

TABLE OF CONTENTS

1.	ATTENDANCE & APOLOGIES:	1
2.	PUBLIC QUESTION TIME:	1
3.	PUBLIC STATEMENT TIME:	1
4.	PETITIONS & DEPUTATIONS:.....	1
5.	PRESIDENT’S REPORT:	1
6.	DECLARATION OF COUNCILLORS AND OFFICERS INTEREST:	1
7.	RECEIPTS OF MINUTES OR REPORTS AND CONSIDERATION FOR RECOMMENDATIONS:	2
SCM01/07/07	PROPOSAL TO CHANGE BASIS OF RATES – CHANGING METHOD OF VALUATION OF LAND FOR PROPERTIES UNDER 4 HECTARES FROM UNIMPROVED VALUE TO GROSS RENTAL VALUE.....	2
SCM02/07/07	SHIRE OF SERPENTINE JARRAHDAL E - DIFFERENTIAL RATING STRATEGY 2007/2008 FINANCIAL YEAR (A0128).....	6
8.	MOTIONS OF WHICH NOTICE HAS BEEN GIVEN.....	9
9.	CHIEF EXECUTIVE OFFICER’S REPORT.....	10
10.	URGENT BUSINESS:	10
11.	COUNCILLOR QUESTIONS OF WHICH NOTICE HAS BEEN GIVEN:.....	10
12.	CLOSURE:.....	10

- NOTE:
- a) The Council Committee Minutes Item numbers may be out of sequence. Please refer to Section 10 of the Agenda – Information Report - Committee Decisions Under Delegated Authority for these items.
 - b) Declaration of Councillors and Officers Interest is made at the time the item is discussed.

MINUTES OF THE SPECIAL COUNCIL MEETING HELD IN THE COUNCIL CHAMBERS, 6 PATERSON STREET MUNDIJONG ON MONDAY 9TH JULY, 2007. THE PRESIDING MEMBER DECLARED THE MEETING OPEN AT 3.10PM AND WELCOMED MEMBERS OF THE PUBLIC PRESENT IN THE GALLERY, COUNCILLORS AND STAFF.

1. ATTENDANCE & APOLOGIES:

IN ATTENDANCE:

COUNCILLORS: DL Needham Presiding Member
JE Price
AW Wigg
K Murphy
JC Star
JA Scott
MJ Geurds
M Harris

OFFICERS: Ms J Abbiss Chief Executive Officer
Mr D Long Director Corporate Services
Mrs S Langmair Minute Secretary

APOLOGIES: Cr WJ Kirkpatrick Leave of Absence
Cr EE Brown
Mr B Gleeson Executive Manager Planning & Regulatory Services
Ms S van Aswegen Executive Manager Strategic Community Planning
Mr S Bell Director Engineering

GALLERY: Nil

2. PUBLIC QUESTION TIME:

Nil

3. PUBLIC STATEMENT TIME:

Nil

4. PETITIONS & DEPUTATIONS:

Nil

5. PRESIDENT'S REPORT:

Nil

6. DECLARATION OF COUNCILLORS AND OFFICERS INTEREST:

Nil

7. RECEIPTS OF MINUTES OR REPORTS AND CONSIDERATION FOR RECOMMENDATIONS:

SCM01/07/07		PROPOSAL TO CHANGE BASIS OF RATES – CHANGING METHOD OF VALUATION OF LAND FOR PROPERTIES UNDER 4 HECTARES FROM UNIMPROVED VALUE TO GROSS RENTAL VALUE
Proponent:	Shire of Serpentine Jarrahdale	In Brief Council to consider to: 1. Agree in principle to change the basis of rating for properties less than four (4) hectares in area. 2. Seek the approval from the Minister for Local Government for the change in rating basis; 3. Agree in principle to implement the changes effective from the Minister's advice; 4. Write to the affected property owners seeking their comments on the proposed changes; 5. Require Council Officers to submit a report to Council detailing the outcome of the ratepayer consultation.
Owner:	Shire of Serpentine Jarrahdale.	
Officer:	Darren Long – Director Corporate Services	
Signatures Author:		
Senior Officer:		
Date of Report	6 July 2007	
Previously		
Disclosure of Interest	No officer involved in the preparation of this report is required to declare an interest in accordance with the provisions of the Local Government Act.	
Delegation	Council	

Background

Council has been using Gross Rental Valuations (GRV) in areas of land used predominantly for non-rural purposes and Unimproved Valuations (UV) in areas of land used predominantly for rural purposes and has used this dual based valuation system as the basis of levying differential rates since early 1990's. The approach of defining land for valuation purposes was based on the premise that land is either land within a townsite, in which case it is predominantly non-rural and is to be rated on the ascribed GRV; or it is land outside a townsite and is predominantly rural and is to be rated on the ascribed UV. This methodology is considered to be consistent with Section 2.2.1(d) of the guidelines issued by the Department of Local Government and Regional Development in May 2002.

A copy of the guidelines is with attachments marked SCM01.1/07/07([E07/3064](#)).

In June 2006 Council requested that Council Officers undertake a review of all small lot properties less than 4 hectares in area within the Shire. The objective of the review was to establish whether the basis of rates for these properties needed to be changed, on the grounds of whether they are predominantly used for rural or non-rural purposes.

Sustainability Statement

Social – Quality of Life

Finance: This proposal involves reviewing the rating basis for small lot holdings, less than four (4) hectares in area. The moving of small lot holdings from UV to GRV will result in a more equitable share of the rating burden being borne by these properties.

Statutory Environment:

Section 6.28 of the Local Government Act 1995 defines that the general principle for the basis for a rate on any land is to be:

- a) Where the land is used predominantly for rural purposes, the UV of the land; and

b) Where the land is used predominantly for non-rural purposes, the GRV of the land.

Section 6.33(3) of the Local Government Act 1995 defines that 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. As a result it would be necessary to seek Ministerial approval prior to imposition of the proposed differential GRV rate.

Policy/Work Procedure Implications:

There are no work procedures or policy implications directly related to this issue.

Financial Implications:

The following table summarises the proposed differential GRV rates in the dollar for Rural Improved properties, if Council resolves to change the basis of rating from UV to GRV, and adopt multiple differential rates with an increase in the minimum rate to \$773 so as to achieve a cost neutral position to Council:

Lot Size	Differential GRV Rate (cents in the dollar) for 2006/2007	Number of Properties	Change in Revenue \$ () denotes loss
<1 Hectare	8.7048	535	32,352
>1 < 2 Hectares	8.7048	329	34,145
>2 < 3 Hectares	8.7048	1,390	(43,819)
>3 < 4 Hectares	8.7048	107	(22,678)

Strategic Implications:

This proposal relates to the following Key Sustainability Result Areas:-

4. Governance

Objective 1: An effective continuous improvement program

Strategies:

4. Balance resource allocation to support sustainable outcomes.
5. Harness community resources to build social capital within the Shire.

Objective 3: Compliance to necessary legislation

Strategies:

3. Comply with State and Federal policies and Legislation and the Local Government Act in the most cost-effective way.

Community Consultation:

The guidelines set down by the Department of Local Government and Regional Development stipulate that consultation must be undertaken with landowners before the

Department will consider any change to the basis of rating relating to the valuation methodology. It is recommended as part of the approach with this matter that Council write to each affected owner seeking their comments on the proposal.

Comment:

Previously, under the 1960 Local Government Act, Council's based their differential rating systems on the zoning adopted under the Local Government's Town Planning Scheme. In recent years, differential rating approaches have seen a shift in methodology. The majority of Councils now utilise land use characteristics as the determinant factor in establishing the rating strategy applicable to different classes of properties. Council has gradually been reviewing its own approach and embracing a methodology that aligns more consistently with land use characteristics.

As per Councils request, a desktop review was conducted of all properties less than four (4) hectares in area, with a view to establishing whether their predominant land use was rural or non-rural. In the case of small lot land holdings less than four (4) hectares in area (those listed in 'Schedule 1'), the predominant use of land appears to be residential and therefore may be non-rural. On this basis there appears to be strong justification to change the basis of rating of these small lot land holdings from UV to GRV, provided it can be established that the predominant use of land is non-rural (i.e. residential).

A copy of Schedule 1 – List of Properties under four (4) Hectares is with attachments marked SCM01.2/07/07 ([E07/3076](#)).

The following can be considered as justifiable pre-conditions for eligibility to be rated on the GRV methodology:

- (i) The property is used exclusively for residential purpose with no rural pursuits, such as farming or commercial activity being undertaken on the properties.
- (ii) The eligible ratepayer must provide a Statutory Declaration confirming that they conform to the requirements (i) above, and be legally responsible to inform Council if there are any changes.

Voting Requirements:

ABSOLUTE MAJORITY

COUNCIL DECISION

**Moved Cr Star seconded Cr Wigg to suspend Standing Orders 9.5, 9.6 and 10.7 at 3.13pm
CARRIED 8/0**

COUNCIL DECISION

**Moved Cr Wigg seconded Cr Price to reinstate Standing Orders 9.5, 9.6 and 10.7 at 4.07pm
CARRIED 8/0**

SCM01/07/07 Officer Recommended Resolution:

That Council:

1. Agree in principle to amend the basis of rating of the properties listed in the Appendix titled 'Schedule 1 – List of Properties under four (4) Hectares Proposed for Change Over from Unimproved Value to Gross Rental Value as the Basis of Rating', subject to the approval by the Honourable Minister for Local Government and Regional Development and subject to the relevant ratepayer conforming to the following conditions:
 - (i) The property is used exclusively for residential purpose with no rural pursuits, such as farming or commercial activity being undertaken on the property.

- (ii) The eligible ratepayer to provide a Statutory Declaration confirming that they conform to the requirements in (i) above, and be legally responsible to inform Council if there are any changes.
2. Seek the approval of the Hon Minister for Local Government and Regional Development to change the basis of rating from UV to GRV for the eligible properties listed in the attachment titled 'Schedule 1 – List of Properties under four (4) Hectares Proposed for Change Over from Unimproved Value to Gross Rental Value as the Basis of Rating', and confirmed as conforming to the eligibility criteria by relevant ratepayers as per conditions (i) and (ii) in recommendation 1 above.
3. Agree in principle to implement the change of basis of rating from UV to GRV, with effect from the date of the Minister's approval.
4. Write to the affected property owners seeking their comments on the proposed change of basis of rating from UV to GRV, and request that they provide the information as per recommendation 1 above, to the CEO by the closure of the 21 day consultation period;
5. Require Council Officers to submit a further report to Council detailing the outcome of the ratepayer consultation.

SCM01/07/07 COUNCIL DECISION

Moved Cr Price seconded Cr Star

That Council:

1. **Agree in principle to amend the basis of rating from Unimproved Value Methodology to Gross Rental Value Methodology of the properties listed in the Appendix titled 'Schedule 1 – List of Properties under four (4) Hectares Proposed for Change Over from Unimproved Value to Gross Rental Value as the Basis of Rating', subject to the approval by the Honourable Minister for Local Government and Regional Development.**
2. **Require those property owners seeking to retain the unimproved valuation method for their property to be subject to the following conditions:**
 - (i) The property is used predominantly for rural purposes with no non-rural commercial activity being undertaken on the property.**
 - (ii) The property must be used for rural production (ie growing of food or fibre produce).**
 - (iii) The eligible ratepayer to provide an Affidavit confirming that they conform to the requirements in (i) above, and be legally responsible to inform Council if there are any changes.**
3. **Seek the approval of the Hon Minister for Local Government and Regional Development to change the basis of rating from UV to GRV for the eligible properties listed in the attachment titled 'Schedule 1 – List of Properties under four (4) Hectares Proposed for Change Over from Unimproved Value to Gross Rental Value as the Basis of Rating', and confirmed as conforming to the eligibility criteria by relevant ratepayers as per conditions (i) and (ii) in recommendation 2 above.**
4. **Agree in principle to implement the change of basis of rating from UV to GRV, with effect from the date of the Minister's approval.**
5. **Write to the affected property owners seeking their comments on the proposed change of basis of rating from UV to GRV, and request that they provide the information as per recommendation 2 above, to the Chief Executive Officer (CEO) by the closure of the 21 day consultation period.**
6. **Require Council Officers to submit a further report to Council detailing the outcome of the ratepayer consultation.**

CARRIED 8/0 ABSOLUTE MAJORITY

Council Note: The new motion was worded in order to create as much clarity as possible in regard to reasons for making the change to the rating methodology for properties under 4ha.

SCM02/07/07		SHIRE OF SERPENTINE JARRAHDAL - DIFFERENTIAL RATING STRATEGY 2007/2008 FINANCIAL YEAR (A0128)	
Proponent:	Shire of Serpentine Jarrahdale	In Brief Council to 1. Support in principle the differential rates in the dollar and minimums proposed for 2007/2008; 2. Advertise the proposed differential rates; 3. Seek the Minister for Local Governments approval to impose differential general rates more than twice the lowest rate.	
Owner:	Shire of Serpentine Jarrahdale		
Officer:	Darren Long - Director Corporate Services		
Signatures Author:			
Senior Officer:			
Date of Report	5 July 2007		
Previously			
Disclosure of Interest	No officer involved in the preparation of this report is required to declare an interest in accordance with the provisions of the Local Government Act		
Delegation	COUNCIL		

Background

The Local Government Act 1995 provides for Councils to levy rates to fund the estimated annual budget deficiency for the forthcoming financial year.

In accordance with past practices, a workshop was carried out with Councillors to review the differential rating strategy for the 2007-2008 budget based on the detailed information contained within Councils Forward Financial Plan. The workshop provided Councillors with an opportunity to consider rating strategy options to be advised to the community in accordance with the Local Government Act 1995.

Statutory Environment:

Section 6.32 of the Local Government Act 1995, provides Council with the power, by absolute majority, to impose general rates, uniformly or differentially, on rateable land within its district.

Section 6.33 provides for local governments to impose differential rates according to any, or a combination, of the following characteristics;

- a) The purpose for which the land is zoned under the town planning scheme,
- b) the predominant use for which the land is determined to be used, and
- c) whether or not land is vacant.

In imposing a differential rate a local government is not to, without the approval of the Minister, impose a differential rate which is more than twice the lowest differential general rate imposed by it.

Section 6.35 requires that where a local government imposes differential rating it is to ensure that not more than 50% of the number of separately rated properties are rated on the minimum without the approval of the Minister.

Section 6.36 of the Act provides that before a local government can impose a differential rate it must give local public notice of its intention to do so.

Policy/Work Procedure

Implications:

There are no work procedures/policy implications directly related to this application/issue.

Financial Implications:

The draft Forward Financial Plan provides for a deficiency in revenue to the value of \$6.7M to be made up of rates in the 2007/2008 financial year. This represents a 16.5% increase in the 2006/2007 rates.

Strategic Implications:

This proposal relates to the following Key Sustainability Result Areas:-

4. Governance

Objective 3: Compliance to necessary legislation

Strategies:

3. Comply with State and Federal policies and Legislation and the Local Government Act in the most cost-effective way.

Community Consultation:

In accordance with sections 1.7 and 6.36 of the Local Government Act 1995 Council is required to give local public notice of the intention of Council to impose differential rates, or a minimum payment under a differential rate category.

Local public notice includes publishing in a newspaper circulating in the district, exhibiting on the notice board of the local government office, and exhibiting on the notice board of the library inviting submissions in respect of the following information, for a minimum of 21 days;

- 1) Details of each rate or minimum payment the local government intends to impose,
- 2) Invitation for submissions to be made in respect of the proposed rate or minimum payment and any related matters.

Comment:

The estimated budget deficiency for the 2007/08 financial year has not yet been finalised, as the detailed budget estimates covering various expense and revenue items are currently being prepared. The preliminary parameters for the 2007/08 financial year, based on the draft Forward Financial Plan indicate that a total revenue increase of approximately 16.5% would be required from annual rates to maintain the same level of service provided by Council in 2006/07 financial year, plus meet current demands for infrastructure improvements.

A workshop on the draft Forward Financial Plan was held on 20 June 2007 and provided participants with an opportunity to raise issues relating to the process of determining the rating strategy, based on expenditure demands. The workshop highlighted the average revaluation increase for unimproved value properties to be in the order of 20%. At the conclusion of the workshop participants indicated that UV differential categories rate in the dollar were to be zero based, as a result of the increase in valuations, and then a 12% increase in the rate in the dollar applied. GRV differential rate categories were to be modelled on a 12% increase, and all minimums were to be modelled on \$773, with the exception of Special Use and Rowley Road categories.

After reviewing Operational Guideline No. 2 – ‘Changing Methods of Valuation of Land’ it was found that as a general principle, the Department may not support the reclassification of poultry farms from UV to GRV as they are believed to fall within the definition of ‘rural’. Council may wish to mount an argument to the Department that poultry farms, because of the sophistication and capital improved nature of the industry that it falls outside the ‘rural’ definition. This would require an assessment and review process similar to that being

undertaken for small lot holdings under four (4) hectares, but would see the change effected during the 2007/2008 financial year.

The table below details the proposed rate in the dollar for each Differential category along with the proposed minimum as per the participants requests with the exception of the Intensive Farming category, which has been left as is at this point:

PROPOSED 2007/2008			
DIFFERENTIAL RATE CATEGORY	UV RATE IN CENTS	GRV RATE IN CENTS	MIN RATE
Rural	0.3130		773
Rural Living	0.3322		773
Residential		9.7494	773
Residential/Vacant		19.4988	773
Commercial		11.8153	773
Public Purpose	0.5789		773
Special Use		11.8153	1,076
Special Residential		11.1187	773
Special Residential/Vacant		19.4988	773
Light Industry/Residential Composite		18.4041	773
Units-Rowley Road		9.7494	538
Caravan Parks		11.8153	773
Intensive Farming	0.9720		773
Farmland (Concession)	0.2160		773
Conservation	0.1565		773
Mining Tenements	1.0886		883

A comprehensive model was then run in Councils rating database based on the above rates.

A copy of the modelling spreadsheet is with attachments marked [SCM02/07/07 \(E07/3077\)](#).

It is important to note that in the past Council has adopted rates that are more than twice the minimum differential rate and must therefore seek Ministerial approval, as required by the provisions of the Local Government Act 1995. The Department of Local Government and Regional Development has been scrutinizing Council's differential rating strategy each year and may request modifications to be made, if they are not satisfied that the rating strategy is fair and equitable.

Council is required to provide a twenty one (21) day community consultation period when the differential rating option proposed.

Voting Requirements: **ABSOLUTE MAJORITY**

COUNCIL DECISION

Moved Cr Wigg seconded Cr Star to suspend Standing Orders 9.5, 9.6 and 10.7 at 4.10pm.

CARRIED 8/0

COUNCIL DECISION

Moved Cr Wigg seconded Cr Star to reinstate Standing Orders 9.5, 9.6 and 10.7 at 4.48pm

CARRIED 8/0

SCM02/07/07 COUNCIL DECISION/Officer Recommended Resolution:

Moved Cr Star seconded Cr Geurds

That Council take the following action in relation to the rating strategy for the 2007/08 financial year:

1. Support in principle the following differential rates in the dollar and minimum payments for the GRV and UV rated properties, subject to finalisation of the 2007/08 draft budget and the establishment of the funding shortfall required from imposition of rates on GRV and UV rated properties.

PROPOSED 2007/2008			
DIFFERENTIAL RATE CATEGORY	UV RATE IN CENTS	GRV RATE IN CENTS	MINIMUM RATE
Rural	0.3130		773
Rural Living	0.3322		773
Residential		9.7494	773
Residential/Vacant		19.4988	773
Commercial		11.8153	773
Public Purpose	0.5789		773
Special Use		11.8153	1,076
Special Residential		11.1187	773
Special Residential/Vacant		19.4988	773
Light Industry/Residential Composite		18.4041	773
Units-Rowley Road		9.7494	538
Caravan Parks		11.8153	773
Intensive Farming	0.9720		773
Farmland (Concession)	0.2160		773
Conservation	0.1565		773
Mining Tenements	1.0886		883

2. Advertise for public comment, the differential rates and the minimum payment stated in 1 above, as per the requirements of the Section 6.36 of the Local Government Act 1995;
3. Apply to the Minister for Local Government and Regional Development for approval to impose differential general rates, which are more than twice the lowest differential general rate, for the 2007/2008 financial year, as per section 6.33(3) of the Local Government Act 1995.

CARRIED 8/0 ABSOLUTE MAJORITY

8. MOTIONS OF WHICH NOTICE HAS BEEN GIVEN

Nil

9. CHIEF EXECUTIVE OFFICER'S REPORT

Nil

10. URGENT BUSINESS:

Nil

11. COUNCILLOR QUESTIONS OF WHICH NOTICE HAS BEEN GIVEN:

Nil

12. CLOSURE:

There being no further business, the Presiding Member closed the meeting at 4.49pm.