chris Littlemore, Chief Executive Officer

Summary

Council to consider the continued implementation of differential rating, in particular differential rates that may require Ministerial approval.

Background

Council first adopted differential rating in June 2017.

Comment

Council's intention for the 2019/20 Budget is to keep the increase in the rate in the dollar applied to property valuations for rating purposes to 1.5%. The average ratepayer who has not experienced a change in valuation will see a 1.5% increase in their rate bill. This equates to approximately \$20 per annum.

The Department of Local Government and Communities publish guidelines for differential rating and suggest the decision to levy differential rates should entail observing the following principles:

- Objectivity,
- Fairness and equity,
- Consistency,
- Transparency, and
- Administrative efficiency.

In relation to each, the following comment is offered:

- Objectivity. The basis for imposing differential rates in Boddington Shire is by land use. Land held for mining purposes in both GRV and UV categories will have a differential rate. Land held for non-rural purposes will now have a differential rate.
- Fairness and equity. In this case, a more equitable distribution of the rate burden to those who consume the benefits and can afford the additional impost is being achieved.
- Consistency. Other properties used for similar purposes are being rated in the same way. All miners in the UV Mining category are being charged the same rate, thus the introduction of differential rating will not have a discriminatory affect.

- Transparency. Transparency is achieved by Council discussing the proposal, advertising the same, seeking and considering public comment before making a decision. As there are less than 30 ratepayers affected, each affected ratepayer will be informed in writing and given the opportunity to make a submission for Council to consider prior to making a decision regarding the imposition of differential rates.
- Administrative efficiency. Council needs to consider whether this is the most efficient way to achieve the required rate revenue. The introduction of differential rating was achieved in Boddington in the 2017/18 financial year with very little administrative effort.

In preparing for the budget, Council considers the deficiency between the likely expenditure and revenue from all sources other than rates. The rates setting statement is then based on that deficiency.

The Department also requests that Council consider possible efficiency measures prior to the introduction of differential rating. Since 2014/15, there have been improvements in efficiencies in each of the budgets.

Revenue, raising from rating, has a number of components, the rate in the dollar applied to either the Gross Rental Valuation (GRV) or the Unimproved Value (UV) and minimum payments for properties that have a low valuation. Council can apply a differential rate, if it considers there are reasonable grounds to do so.

It is suggested that differential rating for mining activities be applied to both the GRV category and the UV category. It is also suggested that differential rating for activities of a non-rural nature be applied in the UV category.

Proposed Differential Rates 2019/20

Objects and Reasons:

The current Community Strategic Plan adopted in 2017 makes it clear that the community have high expectations that the improvements in community facilities achieved by the Council in the past few years should continue.

The major expenditures for 2019/20 and future budgets are significant upgrades to the Hotham River foreshore area, four entry statements at Bannister, Crossman, Ranford and Boddington South, playground equipment including nature play areas and facilities for older youth and funding for economic development initiatives to ensure the continued diversification of the local economy away from mining.

To achieve substantial improvements in facilities, while at the same time keeping rate increases for the average ratepayer modest, is also one of the driving reasons behind the consideration of differential rating.

The differential rates in the dollar proposed, are an attempt to balance the need for revenue required to fund essential services, facilities and infrastructure and an equitable distribution of rates. Thus, the objective for all of council's rates is to meet the shortfall

between planned expenditures and expected revenues in order to achieve a balanced budget.

In relation to continued differential mining rate in the UV category, Council is satisfied that UVs generally form a proper and equitable basis for differentiation amongst these properties.

In relation to continued differential mining rate in the GRV category, Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

In relation to the continued differential Non-Rural rate in the UV category, Council is satisfied that UVs generally form a proper and equitable basis for differentiation amongst these properties

Proposed Differential Rating Categories

GRV Mining

This rating category covers all Mining Leases, Exploration Licenses, Prospecting Licences, Retention Licenses, General Purpose Leases, Special Prospecting Licences for Gold and Miscellaneous Licenses as defined under the Mining Act with a GRV valuation. It also includes properties with a GRV valuation that are held by or leased by a company whose primary activities involve mining. It does not include properties with a GRV valuation that comprise a single dwelling in the township of Boddington.

The proposed rate is 5.953 cents in the dollar GRV Mining. Rates provided by this category, including minimum rates at \$960 are approximately 33% of the total rate requirements of council. There are three properties in this category which are effectively controlled by one ratepayer.

This sector comprises mining properties subjected to GRV Rating and Council considers that the sector has been contributing to the services and infrastructure of the shire in a fair manner. The imposition of GRV General rate to these properties in addition to the rates the sector pays from UV Mining rated properties which it holds would cause the sector to contribute at a level which would not be fair. For this reason, the GRV Mining rate is lower than the GRV General rate.

GRV General

This rating category covers all properties with a GRV valuation not categorised as GRV Mining. The proposed rate is 8.6965 cents in the dollar GRV General. Rates provided by this category, including minimum rates at \$960 are approximately 20% 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.

UV Mining

This rating category covers all Mining Leases, Exploration Licenses, Prospecting Licences, Retention Licenses, General Purpose Leases, Special Prospecting Licences for Gold and Miscellaneous Licenses as defined under the Mining Act with a UV valuation. It also

includes properties with a UV valuation that are held by or leased by a company whose primary activities involve mining.

The proposed rate is 3.2594 cents in the dollar UV Mining. Rates provided by this category, including minimum rates at \$960 are approximately 27% of the total rate requirements of council.

This sector comprises properties outside the town area which are not used for rural purposes. Council considers that this sector has not been contributing to the services and infrastructure of the shire in a fair manner.

The object of the rate for this category is to rate properties at a higher than the UV General differential rate to improve fairness and equity outcomes by:

- Applying a premium to compensate for the different valuation method and comparatively lower valuation level compared to equivalent properties in built-up areas.
- Applying a premium to reflect the following key points:
 1. Mining areas and known mineral resources cover a consideration portion of the district with the most extensive resource being bauxite.
 2. Other than the Shire of Collie, the Shire of Boddington is the local government that is most impacted by mining operations in the South-West Land Division (generally the area from Geraldton to Esperance).
 3. The Shire receives a number of enquiries from landowners and other stakeholders regarding the planning implications of living and investing in the vicinity of bauxite mining operations.
 4. A mining buffer was originally identified in 2007 to assist in accommodating bauxite and gold mining and to reduce land use conflict. The mining buffer protects mining operations from sensitive land uses and development which could prejudice the extraction (now and in the future) of mineral and basic raw material resources.
 5. The mining buffer covers a significant portion of the district including parts of the Boddington townsite, various rural residential and rural smallholding estates and many freehold rural properties. There is a mining buffer of 1200 metres for bauxite mining surrounding known bauxite resources.
 6. The mining buffer has been proposed to be considerably expanded in recent years based on advice from South32 and State Government agencies including the Department of Mines and Petroleum.
 7. The Shire has spent considerable time and funds to review the *Shire of Boddington Local Planning Strategy* which was endorsed by the Western Australian Planning Commission (WAPC) in 2018. A key driver of this review was the modified mining buffer. The Shire's efforts have included raising awareness and liaising with landowners, the community and stakeholders.
 8. The Shire will spend an increasing amount of time and funds to assist in protecting and accommodating bauxite mining through the *Shire of Boddington Local Planning Scheme No. 3 (LPS3)*. This included the WAPC requirement to give statutory weight to the mining buffer through a Mining Buffer Special Control Area to be introduced into LPS3. LPS3 also includes provisions to control development within the Mining Buffer Special Control Area. Some of the implications will include:

- (i) The Shire being required to liaise with landowners and stakeholders and to discourage sensitive land uses, (such as residential development) in close proximity to basic raw material and mineral extraction operations.
 - (ii) Increased planning and administrative resources, as most forms of development and changes of land use in the mining buffer will require a Development Application.
 - (iii) While recognising the need to limit or prevent 'sensitive' development, there are competing legal issues including a generally accepted right to construct a single dwelling on a lot. Many rural lots in the mining buffer currently do not have a dwelling.
 - (iv) Anticipated reviews being submitted to the State Administrative Tribunal due to the Shire refusing Development Applications based on incompatibility with bauxite mining.
 - (v) There will be considerable liaising with South32, the Department of Mines and Petroleum, the Department of State Development, WAPC and other agencies on Development Applications, other planning proposals and land administrative matters as they may affect basic raw materials and mineral resources.
9. South32 operations have resource implications on other Shire services and assets including environmental health, emergency management, administration and roads. Examples of this include the haul road crossing on Morts Rd, the proposed haul road crossing in the vicinity of Tullis Bridge and the proposed haul road crossing on Lower Hotham Rd.

UV Rural

This rating category covers all properties with a UV valuation and predominant usage that involves agricultural production or horticultural production activities and lifestyle properties. The proposed rate is 0.6716 cents in the dollar UV General. Rates provided by this category, including minimum rates at \$960 are approximately 19% of the total rate requirements of council. This sector comprises the rural properties outside the town area and Council considers that this sector has been contributing to the services and infrastructure of the shire in a fair manner.

UV Non-Rural

This rating category covers all properties with a UV valuation with any intensive usage which is significantly different from agricultural or horticultural production. Examples could be landfill or other industrial activities. The proposed rate is 3.2594 cents in the dollar UV General. Rates provided by this category, including minimum rates at \$960 are approximately 0.5% of the total rate requirements of council. This sector comprises the rural properties outside the town area and Council considers that this sector has not been contributing to the services and infrastructure of the shire in a fair manner.

The object of the rate for this category is to rate properties at a higher than the UV Rural differential rate to improve fairness and equity outcomes by:

- Applying a premium to compensate for the different valuation method and comparatively lower valuation level compared to equivalent properties held for intensive usage in built-up areas i.e. industrial areas.
- Applying a premium to reflect the following key point:

1. The Shire receives a number of enquiries and complaints from landowners and other stakeholders regarding property in this category. This involves considerable officer time and Councillor consideration.
2. The Shire incurs additional costs relating to monitoring of land use & the environmental impact.

(Objects and Reasons ends).

Overall effect would be increases of 1.9% in gross rates yield, 1.5% in town and rural rates, and 1.9% in mining rates as per the following table.

Category	Old rate in \$	Proposed Rate in \$	Old Minimum	New Minimum	Gross Levy 2017/18	Gross Levy 2018/19
GRV General	8.568	8.6965	\$950	\$960	\$878,618	\$895,051
GRV Mining	5.865	5.9530	\$950	\$960	\$1,510,894	\$1,533,553
UV- Rural	0.6617	0.6716	\$950	\$960	\$868,095	\$890,293
UV – Mining	3.2594	3.3083	\$950	\$960	\$1,210,481	\$1,232,289
UV – Non_Rural	3.2594	3.3083	\$950	\$960	\$21,577	\$21,900
Total					\$4,489,665	\$4,573,086

In comparison, some shires with differential rates compare as follows

Council	UV Pastoral rate in \$	UV Mining rate in \$	Factor
Shire of Carnarvon	7.1666	12.656	1.77
Shire of Exmouth	7.84	15.68	2.00
East Pilbara Shire Council	6.0894	18.283	3.00
Shire of Derby West Kimberly	6.4434	26.823	4.16
Shire of Wyndham East Kimberley	5.7	27.4	4.81
Shire of Boddington	0.6716	3.3083	4.93
Shire of Ashburton	6.0976	36.957	6.06
Three Springs	1.636	12.039	7.36
Shire of Morawa	2.3481	29.519	12.57
Shire of Broome	0.6687	12.546	18.76

As the proposed increase in UV Mining and UV Non-Rural rates are more than twice the lowest differential rate to be imposed, Ministerial approval must be sought. In addition, Council must advertise for and consider submissions before imposing the proposed rates.

As there are fewer than thirty ratepayers who will be subject to the differential general rate, each affected ratepayer has to be informed in writing by the local government of:

- the terms of this policy (through the provision of a copy of this document to the ratepayer
- the local government's objects of and reasons for proposing to impose the differential general rates
- the differential general rate that will apply to the ratepayer's property; and
- the differential general rate that applied in the previous year for comparison

They must be given at least 21 days to make submissions to the local government on the proposal.

Strategic Implications

Not fully known until submissions received.

Statutory Environment.

The following sections in Local Government Act 1995 apply:

- Section 6.32 of the Local Government Act 1995 provides Council with the power to apply rates to property;
- Section 6.33 of the Local Government Act 1995 provides Council with the power to apply differential general rates although Ministerial approval is required where a differential rate is more than twice the lowest differential rate to be imposed;
- Section 6.35 of the Local Government Act 1995 provides Council with the power to apply a minimum payment which is greater than the general rate which would otherwise be payable on that land;
- Section 6.36 of the Local Government Act 1995 requires Council to give public notice of its intention to impose differential rates, inviting submissions within 21 days.

Council is also required to consider any submissions received prior to imposing the proposed rate or minimum payment.

Policy Implications

Discussed in the body of the report.

Financial Implications

The rate level set by Council will underpin its ability to provide services and facilities for the 2018/19 Financial Year and into the future.

Economic Implications – Nil

Social Implications – Nil

Environmental Considerations - Nil

Consultation

Neighbouring Shires have indicated they are not considering imposing a differential rate for mining activities. Department of Local Government & Communities.

Options

Council can:

1. Accept the Officer's Recommendation;
2. Amend the Officer's Recommendation; or
3. Not accept the Officer's Recommendation.

Voting Requirements

Absolute Majority

OFFICER RECOMMENDATION – ITEM 5.1.1

That Council:

1. Endorse the Objects and Reasons for Differential Rates 2019/20.
2. Advertise its intention, in accordance with section 6.36 of the Local Government Act 1995, to adopt the following rates in the dollar and minimum rates for the differential rating categories specified for the 2019/20 Financial Year:

Category	Proposed Rate in \$	Minimum
GRV	8.6965	\$960
GRV Mining	5.9530	\$960
UV- Rural	0.6716	\$960
UV - Mining	3.3083	\$960
<u>UV – Non-Rural</u>	3.3083	\$960

3. If no submissions objecting to the proposed Differential Rates are received, authorise the CEO to apply to the Minister for Local Government, Heritage, Culture and the Arts for approval for Council to impose the Schedule of Rates outlined in point 2 above.

5.1.2 Proposed Rental of 46 Johnston Street

File Ref. No: ADM 0727
Disclosure of Interest: Nil
Date: 1 May 2019
Author: Chris Littlemore, Chief Executive Officer
Attachment: Nil.

Summary

For Council to authorise rental of 46 Johnson Street Boddington.

Background

Council has requested investigation of the use of Council property at 46 Johnston Street Boddington for the purposes of family day care.

A valuation has been obtained of the likely rental, being in the range \$370-\$430 per week.

A rental where exclusive use is offered is known as a disposition.

Comment

Council is able to offer the property for rental and the Local Government Act requirements are;

It must give local public notice of the proposed disposition –

- (i) describing the property concerned; and
- (ii) giving details of the proposed disposition; and
- (iii) inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given.

Strategic Implications

Given objections raised to the potential use of a property in Hill Street for a family day care, this potential solution could ensure the facilities made available for the residents of Boddington.

Statutory Environment

Local Government Act sec. 3.57;
(1)...
(2),...

(3) A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property –

(a) it gives local public notice of the proposed disposition –

- (i) describing the property concerned; and
- (ii) giving details of the proposed disposition; and
- (iii) inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given; and

(b) it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.

(4) The details of a proposed disposition that are required by subsection (3)(a)(ii) include –

- (a) the names of all other parties concerned; and
- (b) the consideration to be received by the local government for the disposition; and
- (c) the market value of the disposition –
 - (i) as ascertained by a valuation carried out not more than 6 months before the proposed disposition.

Policy Implications – Nil

Financial Implications

The disposition is an arm's-length commercial transaction.

Economic Implications – Nil

Social Implications

This proposal has the opportunity to provide a service that does not exist at present in Boddington.

Environmental Considerations – Nil

Consultation Local Real Estate Agent provided the rental valuation.

Options

Council can:

1. Accept the Officer's Recommendation;
2. Amend the Officer's Recommendation; or
3. Not accept the Officer's Recommendation giving reasons.

Voting Requirements

Simple Majority

That Council authorises Chief Executive Officer

1. To advertise its intention to enter into a lease agreement with Katrina and Neil Dyson for a period up to 2 years for initial rental of \$370 per week to be increased after 12 months to \$400 per week for the purposes of a family day care facility.
2. If no submissions are received in relation to the proposed lease, to execute the lease described in recommendation 1 above subject to the necessary approvals being obtained.

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

Nil at this time.

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

Nil at this time.

8. CONFIDENTIAL ITEM:

Nil at this time.

9. CLOSURE OF MEETING: