



Shire of
Serpentine
Jarrahdale

Special Council Meeting Agenda

1.00pm

Monday, 14 December 2020

Purpose: To consider correspondence received from the Minister for Local Government dated 8 December 2020 regarding the rating equity project adopted by Council at the 20 July 2020 Ordinary Council Meeting.

Contact Us

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In Person

Shire of Serpentine Jarrahdale

6 Paterson Street, Mundijong WA 6123

Open Monday to Friday 8.30am-5pm (closed public holidays)



www.sjshire.wa.gov.au



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The purpose of this Special Council Meeting is to discuss and, where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting. Persons should be aware that the provisions of the *Local Government Act 1995* (Section 5.25(1)(e)) and *Council's Standing Orders Local Law 2002 (as amended)* – Part 14, Implementing Decisions. No person should rely on the resolutions made by Council until formal advice of the Council resolution is received by that person.

The Shire of Serpentine Jarrahdale expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.



Councillor Attendance Register

In accordance with Ordinary Council Meeting, 16 December 2019, Resolution OCM293/12/19, clause 5 – “That Council requests the Chief Executive Officer maintain a Councillor Attendance Register recording Councillor Attendances at Ordinary Council Meetings, Special Council Meetings and Policy Concept Forums”.

Council October 2019 -

| Date | Type | Cr Rich | Cr Atwell | Cr Byas | Cr Coales | Cr Dagostino | Cr Denholm | Cr McConkey | Cr Strange | Cr Strautins |
|----------|------|---------|-----------|---------|-----------|--------------|------------|-------------|------------|--------------|
| 30/11/20 | PCF | ✓ | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ | ✓ |
| 23/11/20 | SCM | ✓ | ✓ | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ |
| 23/11/20 | PCF | ✓ | ✓ | ✓ | ✓ | A | ✓ | A | ✓ | ✓ |
| 16/11/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 02/11/20 | PCF | A | ✓ | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ |
| 19/10/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 05/10/20 | PCF | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 21/09/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 07/09/20 | PCF | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | A | ✓ | ✓ |
| 24/08/20 | PCF | ✓ | ✓ | ✓ | ✓ | A | A | ✓ | A | ✓ |
| 17/08/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 03/08/20 | PCF | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 27/07/20 | SCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 20/07/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | A |
| 06/07/20 | PCF | ✓ | ✓ | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ |
| 22/06/20 | SCM | ✓ | ✓ | ✓ | ✓ | ✓* | ✓ | ✓ | ✓ | ✓ |
| 15/06/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 18/05/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 23/03/20 | SCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 16/03/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 24/02/20 | PCF | ✓ | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ | ✓ |
| 17/02/20 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |



| | | | | | | | | | | |
|----------|-----|---|---|---|---|---|---|---|---|---|
| 03/02/20 | PCF | ✓ | A | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ |
| 03/02/20 | SCM | ✓ | A | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ |
| 16/12/19 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 18/11/19 | OCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 04/11/19 | PCF | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 28/10/19 | SCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 21/10/19 | SCM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

* Councillor Dagostino was an apology for the Special Council Meeting on 22 June 2020, but attended the resumed Special Council Meeting on 29 June 2020 from 7.00pm to 7.05pm, before Declaring an Interest and leaving the meeting.

A – Apology
LOA – Leave of Absence
NA – Non Attendance



Dear Elected Member

A Special Council Meeting of the Shire of Serpentine Jarrahdale will be held on Monday, 14 December 2020 in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong – commencing at 1:00pm.

Paul Martin
Chief Executive Officer

10 December 2020

Agenda

1. **Attendances and apologies (including leave of absence):**
2. **Public question time:**
 - 2.1 **Public questions**
3. **Public statement time:**
4. **Petitions and deputations:**
5. **Declaration of Councillors and Officers interest:**



6. Receipt of reports:

6.1 Reports

| | |
|---|--|
| 6.1.1 – Consideration of correspondence from the Minister for Local Government regarding the rating equity project (SJ274) | |
| Responsible Officer: | Director Corporate Services |
| Senior Officer: | Chief Executive Officer |
| Disclosure of Officers Interest: | No officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> . |

Authority / Discretion

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|-----------|---|
| Executive | The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets. |
|-----------|---|

Report Purpose

The purpose of this report is to enable Council to consider correspondence received by the Shire from the Minister for Local Government dated 8 December 2020 regarding the rating equity project adopted by Council at the 20 July 2020 Ordinary Council Meeting.

Relevant Previous Decisions of Council

Ordinary Council Meeting – 20 May 2020 – OCM118/05/20 - COUNCIL DECISION/Officer Recommendation:

That Council requests that the Chief Executive Officer:

- 1. MEETS with the Department of Local Government, Sport and Cultural Industries and Office of the Valuer General to obtain their input to the process of changing valuation methodology*
- 2. PREPARES a project plan and communication strategy to address the matters identified in this report for consideration at a future meeting of Council.*

Ordinary Council Meeting – 20 July 2020 - OCM224/07/20 – COUNCIL DECISION/Officer Recommendation

That Council APPROVES that the Chief Executive Officer commence work on the project as described in the project plan and communication strategy (as contained within attachment 1) to engage with the community to review the basis of the method of valuation used for all properties in the Shire and submit for Council's consideration recommendations from that review.



Background

At the 20 July Ordinary Council Meeting (OCM), Council resolved to approve that the Chief Executive Officer commence work on the rating equity project as described in the project plan and communication strategy attached to the related Officer's report. This resolution followed Council's decision at the May 2020 OCM requesting the CEO to prepare a project plan and communication strategy on the matter.

The purpose of the project is to address long-term inequity in the Shire's rating model dating back more than 20 years. This means that properties in close proximity with similar uses, size and amenity are paying different rates due only to their valuation method. Informed by advice from the Department of Local Government, the valuation method applied to every property in the Shire has been reviewed.

This process has involved engaging with the community by seeking submissions before consideration by Council and then the Minister of any change to the rating method.

Those properties identified and the broader community have been encouraged to provide feedback to the Shire to assist Council in making a decision about this matter in the first quarter of 2021.

While the review's findings have yet to be finalised, the review has identified that less than 20 per cent of properties of the 12,000 properties in the Shire could potentially be moved to Gross Rental Value (GRV) to achieve a more equitable share of the rating burden.

Under section 6.28 of the *Local Government Act 1995* (the Act), only the Minister can correct the valuation method used to calculate rates. The Council does not have the authority to make the change itself but can make recommendations to the Minister.

A decision regarding the rates payable for properties, the timing of the implementation and any concessions to ratepayers is made subsequently by Council. The Council may decide to stage implementation of any proposed changes to the rating methodology.

It is important to note that no changes to rates have been made at this time nor is there any intention to backdate any rates as part of this review.

This process does not determine the rates paid by a given property. Rating decisions are made by Council at subsequent meetings of Council when determining the rate in the dollar and whether concessions are to be provided.

Community / Stakeholder Consultation

In accordance with the Project Plan and Communication Strategy agreed to by Council and the Department's policy and operational guideline, in September 2020, all ratepayers in the Shire were invited to contribute information and comment as part of the review.

Following consideration of the submissions, in November 2020, letters were sent to approximately 2,300 properties advising them that their property had been identified as potentially being on the incorrect valuation category and inviting them to provide comment.

In accordance with the Department's procedure, the letters included an estimate of rates payable. This estimate, which is required by the Department to be included (as per attachment 3), is a forecast based on a hypothetical that the same rate in the dollar is to be



applied as the previous period, that the estimated valuation supplied is correct and that no other concessions are applied.

As detailed in the communications strategy, in September 2020 the Shire President wrote to Mr Andrew Hastie, (Federal) Member for Canning, the Hon Matthew Swinbourn MLC, Member for East Metropolitan and Mrs Alyssa Hayden MLA. Member for Darling Range to advise the elected representatives of the review, its purpose and offer a briefing on the matter.

Shire Officers have been in regular contact with the Department of Local Government. This engagement with Departmental Officers included meetings, emails and telephone calls. These discussions were held to ensure that the process being followed by the Shire was in accordance with legislation and the Department's guideline on the matter.

Statutory Environment

Rates are levied based on the valuation of a property multiplied by a rate set in the dollar. The valuation of a property is determined by the Valuer General based on either the Unimproved Value (UV) or the Gross Rental Value (GRV) of the property.

Under Section 6.28(1) of the Act, the Minister for Local Government determines which valuation method to use based on the criteria specified in the Act. Section 6.28(2) of the Act states that in determining the basis of rates the Minister is to have regard to:

- where the land is used predominately for rural purposes, the unimproved value of the land; and
- where the land is used predominantly for non-rural purposes, the gross rental value of the land.

The basis of the rating method is not a grounds for objection under section 6.76 of the Act. Section 6.80 of the Act provides that objections regarding valuation can only be made based on the accuracy of the valuation conducted under the *Valuation of Land Act 1978* and not on the basis of rating set by the Minister.

Comment

As noted in the Officer's report in July, the experience across local governments is that projects to review the method of valuation normally results in community concern.

As of 10 December 2020, the Shire had received 210 submissions on this matter.

The project has recently attracted media attention and an increase in community feedback, especially through social media. This is not unusual for a project of this type and reflects concerns in the community regarding rates and the complexity of the process.

The engagement with the community has enabled Officers to explain the rationale of the review better and the key message that the project's purpose is correcting rating inequity.

While the public consultation period is still open the public feedback received has been very useful. The feedback received has reaffirmed the results of community perception surveys that value for money for rates is a key priority, as is roads and verge maintenance. This feedback is informing both the review and wider consideration of Shire priorities.



However, on 8 December 2020, the Shire received correspondence from the Minister for Local Government (attachment 1).

The Minister's correspondence requests that the Shire defer the rate review project in response to the COVID-19 pandemic and associated economic down-turn.

As only the Minister has the legal power to correct the basis of rating used in the Shire, it is Officer's opinion that it is appropriate to defer the project and engage with the Government to identify alternatives in the longer term.

Options and Implications

Option 1

That Council:

1. Noting the correspondence dated 8 December 2020 received from the Minister for Local Government, DEFERS work on the Rating Equity Project as outlined in the project plan and communication strategy adopted by Council at the 20 July Ordinary Council Meeting.
2. REQUESTS that the Shire President and Chief Executive Officer engage with the Government to identify options for a way forward to address rating inequity in the Shire in the long term.
3. REQUESTS that the Chief Executive Officer write to all property owners to advise them of Council's resolution on this matter.

Option 2

That Council:

1. DECLINES the Minister's request to defer the rating equity project
2. REQUESTS that the CEO to continue to progress the project in accordance with the adopted project plan.
3. ADVISES the Minister and the community that no decisions or changes will be implemented until the COVID-19 Pandemic State of Emergency has been lifted.

Option 3

That Council:

1. Noting the correspondence dated 8 December 2020 received from the Minister for Local Government, DEFERS work on the Rating Equity Project as outlined in the project plan and communication strategy adopted by Council at the 20 July Ordinary Council Meeting.
2. REQUESTS the Chief Executive Officer does not proceed with exploring alternative means to address rating inequity in the Shire.
3. REQUESTS that the Chief Executive Officer write to all property owners to advise them of Council's resolution on this matter.

Option 1 is recommended.



Conclusion

The rating burden across the Shire should be fair, objective and conducted in accordance with the provisions of the Act. As only the Minister can correct the rating inequality that may be present and has asked Council to defer work to recommend revisions, it is recommended that Council agree to defer work and engage with the Government to identify options for consideration in the longer term.

Attachments (available under separate cover)

- **6.1.1 - attachment 1** – Correspondence from the Hon David Templeman MLA, Minister for Local Government (IN20/32107)
- **6.1.1 – attachment 2** – Department of Local Government Operational Guideline – Changing methods of valuation of land (E20/14318)
- **6.1.1 - attachment 3** – Department of Local Government Rating Policy: Valuation of Land (E20/14358)

Alignment with our Strategic Community Plan

| | |
|-----------------------|--|
| Outcome 4.2 | A strategically focused Council |
| Strategy 4.2.2 | Ensure appropriate long term strategic and operational planning is undertaken and considered when making decisions |

Financial Implications

There are few immediate financial implications of Council's decision.

To date \$24,000 of the \$40,000 set by Council in the 2020-21 annual budget has been expended on the project. The remaining funds could be used to advise the Community of Council's decision.



Risk Implications

Risk has been assessed on the Officer Options and Implications:

| Officer Option | Risk Description | Controls | Principal Consequence Category | Risk Assessment | | | Risk Mitigation Strategies (to further lower the risk rating if required) |
|----------------|--|---|--------------------------------|-----------------------|---------------------|-------------|--|
| | | | | Likelihood | Consequence | Risk Rating | |
| 1 | <i>That rating inequity identified will not be addressed in the short-term resulting in community concern.</i> | <i>Engagement with the Government to identify alternative means of addressing rating equity</i> | <i>Reputation</i> | <i>Likely</i> | <i>Major</i> | <i>HIGH</i> | <i>Regular communication to Council and the community on any outcomes of engagement with the Government on this matter</i> |
| 2 | <i>The Shire faces sustained public criticism based on a perception that the project is linked to rates increases.</i> | <i>Engagement with the community and elected members</i> | <i>Reputation</i> | <i>Almost certain</i> | <i>Catastrophic</i> | <i>HIGH</i> | <i>Further engagement with the community and elected members</i> |
| 3 | <i>That rating equity identified will not be addressed in the foreseeable future.</i> | <i>Nil</i> | <i>Reputation</i> | <i>Likely</i> | <i>Major</i> | <i>HIGH</i> | <i>Nil</i> |

Any risks with a **SIGNIFICANT** or **HIGH** risk rating will require ongoing reporting to the Audit, Risk and Governance Committee, and any risks with a **HIGH** risk rating will require a specific risk treatment plan to be developed and ongoing reporting to Council.



Voting Requirements: Simple Majority

Officer Recommendation

That Council:

1. **Noting the correspondence dated 8 December 2020 received from the Minister for Local Government, DEFERS work on the Rating Equity Project as outlined in the project plan and communication strategy adopted by Council at the 20 July Ordinary Council Meeting.**
2. **REQUESTS that the Shire President and Chief Executive Officer engage with the Government to identify options and a way forward to address rating inequity in the Shire in the longer term.**
3. **REQUESTS that the Chief Executive Officer write to all property owners in the Shire to advise them of Council's resolution on this matter.**

7. Motions of which notice has been given:

8. Urgent business:

9. Closure: