

minutes

Special Meeting of Council



To: His Worship the Mayor and Councillors

Please be advised that a **Special Meeting of Council** commenced at **6.00pm** on **Tuesday 5 June 2018** in the **Council Chambers**, Administration Centre at 99 Shepperton Road, Victoria Park.

A handwritten signature in black ink, appearing to read "A. Vuleta".

MR ANTHONY VULETA
CHIEF EXECUTIVE OFFICER

8 June 2018

(To be confirmed 12 June 2018)

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1 OPENING

Mayor Vaughan opened the meeting at 6:00pm. The Chief Executive Officer, Mr Anthony Vuleta, read the prayer.

Almighty God, under whose providence we hold responsibility for this Town, grant us wisdom to understand its present needs, foresight to anticipate its future growth and grace to serve our fellow citizens with integrity and selfless devotion.

And to Thee, be all blessing and glory forever.

AMEN

Acknowledgement of Country (by Mayor)

I acknowledge the traditional custodians of this land the Noongar people and pay my respects to the Elders both past, present and future for they hold the memories, the traditions, the culture and hopes of Indigenous Australians.

2 ANNOUNCEMENTS FROM THE PRESIDING MEMBER

2.1 Recording of Proceedings

In accordance with clause 5.14 of the Town of Victoria Park Standing Orders Local Law 2011, as the Presiding Member, I hereby give my permission for only the Administration to record proceedings of this meeting.

2.2 Public Question & Public Statement Time

There are guidelines that need to be adhered to in our Council meetings and during question and statement time people speaking are not to personalise any questions, or statements about Elected Members, or staff or use any possible defamatory remarks.

In accordance with clause 5.15 of the *Town of Victoria Park Standing Orders Local Law 2011*, a person addressing the Council shall extend due courtesy and respect to the Council and the processes under which it operates and shall comply with any direction by the presiding member.

A person present at or observing a meeting shall not create a disturbance at a meeting, by interrupting or interfering with the proceedings, whether by expressing approval or dissent, by conversing or by any other means.

When the presiding member speaks during public question time or public statement time any person then speaking, is to immediately stop and every person present is to preserve strict silence so that the presiding member may be heard without interruption.

2.3 No Adverse Reflection

In accordance with clause 14.1 of the *Town of Victoria Park Standing Orders Local Law 2011*, both Elected Members and the public when speaking are not to reflect adversely on the character or actions of Elected Members or employees

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2.4 Town of Victoria Park Standing Orders Local Law 2011

All meetings of the Council, committees and the electors are to be conducted in accordance with the Act, the Regulations and the *Town of Victoria Park Standing Orders Local Law 2011*.

3 ATTENDANCE

Mayor:	Mr T (Trevor) Vaughan
Banksia Ward:	Cr C (Claire) Anderson Cr R (Ronhda) Potter Cr K (Karen) Vernon
Jarraah Ward:	Cr J (Jennifer) Ammons Noble Cr B (Bronwyn) Ife Cr B (Brian) Oliver Cr V (Vicki) Potter (Deputy Mayor)
Chief Executive Officer:	Mr A (Anthony) Vuleta
Chief Operations Officer:	Mr B (Ben) Killigrew
Chief Financial Officer:	Mr N (Nathan) Cain
Chief Community Planner:	Ms N (Natalie) Martin Goode
Secretary:	Mrs A (Alison) Podmore
Public:	0
Absent:	Cr J (Julian) Jacobs

3.1 Apologies

None

3.2 Approved Leave of Absence

None

4 DECLARATIONS OF INTEREST

Declaration of Financial Interests

Nil

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Declaration of Proximity Interest

Nil

Declaration of Interest affecting impartiality

Nil

5 PUBLIC QUESTION TIME (ITEMS RELATING TO THE AGENDA ONLY)

None

6 PUBLIC STATEMENT TIME (ITEMS RELATING TO THE AGENDA ONLY)

None

7 REPORTS

7.1 Proposal for Levying Differential Rates for the 2018-2019 Financial Year

File Reference:	FIN/5/65
Appendices:	Yes
Attachments:	No

Date:	25 May 2018
Reporting Officer:	N. Cain
Responsible Officer:	N. Cain
Voting Requirement:	Simple Majority

Executive Summary:

Recommendation – That Council, pursuant to Section 6.36 of the *Local Government Act 1995*, applies and advertises (seeking public submissions) differential rating for the 2018-2019 financial year.

