



**Shire of Derby /
West Kimberley**

UNCONFIRMED MINUTES

Special Council Meeting

Thursday, 18 June 2020

Date: Thursday, 18 June 2020

Time: 5.30pm

**Location: Council Chambers
Clarendon Street
Derby**



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**MINUTES OF SHIRE OF DERBY / WEST KIMBERLEY
SPECIAL COUNCIL MEETING
HELD AT THE COUNCIL CHAMBERS, CLARENDON STREET, DERBY
ON THURSDAY, 18 JUNE 2020 AT 5.30PM**

- PRESENT:** Cr Geoff Haerewa (Shire President), Cr Paul White (Deputy Shire President), Cr Geoff Davis, Cr Chris Kloss, Cr Andrew Twaddle, Cr Steve Ross, Cr Rowena Mouda, Cr Keith Bedford, Cr Pat Riley
- IN ATTENDANCE:** Amanda O'Halloran (Chief Executive Officer), Wayne Neate (Director Technical and Development Services), Myra Henry (Manager Finance), Carlie McCulloch (Executive Services Coordinator)
- VISITORS:** Nil
- GALLERY:** Nil
- APOLOGIES:** Nil
- APPROVED LEAVE OF ABSENCE:**
- ABSENT:** Nil

1 DECLARATION OF OPENING, ANNOUNCEMENTS OF VISITORS

The meeting was opened at 6.19pm by Shire President, Geoff Haerewa.

2 ATTENDANCE VIA TELEPHONE/INSTANTANEOUS COMMUNICATIONS

In accordance with regulation 14A of the Local Government (Administration) Regulations 1996 Council must approve (by Absolute Majority) the attendance of a person, not physically present at a meeting of Council, by audio contact. The person must be in a 'suitable place' as approved (by absolute majority) by Council. A 'suitable place' means a place that is located in a townsite or other residential area and 150km or further from the place at which the meeting is to be held.

Cr Geoff Davis

3 DISCLOSURE OF INTERESTS

Section 5.65 and 5.70 of the *Local Government Act 1995* requires an Elected Member or officer who has an interest in any matter to be discussed at a Committee/Council Meeting that will be attended by the Elected Member or officer must disclose the nature of the interest in a written notice given to the Chief Executive Officer before the meeting; or at the meeting before the matter is discussed.

An Elected Member who makes a disclosure under section 5.65 or 5.70 must not preside at the part of the meeting relating to the matter; or participate in; or be present during, any discussion or decision making procedure relating to the matter, unless allowed by the Committee/Council. If Committee/Council allow an Elected Member to speak, the extent of the interest must also be stated.

3.1 Declaration of Financial Interests

3.2 Declaration of Proximity Interests

3.3 Declaration of Impartiality Interests

4 PUBLIC TIME

4.1 Public Question Time

4.2 Public Statements

5 ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION

Welcome back to Councillor Pat Riley returning from a Leave of Absence.

REPORTS**6 CORPORATE SERVICES****6.1 DIFFERENTIAL RATES AND RATES MODELLING 2020/21****File Number: 5174****Author: Myra Henry, Manager Finance****Responsible Officer: Amanda O'Halloran, Chief Executive Officer****Authority/Discretion: Review****SUMMARY**

Council is being requested to consider the proposed Rates including Differential Rates and Minimum Payments and the Statement of Objects and Reasons for the 2020/2021 financial year for the purpose of advertising and seeking public submissions as required by the *Local Government Act 1995*.

SUSPENSION OF STANDING ORDERS**RESOLUTION 100/20****Moved: Cr Chris Kloss****Seconded: Cr Andrew Twaddle**

A motion was moved that Council suspend standing orders.

In Favour: Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford

Against: Nil

CARRIED 9/0**RESUMPTION OF STANDING ORDERS**

RESOLUTION 101/20**RESOLUTION 102/20****Moved: Cr Paul White****Seconded: Cr Keith Bedford**

A motion was moved that Council resume standing orders.

