



Special Council Meeting

13 July 2022

Commencing at 3.30pm

Agenda

Notice of Meeting.

To: The President and Councillors.

A Special Council Meeting of the Shire of Toodyay will be held at the Shire of Toodyay Council Chambers, 15 Fiennes Street, Toodyay WA 6566 on the above-mentioned date and time.

The Special Council Meeting was called by a third of the Councillors, in accordance with the *Local Government Act 1995 5.4(a)(ii)*, for the purpose of considering the approval of the 2022-2023 Differential Rates and all matters related thereto.

Suzie Haslehurst

CHIEF EXECUTIVE OFFICER



Our Vision, Purpose and Values

The Shire of Toodyay works together with the community to obtain the best possible social, economic, and environmental outcomes for the people of Toodyay.

Vision: We are a vibrant rural community that respects our environment, celebrates our past and embraces a sustainable future.

Purpose: Local Government and community working together to obtain the best possible social, economic, and environmental outcomes for the people of Toodyay.

Community Values: We value highly:

- Our sense of community support and spirit;
- Our natural environment and healthy ecosystems;
- Our rural lifestyle;
- Our historic town; and
- Our local economy built on agriculture and emerging tourism, arts and cultural opportunities.

Shire Values: To progress the community's aspirations, the Shire is guided by:

Integrity: We behave honestly to the highest ethical standard.

Accountability: We are transparent in our actions and accountable to the community.

Inclusiveness: We are responsive to the community and we encourage involvement by all people.

Commitment: We translate our plans into actions and demonstrate the persistence that produces results.

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire of Toodyay during the course of any meeting is not intended to be and is not to be taken as notice of approval from Council. No action should be taken on any item discussed at a Council Meeting prior to written advice on the resolution of the Council being received. Any plans or documents contained in this document may be subject to copyright law provisions (*Copyright Act 1998*, as amended) and the express permission of the copyright owner(s) should be sought prior to reproduction.

Availability of Meeting Agenda and its Attachments

Information about Council Meetings is located on the website

<http://www.toodyay.wa.gov.au/Council/Council-Meetings>

Agendas & Minutes are located under the heading "Council Meetings" at

<http://www.toodyay.wa.gov.au/Council/Council-Meetings/Agendas-Minutes-and-Notes>

Public copies are available by contacting the Shire on (08) 9574 9300.



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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Presiding Member is to run through the Preliminaries, and to declare the Ordinary Meeting of Council open.

Acknowledgement of Country: *“I acknowledge the Ballardong Noongar people, the traditional custodians of the land where we meet today and the Yued and Whadjuk people, who are traditional custodians of respective lands within the wider Shire of Toodyay. I pay my respect to their Elders, past, present and emerging.”*

2 RECORDS OF ATTENDANCE**2.1 APOLOGIES****2.2 APPROVED LEAVE OF ABSENCE**

Nil

3 DISCLOSURE OF INTERESTS**4 PUBLIC QUESTIONS****4.1 PUBLIC QUESTION TIME****5 PUBLIC SUBMISSIONS**

6 OFFICER REPORTS**6.1 CORPORATE AND COMMUNITY SERVICES****6.1.1 Approval of 2022-2023 Differential Rates**

Date of Report:	12 July 2022
Applicant or Proponent:	Shire of Toodyay
File Reference:	FIN30/MIN1
Author:	M Werder – Project Manager
Responsible Officer:	T Bateman – Manager Corporate and Community Services
Previously Before Council:	3 June 2022; 8 June 2022
Author's Disclosure of Interest:	Nil
Council's Role in the matter:	Legislative
Attachments:	Nil

PURPOSE OF THE REPORT

To consider the submissions and feedback resulting from the advertising of the proposed 2022/2023 Differential Rates and to endorse the proposed Differential Rate categories, rate in the dollar and minimum payments for Ministerial Approval prior to adoption of the 2022/2023 Annual Budget, as detailed in the Objects and Reasons for Differential Rates (Attachment 1), and in the Differential Mining Rates Emails and Communications (Attachment 2).

BACKGROUND

The power to raise local government rates is set out under the *Local Government Act 1995* (the Act). Prior to adopting the differential rates, a local government is required to advertise its intention to do so in accordance with the Act, (Section 6.36(3)). This process occurred in June for 21 days and the considerable number of responses were collated in Attachment 2 in preparation for timely budget adoption. All the Landgate valuations that are available are loaded as are property changes and improvements. This project is ongoing and any changes after the current date are expected to be minor and will not affect the foundation of this report.

1. At the May 2022 Ordinary Council Meeting, Council resolved (CRN: OCM081/05/22) the following:

That Council:

1. *Resolves to introduce a Mining Tenement Differential Rate to contribute to the costs incurred by the Shire as a result of mining tenement activities.*
2. *Requests the CEO to:*

- (a) *Develop a statement of objects and reasons for inclusion and publication as part of the 2022/23 annual budget process.*
- (b) *Closely monitor and record Shire expenditure related to the Mining Tenement sector to confirm the relevance, adequacy and accuracy of the imposed Differential Rate and report to Council as part of the annual budget process.*

At the 8 June 2022 Special Council Meeting, Council resolved (CRN: SCM081/06/22) the following:

That Council:

1. *Approves the proposed 2022/2023 differential rate categories, rate in the dollar and minimum payments for advertising prior to adoption of the 2022/2023 Annual Budget as follows:*

Basis of Rating	Current 2021/22 Rate in \$	Proposed 2022/23 Rate in \$
GRV Residential	0.134622	0.138729
GRV Commercial	0.142662	0.147014
GRV Industrial	0.124842	0.128650
GRV Rural	0.124494	0.128292
GRV Rural Residential	0.117860	0.121456
UV General	0.013750	0.014170
UV Rural	0.008858	0.009128
UV Mining	0.013750	0.935665

Basis of Rating	Current 2021/22 Rate	Proposed 2022/23 Rate
<u>MINIMUM RATES</u>		
GRV Residential	1,351.00	1,351.00
GRV Commercial	1,351.00	1,351.00
GRV Industrial	1,351.00	1,351.00
GRV Rural	1,351.00	1,351.00
GRV Rural Residential	1,351.00	1,351.00
UV General	1,351.00	1,351.00
UV Rural	1,351.00	1,351.00

UV Mining	Included in UV General	1,351.00
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2. *Endorses the Objects and Reasons for proposed differential rates for the 2022/23 financial year provided as Attachment 1 to this report to be published on the Shire's website.*

COMMENTS AND DETAILS

Prior to adopting its annual budget each year, Council considers its current Strategic Community Plan, Corporate Business Plan and Long-Term Financial Plan and, subject to the rating provisions under the Act, may raise rate revenue at the level it determines appropriate. To determine this level, Council assesses the current and future service needs, aspirations of the community and their capacity to pay for those services.

Following a series of budget workshops with Councillors, Officers are recommending that to achieve an appropriate level of funding for operations and asset renewal, rate revenue would need to be increased by 2.5% on the 2021/2022 rate revenue. New properties and the increased Mining Tenement rate revenue will be in addition to this proposed rate increase. This increase has been factored into the development of the draft budget and takes into account the following key considerations and their associated impacts:

- The Long-Term Financial Plan (LTFP) specifies a 2.5% rate revenue increase and the draft budget will be managed within this guideline. To meet the 2.5% overall increase in rate revenue, individual rates categories will increase by 3.05%.
- There will be no increase in the minimum rate of \$1,351.00 as it is considered that this is appropriate considering the requirements of the Shire and in comparison with surrounding and similar Local Governments.
- Annual increases such as consumer price index, local government cost index (LGCI), wage increases and the LTFP are considered in developing the draft budget.
- Increases such as consumer price index, local government cost index (LGCI), wage increases are anticipated to be higher than what is considered in the draft budget.
- The impact of COVID-19 is still a factor in the management of the Shire and district and is being considered in the budget process.

