



## **TOWN OF PORT HEDLAND**

### **SPECIAL COUNCIL MEETING MINUTES**

**6 JUNE 2017 AT 5:30PM**

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

*Agenda Item:*

1. *Rating Strategy 2017/18*

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

*David Pentz  
Chief Executive Officer*

*Distribution Date: 13 June 2017*

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**Item 1 Opening of Meeting**

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The Mayor declared the meeting open at 5:30pm.

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**Item 2 Acknowledgement of Traditional Owners**

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The Mayor acknowledges the traditional custodians, the Kariyarra people and recognises the contribution of Kariyarra elders past, present and future, in working together for the future of Port Hedland.

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**Item 3 Recording of Attendance**

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**3.1 Attendance**

Mayor Camilo Blanco  
Deputy Mayor Troy Melville  
Councillor Jan Gillingham  
Councillor David Hooper  
Councillor Julie Arif  
Councillor Louise Newbery  
Councillor Richard Whitwell - entered via telephone at 5:30pm  
Councillor Lincoln Tavo - entered via telephone at 5:30pm

David Pentz	Chief Executive Officer
Kathryn Crothers	Director Corporate and Performance
Gerard Sherlock	Director Infrastructure and Town Services
Robert Leeds	Chief Advisor to the Chief Executive Officer
Louise O'Donnell	Governance Officer
Tammy Wombwell	Administration Officer Governance / Minute Taker

Public	8
Media	1
Officers	2

**3.2 Apologies**

Nil

**3.3 Approved Leave of Absence**

Nil

**3.4 Disclosure of Interests**

Nil

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**Item 4 Attendance by Telephone/Instantaneous Communications**

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At the Ordinary Council Meeting held on 24 May 2017, Council approved the following applications for attendance by telephone/instantaneous communications, as the listed Councillors were in Perth, Western Australia (decision no. CM201617/199):

- Councillor Richard Whitwell
- Councillor Lincoln Tavo

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**Item 5 Public Time**

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*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.'*

*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.*

The Mayor opened Public Question Time at 5:34pm

**5.1 Public Question Time****5.1.1 Mr Arnold Carter**

*In the Towns financial statement for the period ended 30 April 2017, it is indicated that current budget figures for rates are \$23,684,000, and the year to date actuals indicate a value of \$24,055,000. Are these accrued figures, and is any proportion of this bad debts?*

The Chief Executive Officer advised that the question would be taken on notice, and asked the Director Corporate and Performance if she would like to provide a comment.

The Director Corporate and Performance advised that there are no accrued figures apart from the raising of the rates and not the cash payments received, and that the figure indicates the rates received for the year.

*Are the year to date rates figures accrued?*

The Director Corporate and Performance advised that the figures are not cash figures, and that the figure indicates raised rates.

The Mayor advised Mr Carter that he must direct questions to the Chair and that the Chair will direct the question to the relevant officer.

*Are the year to date rates figures actuals or are they accruals?*

The Mayor asked Mr Carter to clarify which year he was referring to.

*The figures are from April 2017.*

The Mayor advised that the question would be taken on notice.

*In regards to item 8.1.1 Rating Strategy 2017/18, the background of the report states "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". Why is there no indication of the financial costs as per the agenda item?*

The Chief Executive Officer advised that a draft budget has been prepared, and these numbers have been developed in relation to the draft budget.

*Why isn't the draft budget available for discussion tonight?*

The Chief Executive Officer advised that the draft budget has not been presented to Council and that the Town is near the completion of the Enterprise Bargaining Agreement (EBA) negotiations, setting the fees and charges and that once this information has come together, the Town can prepare the final budget. The budget is also dependant on a decision by the Minister for Local Government in regards to the rates.

*The statement in this report says "The overall objective of a rating model". Where is the model?*

The Mayor advised that the model will be developed after Council endorses the rate in the dollar.

*So the budget is not available to anybody?*

The Mayor advised that he had not yet seen the draft budget and that as he advised at the last Council Meeting, once the rates in the dollar are endorsed by Council, they will be added into the draft budget. The draft budget will then be presented to Council, as it had been done in previous years.

*I beg to differ, I have statements from Town staff that showed in February 2016 indicating the model and strategy with a complete funding included. It was all released by the Town of Port Hedland. I can provide a copy if required.*

### **5.1.2 Mr John Peters**

*How many employees are employed by the Town of Port Hedland?*

The Mayor advised Mr Peters that his question must relate to the content of the Special Council Meeting.