In Favour: Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford

Against: Nil

CARRIED 9/0**DISCLOSURE OF ANY INTEREST**

NIL

BACKGROUND

Pursuant to section 6.33 of *the Local Government Act 1995*, a local government may determine to impose Differential Rates according to a range of characteristics, including the purpose for which land is zoned, the purpose for which land is held or used, or whether the land is vacant land. As part of its 2019/2020 adopted budget, Council imposed Differential Rates and associated Minimum Payments in line with the above characteristics. Council is required to advertise its intention to impose a Differential Rate.

The Local Government Act provides that Council is to adopt a rating structure that provides sufficient income to cover the shortfall in budgeted income, from other sources, and expected expenditure. This requirement has been modified by the State Government (Local Government (COVID-19 Response) Order 2020) as follows:

- *s6.33: It is not required to seek ministerial approval for differential rates if approval was sought and received in the financial year 2019/2020 and the local government resolves to freeze the differential rates for this financial year.*
- *s6.34 General Rates may be 80% of budgeted deficiency.*
- *s6.36: A local government that resolves to set differential rates and minimum payments levels at a level no higher than those imposed in 2019/2020, will not have to comply with the provision of section 6.36. The local government will be required to publish the differential rates and minimum payments on their website within ten (10) days of the resolution.*

In addition the Minister for Local Government; Heritage; Culture & the Arts, in Circular No. 03-2020 (dated 8 May 2020), advised that local governments are strongly encouraged not to increase their rates in the dollar from the previous year so as to support rate payers in the wake of the COVID-19 pandemic. The Minister indicated that it is desirable that the instalment and penalty interest rates be limited to a maximum of 5.5% and 8% respectively.

It should be noted that whilst the Minister spoke in terms of “rate in the dollar” the presumed intent was that the rate yield not be increased. That is that the total income from rate charges not

be increased so as to not increase the overall financial burden on communities. If Council chose to keep overall rate income at the 2019/20 level then changes to property valuations will result in increased rate charges for some owners and reduced charges for others.

Changes in Property Values

There has been no revaluation role(s) received for GRV properties this year with the next review due to be undertaken in 2021 (last done with effect from 1/07/2016) as part of the 5-year review process (currently delayed).

As advised by the Valuer General, rural properties from 1 July 2020 will see a value increase of \$42,115,249 – or 288% on average.

As advised by the Value General, mining tenements will see a value increase of 16% on average or \$483,062 in the area compared to the 2019/2020 adopted budget.

It is noted that currently, the revised valuations for rural properties and mining tenements lead to an increase in rates income if Council were to consider using the same cents to the dollar rate as 2019/20 as shown in the below tables:

Rate Category	Rate in the Dollar	Minimum	Rate Category	Rate in the Dollar	Minimum
General GRV	13.3772	\$1027	UV Other	22.9955	\$1027
UV Mining	6.8300	\$1027	UV Mining	28.4327	\$1027

General Rates	2019/20 Valuation in adopted budget	2019/20 Actuals as at 30 May	2020/21 Valuation	Rate at Nil Increase	Income projections for 2020/21
General GRV	38,012,810	38,012,810	37,055,048	13.3772	4,956,928
UV Mining	3,106,775	3,106,775	3,589,837	28.4327	1,020,688
UV Pastoral	14,654,438	14,654,438	56,769,687	06.8300	3,877,370
UV Other	1,211,740	1,211,740	1,212,180	22.9955	278,747

Minimum Rates	2019/20 Valuation in adopted budget	2019/20 actuals as at 30 May	2020/21 Valuation	Rate at Nil Increase	Income projections for 2020/21
General GRV	687,398	687,398	726,956	1,027	180,752
UV Mining	82,792	82,792	122,660	1,027	97,565
UV Pastoral	18,500	18,500	18,500	1,027	4,108
UV Other	0	0	1,400	1,027	1,027

Total rates payable (before discounts and write offs) is: \$10,417,184 which is a \$3,076,238 or a 42% increase compared to 2019/2020 adopted budget figures.

