Special Council Meeting

Agenda for Tuesday 21 May 2019





NOTICE OF MEETING SPECIAL COUNCIL MEETING

Dear Councillors

Notice is hereby given that a Special Meeting of Council will be held in the Council Chambers, Administration Centre, 2 Railway Road, Kalamunda on **Tuesday 21 May 2019 at 6.30pm**.

5 Junhurt

Gary Ticehurst Acting Chief Executive Officer 16 May 2019



INFORMATION FOR THE PUBLIC ATTENDING COUNCIL MEETINGS

Welcome to this evening's meeting. The following information is provided on the meeting and matters which may affect members of the public.

If you have any queries related to procedural matters, please contact a member of staff.

Council Chambers – Seating Layout



Special Council Meetings – Procedures

- 1. Council Meetings are open to the public, except for Confidential Items listed on the Agenda.
- 2. Members of the public who are unfamiliar with meeting proceedings are invited to seek advice prior to the meeting from a City Staff Member.
- 3. Members of the public are able to ask questions at a Special Council Meeting during Public Question Time on matters relating to the functions of this meeting.
- 4. To facilitate the smooth running of the meeting, silence is to be observed in the public gallery at all times except for Public Question Time.
- 5. All other arrangements are in general accordance with Council's Standing Orders, the Policies and decision of the City or Council.

Acknowledgement of Traditional Owners

We wish to acknowledge the traditional custodians of the land we are meeting on, the Whadjuk Noongar people. We wish to acknowledge their Elders' past, present and future and respect their continuing culture and the contribution they make to the life of this City and this Region.

Emergency Procedures

Please view the position of the Exits, Fire Extinguishers and Outdoor Assembly Area as displayed on the wall of Council Chambers.

In case of an emergency follow the instructions given by City Personnel.

We ask that you do not move your vehicle as this could potentially block access for emergency services vehicles.

Please remain at the assembly point until advised it is safe to leave.

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1. Official Opening

2. Attendance, Apologies and Leave of Absence Previously Approved

Cr Brooke O'Donnell – Leave of Absence Rhonda Hardy – Chief Executive Officer - Apology

3. Public Question Time

A period of not less than 15 minutes is provided to allow questions from the gallery on matters relating to the functions of this meeting. For the purposes of Minuting, these questions and answers will be summarised.

4. Petitions/Deputations

5. Announcements by the Member Presiding Without Discussion

6. Matters for Which the Meeting may be Closed

7. Disclosure of Interest

7.1. Disclosure of Financial and Proximity Interests

- a. Members must disclose the nature of their interest in matter to be discussed at the meeting. (Section 5.56 of the *Local Government Act 1995*.)
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Section 5.70 of the *Local Government Act 1995*.)

7.2. Disclosure of Interest Affecting Impartiality

a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

8. Reports to Council

8.1. Chief Executive Officer Reports

8.1.1. Budget 2019/2020 - Differential Rates

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

Previous Items	Nil.	
Directorate	Direc	tor Corporate Services
Business Unit	Finar	ncial Services
File Reference	FI-R	TS-012
Applicant	N/A	
Owner	N/A	
Attachments	1.	Rate in the Dollar Comparison [8.1.1.1]
	2.	Objects and Reasons Document 2019-20 [8.1.1.2]

EXECUTIVE SUMMARY

- 1. The purpose of this paper is to consider the level at which to set and advertise differential rates and the Waste Avoidance and Resource Recovery (WARR) Levy as part of the 2019/2020 Budget process.
- 2. In accordance with the requirements of the *Local Government Act 1995, s6.36,* a local government is required to give local public notice period of 21 days with the intention to impose differential general rates or a minimum payment.
- 3. It is recommended that Council:
 - 1. APPROVES the 2019/2020 rate in the dollar and the minimum rates to be advertised by public notice as per the following

Category/Levy	Rate in \$	Minimum Rate \$
General GRV	0.060374	882
Industrial/Commercial GRV	0.068085	1,102
Vacant GRV	0.085609	767
General UV	0.003454	882
Commercial UV	0.004073	1,102
Waste Avoidance and Resource	0.000418	20
Recovery Levy (All Categories)		

2. ENDORSES the Objects and Reasons for Proposed Differential Rate Categories for the 2019/2020 Financial Year (Attachment 2).

BACKGROUND

- 4. In accordance with the requirements of the *Local Government Act 1995, s6.33,* a local government may impose differential rates having met the characteristics prescribed.
- 5. In accordance with the requirements of the *Local Government Act 1995, s6.35,* a local government may impose a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- 6. The rates for most properties are calculated based on a Gross Rental Valuation (GRV). These GRV's are provided to all Local Governments via Landgate and are assessed every three years by Landgate's valuers. The triennial valuation ensures consistency and a fairness in the allocation of rates. Landgate provided values to the City for the 2017/18 rates generation with the values as of 1 August 2015. As such, there are no changes in GRV valuations for the 2019/2020 rates generation.

Properties not on a GRV will be rated based on an Unimproved Value (UV). These UV values are updated annually by Landgate.

7. Differential Rates have been part of the Budget for some years, with modifications to categories introduced over time to assist in spreading the rate burden and providing opportunities for increases in overall rate income.

DETAILS

8. The Budget will be framed on the current principles of the proposed rolling ten-year Long Term Financial Plan (LTFP) (2019/2029). The LTFP is an integral part of the Integrated Planning Framework and designed to provide local governments with a clear focus on robust financial planning and management.

Information recently received from the Western Australian Local Government Association indicates that the majority of Metropolitan Local Governments are anticipated to maintain a modest rate increase. Variations in Rates are impacted by many factors; Local Governments with access to significant exgratia rates or other income streams expecting to applying lower rate increases.

9. Using the 2019/2020 Budget data, the makeup of the various categories was shown as depicted in the pie chart below. The data presented shows that two categories, General (Residential) and Commercial Industrial, make up 93% of all properties in the City with 69.7% and 23.3% being the respective percentages.



- 10. The proposed increase in Rate in the Dollar is 2% over all the categories with the Minimum Rates to remain unchanged. Hence the Rate revenue spread for budget 2019/2020 is similar to the current budget.
- 11. A comparison of the 29 metro councils across the various rate categories shows that the City's rates for 2018/2019 were below the average in General Residential by 27%, Commercial/Industrial by 31% and Vacant by 17% for RID's (see attachment 1). This indicates that the City's rates compare well in terms of other Councils.
- 12. The Rate revenue compared to budget 2018/2019 is proposed to increase by 2.64%. The Rate in the Dollar increase is proposed to be at 2%. The difference is mainly due to the increase in a number of properties which is at 1.2% reflecting a change from 22,806 at the beginning of the year to 23,089.

The number of properties in the GRV Vacant category has decreased from 589 to 572.

- 13. Un-confirmed advice received from other metropolitan local governments indicates the proposed rate changes for 2019/2020 range from 0% to 5%. The City will continue to monitor rate charges in the coming weeks.
- 14. Councillors were briefed on 2 April on rating scenarios and the impact thereof on Rates revenue. Further discussions were held on 13 May, in light of the draft rate setting statements presented (Attachment 2). The following considerations were made:
 - a) Rating scenarios of a 0, 1, 2 and 3 % were considered.
 - Councillors concluded the following:
 - i. That 0 and 3% increases were not sustainable in the current environment. A 0% change was considered to be un-sustainable in light of cost presures and a significant municipal funded

b)

capital works program. A 3% increase was considered excessive given the current economic climate.

- ii. That there should be minimal change to the minimums. The rationale behind not applying a higher increase to the minimums was to ensure that the people who are the most vulnerable were impacted the least with rates and fees for 2019/20. It was also observed that the minimums would need to increase by at least 10% to produce a significant impact on the projected rates revenue stream.
- iii. Local Government Economic Briefing Current and Relevant Information for Officers and Elected Members indicated that a key indicator for Local Governments rather than CPI would be the Local Government Cost Index for 2019/20 which is set at 2%.
- c) The chosen option applied a flat 2% increase to the Rate in the Dollar to all categories and no change to the minimums with a projected total rate revenue of \$37.5m.
- 15. This report seeks to ratify the levels at which the City will advertise differential rates for the 2019/2020 financial year.
- 16. At the Councillor briefings, the preferred option which for 2019/2020 Differential Rates are:
 - a) A flat 2% Rate in the Dollar increase across all categories
 - b) Minumum rates remain unchanged
- 17. The City also recommends the continuation of the WARR Levy to address the long-term remediation of former landfill sites that the City is responsible for.

The Department of Water and Environmental Regulation are applying stringent control over monitoring and rehabilitation requirements for contaminated sites.

The City has an estimated program of works totalling \$210,000 for 2019/2020 covering site audits, gas and groundwater monitoring, soil capping, detailed site investigations and remediation works.

18. In recognition of the impost, the State Government introduced a *Waste and Resource Recovery Act* in 2007 which allows for local governments to charge a levy to cover the cost of ongoing monitoring of closed land fill sites. The proposed rate for 2019/2020 remains unchanged at \$0.000418 and a minimum charge of \$20 across all properties. The estimated amount of the levy is \$513,575.

STATUTORY AND LEGAL CONSIDERATIONS

19. Rates are levied on all rateable properties within the boundaries of the City of Kalamunda in accordance with the *Local Government Act 1995*. The overall objective of the proposed rates and charges in the 2018/19 Budget is to provide for the net funding requirements of the Council's activities and works programs as outlined in the LTFP.

20. In accordance with *Section 6.36* of the *Local Government Act 1995*, the City is required to ensure that a notice is published in sufficient time to allow submissions to be made by an elector or a ratepayer in respect of the proposed rate within 21 days of the publication of the notice.

The minimums used ensured compliance with *S6.35* of the *Local Government Act 1995.*

"(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),

(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."

POLICY CONSIDERATIONS

- 21. The City's Rates Policy continues to be based around differential rates.
- 22. The State Government has indicated a desire for Local Government to carefully consider the size of rate increases. The "My Council" website established by the Department of Local Government and Communities in May 2016, makes rating information highly visible.

COMMUNITY ENGAGEMENT REQUIREMENTS

Internal Referrals

23. A briefing regarding rating scenarios was provided to Councillors in April 2019. In addition, several budget workshops were undertaken to detail the City's revenue and expenditure estimates for the 2019/2020 financial year.

External Referrals

24. Subject to the approval of the recommendation of this report, a notice of the adopted figures will be advertised. A consultation period of 21 days will exist in which ratepayers can make comment or objection submissions to the proposed RID and minimums. This public consultation is done in line with the requirements of the *Local Government Act 1995*.

FINANCIAL CONSIDERATIONS

25. The raising of rates will enable the City to maintain sustainable operations. The City is faced with significant impacts to cost structures from various external factors, such as increases in State Government costs.

> To mitigate the above increases, the City has been undertaking energy audits with an objective to select optimal operational tariffs applicable, using the open market to source power for contestable sights and retrofitting existing buildings and reserves with energy efficient lighting and equipment.

It is unfortunate these efficiencies are being eroded by the significant multiyear increases in state charges.

- 26. The City will also continue to focus on reviewing its services and costs structures in order to minimise the impact on ratepayers.
- 27. The proposed rating structure is a critical element in ensuring ongoing financial sustainability. It is also vital in enabling the City to deliver its significant capital works program and provide the services required by the community.

STRATEGIC COMMUNITY PLAN

Strategic Planning Alignment

28. *Kalamunda Advancing Strategic Community Plan to 2028*

Priority 4: Kalamunda Leads

Objective 4.1 - To provide leadership through transparent governance. *Strategy 4.1.1* - Provide good governance.

SUSTAINABILITY

Social Implications

- 29. Increasing rates will generally have an adverse impact on low income home owners. The City has in this respect introduced several mechanisms in the past few years, to assist Ratepayers such as:
 - "Smarter Way to Pay";
 - Direct Debit Payment arrangements;
 - BPay View; and
 - eRates.

Economic Implications

30. The proposal to continue with and increase the differential rating to commercial and industrial ratepayers may have an adverse impact on small businesses. In this light and in the current economic situation of the State, the City does not propose to have a higher increase than the GRV General category for the 2019/2020 financial year.

Environmental Implications

31. The continuation of the WARR Levy will enable the City to meet its community expectations and statutory requirements to remediate and manage contaminated sites.

RISK MANAGEMENT CONSIDERATIONS

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Risk: Delay in approving proposed rates could result in rate notices unable to be issued by 13 July 2019

Likelihood	Consequence	Rating					
Possible	Major	High					
Action/Strategy							
Ensure that Council consensus is achieved by continuous briefing and updates on the budgets and rates modelling. Risk : Community dissatisfaction with rate levels.							
Risk: Community dis	satisfaction with rate level	s.					
Risk: Community dis	satisfaction with rate level	s. Rating					
Likelihood	Γ	1					
,	Consequence	Rating					

OFFICER COMMENT

- 33. The City has undertaken a thorough analysis of its budget working proactively with Councillors to generate efficiencies and reduce operating costs.
- 34. The rates charges contained within this paper are necessary to enable the City to meet its current and future obligations.
- 35. This report is submitted in order that Council provides direction on the levels of the rate increase and differential rate to be advertised for public comment as part of the 2019/2020 Budget process.

Voting Requirements: Simple Majority

RECOMMENDATION

That Council:

1. APPROVES the City of Kalamunda 2019/2020 rate in the dollar and the minimum rates to be advertised by public notice as per the following

Category/Levy	Rate in \$	Minimum Rate \$
General GRV	0.060374	882
Industrial/Commercial GRV	0.068085	1,102
Vacant GRV	0.085609	767
General UV	0.003454	882
Commercial UV	0.004073	1,102
Waste Avoidance and Resource Recovery Levy (All Categories)	0.000418	20

2. ENDORSES the City of Kalamunda Objects and Reasons for Proposed Differential Rate Categories for the 2019/2020 Financial Year (Attachment 2)

City of Kalamunda												
Comparison of Advertised Differential Rating - 2018/2019 - GRV ONLY												
Council	Residential (General)				Commercial/Industrial				Vacant Lar	nd		
	RID		MIN		RID		MIN		RID		MIN	
Armadale	0.084850	4%	• •		0.089080	-8%	\$1,350	16%	0.144250	36%	\$1,161	8%
Bassendean	0.065510			0%								
Bayswater	0.516480		\$880									
Belmont	0.052423		•		0.618070	536%	\$960	-17%				
Cambridge	0.058414		\$953	-9%		-100%						
Canning	0.045377		\$820		0.045985	0%	\$820	0%	0.050523		\$820	
Claremont	0.058060	-29%	\$1,265	20%		0%						
Cockburn	0.074580	-8%	• •		0.078290	-19%	\$771	-34%	0.088250	-17%	\$741	
Cottesloe	0.061820			7%	0.061820	-36%	\$1,122	-3%	0.061820	-42%	\$1,122	4%
East Fremantle	0.068310	-16%	\$1,080	3%	0.103738	7%	\$1,615	39%				
Freemantle	0.072030	-12%	\$1,320	25%	0.080153	-17%	\$1,320	14%	0.144058	35%	\$1,320	22%
Gosnells	0.063910	-22%	\$962	-9%	0.073500	-24%	\$962	-17%				
Joondalup	0.055985	-31%	\$889	-16%	0.065029	-33%	\$909	-22%	0.106290	0%	\$868	-20%
Kalamunda	0.059190	-27%	\$882	-16%	0.066750	-31%	\$1,102	-5%	0.088393	-17%	\$767	-29%
Kwinana	0.079990	-2%	\$1,036	-2%	0.090430	-7%	\$1,348	16%	0.168580	59%	\$1,036	-4%
Melville	0.065370	-20%	\$1,269	21%	0.072780	-25%	\$985	-15%	0.072508	-32%	\$810	-25%
Mosman Park	0.066352	-19%	\$885	-16%	0.066352	-32%	\$885	-24%				
Mundaring	0.081948	1%	\$841	-20%	0.081948	-16%	\$841	-28%				
Nedlands	0.055690	-32%	\$1,442	37%	0.069857	-28%	\$1,931	66%	0.079010	-26%	\$1,912	77%
Peppermint Grove	0.077690	-5%	\$1,385	32%	0.077690	-20%	\$1,385	19%				
Perth	0.057403	-29%	\$705	-33%	0.055634	-43%	\$705	-39%	0.062587	-41%	\$705	-35%
Rockingham	0.070096	-14%	\$1,158	10%	0.082880	-15%	\$1,158	0%				
South Perth	0.066612	-18%	\$984	-7%	0.066612	-31%	\$984	-15%				
Stirling	0.049670	-39%	\$845	-20%								
Subiaco	0.065590	-19%	\$1,165	11%	0.065590	-32%	\$1,165	0%				
Swan	0.074120	-9%	\$880	-16%	0.090476	-7%	\$1,400	21%				
Victoria Park	0.084000	3%	\$1,233	17%	0.094000	-3%	\$1,282	10%				
Vincent	0.064900	-20%	\$1,180	12%	0.066190	-32%	\$1,180	2%	0.126280	19%	\$1,494	39%
Wanneroo	0.064888	-20%	\$970	-8%	0.068071	-30%	\$1,357	17%	0.134000	26%	\$1,005	-7%
Average	0.081423		\$1,052		0.097122		1162		0.106335		\$1,078	

Objects and Reasons for Proposed Differential Rate Categories for the 2019/2020 Financial Year

In accordance with Sections 6.33 & 6.36 of the Local Government Act 1995 and the Council's intention to continue levying differential rates for the 2019/2020 Financial Year, the City is required to publish its Objects and Reasons for implementing the differential rates categories.

Overall Objective:

The overall objective of the Rates and Charges in the 2019/2020 budget is to provide for the shortfall in income required to enable the City of Kalamunda to provide the necessary works and services in the 2019/2020 Financial Year after taking into account all non-rate sources of income. The proposed differential rates reflect a 2.64% increase in overall rates revenue, with a portion of this increase being derived from growth with new properties being developed and established within the City. This increase is the lowest possible amount while still ensuring the City maintains sound financial management practices.

A minimum rate is applied to all differential rating categories within the City of Kalamunda. The setting of the minimum rate is in recognition that every property within the City receives some minimum level of benefit from services provided. By adopting a minimum rate, the Council takes this benefit into consideration. Differences in minimum rates between the differential categories are due to the same factors as explained in each differential category below.

Differential Rates:

Differential rates are split into two distinct groupings based on the methods used by the Valuer Generals Office to determine the value provided to the City. These two groupings are Gross Rental Value (GRV) which is used on urban properties and Unimproved Value (UV) which is predominantly used on rural properties. More information on the different valuation methods can be found on the Valuer Generals website at www.landgate.wa.gov.au

GRV Differential Rates:

The valuations provided to the City for GRV properties are reviewed on a Tri-annual basis by Landgate, with the last revaluation being effective 01 July 2017. GRV values are reflective of the estimated rental yield per year of the property. Further information about the exact method of calculation and any objections to valuations will need to be directed to the Valuer Generals Office at Landgate.

GRV General

The GRV General rate applies to all GRV valued properties in the City with predominant land use that does not fall within the categories of Commercial, Industrial or Vacant Land.

The City of Kalamunda's General rate is historically lower than many of our immediate neighbours and a number of other metropolitan Local Governments. The GRV General rate is the lowest of the City's GRV differentials and this rate serves as a benchmark differential rate by which all other GRV rated properties are assessed. The proposed rate in the dollar for this category is 0.060374 with a minimum rate of \$882.00 and will apply to approximately 21,578 or 93.5% of the City's rateable properties.

GRV Industrial/Commercial

The Industrial and Commercial GRV rate is levied on GRV valued properties where the predominant use of the land is for either Industrial or Commercial purposes.

The City recognises that Industrial and Commercial properties have a greater impact on the infrastructure and environment within the City in comparison to properties that fall within the GRV General category. The object of this differential category is to apply a differential rate to Industrial and Commercial properties in the City in order to raise additional revenue (when compared to GRV General properties) to offset the costs associated with increased maintenance and renewal of assets and infrastructure required. By applying a higher rate in the dollar to this category, the Council takes these associated increased costs into consideration.

The proposed rate in the dollar for this category is 0.068085 with a minimum rate of \$1,102 and will apply to approximately 604 or 2.6% of the City's rateable properties.

GRV Vacant

The GRV Vacant rate is levied on all GRV valued land in the City where the property is considered vacant land.

The City of Kalamunda has implemented the GRV Vacant differential to promote the development of land within the City and to provide a disincentive to owners for land banking.

This differential category reflects the disincentive to owners who are not actively developing their vacant land in order for the City to maximise the per capita use of infrastructure and avoid dead spaces around the City. The proposed rate in the dollar for this category is 0.085609 with a minimum rate of \$767.00 and will apply to approximately 572 or 2.6% of the City's rateable properties. The lower minimum rate for this category reflects the reduced minimum services required for an unoccupied parcel of land.

UV Differential Rates:

The valuations provided to the City for UV properties are reviewed on an annual basis by Landgate. UV Values are reflective of the estimated market value of the land assuming no improvements have been made (Houses, Sheds, Fencing, etc) as determined by the Valuer General. Further information about the exact method of calculation and any objections to valuations will need to be directed to the Valuer Generals Office at Landgate.

UV General

The UV General rate applies to all UV valued properties in the City with predominant land use that does not fall within the categories of Commercial or Industrial.

This is the lowest of the City's UV differentials and this rate serves as a benchmark differential rate by which all other UV rated properties are assessed. The proposed rate in the dollar for this category is 0.003454 with a minimum rate of \$882.00 and will apply to approximately 275 or 1% of the City's rateable properties. The minimum rate is reflective of the GRV General minimum in recognition of the comparable services received by all similar properties within the City.

UV Commercial

The UV Commercial rate is levied on UV valued properties where the predominant use of the land is for either Industrial or Commercial purposes.

As with the GRV Industrial/Commercial rate in the dollar, the UV Commercial differential rate is set higher than the UV General base in the reflection of the increased costs to the City for infrastructure maintenance and renewal as well as monitoring land use and environmental impacts.

The proposed rate in the dollar for this category is 0.004073 with a minimum rate of \$1,102.00 and will apply to approximately 60 or 0.3% of the City's rateable properties. The minimum rate is reflective of the GRV Industrial/Commercial minimum in recognition of the comparable services received by all similar properties within the City.

Other Rates Charges:

Waste Avoidance and Resource Recovery Levy (WARR Levy)

The WARR Levy was first adopted by the Council for the 2013/2014 Financial Year. The levy has been adopted to address the long term remediation issued being experienced at the closed landfill and other contaminated sites within the City.

The Department of Environment Regulation is applying stringent controls over monitoring and rehabilitation practices required at these sites, and the City is experiencing significant costs each year to deal with the issue. In accordance with the Waste and Resources Recovery Act 2007, the City proposes to maintain a levy of 0.000418 on each property within the City to be calculated on the GRV value. This levy will raise approximately \$513,575 in the 2019/2020 Financial Year with funds restricted to being used for remedial works on identified contaminated sites.

The minimum rate set for the WARR levy is \$20 on each property.

9. Meeting Closed to the Public

10. Closure