*It is noted in the 22 February 2017 Mid-Year Budget Review, that an increase of operating expense of \$1.153 million, which included an additional employee cost of \$724,000. Can the Town please advise what payments were made to consultants in this adjustment?*

The Mayor advised Mr Peters again that this meeting is in regards to adopting the rate in the dollar, and that his question must relate to items contained in this agenda.

*At the last Council meeting, the Town advised that there was a significant reduction in employment, why has the Town requested an additional payment \$724,000 in employment costs?*

The Mayor advised Mr Peters again that the purpose of this meeting is to endorse the rate in the dollar.

*These are all relevant questions as it is related to rates, the community is all burdened with rates.*

The Mayor advised that Mr Peters can ask his questions at the relevant meeting when the draft budget is released, as the budget indicates how many employees the Town has and how the employees will be paid for. The Mayor advised that tonight's meeting only relates to the rate in the dollar.

The Chief Executive Officer advised that all relevant information regarding employment will be contained in the budget when it is released.

The Mayor advised that Mr Peter's questions would be taken on notice.

The Mayor closed Public Question Time at 5:41pm

The Mayor opened Public Statement Time at 5:41pm

## **5.2 Public Statement Time**

### **5.2.1 Ms Morag Lowe**

I am a ratepayer in this Town, who is going to be significantly impacted by the decision made tonight. I await Councils discussions with interest, and I will take particular note of the rationale put forward to support the motion, and hope that the degree of debate will go some way to clarify the decision that has been put forward this evening.

### **5.2.2 Mr John Peters**

My statement is to request Council to consider the rate increase. Also, in regards to the salaries and allowances as determined by the Salaries and Allowances Tribunal (SAT), local government banding is leading to a heavy conflict between the interests of rate payers and the interests of Elected and Committee Members of the Town of Port Hedland.

Put simply, the CEO, staff and relative officials are incentivised by higher personal remuneration for adopting a 'tax and spend' approach at the expense of increased rates. The SAT process favours large staff, large wage budget and large capital expenditure programs in excess of which band the Town or City are placed in. The Town of Port Hedland is the only Town to be located in this band, the rest are cities. The Town is in the same band as areas such as City of Rockingham, with a population of approximately 130,000 and the City of Kalgoorlie with a population of 30,000.

The fact that the Town is in band 1 is a legacy of the mining boom, and indicates the bloated and over remunerated organisation. With the recent advertisement of a Junior Administration role with a starting salary of \$95,000 it is clear evidence of both a disconnected organisation spending other people's money and a ridiculous structure that sees those at the top rewarded personally for running a large wage bill.

What is most outrageous is that the Town staff and relevant officials feel that within band 1 it is appropriate that you would remunerate yourself at 98.5% of the maximum permissible allowance. If Councillors are worth 98.5% of the maximum, what would the City of Melville with a population of 100,000 get? 200%?

In the report, the officer states that there is a medium risk that the Town will be re-banded down upon the release of the next census data. This risk rating should be an indication about where the Town should be positioning the band. Currently, the Town has a population of approximately 11,000 people.

The Mayor closed Public Statement Time at 5:46pm

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**Item 6 Questions from Members without Notice**

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Nil

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

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

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

*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.*

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**Item 8 Reports of Officers**

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**8.1 Corporate and Performance**

5:48pm The Chief Executive Officer tabled three (3) late submissions, which were received in relation to the 2017/18 Rating Strategy, and advised that they are for information purposes only. The Chief Executive Officer also advised that the late submissions are not to influence Council's decision regarding item 8.1.1 'Rating Strategy 2017/18', as they were received after the public submission closing time.

5:48pm Councillor Whitwell left the meeting.

**CM201617/226 COUNCIL DECISION****MOVED: CR MELVILLE****SECONDED: CR GILLINGHAM**

**That Council suspend sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014 in accordance with section 18.2 'Suspension for Standing Orders' to allow the Chief Executive Officer to establish telephone contact with Councillor Whitwell.**

***CARRIED 7/0***

5:50pm The Mayor advised that sections 9.4, 9.5 and 9.9 of Town of Port Hedland Standing Orders Local Law 2014 are now suspended.

**CM201617/227 COUNCIL DECISION****MOVED: CR MELVILLE****SECONDED: CR GILLINGHAM**

**That Council resume sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014.**

***CARRIED 7/0***

5:51pm The Mayor advised that sections 9.4, 9.5 and 9.9 of Town of Port Hedland Standing Orders Local Law 2014 are now resumed.

5:52pm Councillor Whitwell returned to the meeting via telephone.



**CM201617/228 COUNCIL DECISION****MOVED: CR MELVILLE****SECONDED: CR GILLINGHAM**

**That Council suspend sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014 in accordance with section 18.2 'Suspension for Standing Orders' to discuss item 8.1.1 'Rating Strategy 2017/18'.**

***CARRIED 8/0***

5:55 The Mayor advised that sections 9.4, 9.5 and 9.9 of Town of Port Hedland Standing Orders Local Law 2014 are now suspended.

**CM201617/229 COUNCIL DECISION****MOVED: CR MELVILLE****SECONDED: CR HOOPER**

**That Council resume sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014.**

***CARRIED 7/0***

6:01pm The Mayor advised that sections 9.4, 9.5 and 9.9 of Town of Port Hedland Standing Orders Local Law 2014 are now resumed

**8.1.1 Rating Strategy 2017/18**

File No:	24/04/0002
Applicant/ Proponent:	N/A
Subject Land/ Locality:	N/A
Date:	2 June 2017
Author:	Kathryn Crothers, Director Corporate and Performance
Authorising Officer:	David Pentz, Chief Executive Officer
Disclosure of Interest from Author:	Nil
Authority/Discretion:	<input type="checkbox"/> Advocacy <input checked="" type="checkbox"/> Executive <input checked="" type="checkbox"/> Legislative <input type="checkbox"/> Quasi-Judicial <input type="checkbox"/> Information Purposes

**Attachments:**

1. Summary of submissions received regarding the advertised 2017/18 Differential Rating Model
2. Submissions received regarding the advertised 2017/18 Differential Rating Model (under confidential cover)
3. 2017/18 Statement of Objects and Reasons (under separate cover)

**OFFICER RECOMMENDATION**

That with respect to the 2017/18 Rating Strategy, Council:

1. Consider the 25 submissions that have been received regarding the advertised 2017/18 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;
2. 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 2017/18 Budget adoption:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.5426	\$1,350
GRV Commercial	4.1897	\$2,000
GRV Industrial	3.4411	\$2,000
GRV Commercial & Industrial - Vacant	11.0852	\$2,000
GRV Mass Accommodation	26.0000	\$2,000
GRV Tourist Accommodation	11.7197	\$2,000
UV Mining	37.9250	\$270
UV Other	21.0000	\$2,000
UV Pastoral	10.5449	\$2,000

3. Endorse the 2017/18 Statement of Objects & Reasons as per Attachment 3.
4. 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 2017/18 Differential Rating Model as proposed, with respect to:
  - a) Rate in the Dollar for the GRV Mass Accommodation (26.0000), GRV Commercial & Industrial Vacant Land (11.0852) and Tourism Accommodation (11.7197) categories, due to them being more than two times the lowest Rate in the Dollar for the GRV Industrial rate category (3.4411), and
  - b) Rate in the Dollar for the UV Mining (37.9250) category, due to them being more than two times the lowest Rate in the Dollar for the UV Pastoral (10.5449) category.

**CM201617/230 COUNCIL DECISION**

**MOVED: MAYOR BLANCO**

**SECONDED: CR HOOPER**

**That with respect to the 2017/18 Rating Strategy, Council:**

1. **Consider the 25 submissions that have been received regarding the advertised 2017/18 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;**

2. 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 2017/18 Budget adoption:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.4885	\$1,350
GRV Commercial	4.1897	\$2,000
GRV Industrial	3.0970	\$2,000
GRV Commercial & Industrial - Vacant	11.0852	\$2,000
GRV Mass Accommodation	26.0000	\$2,000
GRV Tourist Accommodation	11.7197	\$2,000
UV Mining	37.9250	\$270
UV Other	21.0000	\$2,000
UV Pastoral	10.5449	\$2,000

3. Instruct the Chief Executive Officer (or his authorised officer) to revise the 2017/18 Statement of Objects & Reasons as per Attachment 3, to reflect the endorsed Rate in the Dollar and expected yield.
4. 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 2017/18 Differential Rating Model as proposed, with respect to:
- Rate in the Dollar for the GRV Mass Accommodation (26.0000), GRV Commercial & Industrial Vacant Land (11.0852) and Tourism Accommodation (11.7197) categories, due to them being more than two times the lowest Rate in the Dollar for the GRV Industrial rate category (3.0970), and
  - Rate in the Dollar for the UV Mining (37.9250) category, due to them being more than two times the lowest Rate in the Dollar for the UV Pastoral (10.5449) category.

***CARRIED 8/0***

## EXECUTIVE SUMMARY

This report recommends that Council endorse the 2017/18 Differential Rating Model to allow the Chief Executive Officer to apply to the Minister for Local Government and Communities to approve the Town of Port Hedland's proposed differential rates for both Unimproved Value and Gross Rental Value, where the rate in the dollar (RiD) for a category is more than twice that of the lowest category. Under the model presented, application is required for:

- GRV Commercial & Industrial Vacant Land;
- GRV Mass Accommodation;
- GRV Tourist Accommodation;
- UV Mining

Submissions from the rate payers and electors have been sort and received after a 21 day submission period and the officer's recommendation proposes endorsement of the RiD and minimums for each category as advertised, with the exception of GRV Mass Accommodation RiD. The model presented includes an amended RiD, to that which was advertised, for GRV Mass Accommodation, such that the RiD remains at the 2016/17 levied rate of 26.0000 cents in the dollar.

Category	Minimum	RiD	Yield	RiD Increase	RiD Multiplier
Residential	1,350	5.5426	15,776,614	2.5%	161%
Commercial	2,000	4.1897	1,202,887	2.5%	122%
Industrial	2,000	3.4411	2,385,119	25%	100%
Commercial / Industrial - Vacant	2,000	11.0852	537,381	N/A%	322%
Mass Accommodation	2,000	26.0000	3,233,360	0%	756%
Tourist Accommodation	2,000	11.7197	935,710	2.5%	341%
Mining	270	37.9250	1,174,485	2.5%	360%
Pastoral	2,000	10.5449	139,181	2.5%	100%
Other	2,000	21.0000	301,290	0%	199%
<b>Total</b>			<b>25,469,708</b>		

This report presents all public submissions received regarding the advertised rating strategy for the 2017/18 financial year and outlines the rates model that will be considered as part of the 2017/18 Budget adoption.

It should be noted that ministerial approval must be obtained before Council adopts the 2017/18 Budget or otherwise the Budget is invalid and rates imposed are not recoverable and can be quashed by the State Administrative Tribunal. Approval is required with respect to the GRV Commercial & Industrial Vacant Land, GRV Mass Accommodation, GRV Tourist Accommodation and UV Mining rate in the dollars under the model proposed.

## DETAIL

### *Rating Strategy- background*

At the Ordinary Council Meeting dated 26 April 2017, Council resolved to endorse the 2017/18 Differential Rating Model for community consultation (decision CM201617/194).

Rate revenue is a substantial source of discretionary revenue for the Town of Port Hedland, and will account for approximately one third of operating revenue in the 2017/18 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 and maintaining service levels are significant challenges 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. The Town has historically only invested in asset renewals on average at a rate 50%, which is 40% below the lower end of the standard benchmark of 90-110% of depreciation, which is a significant under investment in the towns assets of \$6.5M per annum. This is of a great concern to the Town and requires strategies be put in place to significantly increase investment and rationalise duplicated or failing infrastructure.

#### *Rating Strategy – 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 advertised model was underpinned by the following rating principles:

- Maintain existing rating categories and critically analyse the yield generated by each category, as a percentage of the total yield, comparing to the contribution by each category and the services consumed;
- Critically analyzing the minimum contribution by each property for each category and setting the minimum rate charge accordingly;
- Introduce a new vacant land category for commercial and industrial land in the town site boundary;
- Gross Rental Values apply to the following differential general rate categories: Residential, Commercial, Industrial, Commercial & Industrial Vacant Land, 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 and established minimums to achieve greater equity across all sectors and ensure a base level contribution per tenement;
- 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. At the time of writing this report the 2017 UV valuations were yet to be received;
- Stronger correlation between the RiD for each category and the objects and reasons underpinning the differential categories.

As part of the community consultation process (further outlined in the consultation section of this report), 25 submissions were received regarding the proposed rate in the dollar. Submissions related to the GRV Residential, Commercial, Industrial, and Commercial & Industrial Vacant Land 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.

Of the submission received, below are common themes per category, including a potential response and the resultant effect on the model or total rate yield:

No.	Category	Theme	Potential Response	Effect
17	Industrial	25% increase is too much.  Businesses being effected by downturn, increase provides no relief.	Increase proposed to align rate burden of category with current and future cost of industrial Estate. \$7M-\$10M required in infrastructure investment in next 2-5 years. RiD significantly lower than other categories, contributing only 9% of total burden.	
			Phase in increase over longer period (12.5% per year)	Decrease yield by \$227,129  Results in increase RiD multiplier for other categories.  No change to need for application to minister
5	Residential	Rent and GRV have decreased, so rates should decrease.  2.5% increase too high	Increase reflective of estimated increase in cost of providing services and infrastructure requirements.	
			Services still need to be provided.  Reduce RiD increase to 1.5%	Decrease in yield of \$141,337

No.	Category	Theme	Potential Response	Effect
4	Vacant industrial/ commercial RiD	There is little need for commercial/ industrial development.	Category introduced to reflect additional cost of managing vacant land and to encourage development.	
		Land values are down and businesses unable to afford rates	Consider a lower RiD that is under 200% industrial.  Assuming Industrial RiD does not decrease.	Decrease in yield of \$204,676  Min decrease to \$1,250
			Assuming industrial RiD is decreased	Decrease in yield of \$323,336  Min decrease to \$1,000
1	Minimum rates	Excessive minimum rates	Minimum rates are set at a level commensurate with estimated minimum contribution by each property to the cost of the services and infrastructure requirements.	
			Reduce minimum rates to 2016/17 level for one or all categories or in line with category increase.	Decrease in yield up to \$314,206
1	Mining	Lower use of infrastructure and low profit effecting ability to pay	Low minimum rate already reflects lower use of infrastructure for small mining tenements.	
			Consider lower increase or no change to RiD for this category	Decrease in yield of up to \$28,218

With due consideration to the 25 submissions received, it is recommended by the administration that the following differential general rates and minimum payments are to be imposed by the Town of Port Hedland for the 2017/18 financial year, with only a change to the advertised RiD for GRV Mass Accommodation category:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.5426	\$1,350
GRV Commercial	4.1897	\$2,000

GRV Industrial	3.4411	\$2,000
GRV Commercial & Industrial - Vacant	11.0852	\$2,000
GRV Mass Accommodation	26.0000	\$2,000
GRV Tourist Accommodation	11.7197	\$2,000
UV Mining	37.9250	\$270
UV Other	21.0000	\$2,000
UV Pastoral	10.5449	\$2,000

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;
- GRV Industrial
- GRV Commercial & Industrial Vacant Land
- UV Other;
- UV Pastoral.
- Workshops on potential rating strategies held with Elected Members on 15 March, 5th and 19th of April 2017, working through various options and outcomes balancing income requirements and property owners' capacity to pay;
- Confidential briefing note to Elected Members on 1 June 2017 detailing submission trends and feedback to date;
- Workshop with Elected Members on 6 June 2017 prior to SCM, where all submissions and recommendations in this report were discussed in detail;
- State wide notice in the West Australian on Thursday 11 May and Local public notice in the North West Telegraph on Wednesday 17 and 24 May 2017 advising of a submission due date and time of 12 noon 2 June 2017;
- 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 10 May and 2 June 2017;
- 3 notification posts on the Town of Port Hedland's Facebook page;
- Mayor spoke about the proposed strategy during Spirit Radio Chat.

The effective date for the commencement of local public notice was Thursday 11 May 2017, with submissions to be received by 12 noon on 2 June 2017. At the conclusion of the public comment period, a total of 25 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.



The CEO and the Chief Advisor attended meetings in Perth with the Department of Local Government and Communities (DLGC) and the Office of the Minister for Local Government. In these meetings the Town's proposed rating strategy was discussed and in particular the Mass Accommodation RiD. The general appetite to increase the Mass Accommodation RiD levied on TWA camp owners was not demonstrated. Informally the DLGC gave advice that under no circumstances would they recommend for the Minister to approve an increase to Mass Accommodation rates that was greater than what other LGA's were levying.

The Office of the Minister was a bit more circumspect about the topic, but again indicated there was not likely to be support for an increase of the amount the Town was currently proposing. Based on this advice, it is the administration's view that a revised the Mass Accommodation RiD be proposed, based on the same level as 2016/17 RiD. This would however mean a decrease in the rate yield previously modelled by \$323,336. There is an expectation that the reliance on rates yield from Mass Accommodation declines in future years and the rate burden distribution is increased to other categories.

### LEGISLATION AND POLICY 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;
- Section 6.26 of the Local Government Act 1995 – Non-rateable land;

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.

### FINANCIAL IMPLICATIONS

The proposed rates model is expected to yield \$25,469,708 in total rate revenue which is a **5.9 percent increase** from the 2016/17 actual raised rates as at end of month April 2017 and a **1 percent increase** from the 2015/16 year actual rates revenues received.

The income from the proposed rates model will meet the estimated required revenue from rates to fund the operations and capital expenditure requirements for the 2017/18 budget, assuming an equivalent draw on the return on investment of PHIA Long Term Lease Proceeds Reserve of \$4.5M to fund specific capital renewal and upgrade projects.

It is proposed that 95 properties within the GRV Commercial or Industrial rate code, that are currently vacant, be combined to create a new rating category with a separate RiD and Minimum as detailed in the statement of objects and reasons.

Options have been presented for Councils consideration based on submissions received and have the following financial impacts:

- Option 2 would result in a rate yield decrease of \$173,748 (0.5%) which would result in a total rate yield of \$25,512,280.
- Option 3 would result in a rate yield decrease of \$204,676 (1%) which would result in a total rate yield of \$25,481,352.
- Option 4 would result in a rate yield decrease of \$227,129 (1%) which would result in total rate yield of \$25,458,899.

A combination of all of the above options, noting that the decrease in GRV industrial would also require an additional decrease to GRV Commercial and Industrial Vacant Land, would result in a decrease in rate yield of \$641,563 which would result in a total rate yield of \$25,044,465 and an overall increase of 4.1%.

The officer notes that in considering committed and forecast expenditures, combined with endeavouring 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 2017/18 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 ongoing savings;
- 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. 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 AND RISK 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 proposing only 2.5% increase in the RiD for the Residential, Commercial, Tourist, Mining and Pastoral rate codes, commensurate with the estimated increase in the cost of providing services due to CPI and other cost factors associated with doing business in the Pilbara region.

The imposition of a new rating category for Commercial and Industrial vacant Land has been introduced to promote development of vacant allotments and cover the additional cost to the Town of managing vacant allotments including illegal rubbish dumping, vandalism and enforcing local laws.

The RiD for the industrial rating category is proposed to increase by 25% to phase in an alignment to commercial and residential RiD to increase the contribution made by this category to align it with the cost of maintaining and improving assets in the industrial estates, acknowledging that Port Hedland as an economic area is a heavy industry economy and has significant infrastructure improvement requirements planned for the next 5-10 years.

At the time of adopting the 2017/18 budget relief is anticipated to be provided to not-for-profit community groups and eligible pensioners by providing rates and service charge concessions in the 2017/18 financial year.

### *Social*

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

### *Financial*

There is a financial risk with a rating of high (12) that the Minister will not approve the proposed RiD's for GRV Mass Accommodation, GRV Commercial & Industrial Land, GRV Tourism and UV Mining. The estimated revenue loss should the minister reject the Town's application could be up to \$2.9M which would place significant financial pressure on the operations of the Town in the 2017/18 financial year and beyond.

### *Strategic*

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.

## OPTIONS

### *Option 1 - Adopt Officers Recommendation*

### *Option 2 - Amended Officers Recommendation*

Amend part 2 and 3 of the officer recommendation as presented to reflect alternate RiD for categories in response to submissions received, specifically reducing the proposed 2.5% increase for Residential, Commercial, Tourist Accommodation, Mining and Pastoral to 1.5%:

2. 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 2017/18 Budget adoption:

Rate Category	Rate in Dollar Expressed as cents in \$)	Minimum Payment
GRV Residential	5.4885	\$1,350
GRV Commercial	4.1488	\$2,000
GRV Industrial	3.4411	\$2,000
GRV Commercial & Industrial - Vacant	11.0852	\$2,000
GRV Mass Accommodation	26.0000	\$2,000
GRV Tourist Accommodation	11.6054	\$2,000
UV Mining	37.5550	\$270
UV Other	10.4420	\$2,000
UV Pastoral	21.0000	\$2,000

3. Endorse the 2017/18 Statement of Objects & Reasons as per Attachment 3 with amendments to RiD for GRV Residential, GRV Commercial, GRV Tourist Accommodation, UV Mining and UV Other and total rate yield of \$25,512,280.

*Option 3 – Amended Officers Recommendation*

Amend part 2 of the officer recommendation as presented to reflect alternate RiD or minimums for categories in response to submissions received, specifically reducing the GRV Commercial and Industrial Vacant Land RiD to 6.8500 and a minimum of \$1,250.

2. 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 2017/18 Budget adoption:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.5426	\$1,350
GRV Commercial	4.1897	\$2,000
GRV Industrial	3.4411	\$2,000
GRV Commercial & Industrial - Vacant	6.8500	\$1,250
GRV Mass Accommodation	26.0000	\$2,000
GRV Tourist Accommodation	11.7197	\$2,000
UV Mining	37.9250	\$270
UV Other	21.0000	\$2,000
UV Pastoral	10.5449	\$2,000

3. Endorse the 2017/18 Statement of Objects & Reasons as per Attachment 3 with amendments to RiD for GRV Commercial and Industrial Vacant Land and total rate yield of \$25,481,352.
4. 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 2017/18 Differential Rating Model as proposed, with respect to:
  - a) Rate in the Dollar for the GRV Mass Accommodation (26.0000) and Tourism Accommodation (11.7197) categories, due to them being more than two times the lowest Rate in the Dollar for the GRV Industrial rate category (3.4411), and

*Option 4 – Amended Officers Recommendation*

Amend part 2 of the officer recommendation as presented to reflect alternate RiD or minimums for categories in response to submissions received, specifically reducing the GRV Industrial RiD to a 12.5% increase (3.0970):

2. 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 2017/18 Budget adoption:

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	5.5426	\$1,350
GRV Commercial	4.1897	\$2,000
GRV Industrial	3.0970	\$2,000
GRV Commercial & Industrial - Vacant	11.0852	\$2,000
GRV Mass Accommodation	26.0000	\$2,000
GRV Tourist Accommodation	11.7197	\$2,000
UV Mining	37.9250	\$270
UV Other	21.0000	\$2,000
UV Pastoral	10.5449	\$2,000

3. Endorse the 2017/18 Statement of Objects & Reasons as per Attachment 3 with amendments to RiD for GRV Industrial and total rate yield of \$25,458,899.

## CONCLUSION

The proposed rates model is expected to yield \$25,469,708 in total rate revenue. The income from the proposed rates model will meet the estimated required revenue from rates to fund the operations and capital expenditure requirements for the 2017/18 budget, assuming an equivalent draw on the return on investment of PHIA Long Term Lease Proceeds Reserve of \$4.5M to fund specific capital renewal and upgrade projects. It is therefore suggested that Council endorse recommendations 1 to 4 as presented to ensure the short and long term financial sustainability of the Town.

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## ATTACHMENT 1 TO ITEM 8.1

## Summary of submissions received regarding the advertised 2017/18 Differential Rating Model

Ratepayer	Assessment	Rate category	Comments	Date received
Gavin Podmore	A101640	Residential	Asking for justification of 2.5% increase, questions regarding GRV, wages/ rentals have dropped and rates should also be lowered in line with economic downturn, ratepayers receive no help from Council	04-May-17
Mary Price	A126830	Residential	Asking for justification of 2.5% increase, questions regarding GRV, wages/ rentals have dropped and rates should also be lowered in line with economic downturn, ratepayers receive no help from Council	04-May-17
Eric Catalano	A152561	Residential	The proposed rates don't reflect the state of the economy in the town, asks Council to tighten the belt	17-May-17
Mike Andrews, Pneumatic Engineering Pty Ltd	A119900	Industrial	ToPH have made many mistakes in the past and 25% increase is another, should have opened up land for residential and industrial 10 years ago, locals suffer due to high rents and living costs	22-May-17
Timothy Davies	A125920	Industrial	Market is horribly depressed and time of uncertainty, cannot afford a 25% increase, increase will have a negative impact on the majority of land holders	22-May-17
Rochelle Plumb	A804338 A804372 A806602 A806603 A806604	Industrial & Residential	Properties have been unoccupied for years, rents have dropped significantly- so should rates, what services does Wedgefield benefit from?	22-May-17
Emanuel Dillon	A120490 A125660	Industrial	Council does little if anything to maintain and provide service to the streets in Wedgefield, property values have dropped significantly, cost of labour has also decreased, blames increase on bad management and poor planning, Council should not abuse its positional power as local authority	23-May-17
Siew Wah Tan	A126950	Industrial	25% increase too much, struggling financially due to economic downturn, unable to obtain tenants, property vacant	24-May-17
Trevor Walton & Deborah Flynn	A805320	Industrial	25% is unfair and outrageous, singling out industrial properties to bear the burden, increase will have to be passed on to tenants which are already hard to find, strong objection	24-May-17
Dennis Bartulovic, Viden (WA) Pty Ltd	A805550	Industrial	Had to reduced charges in dealings with TOPH over the past 2 years, suggest a 12.5% increase is more reasonable	24-May-17
Andrew & Jellene Davis	A803765	Residential	All beautification is taking place in South Hedland, no upgrades to Port/ Pretty Pool, services have not been at highest level eg continual closure of SHAC, water park and Marapikurrinya still not rebuilt, Hedland is not booming anymore, rates should be adjusted with GRVs	24-May-17
Arminie Macpherson	A154430	Industrial	Increasing rates for industrial property owners will heighten the outlook for business owners in the decrease of business in Hedland	24-May-17
Andrew Riegert, Riegert Enterprises Pty Ltd	A803620	Industrial	What do we get for our money? - roads in Wedgefield are terrible, flooding is a problem, verges never maintained, Town has ridiculous demands regarding building applications and increase in rates makes improvements impossible, Council is not helping the matter of businesses going broke in Town	25-May-17
McMahon Mining Title Services		Mining	Lower usage of shire infrastructure by mining & exploration operators, exploration sector do not make profits and are unable to pay rate increases, rents through DOL have increased so this is a double increase for mining sector	26-May-17
John Van Maanen, Maanen Holdings Pty Ltd	A118710 A127110 A128780 A154451	Industrial	What do we get for our money? - roads in Wedgefield are terrible, flooding is a problem, verges never maintained, drug addicts and squatters in vacant houses, no building compliance in Wedgefield; comments regarding current economic state of Hedland and Council not assisting this by increasing rates, Council must trim some fat	27-May-17
David Galvin, Roy Galvin & Co Pty Ltd	A130305 A803806	Industrial	Unrealistic increase of 25% would not be manageable if passed on to customers, shocked and cannot comprehend justification for such an increase, struggling in economic environment	29-May-17
Ivan Yujnovich	A108900 A108910 A121670 A128600	Industrial, Industrial Vacant	Refers to previous dealings and legal action with TOPH, objection to increase, stop spending, land values and sales are down	30-May-17
Mark Brusa, Delstrat Pty Ltd	A804757	Industrial Vacant	Strongly object to increase current economic climate and mining has slowed down, businesses are closing, there is little need for commercial/ industrial development, the increase is a form of extortion and do not encourage landowners to develop but pressure into selling	30-May-17
Frank Edwards	A130563	Commercial Vacant	He claims he had a verbal agreement that he should never have to pay rates, will be applying for a 100% rates exemption	30-May-17
Keith White	A119420	Industrial	What resources are directly related to his property, 25% increase is unjustifiable, less businesses operating in Wedgefield due to the economic decline	31-May-17

Scott Lowe, Nicholson Lowe Pty Ltd	14 industrial units	Industrial	Not happy with the lack of communication regarding the rating strategy, GRV revaluation every three years should occur more frequently, 25% increase is excessive and not supported by clear reasoning and too much of a burden to one category in a single rating year, no logical argument has been provided for the excessive minimum rates increase and is utterly outrageous	01-Jun-17
Veris (on behalf of Pilbara Constructions Pty Ltd)	A154882	Industrial Vacant	Objection to the introduction of the new rating category, it is not considered fair and equitable to charge a higher rate for vacant properties as a means of encouraging development due to difficult economic situation, many business are in survival mode, introduction of this category is not set out in LTFP	01-Jun-17
Susan Reibel	A119380	Industrial	Wedgefield does not get supplied with services such as kerbing, footpaths, road maintenance, too many illegal structures and residents, proposed rate does not accurately reflect use of Council resources and infrastructure	02-Jun-17
Toni Jessop, Hematite Super Gearing Pty Ltd	A806639	Industrial	a percentage increase of 25% would not provide relief for businesses in Wedgefield that are directly affected by the downturn, will not ensure long term retention of business and in turn local employment, increase is an impost on many businesses in Wedgefield affected by the challenging economic climate	02-Jun-17
Trevor Brodie, Thirty Second Garland Pty Ltd	A804648 A804649	Industrial	How is the increase justifiable?, at no stage in the past 30 years has there been an increase of 25%	02-Jun-17 (12.11pm)
Doug and Helen Gerloff, DMG Surveys Pty Ltd	A108760	Industrial Vacant	Objection as their company no longer operates as a business and does not generate income, and have tried to rent and sell the property, with no interest in the current market. The company has been paying the annual rubbish removal fees, but has not used this service. Unable to encourage 'street appeal' as there are no footpaths.	Tabled at the Meeting 5:48pm 06 June 2017
Sharon Collins, Collins Bulk Haulage	A156050	Industrial	Has the Town considered the downturn within the commercial industry as a whole? What about companies who own both commercial/ industrial and residential properties? I recommend to decrease the rate in the dollar for every alternate property owned.	Tabled at the Meeting 5:48pm 06 June 2017
Yvette Fernandez	Not supplied	Not Supplied	How can Council justify this increase? Owners are struggling to meet their loan commitments. I strongly suggest that Council justifies the reason for the increase and present a capital works strategy which has necessitated the need for additional funding. Staff to be reduced to help budget management.	Tabled at the Meeting 5:48pm 06 June 2017

**Total submissions received: 25**

**Late submissions received: 3**



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**Item 9 Matters for Which Meeting May Be Closed (Confidential Matters)**

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Nil

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**Item 10 Closure**

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**10.1 Date of Next Meeting**

The next Ordinary Meeting of Council will be held on Wednesday 28 June 2017, commencing at 5:30pm, with the Public Agenda Briefing being held on Wednesday 21 June 2017, commencing at 5:30pm.

**10.2 Closure**

There being no further business, the Mayor declared the meeting closed at 6:01pm.

**DECLARATION OF CONFIRMATION OF MINUTES**

I certify that these Minutes were confirmed by the Council at its Ordinary Meeting of \_\_\_\_\_ 2017.

CONFIRMATION:

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
DATE