STATUTORY ENVIRONMENT

Sections 6.25 to 6.82 of the *Local Government Act 1995* refer to rates and service charges. However, this report more specifically refers to the following sections of the Act (*It is also noted that due to the Local Government (COVID-19) Order 2020 the following sections have also amended*);

6.28. Basis of Rates

- 1) *The Minister is to —*
 - a) *determine the method of valuation of land to be used by a local government as the basis for a rate; and*
 - b) *publish a notice of the determination in the Government Gazette.*
- 2) *In determining the method of valuation of land to be used by a local government the Minister is to have regard to the general principle that the basis for a rate on any land is to be —*
 - a) *where the land is used predominantly for rural purposes, the unimproved value of the land; and*
 - b) *where the land is used predominantly for non-rural purposes, the gross rental value of the land.*
- 3) *The unimproved value or gross rental value, as the case requires, of rateable land in the district of a local government is to be recorded in the rate record of that local government.*
- 4) *Subject to subsection (5), for the purposes of this section the valuation to be used by a local government is to be the valuation in force under the Valuation of Land Act 1978 as at 1 July in each financial year.*
- 5) *Where during a financial year —*
 - a) *an interim valuation is made under the Valuation of Land Act 1978; or*
 - b) *a valuation comes into force under the Valuation of Land Act 1978 as a result of the amendment of a valuation under that Act; or*
 - c) *a new valuation is made under the Valuation of Land Act 1978 in the course of completing a general valuation that has previously come into force, the interim valuation, amended valuation or new valuation, as the case requires, is to be used by a local government for the purposes of this section.*

6.33. Differential General Rates

Amendment – Exemption of requirement to obtain approval for differential rates where rate in the dollar has not increased and approval was obtained last year.

- (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 6.34 Limit on revenue or income from general rates

Amendment – General Rates may be 80% of budgeted deficiency

Unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

- (a) be more than 110% of the amount of the budget deficiency; or
- (b) be less than 90% of the amount of the budget deficiency.

6.35. Minimum Payment

Amendment – Exemption of requirement to obtain approval for Minimum payment where differential rate have not increased.

- (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*
 - (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

Amendment – Modified requirements to advertise differential rates

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.

- (1) 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).*
- (2) 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 of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.*
- (3) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.*
- (4) 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

AF20 - Rating Administration Policy

In accordance with the Department of Local Government and Communities "Rating Policy - Differential Rates", for the Minister to grant approval under section 6.33(3) Council must satisfy the Minister that consideration has been given to the key values of Objectivity, Fairness and Equity, Consistency, Transparency and Administrative Efficiency.

The following indicates how these values are satisfied by the proposed differential rates:

Objectivity:

- The land on which differential general rates is proposed has been rated according to zoning and land use. No land is proposed for differential general rates based on being vacant land.
- There has been no change to the boundaries of the District in the past five years.

Fairness and Equity:

- Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. In particular, to improve efficiency and reduce expenditure.

Council has/will:

- Commence the process to negotiate a new enterprise agreement;
- Reviewed the need for and remuneration of each position as vacancies arise;
- Reduced the number of houses leased for staff housing;
- Deferred capital expenditure where possible;
- Installed energy efficient fixtures and equipment where possible;
- Implemented Vendor Marketplace (eQuotes) for procurement below the tender threshold; and
- The objects of imposing differential rates and reasons for each rate are set out in the attached document that will be publically available.
- These objects and reasons clearly explain why each differential general rate is proposed to be imposed.
- The objects and reasons clearly explain why it is proposed to set the differential general rate at that particular rate.
- Where any category of ratepayer is significantly contributing to revenue through fees, charges and other payments, these same costs have not been used as the justification for the difference in differential general rate.
- There is more than 30 ratepayers who will be subject to the proposed differential rates categories.
- All submissions from ratepayers will be presented to Council for consideration at a later meeting and the minutes of this meeting, including the responses to

ratepayer submissions, will be provided to the Department of Local Government and Communities and the Minister.