Although differential rates have been imposed in the Shire of Toodyay since 2014, it is a requirement of section 6.36 (3) of the *Local Government Act 1995* that differential rates be advertised although the final rates are determined by Council when adopting the Annual Budget.

Differential rates form one part of local government's approach for setting rates. This means that local governments have the option to set more than one rate in the dollar based on property class, rather than having a uniform rate for all property classes. Differential rates allow different classes of property to be rated differently, to maintain relativity between general, residential, commercial, industrial rural and mining rating classifications.

The 2022/2023 rates modelling has been based on a 2.50% overall increase which will provide a budgeted rate revenue of \$7,205,512. There has been no change made to the minimum rate of \$1,351. To meet the 2.5% overall increase in rate revenue, individual rates categories will increase by 3.05%. This reflects the proposed rate increase adopted by Council in the Long-Term Financial Plan.

The revenue from a Mining Tenement Differential Rate will be in addition to any previous rates decision on the overall rates position of the Shire, as to be decided by Council. This differential rate is to offset some of the additional expenditure incurred by the Shire as a result of the operations of this specific sector.

Individual property value increases due to development or other improvements are in addition to the generalised annual Landgate revaluation on UV properties which are included in the proposed 2.50% Rate Revenue increase.

The Local Government Act 1995 section 6.33(3) requires approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it. This applies to the UV Category as the Differential Rate for the UV Mining is more than twice the lowest differential rate in this category.

The Council can adopt the GRV Differential Rates directly as they do not require Ministerial approval under section 6.33 (3).

As additional Landgate valuations were applied and the Shire property data was updated the UV Rural advertised rate in the \$ was adjusted down to reflect the intention of the proposed rate revenue increase. The advertised rate of 0.009128 has been modified to 0.008298

Updated Landgate records and valuations in the Mining Tenements demonstrated that there are currently 35 Mining Tenements, up from 27 in 2021/2022. Keeping to the target of a Rates Revenue of \$200,000 from this sector this resulted in a lower rate in the \$ for this new category of 5.3%. The advertised rate of 0.935665 has been modified to 0.885755

It is recommended that Council approves the proposed 2022/2023 rate in the dollar and the minimum rates for the Gross Rental Valuation (GRV) properties as:

Category	2022/23 Rate in \$	Minimum Rate (\$)
GRV Residential	0.138729	1,351.00
GRV Commercial	0.147014	1,351.00
GRV Industrial	0.12865	1,351.00
GRV Rural	0.128292	1,351.00
GRV Rural Residential	0.121456	1,351.00

It is recommended that Council seeks Ministerial approval for the proposed 2022/2023 rate in the dollar and the minimum rates for the Unimproved Value (UV) properties as:

Category	2022/23 Rate in \$	Minimum Rate (\$)
UV General	0.014170	1,351.00
UV Rural	0.008298	1,351.00
UV Mining	0.885755	1,351.00

Under Section 6.33 (3) of the Local Government Act 1995, as one UV differential general rate is more than twice the lowest differential rate imposed by the local government, approval of the Minister will be sought. After the advertising period of Differential Rate, the only feedback was for the Mining Differential Rates. If there is a modification in the approved differential rate just prior to the Budget Adoption further Ministerial Approval will be sought.

IMPLICATIONS TO CONSIDER

Responses to the Advertising of the Differential Rates:

There were a number of emails, communications and conversations regarding the advertising of the Differential Rates, all of them relate to the Mining Tenements. We sent email notifications to all the licence holders that we had email addresses for. Example responses include:

Queries related to the increase in the Mining rate in the dollar from 0.013750 to 0.935665. This was explained by referring to the total to be raised from the Mining sector of \$200,000 in place of the default \$47,285 (35 on minimum). The rate in the \$ was merely a mathematical calculation.

The 2022/2023 budget will include 10 of the smaller Mining Tenements on the current minimum rate of \$1,351.00.

A query on the big increase for some of the largest tenements identified that some mining exploitation operation has for a considerable amount of time been rated at the minimum separate from the expectations of other businesses in Toodyay.

A query or request to manage the road maintenance through a 'actual cost' basis with invoices does not recognise that the governing of a Local Government is more than the additional grading works.

A separate operator with seven tenements indicated that they had 'no comments or concerns from our end'.

Another operator with two tenements queried an average amount however their two tenements were small and in the lower range of rates.

We have collated 30 pages of responses, answers including queries from the Shire President partly to be able to address any queries from the department. A search of other local government websites indicate that most relevant ones have Mining Differential Rates.

Consultative:

Discussions have taken place between staff and Councillors in a number of Council workshops. A Statement of Objects and Reasons is provided (Attachment 1).

Under Section 6.36 (1) of the Local Government Act 1995, a local public notice of the intention to impose the proposed differential rates for public comment prior to the adoption of the 2022/2023 Annual Budget was advertised for 21 days to allow ratepayers the opportunity to consider the proposed rate in the dollar and make any submissions prior to Council adopting the appropriate rates as part of the budget process.

Strategic:

Differential rates represent a strategic approach to rating. Rates are a major revenue source of Council used to achieve the objectives of the Strategic Community Plan and Corporate Business Plan. The purpose of levying rates is to meet the Shire's budget requirements to deliver services and projects each financial year.

Shire of Toodyay Strategic Community Plan

Built environment: Our buildings, roads and transport:

O 1: Ensure safe and sustainable transport options.

Governance: The way the Shire leads and operates:

O 1: Provide accountable and transparent leadership for the community.

Policy related:

Long Term Financial Planning.

Significant Accounting Policy

Dealing with Mining Proposals.

Financial:

The financial implications of adopting a 2.5% overall rate increase would see an estimated additional rate yield of approximately \$371,385 compared to the 2021/2022 financial year which includes the 2.5% of 171,751; the increased Mining Tenement Rates of \$163,523; and additional other increases of \$36,111 to provide an anticipated rate revenue for 2022/2023 is \$7,241,418.

This represents an increase to the *median* rates notice across the seven rating categories of between \$52 and \$246 for the 2022/2023 financial year, as compared \$82 and \$391 for 2021/2022.

Note: The rate yield estimated above is based on current valuations provided by Landgate and may be subject to change.

Legal and Statutory:

Sections 6.33 and 6.34 of the *Local Government Act 1995* allow local governments to impose differential rates and minimum payments. Section 6.36 requires local governments to give notice of certain rates before imposing them. Council is requested to endorse for advertising, the proposed rates in accordance with Section 6.36 of the Act.

2. Section 6.33 (3) states: “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”.

Section 6.35 (6) of the Local Government Act 1995 states that a differential minimum payment may be imposed.

Risk related:

There are significant financial and operational risks associated with setting rates for the budget adoption process. Compliance with statutory provisions helps to mitigate these risks. There is an expectation from the community that the Shire maintains the assets in a reasonable state and fit for purpose. The application of differential rates ensures the needs and responsibilities of various areas are addressed.

Workforce related:

There are no adverse workforce implications as a result of the officer’s recommendation.

VOTING REQUIREMENTS

Absolute Majority

OFFICER’S RECOMMENDATION 1

That Council:

- Approves the proposed 2022/2023 rate in the dollar and the minimum rates for the Gross Rental Valuation (GRV) properties as:

Category	2022/23 Rate in \$	Minimum Rate (\$)
GRV Residential	0.138729	1,351.00
GRV Commercial	0.147014	1,351.00
GRV Industrial	0.12865	1,351.00
GRV Rural	0.128292	1,351.00
GRV Rural Residential	0.121456	1,351.00

- Requests the CEO to seek Ministerial approval pursuant to s.6.33(3) of the *Local Government Act 1995*, for the proposed 2022/2023 rate in the dollar and the minimum rates for the Unimproved Value (UV) properties as:

Category	2022/23 Rate in \$	Minimum Rate (\$)
UV General	0.014170	1,351.00
UV Rural	0.008298	1,351.00
UV Mining	0.885755	1,351.00

7 CLOSURE OF MEETING