- It is proposed to apply differential rating in the 2018-2019 financial year.
- The recommendation includes the need to advertise, for a period of 21 days, seeking public submissions.

TABLED ITEMS:

Nil

BACKGROUND:

As part of the process for compiling the 2018-2019 Annual Budget it is proposed to use differential rating in accordance with Section 6.36 of the *Local Government Act 1995*. Council is required to determine the differential rates to be advertised prior to consideration of the budget.

To set the rates for its budget, Council should firstly determine the total rate revenue it requires and sets a rate in the dollar that will generate that revenue. The individual property valuations determine what proportion of the total rate requirements are met by each property owner. This proportion will change when a valuation year occurs or a property has significant alterations.

The 2018-2019 financial year is the second year in a revaluation period, with each period generally lasting for three years.

Council has, since 2014-2015, utilised differential rating in order to distribute the rating effort. It is one rating method, of a small number, that is available for Council to generate the funds required to meet the budget deficiency. The use of differential rating was first implemented to offset a previous revaluation undertaken by the Valuer General that created significant skewing of the valuation weightings between residential and non-residential properties. Differential rating was implemented to more evenly distribute the rating effort that occurred prior to the revaluation.

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For reference purposes, the revaluation that applied for 2014-2015 resulted in the following relativity changes:

Classification	Pre Revaluation	Post Revaluation	Count	Variance	% Difference
Residential	243,479,932	306,520,598	14,928	63,040,666	26%
Commercial	128,423,841	146,814,493	971	18,390,652	14%
Industrial	22,862,097	26,352,144	611	3,490,047	15%
Total	394,765,870	479,687,235	16,510	84,921,365	22%

The quantum shift in valuations meant that, if uniform rates in the dollar had been applied (as in the years prior to the 2014-2015 revaluation), then residential properties would have been impacted with a greater portion of the rating effort than the non-residential properties, hence the initial reason differential rating was implemented at the Town of Victoria Park.

The revaluation that occurred, and came into effect, for the 2017-2018 financial year, is shown below:

Classification	Pre Revaluation	Post Revaluation	Count	Variance	% Difference
Residential	308,508,691	302,756,321	15,111	(5,752,370)	(1.9%)
Non-Residential	199,742,993	202,539,395	1,891	2,796,402	1.4%
Total	508,251,684	505,295,716	17,002	(2,955,968)	(0.6%)

The recent revaluation has had the effect of realigning some of the skewing that occurred in the previous revaluation, albeit only to a minor degree.

The proposed rates in the dollar for the 2018-2019 Annual Budget reflect this realignment.

DETAILS:

Differential Rates

Section 6.33 of the *Local Government Act 1995* makes provision for the Town to be able to levy differentials based on a number of criteria:

- (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*

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- (c) *whether or not the land is vacant land; or*
- (d) *any other characteristic or combination of characteristics prescribed.*

Section 6.33 of the *Local Government Act 1995* also permits Council to levy differential rates such that the highest is no more than twice the lowest differential. A greater difference in differentials may only be used following Ministerial approval.

To determine the appropriate rating methodology this year, Council has a number of options available, which include the following:

- (a) Application of a general rate
If a general rate is applied (that is, each assessment has the same rate in the dollar applied) then Residential properties will be impacted with a greater portion of the rating effort than Non-Residential properties, with potential significant reductions in rates payable from some Non-Residential properties.
- (b) Continue to apply differential rating, with an equal proportional impact across differential categories
By applying this methodology, Residential properties will be affected equally with Non-Residential properties.
- (c) Continue to apply differential rating, with disproportionate increases across differential categories
By applying this methodology, all property classifications can be adjusted to provide different levels of rating effort as Council deems appropriate.
- (d) Continue to apply differential rating, and introduce additional rating categories
Legislation permits Council to implement differential rating on a variety of measures. An example of this is vacant land, which could be used if Council desired.

Minimum payments

The *Local Government Act 1995* provides that a local government may set a minimum payment for rates. That is, regardless of the result of the rate calculation determined by multiplying the rate in the dollar by the valuation, no property should be assessed for rates at an amount below the minimum payment. The rate in the dollar and minimum payment will together determine what the minimum valuation is and all properties with a valuation less than this will be subject to the minimum payment.

The Act does not provide any guidance as to what is an appropriate value for the minimum payment or how it might be determined. In essence it is whatever the local government determines. The general philosophy is that every ratepayer should make a reasonable contribution to the services and facilities that a local government provides. There is no legislative requirement for the local government to justify or substantiate the minimum payment although there is a statutory limit prohibiting a minimum being set so high that more than 50% of properties would be on the minimum.

The number of properties on minimum payments totalled 3,520 in the 2017-2018 budget (of a total 17,002 properties), which is approximately 21% of the total properties.

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By way of comparison only, the budgeted minimum payments for residential classified properties (taken from metropolitan local governments), inclusive of waste collections, for 2017-2018 ranged from a high of \$1,830 to a low of \$1,004. The Town of Victoria Park was the sixth lowest in the metropolitan area.

It is important to note that no single Council is the same. The numbers are provided for comparative purposes only. As the above values are 2017-2018 financial year values, it is likely these will increase in the coming financial year.

In the absence of any specific guidelines, it is considered the most consistent and equitable approach for the minimum payment to closely correlate with the proposed differential rates increase of that particular property classification.

2018-2019 Annual Budget (estimated) rate revenue requirements

The 2018-2019 Annual Budget (estimated) has identified the following overall cash position:

Projected opening position	\$ 0.00 million
Corporate funds (net) (excluding rate revenue)	\$ 3.30 million
Key projects and strategies (net)	\$ 6.62 million
Ongoing services and programs (net)	\$35.68 million
Rate revenue required	\$45.60 million

This represents an overall rate increase of approximately 3.0% from the previous year.

It should be noted that the 2018-2019 Annual Budget is still undergoing development and is subject to alterations.

It is recommended that Council continue to apply differential rating with a proportional impact across residential and non-residential categories, based on the most recent revaluation as a base measure, and primarily due to the disproportionate valuation increases that occurred for the 2014-2015 financial year, which continue to remain largely in place following the 2017-2018 financial year revaluation.

The proposed minimum payments and rates in the dollar values to apply to each classification are:

• Residential	Minimum Payment	\$1,233
	Rate in the \$	0.0840
• Non-Residential	Minimum Payment	\$1,282
	Rate in the \$	0.0940

Legal Compliance:

Section 6.33 of the *Local Government Act 1995* sets out the provisions in relation to differential rating. The Town is able to apply separate rates in the dollar for different categories of properties based on zoning, land use and whether they are improved or unimproved.

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Section 6.36 of the *Local Government Act 1995* requires that, if the Town is going to apply differential rating, it must advertise the differentials it intends to apply with local public notice for a minimum 21 days and invite submissions in relation to the proposed differentials. A document is required to be made available for inspection by electors and ratepayers that describes the objects of, and reasons for, each proposed rate and minimum payment (as included in the Appendices). The Town is then required to consider any submissions received and may make a final resolution in relation to the setting of the rates in the dollar and the adoption of the budget.

Policy Implications:

Nil

Risk management considerations:

Three risks are outlined below:

Risk & Consequence	Consequence Rating	Likelihood X Rating	= Overall Risk Analysis	Mitigation / Actions
Compliance risk – Not accepting the resolution, at this time, will delay the date of the budget adoption due to advertising requirements.	Moderate	Unlikely	Moderate	When setting the date to advertise, Officers are cognisant of the advertising period and the need to set the appropriate dates for meetings.
Reputational risk – Setting the rate in the dollar and minimum rates too high may cause property owner backlash.	Moderate	Possible	Moderate	Being aware of the economic state, and relevant inflation rates, and closely monitoring revenue and expenditure levels.
Service interruption risk – Setting the rate in the dollar and minimum rates too low may cause a service level reduction.	Major	Possible	High	Ensuring sound communication is conveyed to Elected Members on the cost of providing services, and exploring options.