Consistency:

- All properties with the same land use characteristics have been rated in the same way.
- The proposed differential rates would generally align with the principles of the rating strategy in Long Term Financial Plan. However, they differ in application as it is proposed to have a nil increase to rates in the dollar predominantly rather than the 3.5% increase forecast in the Long Term Financial Plan. This reduction is in response to Minister's announcement.
- Consideration has been given to rates proposed in neighbouring or similar local government districts.

Transparency and Administrative Efficiency:

- A document has been prepared clearly describing the object of and reason for each differential general rate. This will be made publically available.
- Public notice will be exhibited on a notice board at Council's offices and at each library within the District. This public notice will also be published in local newspapers and on the Shire website.
- The public notice will detail each differential general rate to be imposed, advise ratepayers where to obtain a copy of the objects and reasons, invite submissions from ratepayers on the proposed differential general rates and advise the closing date for submissions.
- After the closing date for submissions, each submission received will be presented to Council for consideration prior to resolving to adopt the 2020/2021 draft annual budget.

FINANCIAL IMPLICATIONS

The 2020/21 draft annual budget is being developed in line with the rating determinations contained in this report.

Any variation will then determine the projects capital and operating revenue that will be available in the 2020/2021 Annual Budget.

STRATEGIC IMPLICATIONS

GOAL	OUTCOME	STRATEGY
4: Leadership that provides strategic direction for the community, supported by efficient and effective service delivery	4.4: Financial sustainability and accountability for performance	4.4.5: Develop, maintain and monitor rating and property strategies

RISK MANAGEMENT CONSIDERATIONS

RISK	LIKELIHOOD	CONSEQUENCE	RISK ANALYSIS	MITIGATION
Legal & Compliance: Non-compliance with the <i>Local Government Act 1995</i>	Unlikely	Moderate	Medium	Accept officer recommendation

CONSULTATION

Councillors (Briefing Sessions June 2020)

Moore Stephens

Chief Executive

Finance Manager

Before Council can establish a differential rating model, the proposed differential rates together with the Statement of Objects and Reasons for Differential Rates and Minimum Payments and reasons for each rate must be advertised for a minimum period of 21 days. This period of advertising allows ratepayers to consider the proposed rates and make any submissions prior to Council considering the adoption of differential rates as part of the budget approval process. The advertising process does not prevent Council from amending the rate model at budget adoption.

COMMENT

Council should consider the direction provided by the Minister regarding the setting of rates, interest rates and other financial matters due to the COVID-19 pandemic and the declared State of Emergency as well the recommendation presented in the Rate Review project the Shire has embarked on. The rate review highlights that the key values of Objectivity, Fairness and Equity, Consistency, Transparency and Administrative Efficiency should be taken into consideration and ensure that Shires rating structure be simplified and fair and equitable to all rating areas by distributing the rate burden accordingly.

Also, the (re)valuations of properties as published by Landgate are used at face value meaning that, for budget purposes, Council accepts the received values as given. There have been no other matters considered in setting the rates (cents to the dollar rates) for the financial year 2020/2021. The Local Government (COVID-19 Response) Order 2020 has modified this requirement and instead local governments are to have regard to the consequences of the COVID-19 pandemic. The proposed differential rates will result in a decrease in the rate in the dollar across each rating category in recognition of the Minister's request.

The current Shire of Derby/West Kimberley Long Term Financial Plan included an overall rate increase of inflation + 2% (total 3.5%) in 2020/2021 and for the next two years following that, but does not specify the make-up of the rates. WALGA have produced a report noting that the adoption of the general CPI rate is not a good indication of inflation for local governments as a large portion of cost increases in local government is concerned with infrastructure and transport costs which are considerably higher than the standard CPI for a family. Rates increases are crucial to fund the replacement and maintenance of assets as identified within the Plan for the Future of the District, Long Term Financial Plan and Corporate Business Plan. Due to the COVID-19 Order 2020 set out by the Minister this has been taken into consideration by Council.

