



TOWN OF PORT HEDLAND

SPECIAL COUNCIL MEETING MINUTES

WEDNESDAY 29 JUNE 2016 AT 4:30PM

**COUNCIL CHAMBERS, MCGREGOR STREET,
PORT HEDLAND**

Agenda Item:

1. *Rating Strategy*

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“A nationally significant, friendly city that people are proud to call home”

*Chris Linnell
Acting Chief Executive Officer*

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Item 1 Opening of Meeting	4
Item 2 Acknowledgement of Traditional Owners	4
Item 3 Recording of Attendance	4
3.1 Attendance	4
3.2 Apologies.....	4
3.3 Approved Leave of Absence	4
3.4 Disclosure of Interests	4
Item 4 Response to Previous Questions	5
Item 5 Applications for Leave of Absence.....	5
Item 6 Attendance by Telephone/Instantaneous Communications.....	5
Item 7 Public Time	5
7.1 Public Question Time	5
7.1.1 Mr Roger Higgins	5
7.2 Public Statement Time	6
7.3 Petitions/Deputations/Presentations/Submissions.....	6
Item 8 Questions from Members without Notice.....	6
Item 9 Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting.....	6
Item 10 Announcements by Presiding Member without Discussion	6
Item 11 Reports of Officers	7
11.1 Corporate Services.....	7
11.1.1 Financial Management – 2016/17 Rating Strategy	7
Item 12 Motions of Which Previous Notice Has Been Given	66
Item 13 New Business of an Urgent Nature.....	66
Item 14 Matters for Which Meeting May Be Closed (Confidential Matters).....	66
Item 15 Closure	66
15.1 Closure	66

Item 1 Opening of Meeting

The Mayor declared the meeting open at 4:35pm.

Item 2 Acknowledgement of Traditional Owners

The Mayor acknowledged the traditional owners, the Kariyarra people.

Item 3 Recording of Attendance**3.1 Attendance**

Mayor Kelly Howlett
 Councillor Camilo Blanco
 Councillor Jan Gillingham
 Councillor David Hooper
 Councillor Julie Arif
 Councillor Troy Melville – left the meeting at 5:30pm
 Councillor Louise Newbery
 Councillor Richard Whitwell
 Councillor Lincoln Tavo

Chris Linnell	Acting Chief Executive Officer
Dale Stewart	Acting Director Corporate Services
Brendan Smith	Director Works and Services
Adam Majid	Acting Director Community and Development Services
Grace Waugh	Coordinator Governance
Tammy Wombwell	Minute Taker/ Corporate Information Officer

Public	5
Officers	7
Media	0

3.2 Apologies

Nil.

3.3 Approved Leave of Absence

Nil.

3.4 Disclosure of Interests

Name	Item no.	Interest	Nature
Councillor Blanco	11.1.1 Financial Management 2016/17 Rating Strategy	Impartiality	Councillor is the Commodore of the Yacht Club
Councillor Gillingham	11.1.1 Financial Management 2016/17 Rating Strategy	Impartiality	Councillor is a member of the Yacht Club

Councillor Arif	11.1.1 Financial Management 2016/17 Rating Strategy	Impartiality	Councillor is a member of the Yacht Club
Councillor Melville	11.1.1 Financial Management 2016/17 Rating Strategy	Impartiality	Councillor is a member of the Turf Club
Councillor Newbery	11.1.1 Financial Management 2016/17 Rating Strategy	Financial	Councillor has done work for the Turf Club
Councillor Whitwell	11.1.1 Financial Management 2016/17 Rating Strategy	Impartiality	Councillor is a member of the Yacht Club

Item 4 Response to Previous Questions

Not applicable.

Item 5 Applications for Leave of Absence

Not applicable.

Item 6 Attendance by Telephone/Instantaneous Communications

Not applicable.

Item 7 Public Time

Important note:

'This meeting is being recorded on audio tape as an additional record of the meeting and to assist with minute-taking purposes which may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is reminded that in accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders nobody shall use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the presiding member to do so. Members of the public are also reminded that in accordance with section 6.17(4) of the Town of Port Hedland Local Law on Standing Orders mobile telephones must be switched off and not used during the meeting.'

The Mayor opened Public Question Time at 4:40pm.

7.1 Public Question Time

7.1.1 Mr Roger Higgins

Will the Town of Port Hedland apply the same policy principles this year in making rate concessions decisions, as it did last year?

The Acting Director Corporate Services advised that the Council has the discretion to comply or go against its policy. One of the recommendations in the item is to comply with the policy, noting that all of the houses are treated fairly and equally, such that no concessions or rebates are provided to houses.

The Mayor advised that Elected Members will take Mr Higgins' question into consideration when considering item 11.1.1 'Financial Management 2016/17 Rating Strategy'.

It is my understanding that some organisations were given a concession of 33.3% on their rates, is that correct?

The Mayor advised in the affirmative.

The Mayor closed Public Question Time at 4:45pm.

The Mayor opened Public Statement Time at 4:45pm.

7.2 Public Statement Time

Nil.

The Mayor closed Public Statement Time at 4:45pm.

7.3 Petitions/Deputations/Presentations/Submissions

Nil.

Item 8 Questions from Members without Notice

Nil.

Item 9 Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

Mayor Howlett	Councillor Melville
Councillor Blanco	Councillor Newbery
Councillor Gillingham	Councillor Whitwell
Councillor Hooper	Councillor Tavo
Councillor Arif	

Item 10 Announcements by Presiding Member without Discussion

Nil.

Disclaimer

Members of the public are cautioned against taking any action on Council decisions, on items on this evening's Agenda in which they may have an interest, until formal notification in writing by the Town has been received. Decisions made at this meeting can be revoked, pursuant to the Local Government Act 1995.

Item 11 Reports of Officers

11.1 Corporate Services

4:45pm Councillor Blanco declared an impartiality interest in item 11.1.1 'Financial Management – 2016/17 Rating Strategy' as he is the Commodore of the Yacht Club.

4:45pm Councillor Gillingham declared an impartiality interest in item 11.1.1 'Financial Management – 2016/17 Rating Strategy' as she is a social member of the Yacht Club.

4:46pm Councillor Arif declared an impartiality interest in item 11.1.1 'Financial Management – 2016/17 Rating Strategy' as she is a social member of the Yacht Club.

4:46pm Councillor Melville declared an impartiality interest in item 11.1.1 'Financial Management – 2016/17 Rating Strategy' as he is a social member of the Turf Club.

4:47pm Councillor Newbery declared a financial interest in item 11.1.1 'Financial Management – 2016/17 Rating Strategy' as she has done work for the Turf Club.

Councillor Newbery left the room.

4:47pm Councillor Whitwell declared an impartiality interest in item 11.1.1 'Financial Management – 2016/17 Rating Strategy' as he is a social member of the Yacht Club.

11.1.1 Financial Management – 2016/17 Rating Strategy

File No:	24/04/0002
Applicant/ Proponent:	N/A
Subject Land/ Locality:	N/A
Date:	27/06/2016
Author:	Carmen Walsh, Senior Rates officer
Authorising Officer:	Dale Stewart, Acting Director Corporate Services
Disclosure of Interest from Author:	Nil
Authority/Discretion:	<input checked="" type="checkbox"/> Executive – the substantial direction setting and oversight role of the Council. E.g. adopting plans and reports, accepting tenders, directing the Chief Executive Officer, setting and amending budgets.

Attachments:

1. Submissions received regarding the advertised 2016/17 Differential Rating Model - Summary Table
2. Submissions received regarding the advertised 2016/17 Differential Rating Model (Under Confidential Cover)
3. 2016/17 Proposed Statement of Objects & Reasons
4. Concessions spreadsheet
5. Presentation - Community Conversation Forum 13 June 2016 & PHCCI Business Afterhours Forum 23 June 2016
6. Extract of Valuation of Land Act 1978; definition relating to "Unimproved Valuations".

201516/303 RECOMMENDATION 2/ COUNCIL DECISION**MOVED: CR HOOPER****SECONDED: CR WHITWELL**

That with respect to the Rates Concessions for the 2016/17 financial year, Council:

- 1. Pursuant to section 6.47 of the Local Government Act 1995 and subject to the Rates and Charges (Rebates and Deferments) Act 1992, consider granting community group concessions in relation to rates totalling \$109,560.90, with a detail summary provided as per Attachment 4 to this report.**
- 2. Decline concession applications from the following applicants, due to the reasons outlined within this report:**
 - a. Royal Flying Doctor Service
Reason: Residential use houses;**
 - b. Port Hedland Peace Memorial Seafarers Centre
Reason: Residential use house;**
 - c. WA Family Violence Prevention Legal Service Aboriginal Corp
Reason: Residential use house;**
 - d. Treloar Child Care Centre
Reason: Child Care provides a service in direct competition with other private service providers;**
 - e. One Tree Community
Reason: Child Care provides a service in direct competition with other private service providers;**
 - f. Frank Edwards, Drovers Rodeo Campdraft Equestrian Centre
Reason: Rodeo Centre run as a sole trader, not an incorporated body, provides a service in direct competition with other private operators within the district.**
- 3. Consider providing the Royal Flying Doctor Service with a donation of \$20,000.00 (ex GST), as part of the 16/17 Budget adoption, to be utilised for the acquisition or upkeep of assets, essential for the continuation of their local operations.**
- 4. Request that the Chief Executive Officer, or the officer's delegate(s), advise community groups, whose applications were declined with respect to item 2, about donations available under the Town's Community Donation policy and provide them with an application form and encourage them to make an application in line with the donations policy.**
- 5. Consider granting a concession (as of right, no application necessary) of 20 percent for waste charges, totalling approximately \$3,500.00, as part of the 16/17 Budget adoption and pursuant to section 6.47 of the Local Government Act 1995 and subject to the Rates and Charges (Rebates and Deferments) Act 1992 for eligible pensioners.**
- 6. Consider providing eligible Pensioners affected by the \$750.00 rebate capping, introduced by the State Government from 1 July 2016, with a Council initiated concession (as of right, no application necessary) for the balance (gap) to their 50 percent rebate, totalling approximately \$14,250.00, as part of the 16/17 Budget adoption and pursuant to section 6.47 of the Local Government Act 1995 and subject to the Rates and Charges (Rebates and Deferments) Act 1992.**

7. Consider providing special relief to ratepayers at this time by providing interest free payment plans to residential ratepayers via direct debit arrangement as per the following, as part of the 16/17 Budget adoption:

For reasonable arrangements entered into for residential properties, that are not owned in a company name, and are paid in full by 30 June 2017, no administration charge or late payment interest penalty will apply.

CARRIED 6/2

For	Against
Mayor Howlett Councillor Hooper Councillor Arif Councillor Melville Councillor Whitwell Councillor Tavo	Councillor Blanco Councillor Gillingham

5:00pm Councillor Newbery re-entered the room and resumed her chair.

MOTION

MOVED: CR BLANCO

SECONDED: CR TAVO

That with respect to the 2016/17 Rating Strategy, Council:

- Note that 45 submissions have been received regarding the advertised 2016/17 Differential Rating Model, with a summary provided in Attachment 1, and all submissions being provided in full detail as per Attachment 2 (under confidential cover) to this report;
- With respect to the public submissions, pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the Local Government Act 1995, endorse the following differential general rates and minimum payments on Gross Rental and Unimproved Values with the view of striking these rates as part of the 2016/17 Budget adoption:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.1228	\$1,260
GRV Commercial	3.8723	\$1,260
GRV Industrial	2.6080	\$1,260
GRV Mass Accommodation	26.0000	\$1,260
GRV Tourist Accommodation	11.4339	\$1,260
UV Mining	40.0000	\$260
UV Pastoral	9.7733	\$1,260
UV Other	20.574	\$1,260

- Endorse the 2016/17 Statement of Objects & Reasons as per Attachment 3 (as amended).

5. Request that the Chief Executive Officer, or the officer's delegate(s), seek approval from the Minister for Local Government and Communities for the Town's application of the above 2016/17 Differential Rating Model as proposed, with respect to the Rate in the Dollar for the GRV Mass Accommodation (26.0000) and Tourism Accommodation (11.4339) category, due to them being more than two times the lowest Rate in the Dollar for the GRV Industrial rate category (2.6080) and UV mining (40.0000) category being more than two times the lowest rate in the dollar for the UV pastoral category.

LOST 4/5

For	Against
Councillor Blanco	Mayor Howlett
Councillor Gillingham	Councillor Hooper
Councillor Newbery	Councillor Arif
Councillor Tavo	Councillor Melville
	Councillor Whitwell

201516/304 RECOMMENDATION 1/ COUNCIL DECISION

MOVED: CR HOOPER

SECONDED: CR WHITWELL

That with respect to the 2016/17 Rating Strategy, Council:

- Note that 45 submissions have been received regarding the advertised 2016/17 Differential Rating Model, with a summary provided in Attachment 1, and all submissions being provided in full detail as per Attachment 2 (under confidential cover) to this report;
- With respect to the public submissions, pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the Local Government Act 1995, endorse the following differential general rates and minimum payments on Gross Rental and Unimproved Values with the view of striking these rates as part of the 2016/17 Budget adoption:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.4074	\$1,260
GRV Commercial	4.0875	\$1,260
GRV Industrial	2.7529	\$1,260
GRV Mass Accommodation	26.0000	\$1,260
GRV Tourist Accommodation	11.4339	\$1,260
UV Mining	40.0000	\$260
UV Other	20.5754	\$1,260

- Consider the provision of a 50 percent rate concession (as of right, no application necessary) to 11 properties within the UV Other Rate code, which are classified as "pastoral leases", with concessions totalling \$135,584.07.
- Endorse the 2016/17 Statement of Objects & Reasons as per Attachment 3.

5. Request that the Chief Executive Officer, or the officer's delegate(s), seek approval from the Minister for Local Government and Communities for the Town's application of the above 2016/17 Differential Rating Model as proposed, with respect to the Rate in the Dollar for the GRV Mass Accommodation (26.0000) and Tourism Accommodation (11.4339) category, due to them being more than two times the lowest Rate in the Dollar for the GRV Industrial rate category (2.7529).

CARRIED 9/0

5:30pm Councillor Melville left the meeting.

201516/305 RECOMMENDATION 3/ COUNCIL DECISION

MOVED: CR HOOPER

SECONDED: CR WHITWELL

That with respect to 2016/17 Rates related Fees and Charges, Council maintain the existing 2015/16 Fees and Charges related to Rates as part of the 2016/17 Budget considerations, due to the current economic climate, including:

- a. An instalment administration charge where the owner has elected to pay rates and service charges through an instalment option of \$14 for each instalment after the initial instalment is paid (excluding eligible pensioners and seniors), pursuant to section 6.45 of the Local Government Act 1995 and regulation 67 of the Local Government (Financial Management) Regulations 1996.
- b. An interest rate of 5.5 percent where the owner has elected to pay rates and service charges through an instalment option (excluding eligible pensioners and seniors), pursuant to section 6.45 of the Local Government Act 1995 and regulation 68 of the Local Government (Financial Management) Regulations 1996.
- c. An interest rate of 11 percent for rates and service charges and costs of proceedings to recover such charges that remains unpaid after becoming due and payable (excluding eligible pensioners and seniors), pursuant to section 6.51 (1) and subject to section 6.51 (4) of the Local Government Act 1995 and regulation 70 of the Local Government (Financial Management) Regulations 1996.
- d. An administration charge of \$60.00 for the set-up of direct debit payment plans and a \$20.00 penalty charge per dishonoured item, pursuant to section 6.16 (1) of the Local Government Act 1995.

CARRIED 8/0

201516/306 RECOMMENDATION 4/ COUNCIL DECISION

MOVED: CR HOOPER

SECONDED: CR ARIF

That with respect to a submission received as part of the rates strategy consultation period for the Assessments A803519, A804876, A804959 and A805374, Council:

1. Decline the request in relation to the ratepayer's mining tenements to waive all overdue rates and charges, due to the reasons outlined in the officer's report.

2. **Request that the Chief Executive Officer, or the officer's delegate(s), offer and consider arranging a reasonable direct debit payment plan with the ratepayer for the payment of the overdue rates for their mining tenements, to allow more time for the payment of those and so legal proceedings against the company, for the recovery of the overdue rates, can be avoided.**

CARRIED 8/0

EXECUTIVE SUMMARY

This report recommends that Council endorse the 2016/17 Differential Rating Model following an extensive community consultation process and request that the Minister for Local Government and Communities approve the Town of Port Hedland's application for the model as proposed, including:

- a. Imposing differential rates for both Unimproved Value and Gross Rental Value such that the rate in the dollar for one or more categories is more than twice that of the lowest category (GRV Mass Accommodation, GRV Tourist Accommodation);
- b. Combining the UV Other and UV Pastoral rate categories;
- c. Applying 50 percent concession to 11 properties within the UV Other Rate code, which are classified as "pastoral leases";
- d. Combining the UV Mining Other, UV Mining Exploration, and UV Mining rating categories.

It should be noted that ministerial approval must be obtained before Council adopts the 2016/17 Budget or otherwise the Budget is invalid and rates imposed are not recoverable and can be squashed by the State Administrative Tribunal. Approval is only required with respect to the GRV Mass Accommodation and GRV Tourist Accommodation rate in the dollars under the amended model proposed.

This report presents all public submissions received regarding the advertised rating strategy for the 2016/17 financial year and outlines the rates model, concessions and rates related fees and charges for consideration as part of the 2016/17 Budget.

BACKGROUND

Rating Strategy- background

At the Special Council Meeting dated 30 May 2016, Council resolved to endorse the 2016/17 Differential Rating Model for community consultation (decision 201516/263 and 201516/264).

Rate revenue is a substantial source of discretionary revenue for the Town of Port Hedland, accounting for approximately one third of operating revenue in the 2016/17 Budget. The Local Government Act 1995 empowers local governments to impose differential general rates and minimum payments on rate-able land.

The Town of Port Hedland has adopted a differential general rate and general minimum payment for a number of years. The imposition of differential rates represents a conscious decision by a Council to redistribute the rate burden in its district by imposing a higher impact on some ratepayers and a lower impact on others.

The overall objective of a rating model is to provide for the net funding requirements of the Town's services, activities, financing costs and the current and future capital requirements of the Town as outlined in the Strategic Community Plan and Corporate Business Plan. Asset management is a significant challenge for all local governments in Western Australia and any rating model must also support asset renewal and replacement requirements in line with defined service levels.

Pursuant to section 6.36 of the Local Government Act 1995, local governments are required to give a minimum period of 21 days' notice of the proposed differential general rates and minimum payments and to consider any submissions received. The proposed differential general rates and minimum payments can then be imposed, with or without modifications.

The advertised model was underpinned by the following rating principles:

- Gross Rental Values apply to the following differential general rate categories; Residential, Commercial (now includes Shopping Centres), Industrial, Mass Accommodation and Tourist Accommodation;
- Unimproved Values apply to the following differential general rate categories; UV Mining, UV Other and UV Pastoral;
- Properties are rated according to Town Planning zonings and predominant land use with each having a separate calculated rate in the dollar to achieve greater equity across all sectors;
- The current Gross Rental Values have a date of valuation of 1 August 2014 – that is, the Town has received a general valuation in the last 12 months with valuations that came into force on 1 July 2015;
- Unimproved Values are determined annually by the Valuer General and proposed rates have been calculated on the valuations provided with a date in force of 1 July 2016.

Rating Strategy – community consultation

As part of the community consultation process (further outlined in the consultation section of this report), 45 submissions were received regarding the proposed rate in the dollar. Submissions related to the GRV Residential, Commercial, Industrial and Mass Accommodation rate codes and the UV Mining rate code. A summary of the submission content is listed in Attachment 1 and a copy of all full submissions have been provided in the confidential Attachment 2 (under confidential cover) of this report.

With due consideration to the 45 submissions received, it is recommended that the following differential general rates and minimum payments are to be imposed by the Town of Port Hedland for the 2016/17 financial year:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.4074	\$1,260
GRV Commercial	4.0875	\$1,260
GRV Industrial	2.7529	\$1,260
GRV Mass Accommodation	26.0000	\$1,260
GRV Tourist Accommodation	11.4339	\$1,260
UV Mining	40.0000	\$260
UV Other	20.5754	\$1,260

Rating Strategy – community consultation (response to economic environment)

The Town is aware of the current economic challenges and the direct impact that this is having on the property market and in turn owner occupiers, investors and residents. Council acknowledged this impact with its 5 percent reduction in the Rate in the Dollar for residential, commercial and industrial properties, which will directly reduce the rates for ratepayers within those categories by 5 percent. A discount has also been proposed for the commercial rate category, which now also includes the shopping centres and has reduced the rates by 29 percent from the previous financial year. This is to reflect the economic circumstances associated with doing business in the Pilbara and Port Hedland and to encourage retention of commercial activities during such circumstances, which in turn provides diversification of the economy and opportunity for local employment.

By reducing the rate in the dollar for industrial properties the Town is expecting to provide relief for business in the category that are most directly affected by the downturn in the construction and mining sectors. This will produce relief to ensure the retention of business and in-turn, local employment and a stronger and a more diverse economy, more resilient to the peaks and troughs associated with mining in the Pilbara, but very evident at the present.

Rating Strategy – community consultation (response to services provided)

It is acknowledged that the region has historically been subject to extreme market fluctuations and is currently experiencing a downturn. The Town strives to continually provide an exceptional service to its residents including the maintenance of assets and infrastructure. Nevertheless a service level review is planned to be undertaken to further improve the Town's service provisions across all facilities. In response to comments made in a submission questioning the slow progress of the Spoilbank Marina project, it is noted that this project is intended to be well-planned and thought out, being in continued progress and having most recently entered its final stages of confirmed funding commitments.

Taking into consideration the current resources downturn, the Town proposes not to increase the rate in the dollar for the GRV Mass Accommodation and GRV Tourist Accommodation category. Although Fly-in-fly-out workers may only have less need to venture out of some of the camps for leisure and outside-of-work activities, they still make use of the Town's infrastructure, including beaches, parks and gardens and roads. The Town proposes to utilise the additional income from the latter rate category (above residential) to support the investment into tourism infrastructure and visitor facilities and assist to transition and diversify the economy from being so heavily reliant on the mining sector.

Rating Strategy – community consultation (response to mining)

Due to a shortfall of 50 mining tenements across all UV Mining rate codes and as per the rating improvement plan it is proposed to combine all Mining Leases as defined under the Mining Act under the UV Mining rate code with a rate in the dollar of 40.0000. To comply with legislative requirements the minimum for this category was reduced to \$260.00, which is a 70 percent from the consolidated average of \$875.00 from all categories in 15/16.

To respond to submissions received for the Mining category, rates are a tax, not a fee-for-service and are incomparable to the level of services received. The majority of the town's investment is within the urban area and the Town is absolutely committed to providing quality services and amenities to the residents of the Town of Port Hedland. All mining tenement land owners have access to these services and amenities just as the Town supports a significant non-residential workforce.

Submissions received regarding the combining of the combining the UV Mining Other, UV Mining Exploration and UV Mining rating categories and the concerns that this may cause a general disadvantage to exploration, general purpose and prospecting operations, the following is to be noted:

- That, with regards to tenements previously rated under UV Exploration rate code, only 3 out of 49 tenements, receive an increase and all others receive a decrease in rates payable. This is due to the proposed reduction of the minimum rate for this category from \$1,100.00 to \$260.00.
- That, with regards to tenements previously rated under UV Other rate code, that the majority of tenements, 185 out of 194, either receive no increase at all due to remaining on unchanged minimum rate of \$260.00 or receive an increase of actual rates payable of less than \$22.00.

As per the Valuation of Land Act 1987 the definition of “unimproved value” it is noted that, the methodology of setting an unimproved valuation for mining tenements, exploration licenses and other leases or licenses under Mining Act 1978 differs for each of the classifications. Therefore applying a rate in the dollar of the same value for all tenements, which already differentiate by valuation under this act is the most fair and equitable strategy for the Town and tenement and license holders.

In addition to their submission regarding the 2016/17 rates model, a ratepayer has also requested for Council to waive the overdue rates (in excess of \$80,000) for four mining tenements A803519, A804876, A804959 and A805374. The Company has been negotiating a Land Access Agreement (LAA) with the an aboriginal community over an aboriginal reserve, but have been unable to gain access to two of the tenements M47/560 and E47/2502, which in turn they state then affected their ability to generate revenue from mining activities. As the reasons for this request are outside of the Town’s control and as per the Local Government Act Section 6.26, the tenements are considered rate-able land, it is recommended that Council decline this request. An extract of this definition is attached to the officer’s report under Attachment 6.

The Town offers convenient payment plans via direct debit, which can be arrangement for a weekly, fortnightly or monthly deduction basis and it is suggested that Council request the Chief Executive Officer, or the officer’s delegate(s), to instruct the rates department to offer and arrange this with the ratepayer for the payment of the overdue rates. This way, more time is allowed for the payment and standard process legal proceedings against the company, for the recovery of the overdue rates, can be avoided.

Rating Strategy – justification regarding the combining of the UV Pastoral and UV Other categories

At a workshop held with Elected Members on 15 June 2016, Town officers discussed a concession strategy for the UV Pastoral rate category with Elected Members present. This strategy would remove the need to apply to the Minister for Local Government and Communities for the Mining rate code. To achieve this, the lowest rate in the dollar must not be less than half of the highest for the UV category.

In addition to this, the annual revaluations for all UV rated properties and rate codes were received in June 2016. This allowed further rates modelling in those categories to be completed. It was noted that with change of valuations and loss of properties within the UV Other category, a combination of the rate codes UV Pastoral and UV Other is achievable. This would both be in line with the above mentioned concession strategy, to remove the need to apply to the Minister for Local Government and Communities for the UV Mining rate in the dollar and would reduce the number of rate codes in line with the agreed 2014/15, 2015/16 and 2016/17 rating improvement plans.

It is recommended that the rate in the dollar for the rate code UV Other, which now includes pastoral properties as well, is set at 20.5754 and a 50 percent concession is provided to all properties classified as "pastoral". There are currently 11 properties that fall under this description. In turn this will still achieve a 5 percent reduction in rates for pastoral properties as originally proposed in May 2016.

Rating Strategy Summary

The above proposed strategy, with respect to each category of the differential rating model, is consistent with Council Budget Adoption Part I - "Rating Improvement Plan for 2016/17" from the Special Council Meeting on 12 August 2015 and as outlined below:

That Council consider the following rating improvements for the 2016/17 financial year as a result of discussions with the Department of Local Government and Communities:

- a. For the Town to strengthen the Statement of Rating Objects and Reasons to tie into the 'Benefit Principle' and clearly explain the reasons for differentials in the rate in the dollar between general rate categories;
- b. A methodology to determine a uniform per head contribution for total population residing in residential, mass accommodation and tourist accommodation dwellings;
- c. Continue normalizing the GRV Shopping Centre rate in the dollar with the GRV Commercial rate in the dollar;
- d. The consolidation of the UV Mining and UV Mining Other general rate categories;
- e. The consideration of a uniform minimum payment for UV Mining including UV Mining Exploration;
- f. The implementation of a concession arrangement for pastoral properties to increase the base UV rate; and

Concessions

Each year Concession applications are invited by 31 March, which is the due date as per Council policy 2/014 Rates Concessions. This due date is advertised via the local newspaper, the Town's website, via a Town media release and on the Town's facebook page. Direct letters are also sent to all previous concession holders and current community leases with the Town.

At a Budget workshop in June, Town officers discussed all proposed rates concessions for the 2016/17 financial year with Elected Members present. Rates concession applications were received from 17 organisations, covering a total of 35 rate-able assessments. An additional 5 rate-able assessments were identified by the Senior Rates Officer as owned by community groups and were therefore included in this report for the purpose of fair and equitable concession provision.

The Senior Rates Officer informed all applicants via email that their applications were assessed and included in this report. All applicants were also advised via email of the date, time and location of the Special Council Meeting dated 29 June 2016 and were invited to attend.

Concessions applications are detailed in Attachment 3 to this report.

It is recommended that Council approve the concession application for 100 percent rates concession for the following community groups and properties:

- Port Hedland Peace Memorial Seafarers Centre- Seafarers Centre
- RSL Port Hedland-RSL Community Shop
- South Hedland Lotteries House-Office Facilities
- Youth Involvement Council-Youth Precinct
- Youth Involvement Council-Homeless Youth Hostel
- Hedland BMX Club-BMX Sporting Facility
- Hedland Sporting Shooters Club-Sporting Shooting Facilities
- Pony Club-34 Horse Stables
- South Hedland Owners and Trainers-Horse Stables
- Training Ship Pilbara (Naval Cadets)-Naval Cadets Base
- Hedland Women's Refuge-Women's Refuge

It is recommended that Council also provide 100 percent rates concession for the following community groups and properties, who have not applied for a concession to ensure a fair and equitable process:

- Port Hedland Speedway Club-Speedway Race Course
- Port Hedland Turf Club-Horse Stables
- Port Hedland Kart Club-Kart Race Course
- South Hedland Bowling & Tennis Club-Bowls Club
- Port Hedland Motorcycle Club-Motorcycle Race Course

It is recommended that Council provide a 50 percent rates concession for the following community groups and properties due to the reasons as listed below:

Port Hedland Golf Club-Golf course	Small community group, providing benefits mainly to its members. Golf green and bar/ restaurant facilities available for access by the community. Permanent licenses bar/restaurant and commercial camping in direct competition with other private organisations.
Port Hedland Yacht Club-Yacht Club	Community group providing benefits mainly to its members. Yachting facilities only available for members and bar/restaurant facilities available for access by the community. Permanent commercial restaurant in direct competition with other private organisations.
Port Hedland Peace Memorial Seafarers Centre-New Seafarers Centre	Unoccupied residential property, soon to be demolished. 50 percent concession suggested in good faith with provision of construction for new Seafarers Centre to begin by June 2017.

It is recommended to decline the following rates concession applications as per Council Policy 2/014 and for the reasons as listed:

<p>Royal Flying Doctor Service - applied for a 100 percent concession for 16 residential properties used for the housing of medical and air services staff.</p>	<p>Rates concessions for residential properties not used in the primary service delivery of the community group or association's activities or services will not be eligible for a concession. In addition, rent is charged for tenants, producing income from the property.</p>
<p>Port Hedland Peace Memorial Seafarers Centre-New Seafarers Centre - applied for a 100 percent Concession for a residential property in South Hedland</p> <p>- Please note that Rates Exemption has been granted for two commercial offices, which WA Family Violence Prevention Legal Service Aboriginal Corp lease of the private rental under Section 6.26 2g) of the Local Government Act 1995 "The following land is not rate-able land — land used exclusively for charitable purpose."</p>	<p>Rates concessions for residential properties not used in the primary service delivery of the community group or association's activities or services will not be eligible for a concession. In addition, rent is charged for tenants, producing income from the property.</p>
<p>Treloar Child Care Centre - applied for a 100 percent concession for the child care premises located in Treloar Street, South Hedland</p>	<p>Community group provides a service in direct competition with other private operators within the district.</p>
<p>One Tree Community - applied for a 100 percent concession for the Len Taplin child care premises located in Dempster Street, Port Hedland</p>	<p>Community group provides a service in direct competition with other private operators within the district.</p>
<p>Frank Edwards, Drovers Rodeo Campdraft Equestrian Centre - applied for a 100 percent concession for the Drovers Rodeo grounds located on Great Northern Highway.</p>	<p>Rodeo Centre run as a sole trader, not an incorporated body, provides a service in direct competition with other private operators within the district.</p>

Contrary to the eligibility conditions within Council policy 2/014, the Royal Flying Doctor Service received a 33 percent concession for their residential properties used for the housing of their medical and air services staff in 2015/16. As this concession is no longer proposed to be carried forward into the 2016/17 financial year, this will affect their Budget by approximately \$20,000. As the Royal Flying Doctor Service is a valued organisation to the Town, which provides a vital service for the remote region, it is suggested that Council provide them with a donation of similar value, with the condition that this donation is to be utilised for the acquisition or upkeep of assets, essential for the continuation of their local operations.

Concessions – pensioners’ rates rebates

The State Government have announced that, as part of the 2015/16 State Budget, the 50 per cent concession allowed to eligible pensioners on local government rates will be restricted to a capped limit of \$750.00. This will come into effect from the rating year commencing on 1 July 2016. This means that pensioners will receive less of a rates rebate and their rebate will now be capped in the same way as seniors’ rates rebate caps have been set in previous years. The gazettal of the capped amounts occurred in June and was set for the \$750.00 limit.

Pursuant to section 6.47 of the Local Government Act 1995 and subject to the Rates and Charges (Rebates and Deferments) Act 1992, it is recommended that Council consider to provide eligible Pensioners affected by this new capping limit from 1 July 2016 with a Council initiated concession for the balance (gap) to their 50 percent rebate from the previous year to lessen the financial strain this change may cause them. This will cost the Council approximately \$14,250.00 for the 2016/17 financial year.

Concessions – pensioners’ waste charges

Council have granted a concession of 20 percent for waste charges, totalling approximately \$3,500.00, for eligible Pensioners under the Rates and Charges (Rebates and Deferments) Act 1992 as part of the Budget adoption for last two financial years 14/15 and 15/16. It is recommended to continue this Council initiated concession into the 2016/17 financial year to provide pensioners with additional relief during current economic climate.

Fees and Charges

Due to the current economic climate it is proposed that all fees and charges related to rates remain unchanged from the 2015/16 financial year and Budget.

All proposed and unchanged fee and charges relating to the rates department were discussed in detail with present Elected Members at a Budget workshop on 15 June 2016. The general consensus given to officers was that all fees and charges and expected budgets from those are proposed as per the recommendations and further illustrated in the Financial Implications section of this report.

CONSULTATION

Pursuant to section 6.36 of the Local Government Act 1995, local governments are required to give a minimum period of 21 days’ notice of the proposed differential general rates and minimum payments and to consider any submissions received. The proposed differential general rates and minimum payments can then be imposed, with or without modifications.

The Town of Port Hedland adopted a community engagement framework above what is required under the Local Government Act 1995 and the Department of Local Governments' Rating Policy – Giving Notice. This process included the following:

- Letters to all ratepayers with properties in the following rate codes:
 - GRV Mass Accommodation;
 - GRV Tourist Accommodation;
 - UV Other;
 - UV Pastoral.
- Direct Emails to approximately 1,300 registered email addresses (attached to over 2,000 rate-able assessments) providing a copy of the Statement of Rating Objects and Reasons, and inviting to the Community Conversations Forum held on 13 June 2016;
- Community Conversation Forum on 13 June 2016 where a PowerPoint presentation was provided. A copy of this presentation is included as Attachment 5;
- Accommodation Services Meeting at Council Chambers on 14 June 2016, where CEO, Mayor and Acting Director Corporate Services informed members from the Hotel and Mass Accommodation Industry about the proposed rate in the dollar for their industry;
- Budget workshop with Elected Members on 15 June 2016, where all recommendations in this report were discussed in detail;
- PHCCI Business Afterhours - Community Conversation Forum on the 23 June 2016 where a PowerPoint presentation was provided to members of the Port Hedland Chamber of Commerce and following discussion on the proposed rates model and local government service delivery;
- Local public notice in the North West Telegraph on Wednesday 8 and 15 June 2016 and advertisement of the extended submission due date on 22 June 2016;
- Copy of Notice of Intention to Impose Differential General Rates and Statement of Objects and Reasons placed on Town website and public notice boards at the Civic Centre and Libraries;
- Town Media Release on 7 June 2016;
- A notification post on the Town of Port Hedland's facebook page;
- Mayor Spirit Radio Chat.

The effective date for the commencement of local public notice was Monday 30 May 2016, with submissions to be received by 4pm on 22 June 2016. This was extended to 12pm on 27 June 2016 (28 days after the date of notice). At the conclusion of the public comment period, a total of 45 submissions were received. A summary of the submission content is listed in Attachment 1 and a copy of all full submissions have been provided in Attachment 2 (under confidential cover) to this report.

LEGISLATIVE IMPLICATIONS

- Section 6.33 of the Local Government Act 1995 – Differential General Rates;
- Section 6.35 of the Local Government Act 1995 – Minimum Payments;
- Section 6.36 of the Local Government Act 1995 – Giving Notice.

Council Policy 2/002 Budget Strategy - states that the Annual Budget is to be prepared based on concepts and assumptions in the Strategic Community Plan and Long Term Financial Plan.

- The Department of Local Government and Communities has prepared a number of relevant Rating Policies that local governments must consider and comply with:
 - Rating Policy – Giving Notice (section 6.36 of the Local Government Act 1995) June 2015;

- Rating Policy – Minimum Payments (section 6.35 of the Local Government Act 1995) March 2016;
- Rating Policy – Differential Rates (section 6.33 of the Local Government Act 1995) March 2016;
- Rating Policy – Rate-able Land (section 6.26 of the Local Government Act 1995) August 2013.
- Section 6.26 of the Local Government Act 1995 – Non-rateable land;
- Section 6.47 of the Local Government Act 1995 – Concessions;
- Rates and Charges (Rebates and Deferments) Act 1992.

POLICY IMPLICATIONS

- Council Policy 2/013 (Rates Exemptions, non-rateable land);
- Council Policy 2/014 (Rates Concessions, rateable land);
- Council Policy 6/003 (Community Funding and Donations).

FINANCIAL IMPLICATIONS

The proposed rates model is expected to yield \$23,912,067 in total rate revenue which is a **5.8 percent decrease** from the 2015/16 actual raised rates as at end of month May 2016 and a **9 percent decrease** from the 2014/15 year actual rates revenues received.

It is proposed that 11 properties within the UV Other rate code, which now includes all 11 properties previously rated as UV Pastoral, are provided with a 5 percent rates concession compared to the 15/16 financial year. The sum of \$135,584.07 is to be allocated for this concession and this will reduce the total rate yield for 2016/17 by that amount.

It is proposed that Concessions are provided to community groups totalling \$109,560.89, which further reduces the total rate yield for 2016/17 by that amount and will then achieve a net total of \$23,666,922 in rates.

If Council implement a donation structure for the Royal Flying Doctor Service as recommended, approximately \$20,000 is to be provided to them. If further donations are approved for other declined community groups, the Budget will be further affected.

If Council agree to provide eligible Pensioners with a 20 percent concession for their bin collection charges, approximately \$3,500.00 will need to be budgeted for. If Council agree to provide eligible Pensioners affected by the \$750.00 rebate capping introduced by the State Government from 1 July 2016 with a Council initiated concession for the balance (gap) to their 50 percent rebate, a further \$14,250.00 will need to be budgeted for.

Interest free arrangements for residential properties via the direct debit arrangements are expected to deprive the Budget by \$2,000 in interest revenue.

It is expected that if fees and charges are adopted as per the officer's recommendation, the following revenue can be expected:

- a. Interest due on unpaid rates and service charges: \$175,000;
- b. Interest on 4-instalments plan: \$115,000.

The following budgets for instalment plans are derived from calculations, resulting in the amounts required to cover additional expenses incurred with the administration of instalment plans such as a percentage of several Finance officers involved with overseeing the charging and collection of those rates and other costs associated with additional bank fees, hardware and software, additional telephone calls, mail and postage charges.

- a. Administration charge for 4-instalments plan: \$90,000;
- b. Direct Debit payment plan- administration charge: \$8,000;
- c. Direct Debit- Dishonored items: \$5,500.

The officer notes that in considering committed and forecast expenditures, combined with endeavoring to reduce its reliance on dividends likely to be required from the Airport Wealth Management Fund, that the Council has introduced the following efficiency measures as part of the 2016/17 Budget Strategy;

- a. That the Budget will be based on zero based budgeting;
- b. Realigning the organisation's structure to be able to better identify and quantify risk and process improvements and bringing about an estimated \$3M per year in ongoing savings in employee costs in comparison to the 2015/16 financial year;
- c. Requiring all Business Units to prepare and consider for Council's adoption of a Business Plan for its continuing operations, that will incorporate recommended service levels;
- d. Adoption of an Airport Wealth Management Framework by 31 December 2016 and;
- e. That the Chief Executive Officer is tasked to identify other savings and efficiencies for consideration during the course of the financial year including a comprehensive review of service levels given the structural changes to the economy.

STRATEGIC IMPLICATIONS

Rates are an essential income for Council to fund the town's vision to become a nationally significant friendly city that people are proud to call home and to provide services and facilities vital to building a unified and vibrant community, supporting a diverse economy, balancing our built and natural environment leading our community.

SUSTAINABILITY IMPLICATIONS

Environmental

There are no significant identifiable environmental impacts arising from adoption of the officer's recommendation.

Economic

- The Town is seeking to minimize the financial pressures imposed on rate payers by reducing the rates for the Residential, Commercial, Industrial and Pastoral rate codes.
- Relief is provided to not-for-profit community groups and eligible pensioners by providing rates and service charge concessions in the 2016/17 financial year.
- Due to the current economic climate in the Town of Port Hedland it is proposed that all fees and charges for rates remain unchanged from the 2015/16 financial year and Budget.

Social

There are no significant identifiable social impacts arising from adoption of the officer's recommendation.

Risk

Risk	Application for GRV Mass Accommodation & GRV Tourist Accommodation rate in the dollar could be declined by the Minister for Local Government and Communities	Interim rates could decrease the total yield during the 16/17 financial year
Risk Likelihood (based on history and with existing controls)	Possible (3)	Possible (3)
Risk Impact / Consequence	Major (4)	Moderate (3)
Risk Rating (Prior to Treatment or Control)	High (10-16)	Medium (5-9)
Principal Risk Theme	Financial Impact - 4 Major - \$300,001 - \$3M	Financial Impact - 3 Moderate - \$30,001 - \$300,000
Risk Action Plan (Controls or Treatment proposed)	Accept Risk	Accept Risk and budget for minimal interim rates

Risk Matrix

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

CONCLUSION

In line with the background and information provided in this report, it is therefore suggested that Council consider recommendations 1 to 4.

ATTACHMENT 1 TO ITEM 12.1.1

Attachment 1:





Public Submissions received regarding the advertised 2016/17
Differential Rating Model- Summary Table

	Assessment	Rate category	Key Issues	Date received
	A103460	Residential	<ul style="list-style-type: none"> Submission welcomes the 5% reduction for GRV Residential, but requesting Council to consider increasing this reduction in line with the general decrease of rental income, vacancy rates and declining property values 	01-Jun-16
	A100780	Residential	<ul style="list-style-type: none"> Not supporting the proposal 	01-Jun-16
	A804587	Residential	<ul style="list-style-type: none"> A great white wash paper Senior staff to take a 5% pay cut Request to back date rate reduction to 'official' date of market collapse Requesting Council to consider increasing 5% reduction in line with the general decrease of rental income, vacancy rates and declining property values 	07-Jun-16
	A154430	Industrial	<ul style="list-style-type: none"> Supporting proposal 	07-Jun-16
	A115131	Residential	<ul style="list-style-type: none"> Fully supporting proposal 	07-Jun-16
	A803585	Residential	<ul style="list-style-type: none"> 5% reduction is way too little The decreasing rental returns have resulted in bankruptcies and property foreclosures and extreme financial hardship, allegedly leading to suicides 	07-Jun-16
	A103320	Residential	<ul style="list-style-type: none"> Requesting Council to increase 5% reduction in line with the general decrease of rental income, vacancy rates and declining property values 	07-Jun-16
	A116730	Residential	<ul style="list-style-type: none"> Submissions welcomes the 5% reduction for GRV Residential, but requesting Council to consider increasing this reduction to 20% to help improve economy of the town RiD can be increased again when market picks up 	07-Jun-16

	A108310	Residential	<ul style="list-style-type: none"> Supporting proposal 	07-Jun-16
	A127420	Industrial	<ul style="list-style-type: none"> 5% reduction is not enough and requesting 30% 	07-Jun-16
	A113580	Residential	<ul style="list-style-type: none"> Experiencing financial difficulties Questioning the slow progress of the towns vision and spoilbank marina Rates are a burden, as well as high insurance premiums and other property related costs Questions land releases, Fly in Fly out camp construction and the need for Council to force companies to rent in town Fears Port Hedland will be a ghost town soon 	07-Jun-16
	A805348, A805349	Residential	<ul style="list-style-type: none"> Supporting proposal 	07-Jun-16
	A130093	Residential	<ul style="list-style-type: none"> Request to review the GRVs to reflect current market situation 	08-Jun-16
	A805169	Residential	<ul style="list-style-type: none"> The Town has pegged rates to valuations in the past, and hence rates should fall in line with the decreased property valuations 	07-Jun-16
	A107420	Residential	<ul style="list-style-type: none"> 5% reduction is incredible arrogance in line with reduced market valuations Council have previously entered the property development market and undercut investors 	08-Jun-16
	A126530	Residential	<ul style="list-style-type: none"> Submission welcomes the 5% reduction for GRV Residential, but requesting Council to consider increasing this reduction in line with the general decrease of rental income, vacancy rates and declining property values 	08-Jun-16
	A803153	Residential	<ul style="list-style-type: none"> Rates need to reflect downturn in market The "Good times" are over, so rates should be aligned with this downturn Non-residential (by choice or economics) ratepayers not making use of the expensive facilities in town, yet paying the costs 	08-Jun-16

			<ul style="list-style-type: none"> • Prudent for Council to curb their spending 	
	A803298	Residential	<ul style="list-style-type: none"> • Fully supporting proposal 	08-Jun-16
	A404840	Residential	<ul style="list-style-type: none"> • Fully supporting proposal • The downturn has financial hardship for many rate-payers and reduction is a necessity 	08-Jun-16
	A805078	Residential	<ul style="list-style-type: none"> • 5% reduction seems paltry • Fly in Fly out camps alienate workers from the town, increasing pressure for property and business owners 	08-Jun-16
	A804120	Residential	<ul style="list-style-type: none"> • Supporting proposal • Proposal to increase the reduction to 8% and divide the yield from the additional 3% decrease between the Mass Accommodation and Mining categories 	08-Jun-16
	A410004	Residential	<ul style="list-style-type: none"> • Supporting proposal 	08-Jun-16
	A803870	Residential	<ul style="list-style-type: none"> • 5% reduction "does not matter" compared to personal financial hardship due to property market downturn • Although market has crashed, "boom-time" rates remain 	08-Jun-16
	A805076, A805321, A805322, A805361	Industrial, Residential	<ul style="list-style-type: none"> • Rate reduction is unfair • Requesting Council to consider increasing this reduction to 15% in line with the decrease of rental income 	08-Jun-16
	A102480, A119360	Industrial, Residential	<ul style="list-style-type: none"> • Request to review the GRVs to reflect current market situation • Requesting Council to increasing this reduction to in line with the 70% drop of values 	08-Jun-16
	A803900	Residential	<ul style="list-style-type: none"> • 5% reduction is insulting • Close down Fly in Fly out camps to make larger companies remain in town • Requesting Council to increasing this reduction in line with the general decrease of rental income, vacancy rates and declining property values 	08-Jun-16

[REDACTED]	A120730	Residential	<ul style="list-style-type: none"> • Requesting Council to consider increasing this reduction to 39% in line with the decrease of rental income • Not an option to sell property during this economic time • Rates are a burden, as well as high insurance premiums and other property related costs 	09-Jun-16
[REDACTED]	A117236, A119210, A121970, A121971, A121980, A127320, A127980, A806665, A806666	Industrial, Residential, Commercial	<ul style="list-style-type: none"> • Long-term resident has not experienced a downturn to this extent • Disappointed with the 5% reduction proposal and should be in line with the general decrease of rental income, vacancy rates and declining property values • Rates are a burden, as well as high insurance premiums and other property related costs 	09-Jun-16
[REDACTED]	A405940	Residential	<ul style="list-style-type: none"> • Disappointed with the 5% reduction proposal • Mass 'exodus' of workers has decreased Council demands so services should be reduced 	09-Jun-16
[REDACTED]	A804822	Residential	<ul style="list-style-type: none"> • Supporting proposal 	09-Jun-16
[REDACTED]	A100380	Residential	<ul style="list-style-type: none"> • 5% reduction is not sufficient • Council spending should be curtailed until upturn in the economy 	10-Jun-16
[REDACTED]	A155140, A803158	Residential	<ul style="list-style-type: none"> • 5% reduction is welcome but does not reflect the current market conditions • Rental prices have more than halved 	13-Jun-16
[REDACTED]	A804388	Residential	<ul style="list-style-type: none"> • Supporting proposal 	14-Jun-16
[REDACTED]	A127670, A155251, A803312	Residential	<ul style="list-style-type: none"> • Rates are a burden, as well as high insurance premiums and other property related costs • Rates should be reduced by a lot more than 5% due to past financial year increases 	17-Jun-16
[REDACTED]	A806200	Residential	<ul style="list-style-type: none"> • Requesting Council to consider increasing this reduction in line with the general decrease of rental income, vacancy rates and declining property values 	17-Jun-16

	A803519, A804876, A804959, A805374	Mining	<ul style="list-style-type: none"> • Request Council to significantly reduce the UV Mining rates • Council has not provided any grading of access road to their tenements nor provided other site services • Access issues due to failed negotiations with Aboriginal Reserve holders and no ability to generate revenue from mining activities • <u>Request:</u> for Council to waive all of their overdue rates (in excess of \$80,000) due to the above mentioned reasons 	22-Jun-16
	A805208	Mass Accommodation	<ul style="list-style-type: none"> • Submission considers proposed rates onerous in current market and request a review and reduction of their rates payable • Resources downturn has forced company to move from construction to production and in turn decreased occupancy rates for the camp • Their camp is making a significant contribution to the town by providing job opportunities and accommodation options for visitors • FIFO workers have little need to venture beyond the accommodation complex to use public facilities, so demand on Council is very low • Are committed to remain in town and support local initiatives 	22-Jun-16
	A109870, A110450, A117830, A128150	Residential	<ul style="list-style-type: none"> • The decreasing rental returns have resulted in bankruptcies and property foreclosures and extreme financial hardship, allegedly leading to suicides • Council is responsible for the oversupply of properties and depressed market situation • Selling property is not an option 	22-Jun-16
	A803495	Residential	<ul style="list-style-type: none"> • Submission welcomes the 5% reduction for GRV Residential, but requesting Council to consider increasing this reduction to 10% in line with the general decrease of rental income, vacancy rates and declining property values 	22-Jun-16

			<ul style="list-style-type: none"> Town has pegged rates to increased valuations in the past, and hence rates should fall in line with the decreased property valuations Rates are a burden, as well as high insurance premiums and other property related costs 	
	A126320	Residential	<ul style="list-style-type: none"> 5% reduction is not enough Council is responsible for the oversupply of properties 	22-Jun-16
	Tenement Managers for a number of exploration and prospecting companies with tenements within the Town of Port Hedland	Mining	<ul style="list-style-type: none"> Request that Council consider a separate category for Exploration and Prospecting licenses with a lower rate in the dollar reflective of the lower impact on Town infrastructure and the sector's reduced capacity to pay Mining rate code does not differentiate between mining and exploration/ prospecting licenses Mining operations generate higher volume of traffic on road, exploration/ prospecting don't Asking that exploration/ prospecting licenses are more fairly rated at equivalent to Pastoral rate in the dollar Exploration programs are of low intensity and short duration with minimal impact on Shire infrastructure No evidence has been provided to support greater impact of Exploration properties Rates are unsustainable for exploration tenement holders as unlike mining companies, they do not generate income from extracting resources Exploration expenditure has fallen by 22% in 14/15 	24-Jun-16
	A803152, A805034- A805050 (9 industrial units in Wedgefield)	Residential, Industrial	<ul style="list-style-type: none"> GRV revaluation process should be undertaken more frequently Owners of properties with lower valuations are forced to subsidise for those with properties with higher valuations due to high minimum rate Minimum rate should be lowered to \$600 for residential, commercial and industrial 	27-Jun-16

	A112575	Residential	<ul style="list-style-type: none"> Town of Port Hedland rates are over inflated and unjustified GRV revaluation process should be undertaken more frequently Council is partly responsible for the rise and then crash of the property market Port Hedland is compared to Perth a "burned out shell of a Town" 	27-Jun-16 (2.13 PM late submission)
	Association of Mining and Exploration Companies	Mining	<ul style="list-style-type: none"> Rating strategy does not differentiation between Mining and Exploration/ Prospecting licenses "One-size-fits-all" approach for all mining categories. There are considerable differences for those mining categories No justification for the rate in the dollar of 40.0000, which is comparatively very high with other surrounding shires Consider RiD for mining non-compliant with fairness and equity value within the Government's Rating policies 	27-Jun-16 (3.23 PM late submission)
	A121270	Tourist Accommodation	<ul style="list-style-type: none"> Welcome the zero change in rate in the dollar for Mass Accommodation Allege that Town of Port Hedland has caused damage to its long term supporters and feel aggrieved and let down TOPH allows Mass Accommodation properties, that are not accordingly zoned, to trade as hotels/ short term accommodation Have been trading at substantial cash loss for some time, not due to end of mining boom Have made pleas at State and Local level for action to oblige TWAs to trade in transient workers market only and not in Tourism industry Asking for TOPH to stop promoting TWAs 	27-Jun-16 (3.55 PM late submission)

ATTACHMENT 3 TO ITEM 12.1.1



In accordance with section 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to Levy Differential Rates and Minimum Payments", the following information details the objectives and reasons for those proposals.

EXECUTIVE SUMMARY

The following rating principles are proposed in this Statement of Rating Objects and Reasons for the 2016/17 rating year:

- Gross Rental Values apply to the following differential general rate categories; Residential, Commercial (now includes Shopping Centres), Industrial, Mass Accommodation, Tourist Accommodation;
- Unimproved Values apply to the following differential general rate categories; UV Mining, UV Other;
- Properties are rated according to Town Planning zonings and predominant land use with each having a separate calculated rate in the dollar to achieve greater equity across all sectors;
- The current Gross Rental Values have a date of valuation of 1 August 2014 – that is, the Town has received a general valuation in the last 12 months with valuations that came into force on 1 July 2015;
- Unimproved Values are determined annually by the Valuer General and proposed rates have been calculated on provisional valuations provided with a date in force of 1 July 2015;
- The proposed rates model will yield \$23,912,067.
- A 50% rates concession is to be provided to all properties classified as "pastoral" within the UV Other rate code, totaling \$135,584.08. With the proposed rate in the dollar of 20.5754 and a 50% concession, all properties classified as "pastoral" will receive a 5% reduction in rates unless their valuation has increase from 1/7/2016.
- Therefore the total proposed rate yield is \$23,776,484 which is a 5.8% decrease from the 2015/16 forecast and a 9% decrease from the 2014/15 year actual rates revenues received.

WHAT ARE RATES?

Rates are a tax levied on all rateable properties within the boundaries of the Town of Port Hedland Municipality in accordance with the *Local Government Act 1995*.

The overall objective of the proposed rates in the 2016/17 Budget is to provide for the net funding requirements of the Town's services, activities, financing costs and the current and future capital requirements of the Town, after taking into account all other forms of revenue.

The formulation of a rating system is about achieving a means by which Council can raise sufficient revenue to pay for the services it provides. Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone. For this reason there are refinement options made available, such as differential rating, that the Town of Port Hedland has elected to use.

In Western Australia land is valued by Landgate Valuation Services (Valuer General's Office – a State Government agency) and those valuations are forwarded to each Local Government.

Two types of values are calculated - Gross Rental Value (GRV) which generally applies for urban areas; and Unimproved Value which generally applies for rural land.

LOCAL GOVERNMENT ACT 1995 – RATING PROVISIONS

The *Local Government Act 1995* sets out the basis on which differential general rates may be based as follows:

Section 6.32 (1) of the *Local Government Act 1995* states:

- (1) When adopting the annual budget, a local government –
 - a. in order to make up the budget deficiency, is to impose* a general rate on rateable land within its district, which rate may be imposed either –
 - i. uniformly; or
 - ii. differentially

DIFFERENTIAL RATES

6.33. Differential general rates

- (1) A local government may impose differential general rates according to any, or a combination, of the following characteristics –
 - a. (a) the purpose for which the land is zoned, whether or not under a local planning scheme in force under the Planning and Development Act 2005;
 - b. a purpose for which the land is held or used as determined by the local government;
 - c. whether or not the land is vacant land; or
 - d. any other characteristic or combination of characteristics prescribed.
- (2) Regulations may –
 - a. specify the characteristics under subsection (1) which a local government is to use; or
 - b. limit the characteristics under subsection (1) which a local government is permitted to use.

- (3) 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.
- (4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1) (a) applies.
- (5) A differential general rate that a local government purported to impose under this Act before the Local Government Amendment Act 2009 section 39(1) (a) came into operation is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

MINIMUM RATES

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 per cent of the total number of separately rated properties in the district; or
 - b. 50 per cent 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.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories –
 - a. to land rated on gross rental value;
 - b. to land rated on unimproved value; and
 - c. to each differential rating category where a differential general rate is imposed.

2016/17 BUDGET PROPOSAL

The following are the proposed Differential General Rates and Minimum Payments for the Town of Port Hedland for the 2016/17 financial year, to be effective from 1 July 2016.

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.4074	\$1,260
GRV Commercial	4.0875	\$1,260
GRV Industrial	2.7529	\$1,260
GRV Mass Accommodation	26.0000	\$1,260
GRV Tourist Accommodation	11.4339	\$1,260
UV Mining	40.0000	\$260
UV Other (50% Concession for all properties classified as "pastoral")	20.5754	\$1,260

The above rate model will yield \$23,776,484 in rate revenue which is a 5.8% decrease on current year to date actual rate revenue. Whilst the above model indicates a net revenue reduction, there will be some slight rate increases within individual rate categories due the use of differential rating to achieve an equitable distribution of the rate burden. This is discussed further within this paper.

GROSS RENTAL VALUATION (GRV)

Council has adopted differential rates in its Gross Rental Valuation area for Residential properties, Commercial properties, Industrial properties, Mass Accommodation properties and Tourist Accommodation properties to all town site properties utilizing property valuations supplied by the Valuer General.

Properties are grouped according to Town Planning zonings and predominant land use with each having a separately calculated rate in the dollar to achieve greater equity across all sectors.

The rates in the dollar are based on the *general valuation* as supplied by the Valuer General (VG) in respect of gross rental values (GRV's) effective from 1 July 2015.

The Valuer General is required to maintain valuations of all rateable land in Western Australia for rating and taxing purposes. These values are assessed every three years by Landgate Valuers to complete what is known as a General Valuation. Every property is valued as a date set by the Valuer General and this is referred to as the Date of Valuation. Rating valuations are therefore assessed at a snapshot in time reflecting the property market for the local area at the same time. This ensures consistency and fairness in the allocation of rates.

The current GRV has a date of valuation of 1 August 2014. The GRV is determined by collecting rental evidence to determine the fair rental value for each property. The rental value for a house or other GRV property will be influenced by factors such as age, construction, size, car shelters, pools and locations. As the GRV is currently assessed every three years, despite possible changes to the rental market, the GRV remains fixed until the next general valuation (July 2017).

The General Valuation Summary for Port Hedland (GRV) 2015 is as follows:

Date of Valuation: 1 August 2014

Date of coming into force: 1 July 2015

Category	%Inc/Dec	Number of Assessments	Aggregate Values	% of Total Valuation
Residential	-39.33%	5718	\$265,831,268	70.57%
Commercial	-22.07%	105	\$34,526,040	9.17%
Industrial	+18.95%	425	\$65,782,469	17.46%
Vacant Land	-18.29%	638	\$10,559,560	2.80%
TOTALS	-31.60%	6886	\$376,699,337	100.00%

The % change in values evidenced for the industrial category is significant when compared to other land categories and will result in the rate in the dollar for the GRV Industrial rate category becoming the lowest rate or base rate for calculating differentials.

UNIMPROVED VALUATION (UV)

Council has adopted differential rates in its Unimproved Valuation area for mining leases, pastoral leases and vacant UV Other.

Unimproved values are determined annually by the Valuer General with a valuation roll provided to local governments. The Town has completed rates modelling including the revaluations received in effect from 1 July 2016.

PROPOSED DIFFERENTIAL GENERAL RATES AND GENERAL MINIMUM PAYMENTS

Following are the objects and reasons for each of the differential rates:

GRV RESIDENTIAL

The residential category covers properties that are used for singular and multi-dwellings and are zoned Residential under the Town Planning Scheme.

Following the general valuation in 2014, residential valuations have decreased by an average of 39%. This is by far the most significant reduction when compared to other land use classifications, with Commercial valuations falling by an average of 22% and Industrial valuations increasing by an average of 20%.

Due to the relative movement in valuations between the GRV Residential and GRV Industrial rate categories, the rate in the dollar (RiD) has adjusted between these two rating categories and the GRV Industrial rate in the dollar has now become the base rate for the assessment of differential general rates. The proposed GRV Industrial rate in the dollar is 2.7529 cents. Ministerial approval

will be required for the GRV Residential rate in the dollar if the rate in the dollar exceeds 5.5058 cents.

The Town of Port Hedland believes that the revenues derived from this category are adequate to meet the services levels expected of the community and achieving the Strategic Community Plan and minimum standards of performance to which the Council will be measured by the State Government and others. The RiD and average rates paid under this category are considered high by WA comparisons, notwithstanding the current state of the economy and the direct impact that this is having on Port Hedland rents. Council acknowledges this impact with a reduction in the RiD from last year by 5%.

Proposed Rate in \$:	5.4074 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	6,261
Number Rateable Assessments 16/17:	6,326
Average Rates per Assessment 15/16:	\$2,578
Average Rates per Assessment 16/17:	\$2,403
Average Valuation 15/16:	\$43,443
Average Valuation 16/17:	\$43,319
Average % Change in Valuation:	-0.3%

GRV COMMERCIAL

The commercial category covers the town centre, commercial business precincts, mixed business, shopping centres and the airport. All properties rated under this category are zoned Commercial under the Town Planning Scheme.

Effective from 11 March 2016, the Town of Port Hedland is no longer the owner/operator of the Port Hedland International Airport. All commercial premises leased to third parties are however rated under the GRV Commercial rate category. Given that the Airport is now leased, the Town applies rates to all income producing facilities including the carparks. Airside infrastructure would remain exempt from rates as well as non-commercial space within the Terminal Building. Transient Workforce Accommodation located on land within the leased airport area are still rated using the Mass Accommodation rate code.

The Town of Port Hedland has provided a discount compared to the Residential RiD (of 28%) to reflect the economic circumstances associated with doing business in the Pilbara and Port Hedland and to encourage retention of commercial activities during such circumstances, which in turn provides diversification of the economy and opportunity for local employment.

Proposed Rate in \$:	4.0875 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	237
Number Rateable Assessments 16/17:	213

Average Rates per Assessment 15/16:	\$6,371
Average Rates per Assessment 16/17:	\$5,681
Average Valuation 15/16:	\$134,589
Average Valuation 16/17:	\$133,127
Average % Change in Valuation:	-1.1%

GRV INDUSTRIAL

The industrial category covers the Wedgefield Industrial Estate and all general and light industry uses. This category applies to all properties zoned Industrial under the Town Planning Scheme.

A 5% decrease in the RiD is proposed for assessments within this category. The GRV Industrial rate in the dollar is also the lowest differential general rate at 50% of the Residential RiD to provide further relief for business in the category that are most directly affected by the downturn in the construction and mining sectors. In this way the Council hopes that it will produce some relief to ensure the retention of business and in-turn, local employment and a stronger and a more diverse economy, more resilient to the peaks and troughs associated with mining in the Pilbara, but very evident at the present.

Proposed Rate in \$:	2.7529 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	413
Number Rateable Assessments 16/17:	455
Average Rates per Assessment 15/16:	\$4,244
Average Rates per Assessment 16/17:	\$4,299
Average Valuation 15/16:	\$144,406
Average Valuation 16/17:	\$153,596
Average % Change in Valuation:	+6.1%

GRV MASS ACCOMMODATION

The GRV mass accommodation rating category covers transient workforce accommodation facilities.

Patrons and employees of these premises are consumers of municipal services but unless they are also property owners within the Town, are not contributing to the costs of services used by them in the Town of Port Hedland. There are 5 rateable assessments in this category.

A total of 13% of the budgeted total rate yield is derived from this rate category. Following Ministerial approval, the rate in the dollar is 4.8 times the residential rate category. This differential rate is intended to maintain the relativity comparative to residential rates and provides an average rate per accommodation unit of less than Council's proposed minimum payment. It is estimated that there are circa 5249 available TWA beds that are utilised by FIFO workers annually, all of whom are entitled to the utilisation of the Town's facilities and services. The average rates per accommodation unit (\$599) remain less than the minimum rate applicable to a residential property by over half (\$1260). The rate in the dollar for this category is in Council's view supported on the following additional rationale;

- Based on available beds, the revenue generated through rate income in the 2016/17 financial year forecast (based on current valuations) will be \$3,142,620. If there are 5249 beds available that equates to \$599 per bed per annum; or less than half the household minimum of \$1260, which would be based on an average small 2 bedroom house paying minimum rates. This equates to a 52% discount to that example. The argument for the large discount available to a TWA room, compared to a minimum 'house', is submitted on the basis that whilst occupants may only spend say half of their time in Port Hedland as a FIFO, (albeit that rooms can be occupied 100% of the time) they still enjoy and have access all of the amenity, rights and benefits of the Town of Port Hedland's facilities and services, including predominantly those that the Town derives little to no revenue from, such as roads, footpaths, foreshores and parks, and;
- All of the camps currently in this category are within the townsite boundary and it can be demonstrated through the Town of Port Hedland's surveys and analysis that the workers, contractors and employees indeed do access those facilities regularly, notwithstanding certain amenity exists within some of the camps.
- The Transient Workforce Accommodation Facilities provide for (indicatively at any time) approximately 16% of the population, however unlike the residential population, which has a large number of persons below the age of 17 and over the age of 65, all of the TWA residents are income earning employees (adults). It is not unreasonable to expect that this percentage (or approximate) be reflected with the rates revenue generated (at 13% of the total rate yield, as mentioned earlier).

Although not submitted as rationale for the basis of the above rate in the dollar, nor rates proposed to be levied, it should be stated that Council remains committed to a philosophy that the operational workforce(s) associated with resource interests centralised around mining, construction, maintenance and access to the Port, should be housed in *normal* residential properties within the town boundaries.

It is only though this that the town benefits from an integrated and normalised residential workforce and thereafter the community and society benefit from greater participation in community activities, including sporting and cultural bodies, and higher participation rates in volunteerism and sport.

The Town maintains information on residential dwelling numbers, short stay accommodation and transient workforce accommodation facilities. The following is information held by the Town of Port Hedland, noting the data is currently over 12 months old:

Facility	Total Dwellings/Rooms	Average Occupancy	Percentage Vacant	Total Population
Residential Dwellings	5,690	2.8	5%	15,135
Hotels/Motels	829	389	53%	389
Caravan Parks	258	170	34%	170
TWAs	5249	3150	40%	3,150
TOTAL				18,884

It should be noted and must be emphasised that the State Government is current undertaking a review of all valuations with respect to Transient Worker Accommodation as a result of a State

Administrative Tribunal decision in February 2016. Receipt of these valuations in the next few weeks may have a detrimental effect on valuations received and this may require reconsideration of the Rate in the \$ that is currently proposed if the Town of Port Hedland seeks to ensure an equitable proportion of rates received from this sector.

Proposed Rate in \$:	26.0000 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	6
Number Rateable Assessments 16/17:	5
Average Rates per Assessment 15/16:	\$558,133
Average Rates per Assessment 16/17:	\$628,524
Average Valuation 15/16:	\$2,146,667
Average Valuation 16/17:	\$2,417,400
Average % Change in Valuation:	+7.5%

GRV TOURIST ACCOMMODATION

The GRV tourism accommodation rating category covers hotels, motels and caravan parks that provide large scale accommodation for visitors to the Town of Port Hedland. This rate category includes ten (10) hotels, motels and caravan parks that were previously rated under Mass Accommodation.

This category applies to all properties exceeding 80sqm within the district boundaries, approved and predominantly used for the following activities as identified in the Town Planning Scheme; Holiday Accommodation, Hotel, Lodge, Motel, Tourist Development and Tourism Resort.

Whilst these accommodation providers do provide short term accommodation for visitors, there is strong evidence to suggest there is significant unmet demand for short stay accommodation in Port Hedland as many of these providers have historically and continue to provide accommodation for the non-residential workforce. These patrons are consumers of municipal services and hence a positive differential rate exists for GRV Tourist Accommodation.

Tourist Accommodation Facilities provides for approximately 3% of the population (based on a current average vacancy rate of 51%). This compares to 3.6% of budgeted rate yield derived from this rate category.

Whilst the RiD is almost four times the Industrial RiD, it is only 1.86 times the value of the residential RiD. The additional income from this rate in the dollar (above residential) will be utilised to support the Town of Port Hedland's investment into Tourism infrastructure and visitor facilities and assist to transition and diversify the economy from being so heavily reliant on the mining sector in accordance with the principles established the Pilbara's Port City Growth Plan and the Town of Port Hedland's Strategic Community Plan.

Proposed Rate in \$:	11.4339 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	10

Number Rateable Assessments 16/17:	10
Average Rates per Assessment 15/16:	\$84,154
Average Rates per Assessment 16/17:	\$84,154
Average Valuation 15/16:	\$736,008
Average Valuation 16/17:	\$736,008
Average % Change in Valuation:	0%

UV MINING

This rating category covers all Mining Leases, Exploration Licenses, Prospecting Licenses, Retention Licenses, General Purpose Leases, Special Prospecting Licenses for Gold and Miscellaneous Licenses as defined under the *Mining Act* and has a RiD that supports the large investment that the Town of Port Hedland makes in road and road drainage infrastructure to service remote mining activities on rural roads throughout the municipality and reflects the extra maintenance, impacts and frequency that is required to ensure a minimum level of serviceability above that normally required to meet the needs of pastoralists (UV Pastoral).

Proposed Rate in \$:	40.0000 cents
Minimum Rate:	\$260
Number Rateable Assessments 15/16:	397
Number Rateable Assessments 16/17:	349
Average Rates per Assessment 15/17:	\$3,499
Average Rates per Assessment 16/17:	\$3,369
Average Valuation 15/16:	\$8,155
Average Valuation 16/17:	\$8,392
Average % Change in Valuation:	+2.8%

UV OTHER

This rating category applies to all pastoral leases that have been granted under the repealed *Land Act 1933* and crown leases located outside of the Town's boundaries, that are assessed as rural pursuant to the Local Government Act 1995.

The UV Other rate in the dollar is considered to be the base RiD for UV by which other UV differential categories are measured. As per the rating improvement plan the opportunity has been highlighted to combine the previous UV Pastoral and UV Other rate codes under the unified rate in the dollar of 20.5754.

A 50% concession is given to all (11) properties classified as "pastoral" which provides each of them with a 5% rate concession. This 5% rate reduction over all pastoral properties has been provided to boost continued development and diversification of Pastoral Properties in the Region and to encourage development of tourism and rangeland activities in conjunction with the reforms being introduced by the State Government and to support the opportunity for live cattle trade and

associated activities from the Port to further diversify the local economy from the effects of the downturns associated with mining activity.

Proposed Rate in \$:	20.5754 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	11 + 24
Number Rateable Assessments 16/17:	31
Average Rates per Assessment 15/16:	\$11,958
Average Rates per Assessment 16/17:	\$12,037
Average Valuation 15/16:	\$78,737
Average Valuation 16/17:	\$78,112
Average % Change in Valuation:	-0.8%

TOWN'S RATING STRATEGY

The overall guiding Town of Port Hedland Rating Strategy informs this document. Page 15 of the Strategy refers to a Rating Improvement Plan for 2014/15 which identifies the following:

- Review of the number and type of rating categories including whether GRV Shopping Centre remains as a stand-alone category or part of a broader Commercial rate category;
- Review Statement of Objects and Reasons for Differential Rates to provide clear definitions of rate categories;
- Review of the rating categorisation for each individual assessment (focus on UV Other and UV Vacant) and;
- Review of the yield to be derived from each category with particular emphasis on UV Mining.

All of the above have been considered in framing the proposed 2016/17 differential rates model.

It should be noted that Towns Rating Strategy also provides for an average 4% increase in rate yield to underpin the Towns Long Term Financial Plan and Asset Management Plans, with 2.5% of the increase in yield allocated against the local government cost index, and 1.5% dedicated wholly to asset management initiatives.

Notwithstanding this, and the increase in Perth CPI over the last two years, in recognition of the continuing economic downturn facing the State, the Town, and the Pilbara, this financial year the Council is proposing to set rates that will actually generate a 4.9% reduction in yield from the preceding financial year (2015/16), funded predominantly through decreases in the yield from the residential, commercial and industrial categories.

The Council for two years running has now proposed a further reduction in rate yield with the below model, bringing their rates payable to lower than the last budget (-4.42%). The net effect of these decision is that over the two financial years of 2015/16 and 2016/17, the Towns' rate yield will have reduced from 2014/15 (\$26,374,224) by just over 9% in that period. The effect is even greater, if one was to take into account modest inflation rates. This will undoubtedly have a flow on effect for how

we meet ongoing asset management and service levels, however the Council believes that this is the current prudent approach in the constraints of the current climate. This approach has seen a need for the Town of Port Hedland to 'reset' a course in a lower growth and fiscally constrained economic environment, given the pressures facing householders, small business and big business alike.

The biggest risk facing the Town of Port Hedland with this strategy is still the uncertainty over valuations associated with Transit Worker Accommodation (TWA) and the need to obtain the Minister for Local Government and Communities' approval for the rate in the dollar, given it is more than double the base rate in the dollar. The TWA RiD proposed for the 2016/17 year, is the same as last year, at 26.00c/\$, which compares to the City of Karratha's advertised rate of 25.718.

KEY POINTS

- 5% reduction of rate Yield from 2015/16
- 9.9% reduction of rate Yield from 2014/15
- 5% reduction of rate in the dollar for four rate categories
Residential, Commercial, Industrial
- 5% rates reduction for all properties classified as "pastoral"
- 29% reduction of Shopping Centre rates
By consolidating with Commercial rate category
- 70% reduction of minimum rate for Mining leases
- 0% change of rate in the dollar for two rate categories
Tourism Accommodation, Mass Accommodation

The above rate model will yield \$23,776,484 in rate revenue which is a 5.8% decrease on current year to date actual rate revenue. Rate decreases do however maintain relativity (between the zoning and land use categories) in accordance with the principles of the adopted Rating Strategy and Rating Improvement Plan, and continue to recognise the need to retain an equitable distribution of the rate burden.

The Town of Port Hedland will also be continuing its review of all rateable properties in the 2016/17 financial year to ensure that all rateable properties are captured with an emphasis on the following:

- Industrial and Commercial properties;
- All assessments covered by State Agreement Acts to determine foregone revenue attributable to State Agreement Acts and;
- GRV spot rating for in-situ infrastructure on resource projects.

MINIMUM RATES

The Town imposes a uniform general minimum rate payment (with the exception of a lesser minimum for all categories of Mining Tenements) that applies to all rateable properties within the boundaries of the municipality. The minimum payment impacts mainly in the residential category and UV mining category.

The rate is imposed to discourage holding undeveloped land within the Town, which reduces the amenity of the area, and thereby encourages its early development. Consistent with the Town of Port Hedland's view of the state of the local economy, there is no proposed change from the 2015/16 adopted minimums with this proposal.

Regarding the UV Mining category, the lower minimum is applied to ensure that the rate burden is distributed equitably between all property owners. A lesser minimum of \$260 has been applied for all categories of Mining Tenements to reflect recent State Government amendment to the *Valuation of Land Act 1978* with the objective of providing some minor rate relief to small tenement owners.

SUBMISSIONS

Submissions are invited from any elector or ratepayer with respect to the proposed rates, and any related matter, within a minimum 21 days of the date of this notice. Submissions should be addressed to the Chief Executive Officer, Town of Port Hedland, PO Box 41, Port Hedland WA 6721 and clearly marked Submission – Differential Rating 2016/17.

All submissions should be received no later than 5.00pm on Wednesday 27 June 2015 and will be presented to Council at the Special Council Meeting on 29 June 2016.

M J (MAL) OSBORNE
CHIEF EXECUTIVE OFFICER

ATTACHMENT 4 TO ITEM 12.1.1

Organisation	Land Owner	Assessment Number	Address	Use and Occupancy of Property	Frequency of service provision	Payment received for service	Floor plan provided	Copies of Financial Statements provided	Last year	GRV/UV	Officer's recommendation	Comments	Grouping	Proposed Concession (based on proposed 16/17 RiD)
Port Hedland Peace Memorial Seafarers Centre	Port Hedland Peace Memorial Seafarers Centre	A803051	P48 Wharf Rd, Port Hedland	Seafarers Centre	Mon-Sat 9am - 10pm and weekends	Tourist tours and bus tours of Port	Yes	Profit/Loss balance: \$390k	100%	\$78,000	100%	Seafarers Centre	Community	\$3,356.03
RSL Port Hedland	Town of Port Hedland	A806699	L553 Hedditch Street, South Hedland	RSL Community Shop	business hours & later for meetings	Yes- for items purchased at Community shop	Yes	RSL Shop - profit \$61,349 ~ RSL Sub Branch - profit \$18,493	New subdivision	\$18,200	100%	Poverty Relief	Community	\$1,260.00
South Hedland Lotteries House	Town of Port Hedland	A130114	4 Rason Link, South Hedland	Office Facilities	Mon-Fri (8am - 4pm)	Yes	Yes	14/15 loss \$49,979 (but retained earnings \$1.7 mil)	100%	\$205,920	100%	Assistance to charitable Organisations, by providing low cost office accommodation	Community	\$8,416.98
Youth Involvement Council	State of WA, TOPH	A802207	34 Lawson Street, South Hedland	Youth Precinct	Six days per week	No	Yes	Total Comprehensive Income of \$2,182,145	100%	\$25,800	100%	Youth Education and Involvement Centre	Community	\$1,260.00
Youth Involvement Council	Housing Authority	A805519	9 Corbet Place, South Hedland	Homeless Youth Hostel	24/7	Only from income-earning clients (up to 25%)	Yes	Total Comprehensive Income of \$2,182,145	100%	\$72,800	100%	Residential Property used for primary service delivery, Youth Crisis Accommodation	Community	\$3,936.59
Hedland BMX Club	Town of Port Hedland	A130245	L5823 Anderson Street, Port Hedland	BMX Sporting Facility	Training twice per week and seasonal race events	\$7 per rider for events & member fees	Yes	N/A	New lease documents	awaiting GRV	100%	Small community organisation providing BMX sporting facilities and options for children and youth including race events	Sporting	\$1,260.00
Hedland Sporting Shooters Club	Town of Port Hedland	A130597	L178 Madigan Road, Port Hedland	Sporting Shooting Facilities	Weekends, all members have keys	Member fees	No	currently being audited- will provide by 30/4	Not rated	awaiting GRV	100%	Small community organisation providing facilities for safe sport shooting	Sporting	\$1,260.00
Pony Club	Town of Port Hedland	A130005	LS1 29 Johnson Lane, Port Hedland	34 Horse Stables	24/7 horse stabling, ad hoc events (rallies, shows & clinics)	Stabling charges for members, member fees	No	Non-audited Profit/ Loss: (\$329) and \$36k bank balance	100%	\$30,500	100%	Small community organisation providing horse riding lessons and stabling for member horses	Sporting	\$1,246.69
Port Hedland Speedway Club (No application provided, previous concession recipient)	Town of Port Hedland	A156260	118 Madigan Road, Port Hedland	Speedway Race Course				Application not provided	100%	\$119,000	100%	Small community organisation providing community events (race meetings) for the entire community not in competition with other private providers	Sporting	\$24,990.00
Port Hedland Turf Club (No application provided, previous concession recipient)	Town of Port Hedland	A805022	L29 (LS2) Johnson Lane, Port Hedland	Horse Stables				Application not provided	50%	\$10,225	100%	Community organisation responsible for organisation of race meetings, stables provided to travelling horses required for race meetings	Sporting	\$1,260.00
Port Hedland Kart Club (No application provided, previous concession recipient)	Town of Port Hedland	A130165	L2529 Great Northern Highway, Port Hedland	Kart Race Course				Application not provided	Donation provided	\$25,000	100%	Community organisation responsible for the organisation of Kart race meetings, race tracks provided to members and for race meetings	Sporting	\$1,021.88
South Hedland Bowling & Tennis Club (No application provided, previous concession recipient)	Town of Port Hedland	A806698	L552 Hedditch Street, South Hedland	Bowls Club				Application not provided	0%	\$100,000	100%	Community organisation responsible for Bowls Club and Tennis Courts, bar & restaurant available for members and guests	Sporting	\$4,087.50
Port Hedland Motorcycle Club (No application provided, previous concession recipient)	Town of Port Hedland	A802355	L145 Great Northern Highway, Port Hedland	Motorcycle Race Course				Application not provided	Not rated	awaiting GRV	100%	Community organisation utilizing land land Motorcycle racing and practice	Sporting	\$1,260.00

South Hedland Owners and Trainers	Town of Port Hedland	A802155	L254 Shoata Road, Boodarie	Horse Stables	Ad hoc	Membership fees and fundraising	No	A summary of 2015 event provided, no audited statements	100%	\$213,000	100%	Small incorporated community organisation providing horse riding lessons and stabling for member horses	Sporting	\$44,730.00
Training Ship Pilbara (Naval Cadets)	Town of Port Hedland	A130354	L5178 Sutherland Street, Port Hedland	Naval Cadets Base	Ad hoc	Minimal payment to cover food/transport for events	Yes	Profit/Loss balance: \$7,881	Not rated	\$45,000	100%	Not for profit Youth Development Organisation	Sporting	\$1,839.38
Hedland Women's Refuge	State Housing Commission	A115030	2 Thompson Street, Port Hedland	Women's refuge	24/7 refuge, business hours office	Yes (\$30 per night to cover utilities)	No	Profit/Loss balance: (\$9,350)	100%	\$67,080	100%	Residential Property used for primary service delivery, Crisis Accommodation for Women and Children	Welfare	\$3,627.29
Port Hedland Golf Club	Town of Port Hedland	A156490	L5164 Shoata Rd, Boodarie	Golf course	Camping 24/7, golf during opening hours	Small amounts for camping, fundraising	No	Profit/Loss balance: \$48k	50%	\$71,546	50%	Small community group, providing benefits mainly to its members. Golf green and bar/restaurant facilities available for access by the community. Commercial camping in direct competition with other private organisations.	Sporting	\$1,462.22
Port Hedland Yacht Club	Town of Port Hedland	A700010	L5550 Sutherland Street, Port Hedland	Yacht Club	Thu-Fri from 5pm, Sat from 12pm & Sun from 8am	Yes	No	14/15 loss \$65k (but retained earnings \$2.5 mil)	0%	\$121,800	50%	Community group providing benefits mainly to its members. Yachting facilities only available for members and bar/restaurant facilities available for access by the community. Commercial restaurant in direct competition with other private organisations.	Sporting	\$2,489.29
Port Hedland Peace Memorial Seafarers Centre	Port Hedland Peace Memorial Seafarers Centre	A100010	L9 The Esplanade, Port Hedland	New Seafarers Centre	24/7	No	No	Profit/Loss balance: \$390k	Did not own	\$39,000	50%	Unoccupied residential property, soon to be demolished. 50% concession suggested in good faith with provision of construction for new Seafarers Centre to begin by June 2017.	Community	\$797.06
Royal Flying Doctor Service	Royal Flying Doctor Service	A102320	3 FINLAY STREET	Residential Property	24/7	8% of employee salary contributed to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$54,080	0%	Residential Property - Ineligible as per Council policy 2/014: Rates concessions for residential properties not used in the primary service delivery of the community group or association's activities or services will not be eligible for a concession.	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A116509	8 MARTIN COURT	Residential Property	24/7	8% of employee salary contributed to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$47,840	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A117190	15 WOODMAN STREET	Residential Property	24/7	8% of employee salary contributed to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$54,080	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A117310	3 THETIS PLACE	Residential Property	24/7	8% of employee salary contributed to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$72,280	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A119270	17 WOODMAN STREET	Residential Property	24/7	8% of employee salary contributed to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$54,080	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00

Royal Flying Doctor Service	Royal Flying Doctor Service	A121420	15 CRAIG STREET	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$58,760	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A122640	21 FINLAY STREET	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$59,800	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A123020	159 ATHOL STREET	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$126,880	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A123140	1 NEPTUNE PLACE	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$69,680	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A125790	185 ATHOL STREET	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$54,080	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A125800	2 HALL STREET	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$65,520	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A125810	4 HALL STREET	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$55,640	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A125820	187 ATHOL STREET	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$54,080	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A127350	5 GRANT PLACE	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$50,440	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A153246	16B SPOONBILL CRESCENT	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$31,200	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Royal Flying Doctor Service	Royal Flying Doctor Service	A300057	33 STYLES ROAD	Residential Property	24/7	8% of employee salary contibuted to rent and utilities.	No	Profit/Loss balance: \$2,877,815	33%	\$69,680	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00
Port Hedland Peace Memorial Seafrasers Centre	Port Hedland Peace Memorial Seafrasers Centre	A128510	60 & 60A Goode Street, Port Hedland	Residential Property	24/7	No	No	Profit/Loss balance: \$390k	0%	\$70,720	0%	Residential Property - Ineligible as per Council policy 2/014	Community	\$0.00
WA Family Violence Prevention Legal Service Aboriginal Corp	WA Family Violence Prevention Legal Service Aboriginal Corp	A401480	32 Demarchi Road, South Hedland	Residential Property	24/7	emailed	No	Profit/Loss balance: (\$213,070)	33%	\$47,320	0%	Residential Property - Ineligible as per Council policy 2/014	Welfare	\$0.00

Treloar Child Care Centre	Department for Communities	A154780	4 Treloar Close, South Hedland	Child Care Centre (Treloar)	Mon-Fri (6.30am - 5.30pm)	Yes	No	14/15 profit \$75k	50%	\$41,650	0%	Ineligible as per Council policy 2/014, Section 4: Community group provides a service in direct competition with other private operators within the district.	Child care	\$0.00
One Tree Community	Town of Port Hedland	A402430	L2513 Dempster Street, Port Hedland	Child Care Centre (Len Taplin)	Mon-Fri 6.45am - 6.30pm (50 weeks per annum)	Yes	No	Profit/Loss balance: \$414k	50%	\$32,300	0%	Ineligible as per Council policy 2/014, Section 4: Community group provides a service in direct competition with other private operators within the district.	Child care	\$0.00
Frank Edwards, Drovers Rodeo Campdraft Equestrian Centre	State of WA, TOPH	A130563	L5213 Great Northern Highway, Port Hedland	Rodeo Grounds	Ad hoc	Rodeo entry fees, food & drinks at events, car parking charge	Yes	A summary of 2015 event provided, no audited statements	Not rated	\$2,100	0%	Ineligible as per Council policy 2/014, Section 4: Rodeo Centre run as a sole trader, not an incorporated body, provides a service in direct competition with other private operators within the district.	Community	\$0.00
												Total		\$109,560.90



Town of
Port Hedland

Rating Strategy

PHCCI Business Afterhours Rates Information Session

23 June 2016



Welcome to Community Conversations
2016/17 Rating Strategy



- Opening Welcome – Chris Linnell
Acting CEO, Town of Port Hedland
- Rates Presentation – Carmen Walsh
Senior Rates Officer, Town of Port Hedland
 - **Questions are welcome as we go**
 - Why Local Governments charge rates
 - Revenue and Expenses
 - Property and Land Valuations
 - Interim Rates
 - How do we compare?
 - 2016/17 Proposed rates model and examples
 - Where to from here?
- Other Questions
- Closing Statement - Chris Linnell
Acting CEO, Town of Port Hedland



Why Local Governments charge rates

Town of Port Hedland provides significant infrastructure and services for our community



Our Vision: a nationally significant, friendly city where people are proud to call home.



Why Local Governments charge rates

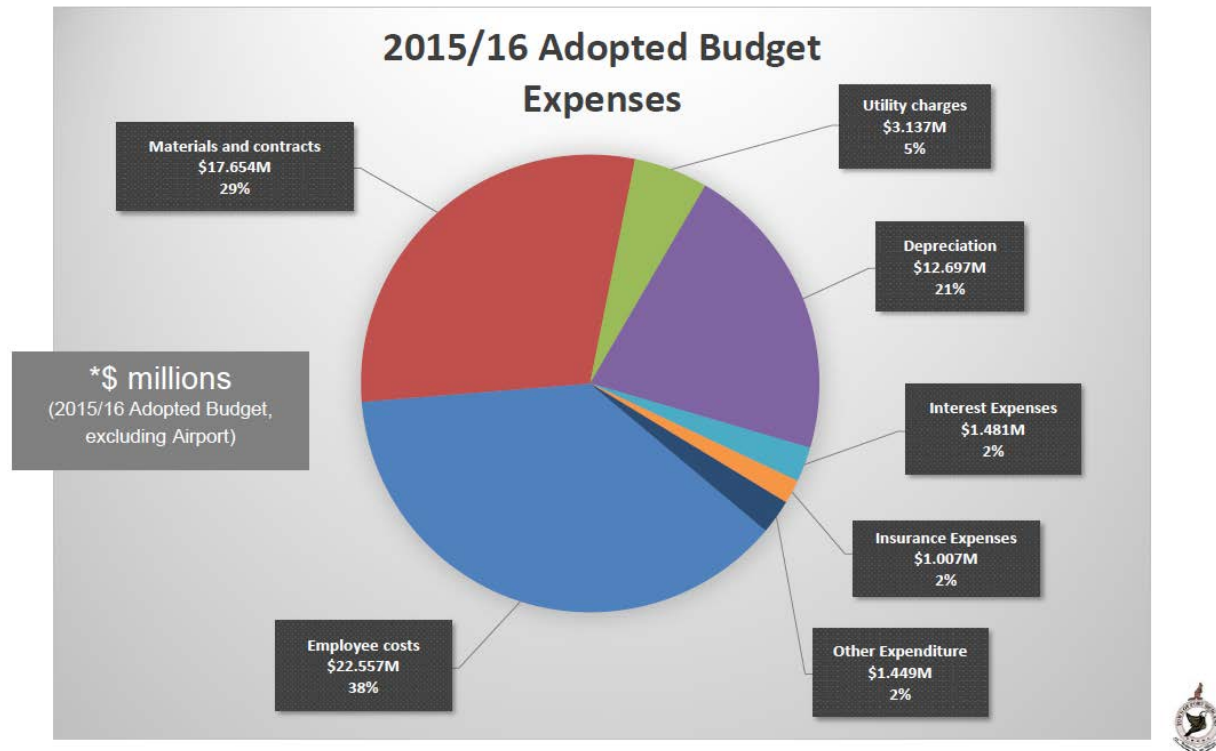
Local governments need to charge rates to raise revenue, so they can provide services and infrastructure to their communities;

- Rates are one of the primary sources of funding for service delivery
- Rates are what is termed a 'progressive tax' and are levied on all rate-able properties within Town of Port Hedland local government area

Each year as part of the budget process, local governments determine the available revenue, the likely or forecast expenditure, and then the total amount of rates for the financial year required to achieve the desired levels of service and infrastructure to satisfy the expectations of its community.



Revenue and Expenses



Revenue and Expenses

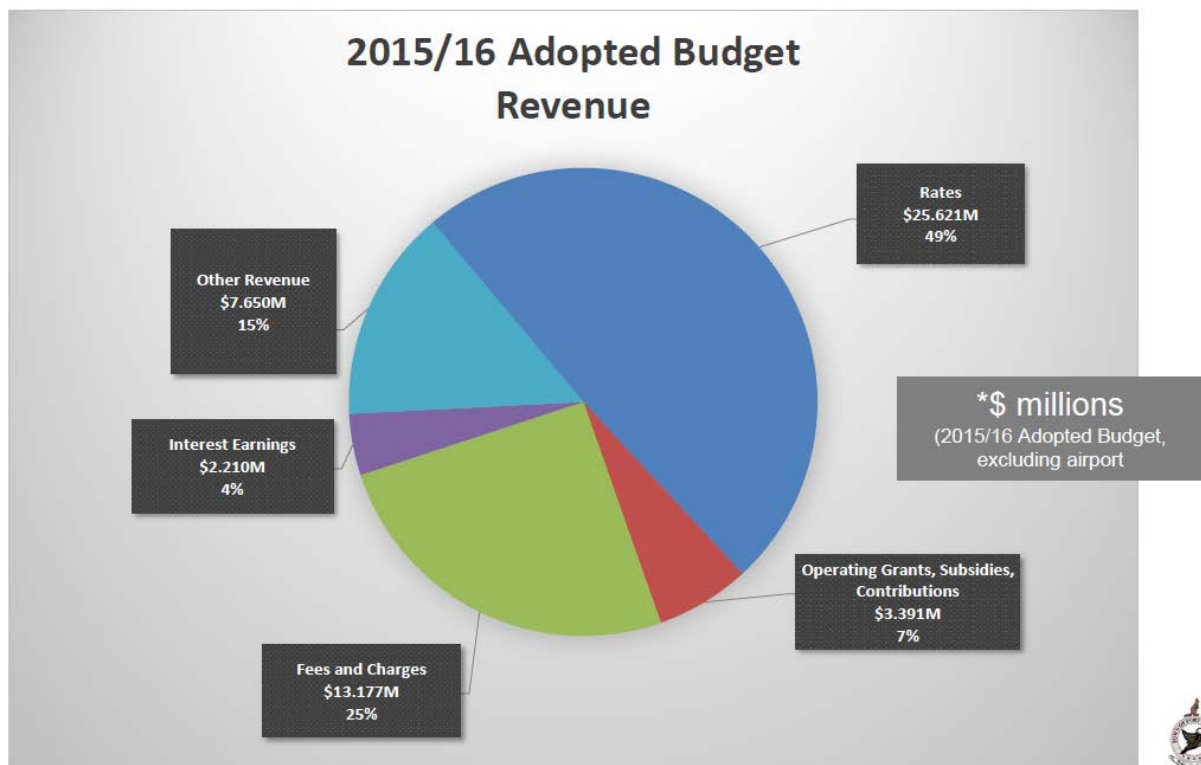
How are these important community services funded?

Revenue Sources:

- Fees and charges
- Grants and subsidies
- Loans
- Interest earnings
- Developer contributions
- and lastly, **Rates**

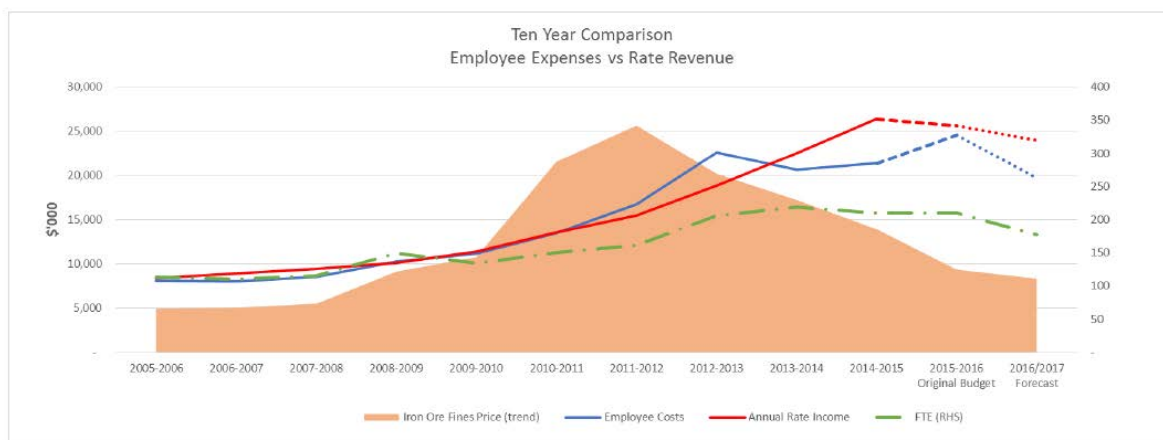


Revenue and Expenses



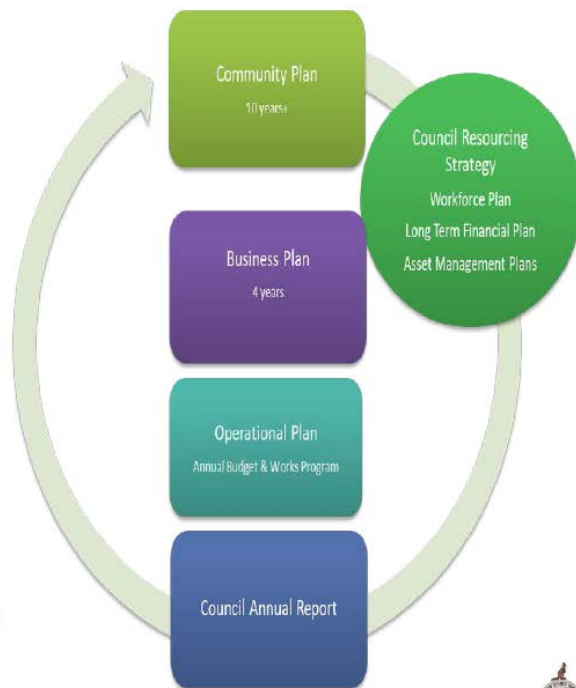
Revenue and Expenses

Employee Expenses and Rate Revenue 2005 to 2016



What's the process?

- **Services:**
evaluate and **determine the range or level of services** it needs to support the community
- **Expenditure:**
decide **how much money** is needed to fund services and infrastructure
- **Grants:**
establish **how much funding** it can expect to receive from the federal and state governments and other income sources
- **Rates:**
determine how much money is required from rates and charges to **cover the balance** of expenditures
- **Distribution:**
decide on the **best mix of rates** and charges to provide services for the important needs of the community



Property and Land Valuations

Land is assigned a value by the LANDGATE, otherwise known as the Valuer General's Office (VGO)

- Unimproved Value
- Gross Rental Value
 - ❖ gross annual rental is what the land might reasonably be expected to realise if let on a tenancy from year to year upon condition that the landlord was liable for all rates, and other outgoings
 - ❖ normally represents the annual equivalent of a fair weekly rental, for example a GRV of \$31,200 represents a weekly rental of \$600
- Valuations alone do **NOT** determine the amount of the general rate or differential general rate you pay



Property and Land Valuations

UNIMPROVED VALUATIONS (UV)

- Determined annually by Landgate (VGO)
- Applied to rural land outside of the Township boundaries
 - All Mining Leases
 - Pastoral Leases
 - Rural Land
 - Crown Leases



Property and Land Valuations

GROSS RENTAL VALUATIONS (GRV)

- GRVs are determined by Landgate (VGO)
 - Determined by collection of rental evidence to assess the fair rental value for each property/ land
 - A general valuation takes place every 3 years and valuations remain fixed despite potential changes in the market during this period
 - GRV is adjusted for *interim* reasons, e.g.
 - Construction/ Demolition of a building
 - Subdivision/ Amalgamation
- Town of Port Hedland
 - Most recent Date of General Valuation: **1 August 2014**
 - In effect for 3 financial years from: **1 July 2015**
 - Next General Valuation due to apply: **1 July 2018**



Interim Rates

Total interim rates income for last 5 financial years



- YTD data as at May 2016
- '16/17 figure estimated



Our neighbours...

- How do we compare...



- ❖ 1.7% *increase* for all categories; except
- ❖ 20%+ *increase* for Transient Workforce Accommodation and Strategic Industry

- ❖ 2% *increase* for all rate categories; other than
- ❖ 0% change for Tourism category



- ❖ 1.5% *increase* for Commercial/ Industrial & Residential
- ❖ 4% *increase* for Mining leases
- ❖ 12.5% *increase* for Pastoral leases



How are we transforming to suit the changed economic circumstances?

- As a local government we are also not immune to the downturn and changed economic conditions;
 - Access to Grants is more difficult and funding pools are less available and smaller
 - Rates growth has slowed significantly and costs continue to escalate, albeit at a slower rate
- Employee costs and numbers are being reviewed with a recent structural realignment realising approximately \$3m of annual savings- with employee numbers reduced from over 200 to 177
- Council and the CEO are continuing to challenge staff to look for operational efficiencies and process improvements that will deliver further savings in the coming Budget and beyond
- Service levels are being reviewed across the various services and facilities provided by the Town
- However - we still need to maintain the new and improved assets and amenity that the Town now enjoys and has constructed over the past 5 years – this remains the predominate challenge facing the Council and the Community.



Proposed rates model

KEY POINTS

- ❖ **4.9% reduction** of rate Yield from 2015/16
- ❖ **9.9% reduction** of rate Yield from 2014/15
- ❖ **5% reduction** of rate in the dollar for four rate categories
 - Residential, Commercial, Industrial and Pastoral
- ❖ **29% reduction** of Shopping Centre rates
 - by consolidating with Commercial rate category
- ❖ **70% reduction** of minimum rate for Mining leases*
- ❖ **0% change** of rate in the dollar for two rate categories
 - Tourism Accommodation, Mass Accommodation



*consolidated average \$875 from three categories in 15/16 to \$260

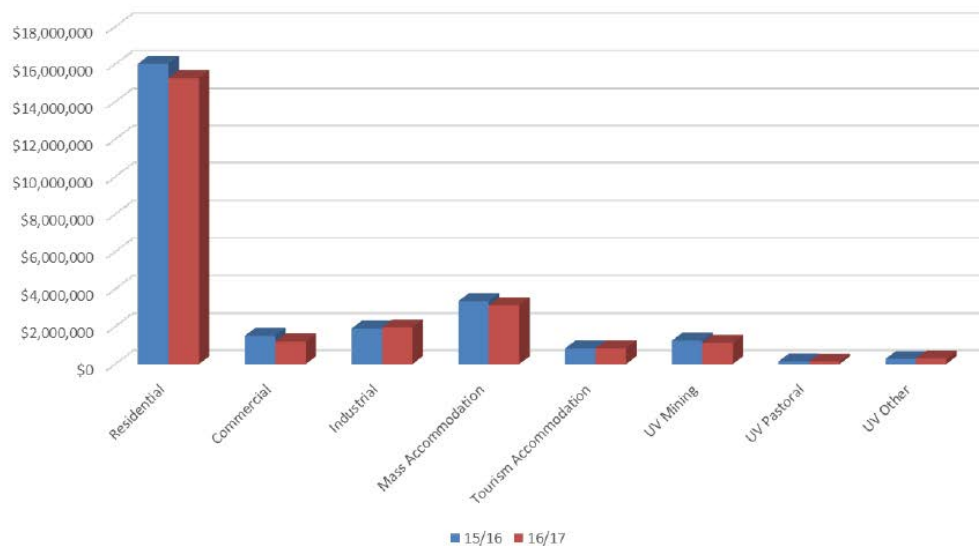


Proposed rates model

❖ Total rate yield

2015/16 (Budget)
\$25,620,737

2016/17
\$23,985,092



Proposed rates model

2016/17 Proposed Differential and Minimum Rates

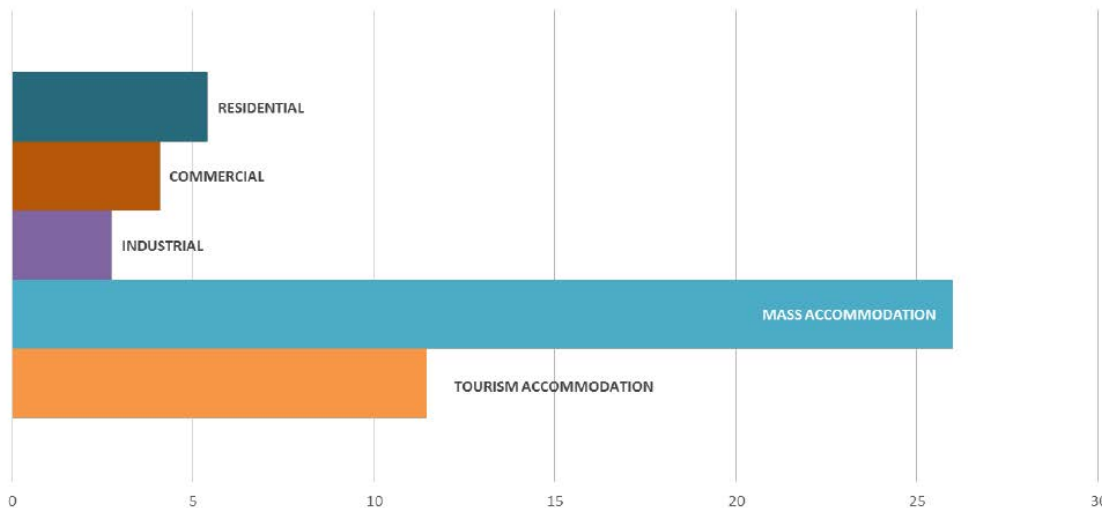
Category	2015/16 Rate in dollar (cents in \$)	2016/17 Rate in dollar (cents in \$)	Diff %	2015/16 Minimum Rates	2016/17 Minimum Rates	Diff %	2015/16 Rateable Properties	2016/17 Rateable Properties	Diff
GRV Residential	5.6920	5.4074	-5%	\$1,260	\$1,260	0%	6261	6321	+60
GRV Commercial	4.3026	4.0875	-5%	\$1,260	\$1,260	0%	237	209	-28
GRV Industrial	2.8978	2.7529	-5%	\$1,260	\$1,260	0%	413	456	+43
GRV Mass Accommodation	26.0000	26.0000	0%	\$1,260	\$1,260	0%	6	5	-1
GRV Tourist Accommodation	11.4339	11.4339	0%	\$1,260	\$1,260	0%	10	10	0
UV Mining	38.5076*	40.0000	3.88%	\$875*	\$260	-70%	397	347	-50
UV Other	18.8800	21.0000	11.23%	\$1,260	\$1,260	0%	24	23	-1
UV Pastoral	10.8292	10.2877	-5%	\$1,260	\$1,260	0%	11	10	-1
							7359	7381	+23

* consolidated average from three categories in 15/16 (UV Mining, UV Mining Exploration, UV Mining Other)



Proposed rates model

- GRV Differential Rates in the Dollar Ratios



Proposed rates mode - Residential

- Properties that are used for singular and multi-dwellings
- Zoned *Residential* under the Town Planning Scheme.
- Base rate in the Dollar for GRV

Proposed Rate in \$:	5.4074 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	6,261
Number Rateable Assessments 16/17:	6,320
Average Rates per Assessment 15/16:	\$2,578
Average Rates per Assessment 16/17:	\$2,414
Average Valuation 15/16:	\$43,443
Average Valuation 16/17:	\$43,509
Average % Change in Valuation:(due to interim rating)	+0.2%



Proposed rates mode - Residential

Category	2016/17 Rate in dollar (cents in \$)	2016/17 Minimum Rates
GRV Residential	5.4074	\$1,260
GRV Commercial	4.0875	\$1,260
GRV Industrial	2.7529	\$1,260
GRV Mining	40.0000	\$260
GRV Other	21.0000	\$1,260
GRV Pastoral	10.8292	\$1,260

Residential property valuation \times 0.054074 = \$ annual rates

For example using average residential property valuation
 $\$43,509 \times 0.054074 = \$2,352.71$
-\$123.82 reduction

Last Year
 $\$43,509 \times 0.056920 = \$2,476.53$



Proposed rates mode - Commercial

- Town centre business precincts, mixed business and shopping centres
- Zoned *Commercial* under the Town Planning Scheme.
- Includes airport, which is now leased and rates are charged on all income producing facilities including carparks (excluding runway/ airside)
- 28% less than base rate (residential)
 - to reflect the economic circumstances associated with doing business in the Pilbara and Port & South Hedland
 - to encourage retention of commercial activities, which in turn provides diversification of the economy and opportunity for local employment

Proposed Rate in \$:	4.0875 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	237
Number Rateable Assessments 16/17:	209
Average Rates per Assessment 15/16:	\$4,283
Average Rates per Assessment 16/17:	\$5,766
Average Valuation 15/16:	\$134,589
Average Valuation 16/17:	\$135,536
Average % Change in Valuation: (due to interim rating)	+0.7%



Proposed rates mode - Commercial

Category	2016/17 Rate in dollar (cents in \$)	2016/17 Minimum Rates
GRV Residential	5.4074	\$1,260
GRV Commercial	4.0875	\$1,260
GRV Industrial	2.7529	\$1,260
GRV Mass Accommodation	26.0000	\$1,260
UV Other	21.0000	\$1,260
UV Pastoral	10.8292	\$1,260

Commercial
property valuation

X

0.04087

=

\$ annual rates

For example using average commercial property valuation
 $\$135,536 \times 0.04087 = \$5,539.36$
-\$292.21 reduction

Last Year

$\$135,536 \times 0.043026 = \$5,831.57$



Proposed rates mode - Industrial

- Wedgefield Industrial Estate and all general and light industry uses
- Zoned *Industrial* under the Town Planning Scheme.
- 50% less than base rate (residential)
 - to provide relief for businesses that are most directly affected by the downturn in the construction and mining sectors
 - to ensure retention of businesses, local employment and a more diverse economy

Proposed Rate in \$:	2.7529 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	413
Number Rateable Assessments 16/17:	456
Average Rates per Assessment 15/16:	\$4,244
Average Rates per Assessment 16/17:	\$4,293
Average Valuation 15/16:	\$144,406
Average Valuation 16/17:	\$153,596
Average % Change in Valuation: (due to interim rating)	+6.3%



Proposed rates mode - Industrial

Category	2016/17 Rate in dollar (cents in \$)	2016/17 Minimum Rates
GRV Residential	5.4074	\$1,260
GRV Commercial	2.0075	\$1,260
GRV Industrial	2.7529	\$1,260
GRV Mass Accommodation	26.0000	\$1,260
GRV Tourist Accommodation	11.4339	\$1,260
UV Pastoral	10.8292	\$1,260

Industrial property
valuation

X

0.027529

=

\$ annual rates

For example using average industrial property valuation

$\$153,596 \times 0.027529 = \$4,228.34$

-\$222.56 reduction

Last Year

$\$153,596 \times 0.028978 = \$4,450.90$



Proposed rates model - Mass Accommodation

- Transient Workforce Accommodation facilities
- 4.8 x base rate (residential)
 - to maintain the relativity comparative to residential rates
 - provides average rate per accommodation unit of less than Council's proposed minimum payment
 - Council remains committed to a philosophy that the operational workforce(s) associated with mining, construction, maintenance and access to the Port, should be housed in **normal** residential properties within the town boundaries

Proposed Rate in \$:	26.0000 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	6
Number Rateable Assessments 16/17:	5
Average Rates per Assessment 15/16:	\$558,133
Average Rates per Assessment 16/17:	\$628,524
Average Valuation 15/16:	\$2,146,667
Average Valuation 16/17:	\$2,417,400
Average % Change in Valuation: (due to Interim rating)	+12.6%



Proposed rates model - Tourism Accommodation

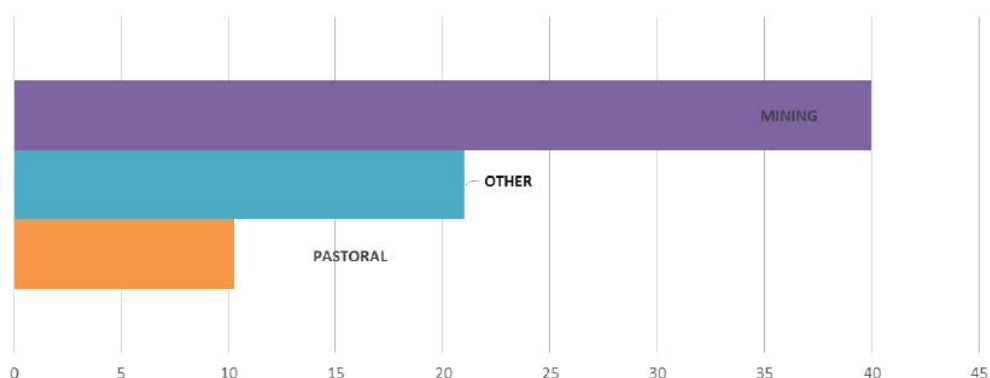
- Hotels, motels and caravan parks that provide large scale accommodation for visitors and tourists
- 1.6 x base rate (residential)
 - additional income from this rate in the dollar (above residential) will be utilised to support the investment into Tourism infrastructure and visitor facilities
 - assist to transition and diversify the economy from being so heavily reliant on the mining sector

Proposed Rate in \$:	11.4339 cents
Minimum Rate:	\$1,260
Number Rateable Assessments 15/16:	10
Number Rateable Assessments 16/17:	10
Average Rates per Assessment 15/16:	\$84,154
Average Rates per Assessment 16/17:	\$84,154
Average Valuation 15/16:	\$736,008
Average Valuation 16/17:	\$736,008
Average % Change in Valuation:	0%



Proposed rates model

- UV Differential Rates in the Dollar Ratios



Proposed rates model – UV Categories

- UV Mining
 - All Mining Leases as defined under the Mining Act
 - rate in the dollar supports large investment in road and road drainage infrastructure to service remote mining activities on rural roads
 - reflects additional maintenance required to ensure a level of serviceability above that normally required to meet the needs of pastoralists
- UV Pastoral
 - all pastoral leases granted under the repealed *Land Act 1933*
 - rate in the dollar has decreased by 5% to assist pastoral lease holders in the current challenging economic climate
 - potential to boost diversification of Pastoral Properties
 - potential to encourage development of tourism and rangeland activities to support the opportunity for live cattle trade and associated activities
- UV Other
 - crown leases located outside of the Town's boundaries and assessed as rural pursuant to the Local Government Act 1995



Where to from here?

RATES APPROVAL PROCESS - 2016

- 27 June (12pm): Submission due date
- 29 June SCM: Submissions considered by Council
Final rates model Endorsement by Council
- Following SCM: seek Ministerial approval (4-6 wk process)
- July SCM: rates adopted by Council as part of budget
- August: rates notices issued



Where to from here?

- Ask your questions!
 - Any other questions...
 - We're here to help.
- Provide written feedback by 27 June 2016 (extended)
 - Collect a submission form on your way out
 - Email your submission to council@porthedland.wa.gov.au
 - Post your submission to

Chief Executive Officer, Town of Port Hedland
PO Box 41
Port Hedland WA 6721



- Sign the attendance sheet
 - Keep up to date with the 16/17 Rates and other Council business



ATTACHMENT 6 TO ITEM 12.1.1

Attachment 6:

Extract of Valuation of Land Act 1978;
Definition relating to "Unimproved Valuations".

unimproved value means —

- (a) in relation to any land situate within a townsite, except land referred to in paragraph (b)(ii), the site value;
- (b) in relation to any land not included in any area referred to in paragraph (a), where any such land is —
 - (i) land —
 - (I) held under a lease granted under the *Land Administration Act 1997*, or any Act repealed thereby, for grazing purposes; or
 - (II) held under a lease, licence or permit under the *Conservation and Land Management Act 1984*; or
 - (III) other than a mining tenement, held pursuant to an agreement made with the Crown in the right of the State and scheduled to an Act approving the agreement,

the value thereof is an amount equal to 20 times the annual rental reserved by the lease or agreement or the value of the land in fee simple, whichever is the lesser sum;

- (ii) land in respect of which —
 - (I) a mining tenement is held pursuant to an agreement made with the Crown in the right of the State and scheduled to an Act approving the agreement —
 - (A) 5 times the annual rent per hectare for the first 1 000 h or part thereof;
 - (B) 2.5 times the annual rent per hectare for the next 9 000 h or part thereof;
 - (C) 0.25 times the annual rent per hectare for each hectare in excess of 10 000 h,where the annual rent referred to is the annual rent that would be used to calculate unimproved value under item (II) or (III) if the mining tenement were held under the *Mining Act 1978*; or
 - (II) an exploration licence is held under the *Mining Act 1978* —
 - (A) 2.5 times the annual rent payable for the licence under that Act if it is the first year of the term of the licence; or
 - (B) 2.5 times the annual rent that would be payable for the licence under that Act if it were the first year of the term of the licence;

or

- (III) any other licence or a lease is held under the *Mining Act 1978* — 5 times the annual rent payable for the licence or lease under that Act; or
 - (IV) a licence or lease is held under the *Petroleum and Geothermal Energy Resources Act 1967* — 2.5 times the annual fee payable for the licence or lease under that Act; or
 - (VA) a permit or drilling reservation is held under the *Petroleum and Geothermal Energy Resources Act 1967* — the annual fee payable for the permit or drilling reservation under that Act; or
 - (V) any mineral estate or interest in land is registered under the *Transfer of Land Act 1893* — 5 times the rent that would be payable if the land were held as a mining lease under the *Mining Act 1978*;
- [(iii) *deleted*]
- (iv) land comprised in the annual cutting section allotted by the Department (as defined in section 3 of the *Conservation and Land Management Act 1984*) in respect of areas of State forests, timber reserves or other Crown land and held under a sawmilling permit or licence from the Crown for cutting or removing timber — the value thereof is an amount equal to \$3.75 for every hectare of land or part thereof;
 - (v) land held or used under any other lease, licence or concession from the Crown with the right to take any profit from the land — the value thereof is an amount equal to \$2.50 for every hectare of land or part thereof;
 - (vi) other land of the Crown which is temporarily occupied for private purposes without title or authority — the value thereof is an amount equal to 20 times the ground rent which might reasonably be demanded for the land, or the value of the land in fee simple, whichever is the lesser sum;
 - (vii) land to which any of subparagraphs (i) to (vi) do not apply —
 - (I) the capital amount that an estate in fee simple in the land not including improvements might reasonably be expected to realize upon sale; or
 - (II) where the unimproved value cannot reasonably be determined on the basis in item (I) — the percentage of the capital amount that an estate in fee simple in the land might reasonably be expected to realize upon sale assuming that the land has been developed, without buildings, to the standard generally prevailing in the part of the State in which the land is situated and taking into account any restriction on the land imposed under any written law, such percentage being that prescribed for land in that part of the State;

Item 12 Motions of Which Previous Notice Has Been Given

Not applicable.

Item 13 New Business of an Urgent Nature

Not applicable.

Item 14 Matters for Which Meeting May Be Closed (Confidential Matters)

Nil.

Item 15 Closure

15.1 Closure

There being no further business, the Mayor declared the meeting closed at 5:35pm.