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Strategic Plan Implications:

The *Town of Victoria Park - Strategic Community Plan* aims to provide a framework for planning and decision making to promote and provide opportunities within the district. The setting of appropriate rates is one mechanism by which Council may achieve this.

CL6 of the Town of Victoria Park *Strategic Community Plan 2017-2032* (Finances are managed appropriately, sustainably and transparently for the benefit of the community) applies.

Financial Implications:

The application of differential rating is about apportioning the rate revenue that is required between different property categories. There are no budget implications by simply applying differential rating. The Town could derive exactly the same total revenue by applying a general rate to all categories of property. The intention with proposing a differential rate however is to maintain a similar proportion of rate revenue derived from each property category of residential and non-residential as has happened in the past.

The proposed rate increase of 3.0% is in accordance with that which is outlined in the current version of the Long-Term Financial Plan.

Sustainability Assessment:

Nil

COMMENT:

The proposed differential rating strategy has been discussed at budget workshops by Elected Members.

As referred to under statutory requirements, if the recommendation is adopted, the proposed differential rates will be advertised and public submissions sought. An advertisement will be placed in accordance with the local public notice provisions of the *Local Government Act 1995* for a period of 21 days.

The differential rates and minimum payments that have been recommended will deliver an overall rate increase of 3.0%, which is in line with feedback from budget workshops held to date.

Previous relativities between the various differential rates and minimum payments are considered an appropriate approach to apportioning the rate burden between the respective categories of residential and non-residential properties, with the most recent valuation amending those proportions only to a minor degree.

The recommendation of this item relates only to undertaking the prescribed advertising for public submissions for the proposed differential rates and minimum payments. Council is required to consider any public submissions received, prior to making its final determination, and may adopt a different set of differential rating values to those advertised. Adopting the recommendation also does not represent any commitment in relation to the adoption of the 2018-2019 Annual Budget.

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CONCLUSION:

It is recommended that Council continue to apply differential rating with a proportional impact across Residential and Non-Residential categories, based on the most recent revaluation as a base measure, and primarily due to the disproportionate valuation increases that occurred for the 2014-2015 financial year, which continue to remain largely in place following the 2017-2018 financial year revaluation.

The minimum payments and rates in the dollar values to apply to each classification are:

- | | | |
|-------------------|-----------------|---------|
| • Residential | Minimum Payment | \$1,233 |
| | Rate in the \$ | 0.0840 |
| • Non-Residential | Minimum Payment | \$1,282 |
| | Rate in the \$ | 0.0940 |

RESOLVED:

Moved: Cr V Potter

Seconded: Cr Vernon

That Council:

1. Applies differential rates for the 2018-2019 financial year.
2. Advertises, in accordance with Section 6.36 of the *Local Government Act 1995*, for public submissions on the proposed differential rates as set out below and makes available to the public the *Statement of Objects and Reasons for Differential Rates* (as contained in the Appendices):

• Residential – GRV	Minimum Payment	\$1,233
	Rate in the \$	0.0840
• Non-Residential – GRV	Minimum Payment	\$1,282
	Rate in the \$	0.0940
3. Requests any public submissions relating to the above proposed differential rates are considered as part of the future Council item proposing adoption of the 2018-2019 Annual Budget.

The Motion was Put and

CARRIED (8-0)

In favour of the Motion: Mayor Vaughan; Cr Ammons Noble; Cr Anderson; Cr Ife; Cr Oliver; Cr R Potter; Cr V Potter; and Cr Vernon

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8 PUBLIC QUESTION TIME (ITEMS RELATING TO THE AGENDA ONLY)

None

9 PUBLIC STATEMENT TIME (ITEMS RELATING TO THE AGENDA ONLY)

None

10 MEETING CLOSED TO PUBLIC

10.1 Matters for Which the Meeting May be Closed

Nil

10.2 Public Reading of Resolutions That May be Made Public

N/A

11 CLOSURE

There being no further business, Mayor Vaughan closed the meeting at 6:02pm.

I confirm these Minutes to be true and accurate record of the proceedings of the Council.

Signed: Mayor

Dated this: Day of 2018