Under normal circumstances, Council is also required, as part of the differential rating process, to consider budget efficiencies so that Council does not rely on differential rates without looking for alternative options.

The estimated budget deficit for the 2020/2021 financial year has not yet been finalised, as the detailed budget estimates covering various expense and revenue items are currently being prepared. Due to the COVID-19 pandemic it is fairly certain the Shire will have a budget deficit and staff are currently working on the draft budget and service levels and are looking at all avenues to reduce any gap, including alternative revenue sources.

Alternative revenue sources may include applying for a loan through Western Australia Treasury Corp. As local governments have been advised to take the approach of having nil increases to their rate in dollar across all categories, using this methodology the Shire of Derby/West Kimberley will have significant rate yield increases and may allow for the Council to not apply for a loan. The necessity of not having to apply for a loan could ensure we do not harm any future years borrowing capacity and future years generations having to pay this loan off.

It should also be noted that under the "Local Government (COVID-19 Response) Order 2020", amendments to section 6.34 allows for general rates to be no more than 80% of the budgeted deficiencies. Council needs to consider this in determining the rates to be set.

The COVID-19 pandemic is still unfolding and the scale and magnitude of the local economic impact is still far from known. While there is an eagerness to help, the Shire needs to be fair and equitable in its approach and needs to ensure that it is not undertaking unnecessary 'knee-jerk' actions.

Ratepayers may be expecting rates relief as a result of the COVID-19 health and economic emergency and expecting rates to go down. The Shire needs to continue to address the cost of service delivery aspects of the operation thoroughly to ensure that rate increases continue to be moderate. Matters that continue to be addressed include officers compiling detailed forward capital works programs to determine the timing and extent of funds needed to renew the Shire's asset base and how those works are delivered. The Shire also needs to establish and document the services that the community value, the service levels required and the ongoing cost of providing those services. The financial strategies as set out in the Long Term Financial Plan are being implemented to ensure that the Shire progresses to a sustainable and consistently moderately rated Shire. It also should be noted that it is Councils responsibility to set the rates in the dollar and the Valuer General to set appropriate valuations.

Many Councils use differential rates on a multitude of different use properties. For the information of Councillors the Shire of Broome has 7 different classifications for rates while the Shire of Wyndham-East Kimberley has 13 different rates classifications. It is proposed that the Shire of Derby/West Kimberley have 3 classifications for the 2020/2021 year.

GRV Properties - Proposed Rates

The rates model includes a new GRV rate in the dollar of 12.5746 cents in the dollar for all GRV properties, including those classified/coded as commercial or industrial properties. This is a 6% decrease in the rate in the dollar from the previous year.

A complete revaluation of all GRV properties was completed during 2015/2016 and implemented in the 2016/2017 financial year. This revaluation resulted in a significant decrease in the value of properties in Derby. The next revaluation of GRV properties will be completed in 2020/2021. The condition of the property market in Derby at that time will be a contributing factor to the valuation process as it was in 2010/2011 and 2015/2016.

UV Rural - Proposed Rate Differential Rates

As a part of the rate review process Council has embarked on it is recommended to combine UV-Pastoral and UV-Other to be UV-Rural for administrative efficiency, fairness and equity.

The rate in the dollar is for all UV-Rural properties, except those coded as being predominately used for mining/gas, exploration and prospecting is proposed at 6.0373 cents in the dollar for these properties, which is a 57.5% decrease as the previous year's level.

The Shire has supported Pastoral rate owners in keeping this rate at the lower value and is proposed in order to levy a rate aligned with the impact on the Shire of servicing these properties i.e. heavy haulage vehicle movements, environmental health and strategic planning. It should be noted that these properties also have access to all other services and facilities provided by the Shire. It also should be noted that the differential rate for Pastoral rated properties was reduced from 13.3019 to 3.2100 during 2010 in recognition of high property valuations that were received in prior years.

Mining Properties - Proposed Differential Rate

The higher rate mining properties pay is to ensure they adequately contribute to the cost of Shire services as they are heavy users of the Shire's infrastructure, and contribute to its deterioration at a far higher level than other properties. Because of this it is not unusual for Councils throughout Australia to adopt higher rates for mining properties and other heavy users of Shire infrastructure services, than that which applies to other properties. Therefore the proposed rate in the dollar for Mining is to be set at 12.0746 which is a 11.6% decrease from the previous year.

Minimum Rate

It is proposed that GRV and UV Rural will remain at \$1027 and mining will decrease from \$1027 to \$630. This will allow for all properties to contribute an equitable rate amount. A lesser minimum has been applied for all categories of mining tenements to ensure compliance with statutory limits and with the objective of providing some minor rate relief to small tenement owners.

These levels are not considered high compared to the extensive level of services provided by the Shire of Derby/West Kimberley as well as comparing it to other Councils throughout the Region.

The amount of the discount will be shown on each rate notice. It is proposed that a discount of 2.0% apply.

This differential rate structure slightly decrease during 2020 in recognition of giving a more uniformed rating structure as a part of the rate review process Council has embarked on and will be staged over the next 3 – 5 years. As well as ensuring we are keeping within these rates Council will adhere to the Government's explicit direction on maintaining the current levels of rates (cents to the dollar rates) to assist and support rate payers in the wake of the COVID-19 pandemic.

It is considered important that Council continue to review and adjust its rates and other sources of income. There are increasing expectations from the community that the Council will act in a wide variety of fields providing additional services and in the majority of cases this involves additional costs. Therefore Council usually needs to increase its rates and other sources of income in order to maintain assets and services for the future.

Whilst rate modelling has been undertaken using, either remaining the same as last year, or some decreases. It is important to note that properties valued at unimproved value (UV) are subject to an annual valuation, whereas gross rental valuations (GRV) are conducted every five years. Accordingly, the rate increases on individual properties within the UV land use groups may vary

from the general increase; albeit the collective value of rates levied within each land use group will generally increase by this percentage.

In accordance with section 6.36 of the Act (local government to give notice of certain rates), public notice is required to be given where a local government intends to impose differential rates, or a minimum payment applying to a differential rate category. The public notice is to invite submissions to the proposal for a period of not less than twenty one (21) days. The Council is required to consider any submissions received prior to it formally imposing the proposed differential rates in the dollar and associated minimum payments, with or without modification. As in previous years, and unless circumstances require otherwise, it is proposed that any submissions received will be presented to the Council at which time it formally considers its 2020/2021 annual draft budget.

The proposed differential rates in the dollar and associated minimum payments are similar with related Council determinations, and as such, are recommended for endorsement for public notice purposes. Notwithstanding this however, the Council may determine to amend the advertised rates in the dollar and/or associated minimum payments at which time it formally adopts its budget, without the need for further public notice. Should this occur, the reasons for not adopting the advertised rates in the dollar and/or associated minimum payments are required to be disclosed in the annual budget and also as part of the rates notice; pursuant to regulations 23(b) and 56(4)(b) of the Local Government (Financial Management) Regulations 1996. There it is recommended the CEO is requested to publish the general and minimum rates (cents in the dollar) on the Shire's website within 10 days in accordance with the Local Government (COVID-19 Response) Order 2020 (SL 2020/57) and notify the Minister of doing so.

