



## **EAST PILBARA SHIRE COUNCIL**

# **AGENDA**

## **SPECIAL COUNCIL MEETING**

**NOTICE IS HEREBY GIVEN** that an  
SPECIAL Meeting of the Council will be held,  
in Council Chambers, Newman,  
11.00 AM, TUESDAY, 5 JULY, 2016.

**Allen Cooper**  
CHIEF EXECUTIVE OFFICER

THE HEART  
OF THE  
PILBARA



## DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of East Pilbara for any act, omission or statement or intimation occurring during Council or Committee Meetings. The Shire of East Pilbara disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that person's or legal entity's own risk.

In particular and without derogating any planning application or application of a licence, any statement or intimation of approval made by any member or Officer of the Shire of East Pilbara during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of East Pilbara.

The Shire of East Pilbara warns that anyone who has any application lodged with the Shire of East Pilbara must obtain and should only rely on

## WRITTEN CONFIRMATION

of the outcome of the application and any conditions attaching to the decision made by the Shire of East Pilbara in respect of the application.

Signed: \_\_\_\_\_  
Allen Cooper  
Chief Executive Officer

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**1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

**2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE**

**2.1 ATTENDANCES**

Councillors

Cr Lynne Craigie  
Cr Anita Grace  
Cr Gerry Parsons  
Cr Jay Ahmedi  
Cr Bidy Schill  
Cr Dean Hatwell  
Cr John Jakobson

Officers

Mr Allen Cooper  
Ms Sian Appleton  
Mr Rick Miller

Mrs Kylie Bergmann

Chief Executive Officer  
Deputy Chief Executive Officer  
Director Technical & Development  
Services  
Coordinator Executive Services

Public Gallery

**2.2 APOLOGIES**

Councillor Apologies

Cr Lang Coppin  
Cr Craig Hoyer  
Cr Shane Carter  
Cr Michael Kitchin

Officer Apologies

Nil

### 3 OFFICER'S REPORTS

#### 3.1 DEPUTY CHIEF EXECUTIVE OFFICER

##### 3.1.1 2016/17 DIFFERENTIAL RATING MODEL

|                                       |   |
|---------------------------------------|---|
| <b>File Ref:</b>                      | <b>FIN-22-1</b>   |
| <b>Attachments:</b>                   | <a href="#">0620 Letter to CEO East Pilbara re shire rates.pdf</a><br><a href="#">Ltr Differential Rates EastPilbara 2016-2017.pdf</a><br><a href="#">Circular-12-2016.pdf</a><br><a href="#">Objects and Reasons 2016-17 June</a><br><a href="#">Rate Calculation 1617</a> |
| <b>Responsible Officer:</b>           | <b>Ms Sian Appleton</b><br><b>Deputy Chief Executive Officer</b>  |
| <b>Author:</b>                        | <b>Mr Andries Gertenbach</b><br><b>Manager Corporate Services</b>   |
| <b>Location/Address:</b>              | <b>N/A</b>  |
| <b>Name of Applicant:</b>             | <b>N/A</b>  |
| <b>Author Disclosure of Interest:</b> | <b>Nil</b>  |

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#### REPORT PURPOSE

To consider submissions and initiate the process for Ministerial Approval regarding the 2016/17 differential rating model.

#### BACKGROUND

At the Ordinary Council Meeting held 29 April 2016, Council resolved to advertise the following proposed differential rates for the 2016/17 financial year which would have resulted in a general 2% increase in the rate in the dollar except for Gross Rental Values (GRV) – Town Centre, Nullagine Townsite and Transient Workforce Accommodation which had reductions of 35.6%, 65.1% and 52.6% respectively. The minimums for all GRV were also set to increase by 2% except for GRV – Nullagine Townsite which was to increase by 65.8% to bring it into line with other GRV minimums.

The Minimums for the Unimproved Value (UV) – Pastoral/Special Lease was set to increase by 15% and all other UV minimums were set to increase by 50%. These changes were made to ensure that every ratepayer makes a reasonable contribution to the rate burden. The UV minimum has been at \$200 or less from 1998 to 2008 when it was increased to \$250 for four years but then in 2012 was reduced to \$200 again. To bring some equity and fairness the decision was made to increase the UV minimums.

| Category  | 2015/16<br>Rate in<br>Dollar | % Inc<br>/ Dec | 2016/17<br>Rate in<br>Dollar<br>Proposed | 2015/16<br>Minimum | % Inc<br>/ Dec | 2016/17<br>Minimu<br>m |
|---|------------------------------|----------------|--|--------------------|----------------|------------------------|
| Gross Rental Value – Industrial                           | 1.6250                       | 2%             | 1.6575                                   | \$650              | 2%             | \$663                  |
| Gross Rental Value – Town Centre                          | 4.5950                       | -35.6%         | 3.3150                                   | \$650              | 2%             | \$663                  |
| Gross Rental Value – Nullagine<br>Townsite                | 9.5000                       | -65.1%         | 3.3150                                   | \$400              | 65.8%          | \$663                  |
| Gross Rental Value – Transient<br>Workforce Accommodation | 7.0000                       | -52.6%         | 3.3150                                   | \$650              | 2%             | \$663                  |
| Gross Rental Value – Other                                | 3.2340                       | 2.5%           | 3.3150                                   | \$650              | 2%             | \$663                  |
| Unimproved Value – Pastoral/Special<br>Leases             | 6.0420                       | 2%             | 6.1628                                   | \$200              | 15%            | \$230                  |
| Unimproved Value – Agreement Act<br>Mining (AML) Leases   | 18.1405                      | 2%             | 18.5033                                  | \$200              | 50%            | \$300                  |
| Unimproved Value – Mining Leases                          | 18.1405                      | 2%             | 18.5033                                  | \$200              | 50%            | \$300                  |
| Unimproved Value – General Leases                         | 18.1405                      | 2%             | 18.5033                                  | \$200              | 50%            | \$300                  |
| Unimproved Value – Petroleum Leases                       | 18.1405                      | 2%             | 18.5033                                  | \$200              | 50%            | \$300                  |
| Unimproved Value – Exploration Leases                     | 18.1405                      | 2%             | 18.5033                                  | \$200              | 50%            | \$300                  |
| Unimproved Value – Prospecting<br>Leases                  | 18.1405                      | 2%             | 18.5033                                  | \$200              | 50%            | \$300                  |

Advertising was undertaken in accordance with Section 6.36 of the Local Government Act 1995 (Act) with the submission period for public comment of the proposed Differential Rates Model closing 16 June 2016.

### **Efficiency Measures**

As part of the budget process, further review, along with efficiency measures, was undertaken of Operating Income and Expenditure, proposed capital works, projects and new initiatives. As a result of this review, a reduction of expenditure was identified and a further advertisement in accordance with Section 6.36 of the Local Government Act 1995 was placed on 8 June 2016, with the following proposed differential rates, with the submission period for public comment of the proposed Differential Rates Model closing 4 July 2016.

| Category  | 2015/16<br>Rate in<br>Dollar | % Inc<br>/ Dec | 2016/17<br>Rate in<br>Dollar<br>Proposed | 2015/16<br>Minimum | % Inc<br>/ Dec | 2016/17<br>Minimum |
|---|------------------------------|----------------|--|--------------------|----------------|--------------------|
| Gross Rental Value – Industrial                           | 1.6250                       | -5%            | 1.5438                                   | \$650              | 2%             | \$663              |
| Gross Rental Value – Town Centre                          | 4.5950                       | -5%            | 4.3653                                   | \$650              | 2%             | \$663              |
| Gross Rental Value – Nullagine<br>Townsite                | 9.5000                       | -54.1%         | 4.3653                                   | \$400              | 65.8%          | \$663              |
| Gross Rental Value – Transient<br>Workforce Accommodation | 7.0000                       | -37.6%         | 4.3653                                   | \$650              | 2%             | \$663              |
| Gross Rental Value – Other                                | 3.2340                       | -5%            | 3.0723                                   | \$650              | 2%             | \$663              |
| Unimproved Value – Pastoral/Special<br>Leases             | 6.0420                       | -5%            | 5.7399                                   | \$200              | 15%            | \$230              |
| Unimproved Value – AML Leases                             | 18.1405                      | -5%            | 17.2335                                  | \$200              | 50%            | \$300              |
| Unimproved Value – Mining Leases                          | 18.1405                      | -5%            | 17.2335                                  | \$200              | 50%            | \$300              |
| Unimproved Value – General Leases                         | 18.1405                      | -5%            | 17.2335                                  | \$200              | 50%            | \$300              |
| Unimproved Value – Petroleum<br>Leases                    | 18.1405                      | -5%            | 17.2335                                  | \$200              | 50%            | \$300              |
| Unimproved Value – Exploration<br>Leases                  | 18.1405                      | -5%            | 17.2335                                  | \$200              | 50%            | \$300              |
| Unimproved Value – Prospecting<br>Leases                  | 18.1405                      | -5%            | 17.2335                                  | \$200              | 50%            | \$300              |

Although the Council's adopted Long Term Financial Plan includes a 4% rate increase in 2016/17, in most of the categories the rate in the dollar was reduced by 5% with the exceptions being the Nullagine Townsite and the Transient Workforce Accommodation where the reduction is 54.1% and 37.6% respectively. GRV minimums were increased by 2% and UV minimums were increased by 15%.

Two differential rating categories are subject to an application for Ministerial approval being Gross Rental Value (GRV) – Town Centre, Nullagine Townsite and Transient Workforce Accommodation and Unimproved Value – AML, Mining, General, Petroleum, Exploration and Prospecting Leases.

No submissions were received regarding the proposed rate in the dollar for the GRV rating category. There is nothing further to consider for this category prior to applying for Ministerial approval of the rate in the dollar.

Two submissions have been received in relation to the proposed rate in the dollar for Unimproved Value (UV) – Exploration and Prospecting Leases.

Both submissions expressed concern at the fact that UV - Exploration and Prospecting Leases are charged at the same rate in the dollar as the UV – AML, Mining, General and Petroleum leases. One of the submissions also expressed concern that the increase in the minimum rates for UV may not comply with the Local Government Act 1995 Section 6.35.

No submissions were received for any other differential rating categories.

## **COMMENTS/OPTIONS/DISCUSSIONS**

### **General Principles of GRV – Industrial Rating Policy**

This category includes properties zoned as industrial. The rate in the dollar has been set at a lower amount to offset the relatively high valuations within this category which came about as a result of revaluations in 2008/09 when the Industrial valuations increased significantly more than other GRV properties and Council decided that to maintain the rate yield from that category plus CPI, the rate in the dollar would have to be decreased significantly. In 2012/13 the Industrial Valuations more than doubled and Council again decided to maintain the rates yield for that category the same as others and therefore reduced the rate in the dollar again.

### **General Principles of UV – Pastoral/Special Leases Rating Policy**

This category includes properties zoned as rural. The rate in the dollar has been set at a lower amount to offset the relatively high valuations within this category which came about as a result of revaluations in 2006/07 when the Pastoral Lease valuations increased significantly more than other Unimproved Leases and then in 2010/11 the Pastoral Lease Valuations more than doubled whereas the other Unimproved Leases only increased by around 3%. Council implemented differential rates which were more than double in the UV category in 2010/11 and this has continued ever since.

The table below clearly identifies the relevant periods which necessitated the above rating policies for the categories.



| <b>NOTICE OF INTENTION TO LEVY<br/>DIFFERENTIAL RATES</b> | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> | <b>2011/12</b> | <b>2012/13</b> | <b>2013/14</b> | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| GROSS RENTAL VALUE - INDUSTRIAL                           | 9.3932         | 3.3856         | 3.4872         | 3.6267         | 3.7355         | 1.588          | 1.6516         | 1.7011         | 1.625          | 1.5844         |
| GROSS RENTAL VALUE - TOWN<br>CENTRE, NEW & MB             | 9.3932         | 5.7668         | 5.9398         | 6.1774         | 6.3627         | 3.8395         | 3.9931         | 4.1129         | 4.595          | 4.3653         |
| GROSS RENTAL VALUE - NULLAGINE<br>TOWNSITE                | 9.3932         | 7.9605         | 7.1994         | 8.5274         | 8.7832         | 6.8314         | 7.1047         | 7.3178         | 9.5            | 4.3653         |
| GROSS RENTAL VALUE - MARBLE<br>BAR TOWN CENTRE            |                | 7.7418         | 7.9741         | 8.2931         | 8.5419         | 7              |                |                |                |                |
| GROSS RENTAL VALUE - TRANSIENT<br>WORKFORCE ACCOMMODATION |                | 6.3596         | 6.5504         | 6.8124         | 7.0168         | 3.0508         | 3.1729         | 3.268          | 7              | 4.3653         |
| GROSS RENTAL VALUE - OTHER                                | 9.3932         | 3.5766         | 3.6839         | 3.8313         | 3.9462         | 1.6508         | 1.7169         | 1.7684         | 3.234          | 3.0723         |
| UNIMPROVED VALUE -<br>PASTORAL/SPECIAL LEASES             | 9.2592         | 9.7222         | 10.0139        | 3.895          | 4.0119         | 4.2125         | 4.381          | 4.5124         | 6.042          | 5.7399         |
| UNIMPROVED VALUE - AML LEASES                             | 11.0237        | 14.2619        | 14.975         | 15.2774        | 15.7357        | 16.5225        | 17.183         | 17.698         | 18.141         | 17.2335        |
| UNIMPROVED VALUE - MINING<br>LEASES                       | 11.0237        | 14.2619        | 14.975         | 15.2774        | 15.7357        | 16.5225        | 17.183         | 17.698         | 18.141         | 17.2335        |
| UNIMPROVED VALUE - GENERAL<br>LEASES                      | 11.0237        | 14.2619        | 14.975         | 15.2774        | 15.7357        | 16.5225        | 17.183         | 17.698         | 18.141         | 17.2335        |
| UNIMPROVED VALUE - PETROLEUM<br>LEASES                    | 11.0237        | 14.2619        | 14.975         | 15.2774        | 15.7357        | 16.5225        | 17.183         | 17.698         | 18.141         | 17.2335        |
| UNIMPROVED VALUE - EXPLORATION<br>LEASES                  | 11.0237        | 12.5505        | 12.9271        | 13.4442        | 13.8475        | 14.5399        | 15.121         | 15.575         | 18.141         | 17.2335        |
| UNIMPROVED VALUE -<br>PROSPECTING LEASES                  | 11.0237        | 12.5505        | 12.9271        | 13.4442        | 13.8475        | 14.5399        | 15.121         | 15.575         | 18.141         | 17.2335        |

