



Special Council Meeting Minutes

**Wednesday, 13 May 2015
3.00pm**

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NOTE: a) 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 Wednesday 13 May 2015. The Shire President declared the meeting open at 3.00pm and welcomed Councillors, staff and members of the gallery.

1. Attendances and apologies (including leave of absence):

In Attendance:

Councillors: K Ellis Presiding Member
S Piipponen
S Hawkins
J Kirkpatrick
J Erren
J Rossiter
G Wilson
B Moore

Officers: Mr R Gorbunow Chief Executive Officer
Mr A Hart Director Corporate and Community
Mr D van der Linde Acting Director Planning
Mr G Allan Director Engineering
Ms K Peddie Executive Assistant to the CEO
Ms E Strijdom PA to Director Corporate and Community

Leave of Absence: Nil

Apologies: B Urban

Observers: Ms M Hodgson – Financial Accountant
Ms K Bartley – Coordinator Accounting and Customer Service

Members of the Public – 1

Members of the Press – 0

2. Public Question Time:

Nil

3. Public Statement Time:

Nil

4. Petitions and Deputations:

Nil

5. Declaration of Councillors and Officers Interest:

Nil

6. Receipts of Minutes or Reports and Consideration for Recommendations:

Nil

7. Motions of which Notice has been given:

SCM002/05/15	Differential Rating Strategy 2015/2016 – Notice of Intention to Raise Rates (SJ1235)
Author:	Kellie Bartley – Coordinator Accounting & Customer Services
Senior Officer/s:	Alan Hart - Director Corporate & Community
Date of Report:	4 May 2015
Disclosure of Officers 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

Introduction

Council is requested to support the differential rates in the dollar and minimums proposed for the 2015/2016 financial year, and advertise the proposed rates for a 21 day comment period. Council are required to seek Minister approval for proposing to impose an intensive farming differential rate that is more than twice the lowest rate, and the total number of properties rated on minimum for residential vacant land being over 50%.

Background:

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.

It is recommended that Council advertise an average 5% rate increase for the 2015/2016 financial year.

Relevant Previous Decisions of Council:

There is no previous Council decision relating to this issue.

Community / Stakeholder Consultation:

An advertisement on the 14 May 2015 will be included in the public notice section of the Newspaper circulated in the district. The community will have 21 days to make submissions.

Comment:

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

The estimated budget deficit for the 2015/2016 financial year has not yet been finalised, as the detailed budget estimates covering various expense and revenue items are currently being prepared. At present, the amount required from rates to fund the outcomes of the draft budget is in excess of the rate increase proposed of 5%. Staff are revising the draft

budget and service levels and are looking at all avenues to reduce the gap, including alternative revenue sources.

The five percentage rate increase from 2015/2016 will generate \$17,532,622 in total rate revenue. The rural living rate category has only increased by an average of 1%, as the Shire looks to simplify the rate categories of rural and rural living to one over the next two years.

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 has been scrutinising 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.

The table below shows the rate categories for 2015/2016 and the rate in cents and minimum amounts;

GRV Rate Category	2015/2016	
	Rate in Cents	Minimum
Residential	8.7060	1,050
Residential Vacant	14.3443	1,105
Commercial/Industrial	8.2768	1,239

UV Rate Category	2015/2016	
	Rate in Cents	Minimum
Rural**^	0.3272	1,239
Rural Living	0.3552	1,239
Intensive Farming	1.0265	1,239

*** Eligible farmland properties are provided with a rate concession of 31% off the rural rate in the dollar, their minimum rate is not reduced.*

^ Eligible conservation properties are provided with a rate concession of 50% off the rural rate in the dollar, their minimum rate is not reduced.

Conclusion

It is recommended that:

- Council support the differential rates in the dollar and minimums proposed for 2015/2016;
- Advertise the proposed differential rates;
- Seek the Minister for Local Government's approval to impose differential general rates more than twice the lowest rate; and
- Council is required to provide a twenty one (21) day community consultation period for the differential rating proposed. All submissions received within the consultation period will be presented to Council in June 2015 when the statutory budget for the 2015/2016 financial year is endorsed by Council.

Attachments:

- [SCM002.1/05/15](#) - A copy of the modelling results (E15/2052).
- [SCM002.2/05/15](#) - A copy of the Objects and Reasons in Differential Rates for 2015/2016 (E15/2053).

Alignment with our Strategic Community Plan:

Objective 2.1	Responsible Management
Key Action 2.1.1	Undertake best practice financial and asset management

Statutory Environment:

Under section 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;

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

Financial Implications:

The Shire's principle source of income is through rates. It is an essential part of the budget process that the Council consider the level of rates that need to be raised in the context of funding the annual budget. It must also be noted that as other income, such as fees and charges are fixed by external legislation, there is very little scope for the Shire to increase this revenue source to keep up with the rising costs of service provision, therefore, these increasing costs must be borne by increases in rates.

Another consideration is the increasing costs of borrowings that need to be funded each year. As the Shire borrows funds in each budget, the flow on effect in the following year's budget is the cost of these borrowings. This increased cost is generally funded through increases in rates.

The Shire has until 31 August each year to adopt the Annual Budget, as the Shire is a rapidly growing organisation and as such we are heavily reliant on receiving rates income to fund our operations, including salaries. With this in mind, setting the level of rates for advertising and allowing the adoption of the annual budget in June, after the close of the advertising period, is a very high priority to enable rates notices to be issued. The Shire prepares its cash flow based on starting to receive rate payments in late August each year.

Voting Requirements: Absolute Majority

SCM002/05/14 COUNCIL DECISION / Officer Recommendation:

Moved Cr Hawkins, seconded Cr Moore

That Council:

1. Support the following differential rates in the dollar and minimum payments for the GRV and UV rated properties, subject to finalisation of the 2015/2016 draft budget:

Proposed 2015/2016				
Differential Category	Rate	UV Rate in Cents	GRV Rate in Cents	Minimum Rate
Residential			8.7060	1,050
Residential Vacant			14.3443	1,105
Commercial/Industrial			8.2768	1,239
Rural		0.3272		1,239
Rural Living		0.3552		1,239
Intensive Farming		1.0265		1,239

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 for approval to impose differential general rates, which are more than twice the lowest differential general rate, for the 2015/2016 financial year, as per section 6.33(3) of the Local Government Act 1995.

CARRIED ABSOLUTE MAJORITY 8/0

8. Urgent Business:

Nil

9. Closure:

There being no further business the Presiding Member declared the meeting closed at 3.01pm.

I certify that these minutes were confirmed at the
Ordinary Council Meeting held on 25 May 2015

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Presiding Member

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Date