

MINUTES

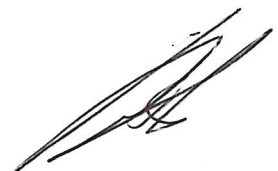
Special Council Meeting Tuesday, 11 May 2021

Date: Tuesday, 11 May 2021

Time: 6.00 pm

Location: Civic Centre
McGregor St
Port Hedland

Distribution Date: 25 May 2021



Mr Carl Askew
Chief Executive Officer
Town of Port Hedland
PO Box 41
PORT HEDLAND WA 6721

Dear Mr Askew,

NOTICE PURSUANT TO SECTION 5.4(a)(i) – SPECIAL MEETING OF COUNCIL

Pursuant to section 5.4(a)(i) of the *Local Government Act 1995*, I give notice of a Special Meeting of the Council to be convened on Tuesday, 11 May 2021 at 6.00 pm.

The purpose of the Special Meeting is consideration of the 2021/22 Rating Strategy.

Yours sincerely



Peter Carter
Mayor

5 May 2021



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Item 1 Opening of Meeting

The Presiding Member declared the meeting open at 6:00pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledged the Kariyarra people as the Traditional Custodians of the land that we met on and recognised their strength and resilience and paid respect to elders past, present and emerging.

Item 3 Recording of Attendance

Important note:

This meeting is being audio recorded to facilitate community participation and for minute-taking purposes, which may be released upon request to third parties. In accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders members of the public are not permitted to 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 Standing Orders Local Law mobile telephones must be switched off and not used during the meeting.

3.1 Attendance

Present: Mayor Peter Carter
Deputy Mayor Renae Coles
Cr Eva Bartho
Cr Jan Gillingham
Cr Warren McDonogh
Cr Tim Turner
Cr Kylie Unkovich
Cr Elmar Zielke

In Attendance: Carl Askew (Chief Executive Officer)
Karren MacClure (Director Corporate Services)
Josephine Bianchi (Director Community Services)
Craig Watts (Director Regulatory Services)
Mark Dawson (Manager of Governance)
Joshua Brown (Governance Advisor)
Lisa Duggan (Corporate Support Officer / Minute Taker)

Staff: 1
Public: 2
Media: 2

3.2 Attendance by Telephone / Instantaneous Communications

Nil.

3.3 Apologies

Councillor Kew Ming

Lee Furness (Director Infrastructure Services)

3.4 Approved Leave of Absence

Nil.

3.5 Disclosure of Interests

Nil.

Item 4 Public Time

Important note:

In accordance with section 6.7(3) of the Town of Port Hedland Local Law on Standing Orders, members of the public are required to complete a question form and place the completed form in the tray provided.

If the Presiding Member determines that questions and statements are out of order due to the use of an offensive or objectionable expression or are defamatory, they will not be recorded or responded to.

4.1 Public Question Time

The Presiding Member declared Public Question Time open at 6:03pm.

The Presiding Member declared Public Question Time closed at 6:04pm.

4.2 Public Statement Time

The Presiding Member declared Public Statement Time open at 6:04pm.

<h4>4.2.1 MR CAMILO BLANCO</h4>

The Agenda is a little confusing in areas. On page 8, it says “*Purpose – In accordance with the direction received by Council, the report recommends that Council endorse the Statement of Rating Objects*” and so you are effectively agreeing to the content.

But then on page 10 on consultation, it says *two workshops with the Executive Leadership Team and Department of Local Government*, but no Council. People reading the Agenda would probably think that there is no consultation with the Council.

I strongly disagree with the recommendation to increase rates and I am going to give you a few points as to why.

In 2018 the net rate income for the Town was about \$18 million and I worked with the major miners on them paying rates on their commercial tenements. This increased our income to about \$20 million a year. It was a 100% increase. So tonight's proposal sees a \$55 million proposed rate net income or a nearly 200% increase on the previous 2018 income. I have not seen a \$30-40 million dollars spend each year on Hedland over the last two years since I was exiled as Mayor.

The idea back then was to charge industry rates to create a fair rating system and with the major increases in income due to industry paying, was to reduce rates and ease the financial pressure on the residential and small business sectors, so is that not the agenda any more?

We must be in a commanding financial position that does not require a rate increase because the Administration recommended to the Commissioner that industry get a reduction of tens of millions of dollars in the back rates that were owed and that was approved and yet a year or so later we are increasing rates again.

There is no information that outlines the actual spend on the current budget. There is no information that states you are in a deficit position, meaning you cannot service the Town's needs with the current 200% income increase that has been achieved since 2018.

The last budget you rolled over \$35 million, that means you could not spend it. To make an informed decision on the percentage increase, you would have to know exactly where the current budget spend is and what percentage completion rate you expect to achieve on 30 June 2021 in this current budget. Now I told you all when you were first elected to understand budget.

On page 9 of this Agenda, it states *"Asset Management continues to pose a significant challenge for all Local Governments in Western Australia and any rating model models must support asset renewal and replacement requirements in line with defined service levels."* Well that is true but the financial rules also state you can only charge rates proportional to the ability of the organisation to spend that income in an effective and efficient manner, without having a surplus that equals over 10% of the total income. \$35 million rollover last financial year is far in excess of 10%.

What this means to me is that you will have had to spent the \$80 million in maintenance and renewal in this year's budget to even consider an increase, and even if you have spent all of that money wisely, do you want to, or is there a need to increase rates.

Is there is going to be a significant roll over this year? Do you know the answer to that question?