## Options to Consider

### GRV

While no submissions were received for any of the GRV categories there was a concern that the minimums as advertised may result in the category GRV Nullagine – Townsite having more than 50% of the total properties rated on the minimum which would be outside of the requirements of Section 6.35 of the Local Government Act 1995.

A circular from the Department of Local Government received on 21 June 2016 states:

“Any differential rating category that has the same rate in the dollar, no matter how it is titled, is considered to be one category for the purposes of the *Local Government Act 1995*. In effect, this means that the minimum payment amount applied to that rate in the dollar must be the same.

The total number of ratepayers will be calculated based on the ‘categories’ combined and, as per section 6.35 of the Act, the total number of ratepayers on the minimum payment must be less than 50 per cent, unless the land is vacant or the minimum payment amount is set at \$200 or below”.

This therefore negates the above concern and the minimum rate of \$663 can be imposed on all GRV properties.

Having considered the large increase that this would bring for the GRV minimum for Nullagine Townsite, modelling has been calculated based on an increase the same as all the other GRV categories and so the minimum for Nullagine Townsite will be set at \$408 which is a 2% increase from the previous year.

From the content of the Circular it is an option for Council to combine all of the Categories in the GRV that have the same rate in the dollar.

The Categories will still be based on land use.

In effect GRV – Industrial and GRV – Nullagine Townsite would remain the same, GRV – Other would be changed to GRV – Residential and GRV – Town Centre, and Transient Workforce Accommodation would become GRV – Other.

This would result in the following categories in GRV

| Category                                | 2016/17<br>Rate in<br>Dollar<br>Proposed | 2016/17<br>Minimum |
|---|--|--------------------|
| Gross Rental Value – Industrial         | 1.5438                                   | \$663              |
| Gross Rental Value – Nullagine Townsite | 4.3653                                   | \$408              |
| Gross Rental Value – Other              | 4.3653                                   | \$663              |
| Gross Rental Value – Residential        | 3.0723                                   | \$663              |

## UV

The two submissions received for the Unimproved Value categories expressed concern at the fact that UV - Exploration and Prospecting Leases are charged at the same rate in the dollar as the UV – AML, Mining, General and Petroleum leases.

These submissions do not address the fact that there is proposed to be a differential rate applied but rather concentrates on the reason as to why all other UV leases are charged the same rate in the dollar.

One of the submissions also expressed concern that the increase in the minimum rates for UV may not comply with the Local Government Act 1995 Section 6.35 and also queried why the minimums for UV – Mining, Exploration and Prospecting lease were different from the UV – Pastoral/Special leases.

If the UV – Pastoral/Special leases minimum was to be set at \$300 they would not comply with Section 6.35 of the Act

### “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.

Therefore they were set at the maximum amount they could while still complying with Section 6.35 of the Local Government Act.

Based on the Department Circular above there are no concerns with regards to complying with Section 6.35 of the Act with the current differential rating proposal as all the minimums comply with that section of the Act.

After consideration of the submissions made and taking into account equity and fairness, the rate modelling calculations have been made setting the minimum for all Unimproved Value categories at \$230. This equates to a 15% increase. This is a reduction from the advertised minimum but is higher than the other minimum increases. This is to compensate for the fact that these minimums have not been increased in line with other minimums over the past at least 10 years.

In considering these submissions Council may want to take the same option as in the GRV categories and combine all of the categories that have the same rate in the dollar and thereby reduce the perceived difference in tenements.

The categories would still be based on land use.

This would mean that UV – Pastoral/Special Leases would stay the same and UV – AML, Mining, General, Petroleum, Exploration and Prospecting would become UV – Other leases as below.

| Category                                   | 2016/17<br>Rate in<br>Dollar<br>Proposed | 2016/17<br>Minimum |
|--|--|--------------------|
| Unimproved Value – Pastoral/Special Leases | 5.7399                                   | \$230              |
| Unimproved Value – Other Leases            | 17.2335                                  | \$230              |

### **STATUTORY IMPLICATIONS/REQUIREMENTS**

Part 6 - Financial management (Division 6 - Rates and service charges) (Subdivision 2 - Categories of rates and service) 6.33. Differential general rates (pg 235) makes provision for the application of differential rates and that Ministerial approval is required to impose a differential rate which is more than twice the lowest differential rate.

Part 6 - Financial management (Division 6 - Rates and service charges) (Subdivision 2 - Categories of rates and service) 6.35. Minimum payment (pg 236)

Part 6 - Financial management (Division 6 - Rates and service charges) (Subdivision 2 - Categories of rates and service) 6.36. Local government to give notice of certain rates (pg 237) makes provision for the advertising requirements of imposing differential rates.

Part 6 - Financial management (Division 6 - Rates and service charges) (Subdivision 2 - Categories of rates and service) 6.7. Ground of Objection (pg 266) provides that if a local government imposes a differential general rate a person may object to the rate record

### **POLICY IMPLICATIONS**

Nil

### **STRATEGIC COMMUNITY PLAN**

#### **Goal 1 – Civic Leadership – Planned Actions**

The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by community engagement – leading to the effective allocation of the Shire’s resources – that deliver optimum benefits to the community.

1.1 Efficient and effective local government

1.1.1 Ethical, accountable and transparent decision-making

Responsible officer: DCEO

Timing: As appropriate

- 1.1.2 Continued strong financial management  
Responsible officer: DCEO  
Timing: 1 year

### FINANCIAL IMPLICATIONS

Reduction in Council's potential income based on last year's rates of \$11,668,962 estimated actual, by approximately \$500,000.

### VOTING REQUIREMENTS

Simple.

### OFFICER'S RECOMMENDATION

**THAT Council having considered submissions regarding the advertised 2016/17 Differential Rates Model, pursuant to Section 6.33 of the Local Government Act 1995:**

- 1. Note that the submissions received from organisations regarding the proposed differential rates model 2016/17 have been considered and that a response is to be sent to the submitters outlining Council's decision;**
- 2. Note that as part of the budget process, further review, along with efficiency measures, was undertaken of Operating Income and Expenditure, proposed capital works, projects and new initiatives and as a result of this review, a reduction of expenditure was identified leading to reductions in the rate in the dollar in all categories which is at variance with Council's adopted Long Term Financial Plan which called for a 4% increase;**
- 3. Seek Ministerial approval for the following differential rates categories being greater than two times the lowest rate in the dollar.**

| Category   | Minimum Payment | Rate in the Dollar | Multiplier | Basis   |
|--|-----------------|--------------------|------------|---|
| Gross Rental Value – Industrial  | \$663           | 1.5438             | 1.00x      | Lowest rate in the dollar is the purpose for seeking approval of multiplier.  |
| Gross Rental Value – Nullagine Townsite                                | \$408           | 4.3653             | 2.83x      | Due to efficiencies, reduce the rate in the \$ by 54.05%                      |
| Gross Rental Value – Town Centre and Transient Workforce Accommodation | \$663           | 4.3653             | 2.83x      | Due to efficiencies, reduce the rate in the \$ by 5% and 37.64% respectively. |

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|  |       |         |       |   |
|--|-------|---------|-------|---|
| Unimproved Value – Pastoral/Special Leases   | \$230 | 5.7399  | 1.00x | Lowest rate in the dollar is the purpose for seeking approval of multiplier |
| Unimproved Value – AML, Mining, General, Petroleum, Exploration and Prospecting Leases | \$230 | 17.2335 | 3x    | Due to efficiencies, reduce the rate in the \$ by 5%.                       |

4. **Note the reduction in the advertised minimum for Nullagine Townsite to \$408.00 from \$663.00; and**
5. **Note, after consideration was given to submissions regarding the UV minimums, all UV minimums be reduced from \$300.00 as advertised to \$230.00.**

**4 DATE OF NEXT MEETING**

22 July 2016, Ordinary Council Meeting.

**5 CLOSURE**