



NOTICE OF A SPECIAL COUNCIL MEETING

Dear Council Member,

Please be advised that a Special Council Meeting of the Shire of Dandaragan will be held on **13 June 2013** at the **Council Chambers, Jurien Bay** commencing at **1.50pm**.

The purpose of the meeting is to authorise the CEO to advertise proposed differential rates for the 2013 / 2014 financial year and to seek permission to impose a differential general rate which is more than twice the lowest differential general rate to be imposed.

Please be advised that your copy of the agenda and business papers for the meeting are attached for your perusal.

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Tony Nottle
CHIEF EXECUTIVE OFFICER

13 June 2013



SHIRE
of
DANDARAGAN

AGENDA AND BUSINESS PAPERS

for the

SPECIAL COUNCIL MEETING

to be held at the

COUNCIL CHAMBERS, JURIEN BAY

on

THURSDAY 13 JUNE 2013

COMMENCING AT 1.50PM

(THIS DOCUMENT IS AVAILABLE IN LARGER PRINT ON REQUEST)

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

1.1 DECLARATION OF OPENING

1.2 DISCLAIMER READING

"No responsibility whatsoever is implied or accepted by the Shire of Dandaragan for any act, omission or statement or intimation occurring during this meeting.

It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Council's decision, which will be provided within fourteen (14) days of this meeting."

2 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

Members	Councillor W Gibson	(President)
	Councillor L Short	(Deputy President)
	Councillor M Russell	
	Councillor D Kent	
	Councillor L Holmes	
	Councillor K McGlew	
	Councillor M Sheppard	
	Councillor T Bailey	

Staff	Mr T Nottle	(Chief Executive Officer)
	Mr I Rennie	(Deputy Chief Executive Officer)
	Mr B Wall	(Manager Technical Services and Works)
	Mr S Clayton	(Manager Corporate Services)

Apologies

Approved Leave of Absence

3 PUBLIC QUESTION TIME



4 PURPOSE OF THE MEETING

The purpose of the meeting is to authorise the CEO to advertise proposed differential rates for the 2013 / 2014 financial year and to seek permission to impose a differential general rate which is more than twice the lowest differential general rate to be imposed.

5 ORDER OF BUSINESS

5.1 FINANCE

5.1.1 PROPOSED DIFFERENTIAL RATING FOR 2013 / 2014 FINANCIAL YEAR

Location:	Shire of Dandaragan
Applicant:	Business Classification Scheme / Rates and Valuations / Rate Classifications / Residential
Folder Path:	8547
Disclosure of Interest:	None
Date:	13 June 2013
Author:	Scott Clayton, Manager Corporate Services
Signature of Author:	
Senior Officer:	Tony Nottle, Chief Executive Officer
Signature of Senior Officer:	

PROPOSAL

To authorise the advertising of proposed differential rating for properties rated using the gross rental value (GRV) method of valuation.

BACKGROUND

In order to make up a budget deficiency when adopting annual budgets, a local government is to impose either a uniform or differential general rate on rateable land in its district (Section 6.32 of the Local Government Act 1995). Further, in imposing a rate a Local Government is to set both a rate which is expressed as a rate in the dollar of the gross rental value of land in its district to be rated on gross rental value, and a rate in the dollar of the unimproved value of land to be rated on unimproved value.

Historically, the Shire of Dandaragan had uniformly applied a general rate on rateable properties within its district.

However for the rating year 2011 / 2012, as a result of the changes to the prescribed percentage within the Land Valuation Regulations 1979 used to calculate the assessed value for GRV purposes of vacant residential and rural residential land it was necessary to implement differential rating for properties rated using the GRV method. This would be required to ensure not only that rates are levied to produce an equitable charge for the provision of services within the Shire of Dandaragan, but to apply a premium to vacant residential and rural residential properties to encourage the lands improvement to provide additional value to the growing community.

Section 6.33 of the Local Government Act 1995 states;

- (1) *A local government may impose differential general rates according to any, or a combination, of the following characteristics —*

<p>AGENDA FOR SPECIAL COUNCIL MEETING TO BE HELD THURSDAY 13 JUNE 2013</p>

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

Further, for the Shire of Dandaragan to impose differential rates Section 6.36 (3) of the Local Government Act 1995 requires the proposed differential rate to be advertised “within the period of 2 months preceding the commencement of the financial year.”

COMMENT

For the financial year commencing 1 July 2013, GRV properties have been revalued. Residential improved properties have experienced a value increase of 27.27% while vacant land have experienced a reduction of 32.53%

The Shire’s previous revaluation several years ago was completed during the peak of the property boom. The effect of this saw the values of vacant land on the coastal side of the shire increase at a rate significantly higher than the values for improved GRV properties. This is due to the way GRV is calculated where land is vacant and a traditional GRV cannot be calculated. In this situation 5% of capital value was used to calculate the value.

This resulted in the rates on the majority of coastal vacant blocks of land being only slightly less than the rates for a modest house.

The Council at the time felt that this was justified as Council’s desire was to encourage improvement of land and to also signify that it prefers land to be developed to provide additional value to the growing community.

In addition, the majority of the vacant blocks were located in new estates with significantly improved public open space, extensive road network, street lighting and swales that required significant maintenance immediately while the estates remained largely vacant.

Two years ago, the method of valuing vacant land was amended to reduce the GRV values by only calculating it using 3% of capital rather than 5%. By absorbing this change ratepayers of improved GRV would have seen an increase in rates, while vacant would

have decreased, but the Shire would not have raised any additional income.

Once again the Council at the time felt that the original increase to vacant land was appropriate and wished to maintain this blend. Therefore, differential rates were introduced and have been in place for two financial years now.

The trends experienced in the current revaluation are as a result of the reduction in vacant land values from the previous revaluation at the height of the market and the current valuation at the bottom of the market. Combined this with the retention of the 3% of capital value method, there has been a massive drop of 32% for the value of GRV for vacant land. At the same time GRV for residential improved land has increase 27%.

As is customary after a revaluation, the rates department adjusts the rate in the \$ to return the overall income to a nil change prior to applying any increases.

The introduction of differential rates combined with the changes in values presents two issues.

Firstly, to maintain the status quo the rate must increase significantly for vacant land, while the rate for the remainder must drop.

This results in needing to set a rate for vacant land of approximately 3 times the rate for the general GRV to retain the status quo.

The Local Government Act prevents states;

“In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.”

It has previously been the opinion of Council the blend of income from vacant land versus residential dwelling is appropriate and as such, a rate in the dollar for vacant greater than double the general rate is also appropriate.

Once the starting point has been reached, it is then proposed the an increase of 2.5% be applied to the general GRV rate.

CONSULTATION

- Chief Executive Officer

STATUTORY ENVIRONMENT

Section 6.32 of the Local Government Act 1995

AGENDA FOR SPECIAL COUNCIL MEETING TO BE HELD THURSDAY 13 JUNE 2013

Section 6.33 of the Local Government Act 1995
Section 6.36 of the Local Government Act 1995

POLICY IMPLICATIONS

There are no policy implications relevant to this report.

FINANCIAL IMPLICATIONS

The application of differential rating is for the purpose of apportioning the rate revenue derived between different categories of property owners.

There are no budget implications from applying differential rating. The intention with proposing a differential rate is to maintain the proportion of rate revenue derived from each property.

STRATEGIC IMPLICATIONS

There are no strategic implications relevant to this report.

ATTACHMENTS

Nil

VOTING REQUIREMENT

Simple majority

OFFICER RECOMMENDATION

That Council;

- 1. in accordance with Section 6.36 of the Local Government Act 1995, authorise the Chief Executive Officer to advertise its intention to apply differential rating as allowed under Section 6.35 of the Local Government Act 1995, for Gross Rental Valuation (GRV) properties in the district as follows;**

<i>Rating Category*</i>	<i>Proposed Rate in \$</i>	<i>Proposed Minimum Charge</i>	<i>Objects of and Reasons for Proposed Rate</i>
GRV - General	\$0.0695	\$582	To levy a rate in the dollar to produce an equitable charge for the provision of services within the Shire of Dandaragan
GRV – Vacant Residential Jurien & Cervantes Town sites and Rural Residential	\$0.177	\$582	To levy a rate in the dollar at a premium of the GRV – General rate to reflect not only Council's desire to encourage improvement of land but to also signify that it prefers land to be developed to provide additional value to the growing community. In addition, to maintain rate income proportionate to the service and facilities already provided for and maintained.

and;

2. in accordance with Section 6.33 (3) of the Local Government Act 1995, authorise the Chief Executive Officer to seek ministerial approval to impose a differential general rate which is more than twice the lowest differential general rate to be imposed.

6 CLOSURE OF MEETING