Iron ore prices currently at \$215 a ton makes the cost of doing business, a lot more in Port Hedland, because we cannot afford to match industries' employment incentive packages and no one is answering small businesses employment ads. COVID has a big effect on our ability to find employees.

You must consider the ability of the ratepayers to afford such increases. A simple question to ask is why don't we have more small businesses operating or opening? The answer will be it is not economically viable, it is just too expensive to run businesses in Port Hedland.

We are trying to attract the residential population. Increasing rates to unaffordable levels reduces the ability of young people to afford a home in this town or start a business.

The Federal Government is reducing costs as much as they can and wherever, and we are increasing rates.

I spoke to the Geraldton Mayor today who revealed their rate base was \$48 million with a population of 37,000. We have a 14,000 population and a proposed net rate income of \$55 million. Are we gouging?

Why would you increase the UV Mining and other rate above 100% of the minimum 'rate in the dollar' because that triggers the requirement to get ministerial approval and that is just ridiculous.

On page 13, the Risk Management Considerations state *"the risk cannot be mitigated."* Well that is absolute rubbish. Just reduce the rate in the dollar to come under the 100% minimum, in both circumstances stated in point 1 and if point 2 arises, it is simple, then you don't need ministerial approval. So it can be mitigated.

There is no explanation provided by this Council on matters that affect the community. You have adopted a secretive approach by not livestreaming and whilst I am on that, there has been no council resolution to stop livestreaming, so like we did, an iphone and livestreaming. It is quite easy, it is not hard. And bloc voting which does not tell the community about any items and that is why I have taken a bigger interest in Council.

So I suggest you provide an outline on the current budget completion position before proposing any increase and I recommend that you propose a significant reduction in rates across all categories and if you don't, you will have all agreed that Hedland people can afford rate increases, even though we face major financial problems because of the situation we are in with COVID and industry iron prices being so high.

If you do not like this recommendation, put alternative recommendation forward yourself. I watched you guys try and do that at the last meeting and you had no idea. So, to reduce the proposed rate increase, that is what I am asking you to do and I am asking you to do it significantly, maybe minus 10%, and I am asking you to put a motion forward to change the office's recommendation. It is quite simple. You are the guys that are actually in control of the budget. OK, thank you.

The Presiding Member thanked Mr Blanco for his statement. Questions raised within the statement will be taken on notice.

The Presiding Member declared Public Statement Time closed at 6.13pm.

4.3 Petitions/Deputations/Presentations/Submissions

Nil.

Item 5 Questions from Members without Notice

5.1 COUNCILLOR GILLINGHAM

Councillor Gillingham thanked the public for giving us some more information.

With our big amount of money that we have from the present budget, where actually has it all been spent? I am putting this in this public meeting so it can be answered through the Chair so that the public know where our present capital of the 2019/20 budget has been spent. Has it all been spent or is it likely to be rolled over? Do we know that? Or is it likely to all be spent by 30 June 2021?

The CEO advised that this is a question that we will need to take on notice as it requires a fairly detailed response. The short summary is that not all of it will be spent this financial year and yes there will be some carry forwards, but if you want details in terms of all of the projects, I am happy to provide them, but I cannot provide all of them for you this evening.

5.2 COUNCILLOR GILLINGHAM

If I also may say through the Chair, I was not here during April as I was on leave and I have only been able to attend one briefing to do with our rates. I do feel as if we should have been having some more information. I understand that this item needs to come to Council as it may have to go to the Minister. I do feel as though this is being rushed. Is it possible for us to buy some more time so that we do not make any mistakes with what is happening with our meeting today, with the proposals of the percent.

The Presiding Member thanked Councillor Gillingham for her questions. These questions were taken on notice.

Item 6 Announcements by Presiding Member without Discussion

Nil.

Item 7 Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

The following Elected Members declared that they had given due consideration to all matters contained in the agenda:

Mayor Peter Carter
Deputy Mayor Renae Coles
Cr Eva Bartho
Cr Jan Gillingham
Cr Warren McDonogh
Cr Tim Turner
Cr Kylie Unkovich
Cr Elmar Zielke

Item 8 Reports of Officers

8.1 Corporate Services

8.1.1 NOTICE OF INTENTION TO IMPOSE DIFFERENTIAL GENERAL RATES

Author: Manager Financial Services
 Authorising Officer: Director Corporate Services
 Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

Alternative Motion

CM202021/158 COUNCIL DECISION

MOVED: CR TURNER

SECONDED: CR BARTHO

That Council:

1. Pursuant to section 6.36(3A) of the *Local Government Act 1995*, endorses the *alternative* Statement of Objects and Reasons for the 2021/22 rating year included as Attachment 2 for public consultation
2. Pursuant to section 6.36(1) of the *Local Government Act 1995*, gives local public notice of its intention to impose differential general rates and minimum payments in accordance with the alternative Statement of Rating Objects and Reasons marked Attachment 2, which will be available for public inspection during the notice period, wherein the proposed differential rates and minimum payments are detailed as follows:

Rate Differential	Rate in Dollar (expressed as cents in the dollar)	Minimum Payment
GRV Residential	9.8215	\$1,300
GRV Commercial / Industrial	9.8215	\$1,900
GRV Mass and Tourist Accommodation	19.5935	\$1,900
UV Pastoral	11.3001	\$1,900
UV Mining and Other	20.1463	\$200

3. Reschedule the 26 May 2021 Ordinary Council Meeting to 3 June 2021 to consider any public submissions received.

Councillor McDonough spoke against and foreshadowed that if the motion moved is not endorsed, he will propose a new motion that Council adopt a position of zero percent rate increase for 2021/22.

For: Mayor Carter, Councillor Turner, Councillor Bartho, and Councillor Zielke.

Against: Deputy Mayor Coles, Councillor McDonogh, Councillor Gillingham and Councillor Unkovich.

Mayor Carter exercised his casting vote in favour of the motion.

CARRIED 5/4

OFFICER'S RECOMMENDATION (not proceeded with)

That Council:

1. Pursuant to section 6.36(3A) of the *Local Government Act 1995*, endorses the Statement of Objects and Reasons for the 2021/22 rating year as presented in Attachment 1 for public consultation.
2. Pursuant to section 6.36(1) of the *Local Government Act 1995*, gives local public notice of its intention to impose differential general rates and minimum payments in accordance with the attached Statement of Rating Objects and Reasons, which will be available for public inspection during the notice period, wherein the proposed differential rates and minimum payments are detailed as follows:

Rate Differential	Rate in Dollar (expressed as cents in the dollar)	Minimum Payment
GRV Residential	9.8696	\$1,300
GRV Commercial / Industrial	9.8696	\$1,900
GRV Mass and Tourist Accommodation	19.6895	\$1,900
UV Pastoral	11.3555	\$1,900
UV Mining and Other	20.2451	\$200

3. Reschedule the 26 May 2021 Ordinary Council Meeting to 3 June 2021 to consider any public submissions received.

SIMPLE MAJORITY VOTE REQUIRED

PURPOSE

In accordance with the direction received following discussions with Council, this report recommends that Council endorse the Statement of Rating Objects and Reasons and advertise the proposed 2021/22 Differential General Rates and General Minimum Payments for public comment, as required by section 6.36 of the *Local Government Act 1995*.

The rates presented to Council are aligned with the Town's Strategic Resource Plan and includes a rate increase for the 2021/22 rating year of 2.5%.

DETAIL

Rate revenue is the primary source of discretionary revenue for the Town of Port Hedland, accounting for 69% of the operating revenue in the financial year 2019/20. The *Local Government Act 1995* (the *Act*) enables local governments to impose differential general rates and minimum payments on rateable land.

The purpose of the levying of rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure, as outlined in the Strategic Community Plan 2018-28, Strategic Resource Plan 2020-34 and Corporate Business Plan 2018-22. Asset management continues to pose a significant challenge for all local governments in Western Australia and any rating model must support asset renewal and replacement requirements in line with defined service levels.

Under section 6.36 of the Act, 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. It is recommended that in order to meet the requirements of the Minister for Local Government, that the Ordinary Council Meeting scheduled for 26 May 2021 be rescheduled to 3 June 2021 in order that public submissions received may be considered by Council before any application is made for the Ministerial approval required for the recommended differential general rates increase.

Under the Act, the Minister for Local Government is required to approve the following in relation to rates:

- The imposition of a differential general rate which is more than twice the lowest differential general rate imposed by a local government;
- A minimum payment on vacant land that does not comply with legislative provisions;
- Changes in the method of valuation of land; and
- In some instances, land exempt from rates.

The proposed 2021/22 differential general rates for UV Mining and Other requires Ministerial approval which will be applied for once the consultation period has ended. The general minimum payments identified do not require Ministerial Approval.

During 2018/2019, the Town of Port Hedland implemented a rating strategy to move towards uniform rating for a more balanced yield amongst ratepayers, with the continuation of this strategy sought for 2021/22 proposing five (5) differential rate categories.

The main objectives of the rates model presented for 2021/22 are to:

- Raise sufficient yield to maintain current services and future infrastructure renewal to meet community expectations, as outlined in the Strategic Community Plan 2018 – 2028 and ensuring a balanced budget;
- Continue with reviewing the number and type of rating differential categories and moving towards uniform rating across all differentials;
- Distribute the rates burden more objectively and equitably;
- Uniform rating will also improve transparency, administrative efficiency and reduce compliance costs;
- Critical analysis of the yield generated by each differential category as a percentage of the total yield, comparing to the contribution by each category, the valuation % of each category, and the services consumed;

- Provide a level of certainty and consistency for ratepayers with a stable long term rates model, while providing financial sustainability for the Town; and
- Properties are rated according to Town Planning zonings and predominant land use with each having a separate calculated rate in the dollar and established minimums to achieve greater equity across all sectors and ensure a base level contribution.

The following table outlines the proposed differential general rates and minimum payments for the Town of Port Hedland to be advertised for the 2021/22 financial year, effective from 1 July 2021:

Rate Category	Minimum Payment	Rate in Dollar (expressed as cents in \$)	Rate in Dollar Comparative %	Yield \$	Yield %
GRV Residential	\$1,300	9.8696	100%	\$13,325,292	24%
GRV Commercial/ Industrial	\$1,900	9.8696	100%	\$5,447,045	10%
GRV Mass and Tourist Accommodation	\$1,900	19.6895	199.5%	\$2,764,130	5%
UV Mining and Other	\$200	20.2451	205.1%	\$33,324,103	61%
UV Pastoral	\$1,900	11.3555	115%	\$251,018	0%

The proposed rate model is expected to yield \$55,111,588 in rate revenue for 2021/22, which will contribute to the net funding requirements of the Town's services, activities, financing costs and asset renewal programme.

Supporting Statement of Rating Objects and Reasons

In accordance with section 6.36(3A) of the Act, a document detailing the objects and reasons for each of the proposed rates and minimum payments is to be made available to all rate payers. The proposed 2021/22 Statement of Rating Objects and Reasons is provided as Attachment 1. This will be publicised on the Town of Port Hedland's website from 12 May 2021.

Each category has had an increase on the rate in the dollar of 2.5%. There has been no increase to minimum general payments.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be high, as it meets the criteria listed in the policy which states "a decision that will substantially affect a wide range of people who reside in Port Hedland".

CONSULTATION

Internal

Two workshops have been conducted with the Executive Leadership Team to consider budget direction, strategies and rating models, and the resultant impact on ratepayers.

External Agencies

- Department of Local Government, Sports and Cultural Industries.

Community

Submissions will be sought from ratepayers through public consultation on the proposed 2021/22 rates model via state-wide and local public notices. Individual consultation will occur with ratepayers whose differential has less than 30 rateable properties.

LEGISLATION AND POLICY CONSIDERATIONS

- 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

FINANCIAL AND RESOURCES IMPLICATIONS

The proposed rate model is expected to yield \$55,111,588 in rate revenue for 2021/22 which will contribute to the net funding requirements of the Town's services, activities, financing costs and asset renewal programme.

The 2021/22 rates model presented continues towards a uniform rating model, however due to movements in valuations the yield movement has varied amongst each rating category.

Rate Category	Yield 2020/21	Proposed Yield 2021/22	Yield Movement %
GRV Residential	\$13,069,906	\$13,325,292	2.0%
GRV Commercial/ Industrial	\$5,303,130	\$5,447,045	2.7%
GRV Mass and Tourist Accommodation	\$2,774,084	\$2,764,130	0%
UV Mining and Other	\$32,198,600	\$33,324,103	3.5%
UV Pastoral	\$244,914	\$251,018	2.5%
TOTAL	\$53,418,633	\$55,111,588	3.2%

The 2021/22 budget will be developed using the following principles discussed and agreed with the Council at budget workshops:

- To focus on long-term financial sustainability of the Town of Port Hedland;
- Continue to ensure a fair and equitable balance of the rate burden across all ratepayers in the Town;
- Maintain current service levels to the community (supported by community consultation as part of the Strategic Community Plan process);
- Ensure we structure the budget to perform committed capital works; and
- Use interest revenue from reserve funds to fund asset renewal.

The Town's current financial health is 'adequate' in State and Regional comparisons, however is considerably lower than the benchmark for asset sustainability. By managing the rates yield and adopting the budget principles listed above, the Town may be able to improve its financial ratios, reportable health and its ability to meet community and business expectations in relation to future service delivery and asset renewal.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following sections of the Town's Strategic Community Plan 2018-2022 are applicable in the consideration of this item:

- 4.b.2** Transparent and regular financial reporting and communication to the community is undertaken
- 4.b.3** Transparent and regular governance reporting and communication to the community is undertaken
- 4.b.4** Constructive forums are provided for discussion and the representation of the diversity of views and needs that impact on the Town's developments, programs and policies

There are no significant identifiable economic, environmental or social impacts relating to this item.

Disability Access and Inclusion Plan

The following outcome of the Town's Disability Access and Inclusion Plan 2017-2022 apply in relation to this item:

- Outcome 4 – Quality of Service.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.2.1 – Ensure the Town's finances are managed efficiently and effectively in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be high (12) assigned to the risk that:

- Any differential rating category with a proposed rate in the dollar more than twice the lowest; and/or
- Minimum payments applying to more than 50% of vacant properties will require ministerial approval.

The risk is not able to be mitigated as the Town needs to acquire Ministerial approval for the UV Mining and other classification due to the proposed rate in the dollar being more than twice the lowest differential rate.

There is also risk associated with valuations for UV as these valuations are typically reviewed annually by the Valuer-General with GRV valuations revised every three years.

Valuations for UV are expected to be received in May/June from the Valuer-General and if the valuations have materially changed, there may be a difference to the revenue proposed in the budget and objects and reasons for 2021/22.

GRV valuations are not an issue for the Town with the next review due in June 2022.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

CONCLUSION

This report recommends that Council endorse the Statement of Rating Objects and Reasons and advertise the proposed 2021/22 Differential General Rates and General Minimum Payments for public comment, as required by section 6.36 of the *Local Government Act 1995*. The proposed rate model will yield \$55,111,588 in rate revenue (based on current valuations) which will contribute to the net funding requirements of the Town's services, activities, financing costs and asset renewal programme.

ATTACHMENTS

1. Statement of Rating Objects and Reasons
2. Alternative Statement of Rating Objects and Reasons

Statement of Objects and Reasons 2021/22



In accordance with section 6.36 of the *Local Government Act 1995* (the Act), the Town of Port Hedland is required to publish its Objects and Reasons for implementing Differential Rates.

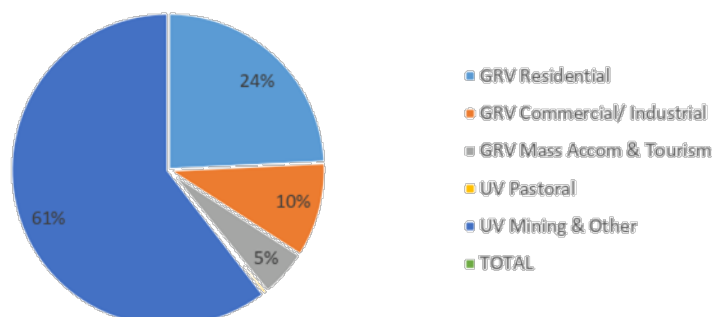
Introduction and Objective

Rates are a tax levied on all rateable properties within the boundaries of the Town of Port Hedland Municipality in accordance with the Act. The overall objective of the proposed rates in the 2021/22 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. Council has determined its required rates yield after considering all revenue sources, expenditure and efficiency measures as part of budget deliberations.

Property valuations provided by the Valuer-General (Landgate Valuation Services) are used as the basis for the calculation of rates each year. Section 6.33 of the Act provides the ability to differentially rate properties based on zoning and/or land use as determined by the Town of Port Hedland. The application of differential rates maintains equity in the rating of properties across the Town, with consideration given to the key values contained within the Rating Policy Differentials Rates (s. 6.33) March 2016 released by the Department of Local Government, Sport and Cultural Industries being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and Administrative Efficiency

PERCENTAGE OF RATES CONTRIBUTION BY
DIFFERENTIAL RATES



Statement of Objects and Reasons 2021/22



2021/22 Budget

The following are the proposed Differential General Rates and Minimum Payments for the Town of Port Hedland for the 2021/22 financial year, to be effective from 1 July 2021.

Rate Category	Rate in Dollar (expressed as cents in the dollar)	Minimums	%age of Revenue
GRV Residential	9.8696	\$1,300	24%
GRV Commercial/Industrial	9.8696	\$1,900	10%
GRV Mass Accommodation & Tourism	19.6895	\$1,900	5%
UV Pastoral	11.3555	\$1,900	0%
UV Mining & Other	20.2451	\$200	61%

The above rate model will yield \$55,111,588 in rate revenue before concessions and other doubtful debt and risk considerations are applied.

GROSS RENTAL VALUATION (GRV)

The Act determines that properties of a non-rural purpose within a Townsite boundary be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. The Valuer-General determines the GRV for all properties within the Town of Port Hedland every three years. The current general valuation is effective from 1 July 2018. Properties are grouped according to Town Planning Scheme zonings and predominant land use with each having a separately calculated rate in the dollar to achieve greater equity across all sectors.

The GRV is determined by collecting rental evidence to determine the fair rental value for each property. Interim valuations are provided regularly to Council by the Valuer-General for properties where changes occur (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances, Council recalculates the rates for the affected properties and issues interim rates notices.

In addition, section 6.28 (1) (2) of the Act allows the Minister to determine valuation of land to be used for the basis of rating. Section 6.29(3) allows for where capital improvements on any land located under UV rating, the Minister under application from the Town of Port Hedland can determine UV amendment to GRV rating.

UNIMPROVED VALUATION (UV)

Properties that are predominantly of a rural purpose or used for mining, resource processing, stock piling, or salt mining and predominately located outside the Townsite boundary are assigned an Unimproved Value (UV). Council has adopted differential rates in its UV area for Mining leases, Pastoral leases, all other lease and licences and privately owned land. Unimproved values are determined annually by the Valuer-General with a valuation roll

Statement of Objects and Reasons 2021/22



provided to local governments. Interim valuations are provided monthly to Council by the Valuer-General for properties where changes have occurred. For example, but not limited to - Mining Tenements and changes to Land Leased or Licence. In such instances, Council recalculates the rates for the affected properties and issues interim rates notices.

The current unimproved rental valuation is effective from 1 July 2021.

Differential General Rates and General Minimum Payments

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

GRV RESIDENTIAL

Means any land that is predominately used for:

- singular and multi-dwellings and is zoned Residential/Rural Residential approved by the Town of Port Hedland planning department under the Town of Port Hedland Local Planning Scheme;

OR

- which is vacant of any construction and is zoned Residential/Rural Residential under the Town of Port Hedland Local Planning Scheme.

OBJECTS & REASONS: Revenue derived from this category assists funding to operate efficiently the service levels expected of the community, achieving the Strategic Community Plan 2018/2028 and the standard of performance to which the Council will be measured by the Residents of Port Hedland, State Government and others.

GRV COMMERCIAL / INDUSTRIAL

Means any land:

Identified as land being used for either commercial or industrial operations or is vacant and undeveloped under the Town of Port Hedland Local Planning Scheme for Commercial & Industrial zoning. This includes but is not limited to the town centre, commercial business precincts, mixed business, shopping centres, airports, Wedgefield Industrial Estate and strategic industry, industrial, transport and light industry uses.

OBJECTS & REASONS: The object of this differential rate is to apply rates to all income producing facilities, raising revenue to fund costs associated with the service provided to these properties, and to encourage commercial and industrial landowners to develop vacant land. Vacant land is often unsightly and unkempt, and is at risk of being used for illegal dumping of rubbish and other illegal purposes which can be a financial and personal burden on the Business Sector of the Town.

Statement of Objects and Reasons 2021/22



The Town of Port Hedland also considers the development of vacant land to be in the best interests of the community. Vacant land alone does not contribute to the economy. However development will increase the street appeal, vibrancy of town centres and encourage local businesses to continue with growth and further improving and strengthening the economy at the same time also minimising and preventing land banking.

Furthermore, the differential acknowledges costs associated with the provision and maintenance of infrastructure used by commercial or industrial businesses including road structure, lighting and drainage, car parking, landscaping and higher costs in relation to infrastructure and regulatory services

GRV MASS ACCOMMODATION and TOURIST ACCOMMODATION

Means any land:

- whereby any approved transient workforce accommodation facilities are located;
- OR
- approved and predominantly used for providing large scale accommodation for visitors to the Town as identified in the Town of Port Hedland Local Planning Scheme: Holiday Accommodation, Hotel, Lodge, Motel, Tourist Development and Tourism Resort.

OBJECTS & REASONS: The object of this differential rate is to ensure that rates are distributed equitably between residents and non-residential workers, who spend a significant portion of the year in Port Hedland.

Patrons and employees of these premises are consumers of services and facilities, however unless they are also property owners within the Town, they are not contributing to the costs of providing the services and facilities. Mass Accommodation properties have the potential to have a greater impact on Council services and assets than other properties due to their number of occupants in a relatively small land parcel.

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 through 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.

Furthermore, this differential recognises the costs associated with tourism and economic development activities, as well as the use of these properties predominately for business travel. The additional income from this rate in the dollar will be utilised to support the Town of Port Hedland's investment into Tourism infrastructure and visitor facilities.

Statement of Objects and Reasons 2021/22



UV MINING and OTHER

This rating category covers:

- all Mining Leases and Licences, Exploration Licences, Prospecting Licences, Retention Licences, General Purpose Leases, Special Prospecting Licences for Gold and Miscellaneous Licences as defined under the Mining Act that has been granted;

OR

- predominately used for the purpose of resource processing;

OR

- predominately used for the purpose of stock piling;

OR

- does not have the characteristics of any other UV differential rate category.

OBJECTS & REASONS: The object of this differential rate is to reflect and raise revenue to manage the impact on the Town by mining and resource sectors.

The impact on utilisation of urban and rural infrastructure by heavier transport and higher traffic volumes associated with resource sector operations supports the large investment that the Town of Port Hedland makes in road and road drainage infrastructure. This services 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 is achieved. Along with additional costs associated with monitoring and managing the effects of environmental impacts relating to noise, dust, air pollution and smell, which are all considered here.

In addition, these properties have access to all other service facilities provided by Council. Properties with a land use UV often have a State or Regional significance, some of which are subject to legacy State Agreements that limit the methods of valuation to UV restrictive formulae for calculation of valuation. The differential rate for this category is considered to levy a proportional comparative with their impact on local community (ie: Heavy haulage vehicle movement, environmental health and strategic planning).

UV PASTORAL

Means any land:

- that has been granted a pastoral leases under the repealed *Land Act 1933*;

OR

- renewal of pastoral leases (administered by the Department of Lands);

OR

- land predominately used for pastoral activities as defined in the *Land Administration Act 1997*.

OBJECTS & REASONS: The object of this differential rate is to be the base rate by which all other UV rated properties are assessed. Raised revenue is to provide for rural infrastructure and services in addition to the Town services, facilities and infrastructure which are available to be accessed by the properties in this category. The Town has a continuing focus on development and diversification of Pastoral Properties in the region, encouraging development of tourism and

Statement of Objects and Reasons 2021/22



rangeland activities in conjunction with reforms being introduced by the State Government, to support the opportunity for live cattle trade (Strategic Community Plan 2018-2028), and associated activities from the Port to further diversify the local economy.

TOWN'S RATING STRATEGY

The key points for the 2021/22 Rating Strategy:

- Raise sufficient yield to maintain current services and future infrastructure renewal to meet community expectations, as outlined in the adopted Strategic Community Plan 2018 – 2028 and ensuring a balanced budget;
- Review of the number and type of rating differential categories and move towards uniform rating across all differentials. Uniform rating will also improve transparency, administrative efficiency and reduce compliance costs;
- Critical analysis of the yield generated by each differential category as a percentage of the total yield, comparing to the contribution by each category, the valuation % of each category, and the services consumed;
- Properties are rated according to Town Planning zonings and predominant land use with each having a separate calculated rate in the dollar and established minimums to achieve greater equity across all sectors and ensure a base level contribution.

West End Improvement Scheme No. 1: On 18 September 2020, the West End Improvement Scheme No. 1 was gazetted by the Western Australian Planning Commission which changed the zoning of properties west of Taplin Street from various residential, commercial, business and industrial zones to "West End Zone". The Town will keep the current Zoning categories unchanged for 2021/22 Rates billing and will consider and review the Statement of Objects and Reasons for the West End in the 2022/23 financial year.

Impacts from rate reductions in prior years, as well as significant decreases in available grant funding has had a flow on effect to how the Town continues to meet ongoing asset management and service levels. The table below shows the total yield derived from each differential category aim to reflect a more equitable rate burden per category, reflecting that Port Hedland is an industrial port town.

Rate Category	Yield	Income %
GRV Residential	\$13,325,292	24%
GRV Commercial/Industrial	\$5,447,045	10%
GRV Mass Accommodation & Tourism	\$2,764,130	5%
UV Pastoral	\$251,018	0%
UV Mining & Other	\$33,324,103	61%
TOTAL	\$55,111,588	

Statement of Objects and Reasons 2021/22



The above rate model will yield \$55,111,588 in rate revenue. Uniform rating strengthens relativity (between the zoning and land use categories) and continue to reflect an equitable distribution of the rate burden while ensuring the Town can continue to deliver services and asset renewal.

The Town of Port Hedland will also be continuing its review of all rateable properties in the 2021/22 financial year to ensure that all rateable properties are captured with an emphasis on the following:

- Industrial and Commercial properties;
- All assessments covered by lease, licence and State agreements;
- Mining tenements; and
- GRV spot rating for in-situ infrastructure on resource projects.

MINIMUM RATES

The Town imposes consistent minimum rates across the rating categories, excluding GRV Residential and UV Mining and Other, ensuring all properties contribute an equitable rate amount to non-exclusive services. The minimum rate recognises that all ratepayers have an equal opportunity to enjoy the facilities and services provided by Council, regardless of the value of their property.

Regarding the UV Mining and Other differential, the lower minimum is applied to ensure that the rate burden is distributed equitably between all property owners. A lesser minimum of \$200 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 be clearly marked Submission – Differential Rating 2021/22.

All submissions should be received no later than 4pm on 2 June 2021 in order to be considered as part of the final rating strategy.

CARL ASKEW
CHIEF EXECUTIVE OFFICER

Statement of Objects and Reasons 2021/22



In accordance with section 6.36 of the *Local Government Act 1995* (the Act), the Town of Port Hedland is required to publish its Objects and Reasons for implementing Differential Rates.

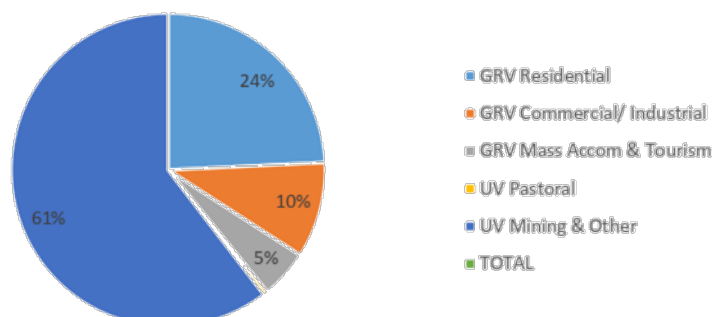
Introduction and Objective

Rates are a tax levied on all rateable properties within the boundaries of the Town of Port Hedland Municipality in accordance with the Act. The overall objective of the proposed rates in the 2021/22 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. Council has determined its required rates yield after considering all revenue sources, expenditure and efficiency measures as part of budget deliberations.

Property valuations provided by the Valuer-General (Landgate Valuation Services) are used as the basis for the calculation of rates each year. Section 6.33 of the Act provides the ability to differentially rate properties based on zoning and/or land use as determined by the Town of Port Hedland. The application of differential rates maintains equity in the rating of properties across the Town, with consideration given to the key values contained within the Rating Policy Differentials Rates (s. 6.33) March 2016 released by the Department of Local Government, Sport and Cultural Industries being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and Administrative Efficiency

PERCENTAGE OF RATES CONTRIBUTION BY
DIFFERENTIAL RATES



Statement of Objects and Reasons 2021/22



2021/22 Budget

The following are the proposed Differential General Rates and Minimum Payments for the Town of Port Hedland for the 2021/22 financial year, to be effective from 1 July 2021.

Rate Category	Rate in Dollar (expressed as cents in the dollar)	Minimums	%age of Revenue
GRV Residential	9.8215	\$1,300	24%
GRV Commercial/Industrial	9.8215	\$1,900	10%
GRV Mass Accommodation & Tourism	19.5935	\$1,900	5%
UV Pastoral	11.3001	\$1,900	0%
UV Mining & Other	20.1463	\$200	61%

The above rate model will yield \$54,853,749 in rate revenue before concessions and other doubtful debt and risk considerations are applied.

GROSS RENTAL VALUATION (GRV)

The Act determines that properties of a non-rural purpose within a Townsite boundary be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. The Valuer-General determines the GRV for all properties within the Town of Port Hedland every three years. The current general valuation is effective from 1 July 2018. Properties are grouped according to Town Planning Scheme zonings and predominant land use with each having a separately calculated rate in the dollar to achieve greater equity across all sectors.

The GRV is determined by collecting rental evidence to determine the fair rental value for each property. Interim valuations are provided regularly to Council by the Valuer-General for properties where changes occur (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances, Council recalculates the rates for the affected properties and issues interim rates notices.

In addition, section 6.28 (1) (2) of the Act allows the Minister to determine valuation of land to be used for the basis of rating. Section 6.29(3) allows for where capital improvements on any land located under UV rating, the Minister under application from the Town of Port Hedland can determine UV amendment to GRV rating.

UNIMPROVED VALUATION (UV)

Properties that are predominantly of a rural purpose or used for mining, resource processing, stock piling, or salt mining and predominately located outside the Townsite boundary are assigned an Unimproved Value (UV). Council has adopted differential rates in its UV area for Mining leases, Pastoral leases, all other lease and licences and privately owned land. Unimproved values are determined annually by the Valuer-General with a valuation roll

Statement of Objects and Reasons 2021/22



provided to local governments. Interim valuations are provided monthly to Council by the Valuer-General for properties where changes have occurred. For example, but not limited to - Mining Tenements and changes to Land Leased or Licence. In such instances, Council recalculates the rates for the affected properties and issues interim rates notices.

The current unimproved rental valuation is effective from 1 July 2021.

Differential General Rates and General Minimum Payments

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

GRV RESIDENTIAL

Means any land that is predominately used for:

- singular and multi-dwellings and is zoned Residential/Rural Residential approved by the Town of Port Hedland planning department under the Town of Port Hedland Local Planning Scheme;

OR

- which is vacant of any construction and is zoned Residential/Rural Residential under the Town of Port Hedland Local Planning Scheme.

OBJECTS & REASONS: Revenue derived from this category assists funding to operate efficiently the service levels expected of the community, achieving the Strategic Community Plan 2018/2028 and the standard of performance to which the Council will be measured by the Residents of Port Hedland, State Government and others.

GRV COMMERCIAL / INDUSTRIAL

Means any land:

Identified as land being used for either commercial or industrial operations or is vacant and undeveloped under the Town of Port Hedland Local Planning Scheme for Commercial & Industrial zoning. This includes but is not limited to the town centre, commercial business precincts, mixed business, shopping centres, airports, Wedgefield Industrial Estate and strategic industry, industrial, transport and light industry uses.

OBJECTS & REASONS: The object of this differential rate is to apply rates to all income producing facilities, raising revenue to fund costs associated with the service provided to these properties, and to encourage commercial and industrial landowners to develop vacant land. Vacant land is often unsightly and unkempt, and is at risk of being used for illegal dumping of rubbish and other illegal purposes which can be a financial and personal burden on the Business Sector of the Town.

Statement of Objects and Reasons 2021/22



The Town of Port Hedland also considers the development of vacant land to be in the best interests of the community. Vacant land alone does not contribute to the economy. However development will increase the street appeal, vibrancy of town centres and encourage local businesses to continue with growth and further improving and strengthening the economy at the same time also minimising and preventing land banking.

Furthermore, the differential acknowledges costs associated with the provision and maintenance of infrastructure used by commercial or industrial businesses including road structure, lighting and drainage, car parking, landscaping and higher costs in relation to infrastructure and regulatory services

GRV MASS ACCOMMODATION and TOURIST ACCOMMODATION

Means any land:

- whereby any approved transient workforce accommodation facilities are located;
- OR
- approved and predominantly used for providing large scale accommodation for visitors to the Town as identified in the Town of Port Hedland Local Planning Scheme: Holiday Accommodation, Hotel, Lodge, Motel, Tourist Development and Tourism Resort.

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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 through 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.

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Statement of Objects and Reasons 2021/22



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This rating category covers:

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OR

- predominately used for the purpose of resource processing;

OR

- predominately used for the purpose of stock piling;

OR

- does not have the characteristics of any other UV differential rate category.

OBJECTS & REASONS: The object of this differential rate is to reflect and raise revenue to manage the impact on the Town by mining and resource sectors.

The impact on utilisation of urban and rural infrastructure by heavier transport and higher traffic volumes associated with resource sector operations supports the large investment that the Town of Port Hedland makes in road and road drainage infrastructure. This services 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 is achieved. Along with additional costs associated with monitoring and managing the effects of environmental impacts relating to noise, dust, air pollution and smell, which are all considered here.

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UV PASTORAL

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- that has been granted a pastoral leases under the repealed *Land Act 1933*;

OR

- renewal of pastoral leases (administered by the Department of Lands);

OR

- land predominately used for pastoral activities as defined in the *Land Administration Act 1997*.

OBJECTS & REASONS: The object of this differential rate is to be the base rate by which all other UV rated properties are assessed. Raised revenue is to provide for rural infrastructure and services in addition to the Town services, facilities and infrastructure which are available to be accessed by the properties in this category. The Town has a continuing focus on development and diversification of Pastoral Properties in the region, encouraging development of tourism and

Statement of Objects and Reasons 2021/22



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TOWN'S RATING STRATEGY

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- Raise sufficient yield to maintain current services and future infrastructure renewal to meet community expectations, as outlined in the adopted Strategic Community Plan 2018 – 2028 and ensuring a balanced budget;
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Impacts from rate reductions in prior years, as well as significant decreases in available grant funding has had a flow on effect to how the Town continues to meet ongoing asset management and service levels. The table below shows the total yield derived from each differential category aim to reflect a more equitable rate burden per category, reflecting that Port Hedland is an industrial port town.

Rate Category	Yield	Income %
GRV Residential	\$13,269,533	24%
GRV Commercial/Industrial	\$5,421,983	10%
GRV Mass Accommodation & Tourism	\$2,750,651	5%
UV Pastoral	\$249,795	0%
UV Mining & Other	\$33,161,787	61%
TOTAL	\$54,853,749	

Statement of Objects and Reasons 2021/22



The above rate model will yield \$54,853,749 in rate revenue. Uniform rating strengthens relativity (between the zoning and land use categories) and continue to reflect an equitable distribution of the rate burden while ensuring the Town can continue to deliver services and asset renewal.

The Town of Port Hedland will also be continuing its review of all rateable properties in the 2021/22 financial year to ensure that all rateable properties are captured with an emphasis on the following:

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- All assessments covered by lease, licence and State agreements;
- Mining tenements; and
- GRV spot rating for in-situ infrastructure on resource projects.

MINIMUM RATES

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Regarding the UV Mining and Other differential, the lower minimum is applied to ensure that the rate burden is distributed equitably between all property owners. A lesser minimum of \$200 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 be clearly marked Submission – Differential Rating 2021/22.

All submissions should be received no later than 12pm on 1 June 2021 in order to be considered as part of the final rating strategy.

CARL ASKEW

CHIEF EXECUTIVE OFFICER

Item 9 New Business of an Urgent Nature (Late items)

Nil.

Item 10 Closure

10.1 Date of Next Meeting

The next Ordinary Meeting of Council will be held on Thursday, 3 June 2021 commencing at 5.30pm.

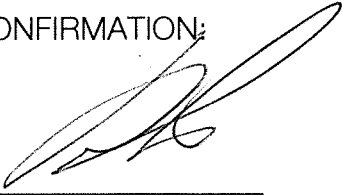
10.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 6:28pm.

DECLARATION OF CONFIRMATION OF MINUTES

I certify that these Minutes were confirmed by the Council at its Ordinary Council Meeting on 3 June 2021

CONFIRMATION:



PRESIDING MEMBER

31/6/2021

DATED