

**NOTICE OF SPECIAL
MEETING AND
AGENDA**

CR _____

PLEASE TAKE NOTICE that the next **SPECIAL COUNCIL MEETING** will be held in the Council Chambers, Orchard Avenue, Armadale at **7.00 pm**

MONDAY, 29 JULY 2013



**R S TAME
CHIEF EXECUTIVE OFFICER**

24 July 2013

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

3 PUBLIC QUESTION TIME

Minimum time to be provided – 15 minutes (unless not required)

A procedure has been adopted by Council to ensure the orderly conduct of Public Question time and a copy of this procedure is attached to the Council Agendas made available in the public gallery.

The public's cooperation in this regard will be appreciated.

4 BUSINESS OF COUNCIL

4.1 Notice of Intention to Levy Differential Rates.

5 CLOSURE

4.1 - NOTICE OF INTENTION TO LEVY DIFFERENTIAL RATES

WARD : ALL
FILE No. : M/480/13
DATE : 24 July 2013
REF : TM
RESPONSIBLE : Executive Director
MANAGER : Corporate Services

In Brief:

- This Report presents the deliberations and findings of the City's Rating Review Working Party which met on 21st May, 22nd and 23rd July 2013 to consider and make recommendation on the proposed rates for the 2014 year;
- The Report Recommendation is to give local public notice of the City's intention to levy differential rates in the gross rental value area of the City.

Tabled Items

Nil

Officer Interest Declaration

Nil

Strategic Implications

4.6 Financial sustainability and accountability for performance

- 4.6.3 – develop and maintain long term financial planning, management and reporting to ensure resources are provided to deliver services and manage Council's assets.

Legislation Implications

The relevant sections of the *Local Government Act 1995* are as follows (the highlighted parts more particularly refer)

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;*
 - (b) *may impose* on rateable land within its district —*
 - (i) *a specified area rate; or*
 - (ii) *a minimum payment;*
- and*
- (c) *may impose* a service charge on land within its district.*

** Absolute majority required.*

- (2) *Where a local government resolves to impose a rate it is required to —*
- (a) *set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and*

- (b) *set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.*

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 in force under the Planning and Development Act 2005;*
 - (b) *a purpose for which the land is held or used as determined by the local government;*
 - (c) *whether or not the land is vacant land; or*
 - (d) *any other characteristic or combination of characteristics prescribed.*
- (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.*

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

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

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.
- (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;
 - (b) is to contain —
 - (i) details of each rate or minimum payment the local government intends to impose;
 - (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 of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.
- (4) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

In accordance with the 2014 Budget Adoption Timetable, this Report makes recommendation to Council on the proposed rates for the 2014 year.

Consultation

Council's Rating Review Working Party (Membership: Crs Zelones, Shaw, Wielinga, Munn and Butterfield)

BACKGROUND

This Report is in follow-up to :-

- meetings of Council's Rating Review Working Party (RRWP) held on 21st May, 22nd July and 23rd July 2013, and
- the Councillors' Budget Workshops held on 16th July, 22nd July and 23rd July 2013.

DETAILS OF PROPOSAL

This Report proposes that Council, for the 2014 year, support the ongoing imposition of differential rates (according to whether or not land is vacant land) in the gross rental value area of the City.

COMMENT

Last year several submissions were made on the proposed rates and Council's response to those submissions when adopting the 2013 Annual Budget was as follows:

CS77/8/12

RECOMMEND

1. That Council:

- in accordance with section 6.36(4) of the *Local Government Act 1995*, notes the (7) public submissions received in response to the local public notice of the proposed differential rates to apply for the 2013 year and the Officer comments provided in response to those public submissions (attached to this Report),
- advise the persons having made submission on the proposed differential rates that :-
 - their submissions were duly considered prior to determining that the proposed rates as advertised be adopted without modification, and
 - via its Rating Review Working Party, be provided with a Report that examines the possible introduction of a property zoning based differential rating system commencing the 2014 rating year, noting that the prior legislative impediment preventing Council from using differential rates based on zonings, has now been removed.

To properly consider the "possible introduction of a property zoning based differential rating system commencing the 2014 rating year" the City's rating data base had to be updated with zoning information for the areas of the City under the planning and development control of the Metropolitan Regional Authority, a task which took considerably longer to complete than anticipated on account of not being able to digitally transfer the mapping and zoning data.

The City's own zoning information also had to be checked and validated as being current and accurate.

The above tasks were completed late April 2013.

The City's Rating Review Working Party (RRWP) have now met on (3) occasions to consider various options in response to the above prior resolution of Council, and the findings of the RRWP are summarised as follows :-

1. The object of, and the reason for, the higher differential rate on vacant land, namely, "*to promote the development of all properties to their full potential thereby stimulating economic growth and development in all areas of our community*", is considered a valid rating strategy for vacant land and should therefore be continued;
2. several other metropolitan local governments, typically those like Armadale experiencing significant growth, also impose a higher differential rate on vacant land for the same reason, eg. Cockburn, Joondalup, Mandurah, Melville, Wanneroo and Serpentine/Jarrahdale.

3. recently the Valuer Generals' Office (who determine the property valuations for Council rating purposes) notified the City that the gross rental values (GRV's) on (30) vacant properties provided in the last revaluation had been found to be incorrect. The GRV's had been calculated at 5% of the lands capital value rather than 3% (like all other residential type vacant land) resulting in rates on these 30 properties being 40% higher than they ought to be. All (5) public submissions on the rates received last year that expressed concern at the higher rates for their vacant properties when compared to similarly zoned improved properties, had incorrect valuations. The comparison now between vacant and improved rural living zoned type properties is, on average, vacant \$1,590, improved \$1,920, which aligns with what the public submissions were proposing as being a fairer comparison.
4. The City was unable to reach determination on this matter until the Valuer Generals' Office had confirmed their position for 2013/14.
5. now that the Valuer Generals' Office have corrected the valuations, the case for introducing additional differential rating categories to achieve a fairer comparison between vacant and improved rates on rural living type properties is not necessary and accordingly the recommendation from the RRWP is that *the single differential rate on vacant land be retained as is*.
6. the RRWP is also of the view that there are no other rating matters requiring change for the 2014 year and notes that the three yearly revaluation of all gross rental value properties by the Valuer Generals' Office will occur during the next 12 months and the new values to apply from the 1st July 2015.

At the recent Councillor 2014 Annual Budget Workshops it was reported:-

The City's original long-term financial strategy had recommended a likely Budget scenario of Local Government Cost Index (LGCI) plus the forthcoming financial year. However, in reporting on the Draft Budget, unanticipated costs such as those tabled below have been identified over and above the 2012/13 Budget position, *before* any new initiatives or workforce increases are considered for 2013/14.

These costs would be equivalent to a 4.6% rate increase, before any new services or projects can be considered in the forthcoming year::

Revenue and Cost Variations	
Fringe Benefits Tax costs up by	155,000
Building Licence revenues down by	250,000
Grants Commission funding down by	253,000
Insurance costs up by	108,000
Risk Management/Compliance costs up by	100,000
Asset management costs up by	50,000
Superannuation costs up by	50,000
Civil and parks costs up by	927,000
Total	1,893,000

In considering these additional costs, plus a raft of new initiatives and actions emanating from the City's publicly advertised and adopted Strategic Community Plan, the RRWP recommended:-

- (a) that the proposed rate increase to fund the City's 2014 Corporate Business Plan and Annual Budget would be +6.2%, based upon:
- WALGA's forecast Local Government Cost Increase Index of +3.2% for the 2014 year, and
 - a +3 % "growth" factor to fund the City's growth initiatives and infrastructure renewal.
- (b) for the average residential improved property, the proposed +6.2% increase equates to an increase on average of \$79 pa or \$1.50 per week, with the average residential improved property annual rates bill, increasing to \$1,360

Details of the 2014 proposed rates are summarised as follows:-

Particulars	Rate in \$/Minimum Payment	Number of Rateable Properties	Rateable Value \$	2014 Rates Budget \$
Rates:				
<i>Gross Rental Value Area</i>				
- General Rate - Improved Land	8.876 cents	21,949	390,570,366	34,667,000
- Differential Rate - Vacant Land	14.682 cents	1,076	24,557,314	3,605,500
<i>Unimproved Value Area</i>				
- General Rate	0.3945 cents	144	198,842,500	784,430
sub total		23,169	613,970,180	39,056,930
Minimum Payments:				
<i>Gross Rental Value Area</i>				
- General - Improved Land	976.00	4,060	40,121,973	3,962,560
- Differential Vacant Land	976.00	1,689	8,013,000	1,648,460
<i>Unimproved Value Area</i>				
- General	1,170.00	13	3,001,910	15,210
sub total		5,762	51,136,883	5,626,230
Total		28,931	665,107,063	44,683,160

Other matters to note include:

- giving local public notice of the proposed rates, does not preclude Council from subsequently imposing rates that differ from those advertised, however should that occur, there is understandably, a legislative requirement upon Council to explain in the annual budget document and the rating information accompanying the rates notice, the reasons for the change;
- local public notice of the proposed rates will appear in the West Australian on Tuesday 30th July 2013, the Examiner on Thursday 1st August and the Comment News on Monday 5th August 2013;

- as with the 2013 year rates, Minister's approval will again be required prior to imposing the minimum rate on vacant lands given the number on the minimum payment will be greater than 50% - section 6.35(5) of the *Local Government Act 1995* refers).

CONCLUSION

In accordance with discussions had at the recent 2014 Annual Budget and Corporate Business Plan Councillor Workshops and the findings of the Rating Review Working Party, the following recommendation on the proposed rates for 2014 is presented for Council's endorsement.

ATTACHMENTS

1. Statement of Rating Objects and Reasons - 2014 Budget

RECOMMEND

That Council, in accordance with section 6.36 of the *Local Government Act 1995*, agrees to give local public notice of its intention to impose differential rates, in the gross rental value area of the City for the 2013-2014 year, according to whether or not land is vacant land, with the details of :-

- (i) the proposed differential rates; and
- (ii) the supporting Statement of Objects and Reasons,

being as follows:

(i) Proposed Differential Rates

Rate Group	Proposed Rates	
	Rate in \$ (cents)	Minimum Payment \$
<i>Gross Rental Value Area:</i>		
- General Rate - Improved Land	8.876 cents	976.00
- Differential Rate - Vacant Land	14.682 cents	976.00
<i>Unimproved Value Area:</i>		
- General Rate	0.3945 cents	1,170.00

(ii) Statement of Rating Objects & Reasons

Rates

Rates are calculated to provide the shortfall in revenue required to enable the City to provide necessary works and services in the 2013-2014 financial year.

Rates may be imposed either uniformly or differentially. The City proposes imposing differential general rates in the gross rental value area of the City according to whether or not the land is vacant land.

The City when imposing the rates is required to:

- (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and**
- (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.**

The City also imposes minimum rate payments to recognise that every property receives a minimum level of benefit from the works and services provided.

The proposed rate increase for the 2013-2014 year is 6.2% made up as follows:

- a 3.2% local government inflation cost factor, PLUS**
- a 3% “growth” factor to fund the City’s growth initiatives and infrastructure renewal.**

Details of Proposed Rates

Gross Rental Value Area

The rate in the dollar to apply to Improved Land is 8.876 cents.

The rate in the dollar to apply to Vacant Land is 14.682 cents.

The object of and reason for the higher rate in the dollar on Vacant Land is to:

“promote the development of all properties to their full potential thereby stimulating economic growth and development in all areas of our community”

The minimum payment to apply to both Improved Land and Vacant Land is \$976.00

Unimproved Value Area

There is just the one general rate in the dollar and minimum payment to uniformly apply to properties rated on their unimproved value.

The general rate in the dollar is 0.3945 cents and the minimum payment is \$1,170.00

ATTACHMENTS		
29 JULY 2013		
ATT NO.	SUBJECT	PAGE
4.1 NOTICE OF INTENTION TO LEVY DIFFERENTIAL RATES		
4.1.1	Statement of Rating Objects and Reasons - 2014 Budget	12



2013-14 Annual Budget

Statement of Rating Objects and Reasons

July 2013

Should you have any enquiries in respect to this Statement,
Please contact our Rates Department on 9399 0164.

Introduction

This Statement is provided:

- in accordance with section 6.36 of the *Local Government Act 1995*;
- to inform residents of the City of the objects and reasons for the differential rates being proposed for the 2013-2014 financial year; and
- to invite submissions from residents on the proposed differential rates and minimum payments.

Residents wishing to make written submission are invited to lodge their submission with the City by **no later than close of business, 4.45pm, on Tuesday 20th August 2013.**

Written Submissions can be:

- lodged in person at the City's Administration Centre at 7 Orchard Avenue, Armadale; or
- mailed to: Chief Executive Officer, City of Armadale, Locked Bag 2, Armadale WA 6992, or
- emailed to info@armadale.wa.gov.au

Rating – An Overview

The current legislation with regards to rates is as follows:

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;

(b) may impose on rateable land within its district —*

(i) a specified area rate; or

(ii) a minimum payment;

and

(c) may impose a service charge on land within its district.*

** Absolute majority required.*

- (2) Where a local government resolves to impose a rate it is required to —
- (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
 - (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

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 in force under the Planning and Development Act 2005;
- (b) a purpose for which the land is held or used as determined by the local government;
- (c) whether or not the land is vacant land; or
- (d) any other characteristic or combination of characteristics prescribed.

(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.

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.

(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;
- (b) is to contain —
 - (i) details of each rate or minimum payment the local government intends to impose;
 - (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 of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.

(4) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.

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;

(b) to land rated on unimproved value; and

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

Objects & Reasons for the City's 2013-2014 Proposed Differential Rates

Rates may be imposed either uniformly or differentially.

The City proposes imposing differential general rates in the gross rental value area of the City **according to whether or not the land is vacant land.**

The City when imposing the rates is required to:

(a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and

(b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

The City also imposes minimum payments to recognise that every property receives a minimum level of benefit from the works and services provided.

The proposed rate increase for the 2013-2014 year is 6.2% made up as follows:

- a 3.2 % local government inflation cost increase factor, PLUS

- a 3% “growth” factor to fund the City’s growth initiatives and infrastructure renewal.

Details of Proposed Rates

(i) Gross Rental Value Area

The proposed rate in the dollar to apply to **Improved Land is 8.876 cents.**

The proposed rate in the dollar to apply to **Vacant Land is 14.682 cents.**

The object of, and reason for, the higher rate in the dollar on Vacant Land is to:

“promote the development of all properties to their full potential thereby stimulating economic growth and development in all areas of our community”

The proposed **minimum payment** to apply to both Improved Land and Vacant Land is **\$976.00**

(ii) Unimproved Value Area

There is just the one general rate in the dollar and minimum payment to apply to properties rated on their unimproved value.

The general **rate in the dollar is 0.3945 cents and the minimum payment is \$1,170.00**

Should you have any enquiries in respect to this Statement, please contact our Rates Department on 9399 0164.

R S Tame

Chief Executive Officer