In the past Council has adopted rates that are more than twice the minimum differential rate and must therefore seek Ministerial approval, as required by the provisions of the *Local Government Act 1995*. The Department of Local Government, Heritage; Culture & the Arts has been scrutinising local government's differential rating strategies in more detail in recent years and may request modifications to be made, if they are not satisfied that the rating strategy is fair and equitable. Due to the COVID-19 Order 2020 this has been amended that if Council resolves to 0% increase to the 2019/20 Rates in the dollar for the 2020/2021 draft budget no Ministerial approval is required. It is still unknown if the Minister will make any further announcements in regards to this issue and Council needs to be mindful in ensuring they adhere to all recommendations.

Council has extensively modelled the rating structure and has proposed the rates to be advertised to deliver adequate funding for the Shire to support COVID – 19 recovery and to assist with increased economic stimulus.

The cents to the dollar rates as follows:

	2019/2020	2020/2021
GRV	13.3772	12.5746
UV Other - Differential	22.9955	
UV Pastoral - Differential	6.8300	
UV Rural (combined) - Differential		6.0373
UV Mining - Differential	28.4327	12.0746

Minimums GRV	\$1027	\$1027
Minimums UV Rural- Differential		\$1027
Minimums UV Mining- Differential		\$630
• Adoption of a 2.0% discount for the early payment of rates		

Simple majority is all that is required, as the matter is merely an "In Principle" issue at this time, as the formal adoption of rates is part of the budget resolutions.

VOTING REQUIREMENT

Simple majority

ATTACHMENTS

1. Schedule - Objects and Reasons for Differential Rates 2020-21

RESOLUTION 103/20

Moved: Cr Keith Bedford

Seconded: Cr Paul White

That Council resolves;

1. Pursuant to sections 6.32, 6.33 and 6.35 of the Local Government Act 1995 to advertise the following rates to form the rate setting for the 20/21 Budget

	2019/2020	2020/2021
GRV	13.3772	12.5746
UV Other - Differential	22.9955	
UV Pastoral - Differential	6.8300	
UV Rural (combined) - Differential		6.0373
UV Mining - Differential	28.4327	12.0746
Minimums GRV	\$1027	\$1027
Minimums UV Rural- Differential		\$1027
Minimums UV Mining- Differential		\$630
• Adoption of a 2.0% discount for the early payment of rates		

2. Pursuant to the Local Government (COVID-19 Response) Order 2020, authorise the Chief Executive Officer to publish within ten (10) days the proposed Differential Rates for 2020/2021 as adopted in 1. above.

3. To adopt the following Objects and Reasons for the 2020/21 financial year

In Favour: Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford

<u>Against:</u> Nil	CARRIED 9/0
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**Shire of Derby /
West Kimberley**

**Statement of Objects and
Reasons for Differential
Rates And Minimum
Payments For The Year
Ending 30 June 2021**

In accordance with section 6.36 of the *Local Government Act 1995*, the Shire of Derby/West Kimberley is required to publish its Objects and Reasons for implementing Differential Rates.

Overall Objective

The purpose of the levying of rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure.

Property valuations provided by the Valuer General are used as the basis for the calculation of rates each year. Section 6.33 of the *Local Government Act 1995* provides the ability to differentially rate properties based on zoning and/or land use as determined by the Shire of Derby/West Kimberley. The application of differential rating maintains equity in the rating of properties across the Shire, enabling the Council to provide facilities, infrastructure and services to the entire community and visitors.

Council has considered when setting the 20/21 Annual Rates, the Key Values contained within the Rating Policy Differential Rates (s6.33) March 2016 released by the Department of Local Government and Communities, being:

-) Objectivity
-) Fairness and Equity
-) Consistency
-) Transparency and Administrative Efficiency

2020/21 Budget Proposal

The following are the proposed Differential General Rates and Minimum Payments for the Shire of Derby/West Kimberley for the 2020/21 Financial Year.

Description	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV General Rate	\$0.125746	\$1027
UV Mining	\$0.120746	\$630
UV Rural	\$0.060373	\$1027

Gross Rental Value (GRV)

The *Local Government Act 1995* determines that properties of a non-rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. The Valuer General determines the GRV for all properties within the Shire of Derby/West Kimberley every five years and assigns a GRV. The most recent general revaluation was completed during 2015/2016 and is effective from 1 July 2016. Interim valuations are provided monthly to Council by the Valuer General for properties where changes have occurred (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances Council recalculates the rates for the affected properties and issues interim rates notices.

All GRV properties within the Shire of Derby/West Kimberley are categorised as follows:

-) GRV General Rate – are all properties that have an improved value and are for non-rural purpose.

Unimproved Value (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis.

The Shire of Derby/West Kimberley UV properties are categorised as follows;

-) UV Mining – consists of properties that used for mining/gas, exploration or prospecting purposes; and
-) UV Rural – are all properties that are for rural purposes that are not used for mining/gas, exploration or prospecting purposes.

Minimum Rates

The setting of Minimum Rates within rating categories is an important method of ensuring that all properties contribute an equitable rate amount and are set by taking into account the level of service to be supplied to each area.

A Minimum Rate has been set as follows;

GRV	\$1027
UV Rural	\$1027
Mining	\$ 630

Council currently does not impose Specified Area Rates.

Proposed Differential Rates

Following are the objects and reasons for each of the differential rates:

Description	Characteristics	Objects	Reasons
GRV General Rate	Properties with Gross Rental Value as the basis of Valuation	This rate is to contribute to the service desired by the community. All GRV properties within the Shire have the same Rate in the dollar applied. The Shire imposes a consistent minimum rates across the rating categories excluding UV Mining, ensuring all properties contribute an equitable rate amount to non-exclusive services.	This is the base rate by which all GRV rated properties are assessed. The Minimum Rate recognizes that all ratepayers have an equal opportunity to enjoy the facilities and services provided by Council, regardless of the value of their property.
UV Mining	Consists of properties that are used for mining/gas, exploration or prospecting purposes.	This category is rated higher than UV Rural to reflect the higher costs to Council as a result of these activities. A lesser minimum is applied to UV Mining properties.	The higher rate mining properties pay is to ensure they adequately contribute to the cost of Shire services as they are heavy users of the Shire's infrastructure, and contribute to its deterioration at a far higher level than other properties. A lesser minimum has been applied to mining properties to ensure compliance with statutory limits.
UV Rural	Consists of properties valued on an Unimproved Valuation basis which are not classified as UV Mining.	The rate is base rate for UV properties and is set to achieve an equitable contribution to the cost of services desired by the community. The Shire imposes a consistent minimum rates across the rating categories excluding UV Mining, ensuring all properties contribute an equitable rate amount to non-exclusive services.	This is considered the base rate above which all other UV rated properties are assessed. The rate is proposed in order to levy a rate aligned with the impact on the Shire of servicing these properties i.e. heavy haulage vehicle movements, environmental health and strategic planning. These properties also have access to all other services and facilities provided by the Shire. The minimum rate recognizes that all ratepayers have an equal opportunity to enjoy the facilities and services provided by Council, regardless of the value of their property.

Submissions

Submissions are invited from any Elector or Ratepayer with respect to the proposed differential general rates and minimum rates within 21 days of the date of notice of intent. All submissions in writing must be received by the Shire of Derby/West Kimberley no later than close of business on Friday 24 July 2020.

Submissions are to be addressed to the Chief Executive Officer, Shire of Derby/West Kimberley PO Box 94, Derby WA 6728 or via email sdwk@sdwk.wa.gov.au.

Amanda O'Halloran
Chief Executive Officer

7 NEW BUSINESS OF AN URGENT NATURE

8 CLOSURE

8.1 Date of Next Meeting

The next ordinary meeting of Council will be held Thursday, 25 June 2020 in the Fitzroy River Lodge, Fitzroy Crossing.

8.2 Closure of Meeting

The Presiding Member closed the meeting at 6.59pm.

These minutes were confirmed at a meeting on

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Signed:

Presiding Person at the meeting at which these minutes were confirmed.

Date: