



VISION OF COUNCIL

"A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment."

AGENDA

BUSINESS OF AN URGENT NATURE

FOR THE

ORDINARY MEETING OF COUNCIL

18 APRIL 2019

OUR VISION

"A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment."

OUR MISSION

"To deliver affordable and quality Local Government services."

CORE VALUES OF THE SHIRE

The core values that underpin the achievement of the mission will be based on a strong customer service focus and a positive attitude:

Communication

Integrity

Respect

Innovation

Transparency

Courtesy

DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the Local Government Act 1995 (Section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

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SHIRE OF BROOME
ORDINARY MEETING OF COUNCIL
THURSDAY 18 APRIL 2019
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8. MATTERS FOR WHICH THE MEETING MAY BE CLOSED

The Chief Executive Officer advises that there are matters for discussion on the agenda for which the meeting may be closed, in accordance with section 5.23(2) of the *Local Government Act 1995*.

Recommendation

That the following Agenda items be considered under 14. Matters Behind Closed Doors, in accordance with section 5.23(2) of the *Local Government Act 1995*, as specified:

12.2 REQUEST FOR QUOTE 18/56 - CHINATOWN REVITALISATION PROJECT

Item 12.2 and any attachments are confidential in accordance with Section 5.23(2) of the Local Government Act 1995 section 5.23(2)(c) as it contains “a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting”.

12.3 REQUEST FOR TENDER 18/09 TOWN BEACH PRECINCT GREENSPACE TENDER

Item 12.3 and any attachments are confidential in accordance with Section 5.23(2) of the Local Government Act 1995 section 5.23(2)((e)(iii)) as it contains “a matter that if disclosed, would reveal information about the business, professional, commercial or financial affairs of a person, where the information is held by, or is about, a person other than the local government”.

12. BUSINESS OF AN URGENT NATURE

12.1 NOTICE OF INTENTION TO IMPOSE 2019/20 DIFFERENTIAL RATES

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	468
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	2 April 2019

SUMMARY: As part of the 2019/20 budget process, Council is required to endorse the proposed differential rates for local public notice seeking public comment for not less than 21 days. This provides an opportunity for public submissions to be considered prior to the final adoption of rates. In summary, the proposed rates for the 2019/20 financial year deliver a general rate increase of 1.75% required to balance the draft budget for 2019/20. The UV Mining rating category is proposed to have a lesser minimum payment of \$500 consistent with 2018/19. Minimum payments on all other properties are proposed to remain at \$1,220.

BACKGROUND

The purpose of levying rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure. The rates levied on properties are determined by applying the rate in the dollar to the applicable valuation amount of the properties in the district. The methods of land valuation are determined by the Minister for Local Government and Communities (the Minister) and the actual amount of property valuation is provided by the Valuer General's Office (VGO).

The application of differential rates takes into consideration section 6.33 of the *Local Government Act 1995* (LGA) which provides the ability to differentially rate properties based on zoning and/or land use as determined by the local government.

Section 6.35 of the LGA also provides the ability to impose a minimum payment which is greater than the general rate which would otherwise be payable on that land. The application of differential rating on the basis of land use and/or zoning results in a rate in the dollar and minimum payment amounts for each rating category.

In accordance with section 6.36 of the LGA, a local government is required to give local public notice of intention of imposing differential general rates or a minimum payment.

The application of differential rates and minimum payments maintains equity in the rating of properties across the Shire of Broome (the Shire), enabling Council to provide facilities, infrastructure and services to the entire community and visitors.

This report has been developed to present to Council:

1. The 2019/20 budget process to date including revenue required to be raised from rates as per the 2019/20 draft budget;
2. The proposed rating categories and corresponding valuations;
3. The proposed rate in the dollar for each rating category reflecting a 1.75% increase from the preceding year;
4. The proposed minimum payments for each rating category, which remained the same as the preceding year. Once again UV Mining category is set at a lower level to ensure compliance with section 6.35 of the LGA;
5. An illustration of the proposed differential rates and minimum payments required to be raised to balance the 2019/20 budget;
6. The requirement to advertise certain rating information through public notice; and
7. The requirement to consider submissions received in relation to the proposed rates.

Recommendations are also included in this report for Council's consideration.

COMMENT

1. Summary of budget process to date and revenue required to be raised from rates

A number of Council presentations and workshops have been held to date including:

29 and 30 October 2018	Overview of Integrated Planning and Reporting Framework
21 March 2019	Draft Fees & Charges and Operating Budget which includes Engineering Works Resource Budget
4 April 2019	Capital Budget & Project Briefs, Plant Replacement, Project Site Visit and Rates Information

The draft budget was primarily developed with reference to Council's adopted Corporate Business Plan (CBP), Long Term Financial Plan (LTFP) and Asset Management Plans (AMP's). Consideration was also given to a number of project briefs that were submitted by staff and presented to Council through the aforementioned workshops.

Following deliberations and feedback provided by Councillors at the Budget Workshop on 4 April 2019, minor amendments have been made to the draft budget documents. As part of the budget workshops with Council, it was identified that \$22.77M of rates revenue was required to achieve a balanced budget in 2019/20.

Key achievements in this year's budget include:

- Zero-based budgeting and operational revenues, expenses and net results in line with the 2019/20 LTFP;
- A continued focus by officers in leveraging Council funds to attract significant grant funding; and
- A focus on revenue raised through fees and charges.

All of these factors have resulted in a proposed rate increase being contained to 1.75% across all differential rating categories to deliver the priorities and services of Council. This proposed increase is slightly higher than the indicative figure of 1% included within the Shire's LTFP.

A proposed minimum rate of \$1,220 has been applied to all rating categories except for the UV-Mining category which has been maintained at \$500 to ensure compliance with section 6.35 of the LGA.

The proposed 1.75% increase in rates enables the delivery of the following key capital projects within the draft budget:

- Town Beach Jetty - \$11.3M
- BRAC Outdoor Multi Sport Court Upgrade - \$2.5M
- Plant Replacement - \$1.8M (key items include replacement of heavy machinery and fleet vehicles)
- McDaniel Road Upgrade Stage 1 - \$1M
- Chinatown Revitalisation Program Stage 2 - \$800K
- Herbert and Saville Roundabout - \$692K
- Urban roads reseal program - \$611K
- Renewal and upgrades of various parks, ovals and public open spaces - \$503K
- Furniture, equipment, capital ICT hardware and software projects- \$460K
- Frederick Street and other drainage - \$315K
- Various street lighting - \$309K
- Other road upgrades- \$274K
- Waste Management Facility Posi-Shell waste cover - \$235K
- Broome Volunteer Bushfire Brigade Shed - \$224K
- Various footpath constructions, renewals and upgrades - \$224K
- Waste Management Facility capping and other rehabilitation - \$200K
- Chinatown Entry Statement - \$200K
- Renewal of various buildings - \$165K
- Waste Management Facility Tyre Processing - \$158K
- Australia Day, Reconciliation Week, Chinatown Christmas decorations and various community events - \$102K
- Implementation of economic development, youth framework and community safety plan - \$100K
- Review of Local Planning Scheme and Local Planning Strategy - \$80K
- Road Visual Condition Survey - \$80K
- Town Beach Erosion Study and various shoreline monitoring program - \$79K
- Streeters Jetty Renewal - \$68K
- Cemetery Ground Penetrating Radar - \$65K
- Cable Beach Foreshore Redevelopment Business Case - \$60K
- Skate Park Design - \$58K
- Installation of large fans at BRAC - \$51K
- BRAC Tennis Fencing renewal - \$44K
- Various bus facilities renewal and upgrade - \$30K
- Carparks and bus bays - \$30K
- BRAC adjustable backboards - \$28K
- Cricket facilities upgrade - \$17K
- Surf Life Saving Club access bridge renewal - \$15K.

The basis of the proposed rates modelling to achieve these capital projects and normal operational services is outlined in the following parts of this report.

2. 2019/20 Rating Categories and Corresponding Valuation Amounts

Gross Rental Value (GRV)

The LGA prescribes that properties of non-rural purpose be rated using GRV as the basis of calculation of annual rates. The Valuer Generals Office (VGO) determines the GRV for all properties within the Shire. As per section 22 of the *Valuation of Land Act 1978*, the VGO determines the frequency of general valuations although historically a GRV revaluation has occurred every three to five years. The most recent valuation was undertaken in September 2014, effective from 1 July 2015.

In October 2018, the VGO commenced a review of all GRV properties within the Shire with revised valuations to become effective from 1 July 2019.

Given the relationship between GRV and rental potential, property owners and the Shire are potentially exposed to large variations in property values from one valuation cycle to the next. For example, as can be seen in the tables below, there is an average reduction of 4.74% in total rateable land value between 2015/16 and 2019/20. It is important for both ratepayers and Council to recognise that changes in land values do not automatically drive changes to overall rates.

The 4.74% average decrease in GRV is also not uniform for all properties. As can be observed from the tables below, the average change in GRV of residential properties differed from that of commercial, tourism and vacant properties. Furthermore, the average change in GRV also varied one suburb to another.

In seeking to achieve a balanced budget and a single rate in the dollar for each rating category, the Shire amended its rate in the dollar and reviewed the relative rates burden placed on each category. This provided a fair and equitable methodology in achieving a required rate increase of 1.75%.

Change in GRV summarised by rating category

Description	Old GRV	New GRV	Change in GRV
GRV - RESIDENTIAL	124,461,138	115,815,910	-6.95%
GRV - COMMERCIAL	53,575,670	52,824,259	-1.40%
GRV - TOURISM	17,810,120	19,036,556	6.89%
GRV - VACANT	5,357,160	3,997,062	-25.39%
Grand Total	201,204,088	191,673,787	-4.74%

Change in GRV summarised by suburb

Suburb	Old GRV	New GRV	Change in GRV
CABLE BEACH	66,025,492	62,457,694	-5.40%
BROOME	62,549,054	60,174,389	-3.80%
DJUGUN	42,833,344	39,525,342	-7.72%
BILINGURR	18,568,298	18,076,326	-2.65%
MINYIRR	7,594,780	7,917,838	4.25%
ROEBUCK	2,139,720	1,985,133	-7.22%
WATERBANK	836,600	841,828	0.62%
EIGHTY MILE BEACH	437,300	417,490	-4.53%
DAMPIER PENINSULA	114,200	169,847	48.73%
LAGRANGE	105,300	107,900	2.47%
Grand Total	201,204,088	191,673,787	-4.74%

Properties rated based on GRV are categorised as follows:

- a. GRV – Residential – This rating category consists of properties located within the townsite boundaries which have a predominant residential use. The object of the rate for this category is to be the base rate by which all other GRV rated properties are assessed. The reason is that the other GRV rating categories have a higher demand on Shire resources and vacant land is encouraged to be developed.
- b. GRV – Vacant – This rating category consists of vacant properties located within the townsite boundaries including land zoned as Tourist, Commercial or Industrial. The object of the rate for this category is designed to encourage land owners to develop vacant land, discourage land banking and to reflect the different method used for the valuation of vacant land as compared to the GRV-Residential rate category. The reason is that excessive vacant land leaves subdivisions and various parts of the Shire appearing barren and unsightly to the detriment of the aesthetics of the area. The rate in the dollar for this category is 62% higher than the GRV-Residential base rate.
- c. GRV – Commercial – This rating category consists of properties used for Commercial, Town Centre or Industrial purposes excluding properties with a tourism use. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher level of service provided to properties in this category. The reason is that the Shire incurs higher costs to service these areas including car park infrastructure, landscaping and other amenities. In addition, extra costs are also associated with economic development activities that have a benefit to these ratepayers. The rate in the dollar for this category is 10% higher than the GRV-Residential base rate.
- d. GRV – Tourism – This rating category consists of properties with a tourism use. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher reliance on Shire resources and the higher level of service provided to properties in this category. The reason this category is rated higher than the base rate for GRV is to fund costs associated with the heavier use of infrastructure and other Council assets and services in addition to contribution towards tourism promotion activities. The rate in the dollar for this category is 53% higher than the GRV-Residential base rate.

Unimproved Value (UV) Revaluations

Properties that are predominantly used for rural purposes are assigned a UV valuation. The rate in the dollar set for the UV-Rural category forms the basis for calculating all other UV differential rates.

UV properties are updated and re-valued by the VGO on an annual basis with the most recent valuations taking effect from 1 July 2019. UV-Rural revaluations have yet to be received from the VGO at the date of this report although the VGO advised that they are not expecting any changes in the general valuations of unimproved values in Broome and therefore rateable value of UV properties in 2019/20 are expected to remain the same as 2018/19. UV-Mining revaluations had not been received as at the date of this report and expected to be available late May. Council will be consulted should these valuations affect the rate model as presented.

- a. UV – Rural – This rating category consists of properties that are exclusively for rural use. The object of the rate for this category is to be the base rate by which all other UV rated properties are assessed. The reason is that the other UV rating categories have a higher demand on Shire resources.

- b. UV - Commercial Rural – This rating category consists of properties that are outside of the town site that have a commercial use inclusive of:
- o Pearling Leases;
 - o Pastoral leases or Pastoral use;

As a consequence of the UV to GRV review in 2016/17, caravan parks, roadhouses and other short stay accommodation facilities previously classified in 2016/17 under this category have been classified to either GRV-Tourism or GRV-Commercial depending on the nature of the related business.

The object of the rate for this category is to raise revenue to fund the additional costs of servicing these properties. The reason is that the Shire incurs higher costs in infrastructure maintenance as a result of extra vehicle movements on the Shire's road network due to the activities associated with these properties.

- c. UV – Mining – This rating category consists of properties that are used for mining, exploration or prospecting purposes. The object of the rate for this category is to raise additional revenue to fund the additional cost impacts to the Shire. The reason this category is rated higher than UV-Commercial is to reflect the higher road infrastructure maintenance costs to Council as a result of frequent heavy vehicle use over extensive lengths of Shire roads throughout the year.

3. The Proposed Rate in the Dollar

Following deliberations at the Budget Workshop on 2 April 2019 and feedback provided by Councillors, minor amendments have been made to the draft budget documents. The draft budget documents included a proposed general rate increase of 1.75% for all differential rating categories. Rates modelling has been undertaken and adjustments in the proposed general rates in the dollar and minimum payments have been made with consideration to achieving a minimal rate increase given the current economic climate.

As part of the annual budget process, Council must determine the general rate in the dollar to be used in the 2019/2020 financial year. Following receipt of the triennial GRV valuation from the VGO, which will apply from the financial year 2019/20 onwards, the Shire has adjusted the rate in the dollar to moderate the impact of the triennial revaluation as there has been a significant impact for most properties. This has been achieved by calculating the rate in the dollar that will result in a rate yield from each rating category that is 1.75% higher than 2018/2019 rate yield. The overall objective for the 2019/20 differential rating approach is an attempt to ease the burden of the GRV revaluation whilst ensuring that the required rates revenue to balance the budget is collected on an equitable basis, enabling the Shire to provide facilities, infrastructure and services to the entire community.

Differential Rate Category	Minimum Payment Proposed	Rate in the \$ (Cents) Proposed
GRV – Residential	\$1,220	10.8224
GRV – Vacant	\$1,220	19.8104
GRV – Commercial/Industrial	\$1,220	11.2119
GRV – Tourism	\$1,220	14.6665
UV – Rural	\$1,220	0.7623
UV – Mining	\$500	11.7729
UV – Commercial Rural	\$1,220	3.1875

The proposed rate in the dollar for each rating category is summarised in the table above and reflects a 1.75% increase from the preceding year.

4. The Proposed Minimum Payments

As part of the annual budget process, Council must determine the minimum payment for differential rating categories to be used in the 2019/20 financial year.

The setting of minimum rates within rating categories recognises that every property receives some minimum level of benefit from the works and services provided by the Shire which is shared by all properties regardless of size, value and use. A proposed minimum rate of \$1,220 has been applied to all rating categories except for the UV-Mining category which has been set at \$500.

UV of mining tenements ranges from \$10 to \$74,000 with an average UV of \$17,334. The minimum rate for the UV-Mining category is set at a lower level compared to the other rating categories in order to ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount. This will also ensure that less than 50% of the properties in this category are on the minimum rate and comply with section 6.35 of the LGA.

5. Rates from Proposed Differential Rates and Minimum Payments Making up the 2019/20 Budget Deficiency

Applying the rate in the dollar to the rateable value of the various properties within each rating category results in an estimated total rates of \$22.77M, which is 100% of the \$22.77M budget deficiency. This percentage satisfies the requirements of section 6.34 of the LGA.

Detailed calculations illustrating the resulting rates for all differential rating categories along with associated minimum payments is summarised in Attachment 3 of this report.

The following factors have been considered in the rates analysis due to their impact on ratepayers and yield and have been accounted for when setting the proposed rate in the dollar:

- The number of rateable properties compared to last year has increased from 6,847 in 2018/19 to 6,869 in 2019/20. This change is the net effect of the following changes:
 - 32 vacant properties previously classified as GRV - Commercial have been classified as GRV - Vacant;
 - 12 vacant properties previously classified as GRV - Tourism have been classified as GRV - Vacant;
 - Surrender of 2 mining tenements;
 - Several subdivisions of GRV - Residential land and changes to the rates exemption status of certain properties (e.g. Department of Housing) resulted in 24 additional rateable properties;
- \$nil has been modelled to be received in interim rates for 20120.
- The UV-Mining minimum payments amount remain at \$500.
- Minimum payments for all other rating categories remain at \$1,220.

The proposed objects and reasons for Differential Rating for 2019/2020 is found in Attachment 2.

From a statutory perspective, it is important to note that section 6.35 of the LGA requires a local government to ensure that the general rate is imposed on not less than 50% of the number of separately rated properties or 50% of the number of properties in a differential general rate category. This has been achieved in all categories except in GRV – Vacant. It is proposed that Ministerial approval be sought in this circumstance to ensure a consistent rate increase is applied to all properties within this category.

In line with previous years, Ministerial approval must also be sought in accordance with section 6.33 of the LGA for the proposed UV-Mining and UV-Commercial Differential General rates as these are more than twice the lowest UV general rate.

It is acknowledged that the UV-Mining revaluations will require analysis upon receipt, however it is intended to ensure a comparable rate yield plus 1.75% is achieved from each UV category, thus not impacting the proposed total rate revenue. Council will need to consider these valuations prior to formally adopting differential rates and may need to adjust the UV rates in the dollar accordingly. In order to progress timely adoption of the budget it is proposed to seek public comments on the proposed UV differential rates indicating a 1.75% rate increase, however understanding this will be reviewed in due course upon receipt of UV-Mining valuations.

6. The Required Public Notice of Certain Rates

Section 6.36 of the LGA requires the Council to give local public notice of its intention to impose differential general rates or a minimum payment applying to a differential rate category. This allows the ratepayers to see how properties are rated across the district.

As per section 1.7 and 6.36 of the LGA, the local public notice of differential rates must:

- be published at least once in a newspaper circulating generally in the district;
- be displayed on a notice board at the local government's offices;
- be displayed on a notice board at each local government library;
- contain details of each rate or minimum payment the Council proposes to impose;
- advise where a document can be inspected that provides the objects of and reasons for each proposed rate and minimum payment;
- contain an invitation for electors or ratepayers to lodge submissions on any of the proposals within 21 days from the date of notice (i.e. the 21-day submission period excludes the first day of publishing); and
- be published within the period of 2 months prior to 1 July 2019 (i.e. not earlier than 1 May).

Council must then consider any submissions received prior to seeking the Minister's approval (should this be required) and prior to formally adopting the differential rates and minimum payments as part of the annual budget process.

CONSULTATION

Department of Local Government, Sport and Cultural Industries

STATUTORY ENVIRONMENT**Local Government Act 1995****1.7 Local public notice**

- (1) Where under this Act local public notice of a matter is required to be given, a notice of the matter is to be —
 - (a) published in a newspaper circulating generally throughout the district; and
 - (b) exhibited to the public on a notice board at the local government's offices; and
 - (c) exhibited to the public on a notice board at every local government library in the district.
- (2) Unless expressly stated otherwise it is sufficient if the notice is —
 - (a) published under subsection (1)(a) on at least one occasion; and
 - (b) exhibited under subsection (1)(b) and (c) for a reasonable time, being not less than —
 - (i) the time prescribed for the purposes of this paragraph; or
 - (ii) if no time is prescribed, 7 days.

6.28 Basis of Rates

- 1). The Minister is to -
 - (a) determine the method of valuation of land to be used by a local government as the basis for a rate; and
 - (b) publish a notice of the determination in the government gazette.
- 2). In determining the method of valuation of land to be used by a local government the Minister is to have regard to the general principle that the basis for a rate on any land is to be –
 - (a) where the land is used predominantly for rural purposes, the unimproved value of the land, and
 - (b) where the land is used predominantly for non-rural purposes, the gross rental value of the land.

6.32 Rates and service charges

- (1) When adopting the annual budget, a local government —
 - (a) in order to make up the budget deficiency, is to impose* a general rate on rateable land within its district, which rate may be imposed either —
 - (i) uniformly; or
 - (ii) differentially; and
 - (b) may impose* on rateable land within its district —
 - (i) a specified area rate; or
 - (ii) a minimum payment; and
 - (c) may impose* a service charge on land within its district.

** Absolute majority required.*

- (2) Where a local government resolves to impose a rate it is required to —
- (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
 - (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

6.33 Differential general rates

- (1) A local government may impose differential general rates according to any or a combination, of the following characteristics -
- (a) the purpose for which the land is zoned under a local planning scheme in force under the Planning and Development Act 2005;
 - (b) the predominant 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.

6.34 Limit on revenue or income from general rates

Unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

- (a) be more than 110% of the amount of the budget deficiency; or
- (b) be less than 90% of the amount of the budget deficiency.

6.35. Minimum payment

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
- (a) 50% of the total number of separately rated properties in the district; or
 - (b) 50% of the number of properties in each category referred to in subsection (6),
- on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
- (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6),

unless the general minimum does not exceed the prescribed amount.

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

[Section 6.35 amended by No. 49 of 2004 s. 61.]

6.36 Local government to give notice of certain rates

- (1) Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.
- (2) A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).
- (3) A notice referred to in subsection (1) —
 - (a) may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency; and
 - (b) is to contain —
 - (i) details of each rate or minimum payment the local government intends to impose; and
 - (ii) an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and
 - (iii) any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and
 - (c) is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.
- (4) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.
- (5) Where a local government —
 - (a) in an emergency, proposes to impose a supplementary general rate or specified area rate under section 6.32(3)(a); or

- (b) *proposes to modify the proposed rates or minimum payments after considering any submissions under subsection (4),*

it is not required to give local public notice of that proposed supplementary general rate, specified area rate, modified rate or minimum payment.

6.47 Concessions

Subject to the Rates and Charges (Rebates and Deferments) Act 1992, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.*

** Absolute majority required*

POLICY IMPLICATIONS

2.1.5 Rural Rating

2.1.6 Tourism Administration Policy

FINANCIAL IMPLICATIONS

The proposed differential rates and minimum payments for the 2019/20 financial year will raise estimated rates revenue of \$22.77M. A detailed rates model is attached (attachment 3).

RISK

Future decisions on this matter impact the rates levied on the districts ratepayers.

There is possible moderate risk of non-compliance with the LGA, possible moderate level public embarrassment and almost certain major financial implications to Council. In order to mitigate these risks, it is advised that Council support the recommendations of this report.

STRATEGIC IMPLICATIONS

Our People Goal – Foster a community environment that is accessible, affordable, inclusive, healthy and safe:

Effective communication

Affordable services and initiatives to satisfy community need

Our Prosperity Goal – Create the means to enable local jobs creation and lifestyle affordability for the current and future population:

Affordable and equitable services and infrastructure

Affordable land for residential, industrial, commercial and community use

Our Organisation Goal – Continually enhance the Shire's organisational capacity to service the needs of a growing community:

Sustainable and integrated strategic and operational plans

Responsible resource allocation

Effective community engagement

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION:

That Council:

1. *Publishes a local public notice proposing the 2019/20 differential general rates and minimum payments set out in the table below and invites electors or ratepayers to lodge submissions about this proposal within 21 days from the date of notice:*

DIFFERENTIAL RATE CATEGORY	RATE IN THE DOLLAR (cents)	MINIMUM PAYMENT
<i>Residential (GRV)</i>	10.8224	\$1,220
<i>Vacant (GRV)</i>	19.8104	\$1,220
<i>Commercial (GRV)</i>	11.2119	\$1,220
<i>Tourism (GRV)</i>	14.6665	\$1,220
<i>Mining (UV)</i>	11.7729	\$500
<i>Rural (UV)</i>	0.7623	\$1,220
<i>Commercial Rural (UV)</i>	3.1875	\$1,220

2. *Adopts the Objects and Reasons presented in Attachment 2 for each of the proposed differential general rates and minimum payments in point 1 above; and*
3. *Following the close of the public submission period, requests the Chief Executive Officer to report back to Council, presenting any submissions for formal consideration prior to seeking Minister's Approval:*
 - (a) *Under section 6.33(3) of the Local Government Act 1995 to impose differential rates for those rates that are more than twice the lowest differential rate.*
 - (b) *Under section 6.35(5) of the Local Government Act 1995 to impose a minimum payment of \$1220 on GRV - Vacant properties as exemption to subsections 2, 3 and 4 of section 6.35 of the Local Government Act 1995.*

Attachments

1. 2019-2020 Draft Local Public Notice to Impose Differential Rates
2. 2019-2020 Draft Rating Objects and Reasons
3. 2019-2020 Proposed Rates Model

Shire of Broome Notice of Intention to Impose Differential Rates

In accordance with section 6.36 of the Local Government Act 1995, in its budget for the year ending **30 June 2020**, the Shire of Broome intends imposing the following differential rates and minimum payments.

DIFFERENTIAL RATE CATEGORY	RATE IN THE DOLLAR
UNIMPROVED VALUED PROPERTIES	
<i>UV – Mining</i>	0.117729
<i>UV – Rural</i>	0.007623
<i>UV – Commercial Rural</i>	0.031875
GROSS RENTAL VALUED PROPERTIES	
<i>GRV – Residential</i>	0.108224
<i>GRV – Vacant</i>	0.198104
<i>GRV – Commercial</i>	0.112119
<i>GRV – Tourism</i>	0.146665

A minimum payment of \$1,220 is proposed for all categories except UV – Mining category for which a minimum payment of \$500 is proposed.

The figures shown above are estimates and may change as part of Council's deliberations after consideration of any submissions received.

A statement of the objects and reasons for the proposed differential rates is available at Council's offices, corner Weld and Haas Streets, Broome Monday to Friday 8am to 4pm and on the Shire of Broome website at www.broome.wa.gov.au.

Written submissions from electors and ratepayers on the proposed rates and the minimum payments are to be addressed to the Chief Executive Officer, Shire of Broome, PO Box 44, Broome WA 6725 or emailed to shire@broome.wa.gov.au. No submissions will be considered after **4pm, 23 May 2019**.

For further details contact the Manager Financial Services, Alvin Santiago, on 08 9191 3456.

S MASTROLEMBO
CHIEF EXECUTIVE OFFICER

WAMA ADVERTISING ORDER			
Purchase Order Number:			
Contact Name:		Simon Penn	
Phone No.:	08 9191 3483	Fax No:	08 9191 3455
Email:	Simon.penn@broome.wa.gov.au		
Publications	Size and Style	Section or Classification	Insertion Date/s
Broome Advertiser	Lineage	Public Notices	2 May 2019
West Australian	Lineage	Local Govt Notices	N/A
Authorised By:	James Watt	Date:	



Objectives and Reasons of the Differential Rates and Minimum Payments for the 2019/20 Financial Year

In accordance with section 6.36 of the Local Government Act 1995, the Shire of Broome is required to publish its Objects and Reasons for implementing Differential Rates.

Overall Objective

The purpose of the levying of rates is to meet the Shire's budget requirements each financial year to deliver services and community infrastructure. Property valuations provided by the Valuer General are used as the basis for the calculation of rates each year. Section 6.33 of the *Local Government Act 1995* provides the ability to differentially rate properties based on zoning and/or land use as determined by the Shire of Broome. Properties are grouped according to town planning zonings and/or predominant land use with each having a separately calculated rate in the dollar to achieve greater equity across all sectors.

Council has considered the Key Values contained within the Rating Policy Differential Rates (s.6.33) March 2016 released by the then Department of Local Government and Communities, being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and administrative efficiency

A copy of this policy can be obtained from this link:

<https://www.dlgsc.wa.gov.au/resources/publications/Pages/ViewPublication.aspx?DocID=558>.

Council has determined its required rates yield after reviewing all revenue sources, expenditure and efficiency measures as part of its budget deliberations. After reviewing budgeted sources of revenue and expenditure for the financial year 2019/20, a budget deficiency of \$22.77M has been identified. To fund this deficit, the rate-in-dollar is proposed to be increased by 1.75% across all rating categories based on current valuations to reflect Council's objective of raising a total of \$22.77M in rates. This will ensure an equitable distribution of the required rates yield from one year to the next consistent with Shire's approach in previous years.

The rate yield of \$22.77M is in line with the revenue requirements of the Shire's Long-Term Financial Plan (LTFP) of \$22.77M for the 2019/20 financial year and provides for Capital Works and Programs which includes:

- Town Beach Jetty - \$11.3M
- BRAC Outdoor Multi Sport Court Upgrade - \$2.5M
- Plant Replacement - \$1.8M (key items include replacement of heavy machinery and fleet vehicles)
- McDaniel Road Upgrade Stage 1 and 2 - \$1M
- Chinatown Revitalisation Program Stage 2 - \$800K
- Herbert and Saville Roundabout - \$692K
- Urban roads reseal program - \$611K
- Renewal and upgrades of various parks, ovals and public open spaces - \$503K
- Furniture, equipment, capital ICT hardware and software projects- \$460K

- Frederick Street and other drainages - \$315K
- Various street lighting - \$309K
- Other road upgrades- \$274K
- Waste Management Facility Posi-Shell waste cover - \$235K
- Broome Volunteer Bushfire Brigade Shed - \$224K
- Various footpath constructions, renewals and upgrades - \$224K
- Waste Management Facility capping and other rehabilitation - \$200K
- Chinatown Entry Statement - \$200K
- Renewal of various buildings - \$165K
- Waste Management Facility Tyre Processing - \$158K
- Australia Day, Reconciliation Week, Chinatown Christmas decorations and various community events - \$102K
- Implementation of economic development, youth framework and community safety plan - \$100K
- Review of Local Planning Scheme and Local Planning Strategy - \$80K
- Road Visual Condition Survey - \$80k
- Town Beach Erosion Study and various shoreline monitoring program - \$79K
- Streeters Jetty Renewal - \$68K
- Cemetery Ground Penetrating Radar - \$65K
- Cable Beach Foreshore Redevelopment Business Case - \$60K
- Skate Park Design - \$58K
- Installation of large fans at BRAC - \$51K
- BRAC Tennis Fencing renewal - \$44K
- Various bus facilities renewal and upgrade - \$30K
- Carparks and bus bays - \$30K
- BRAC adjustable backboards - \$28K
- Cricket facilities upgrade - \$17K
- Surf Life Saving Club access bridge renewal - \$15K

Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. In particular, the following actions have been undertaken:

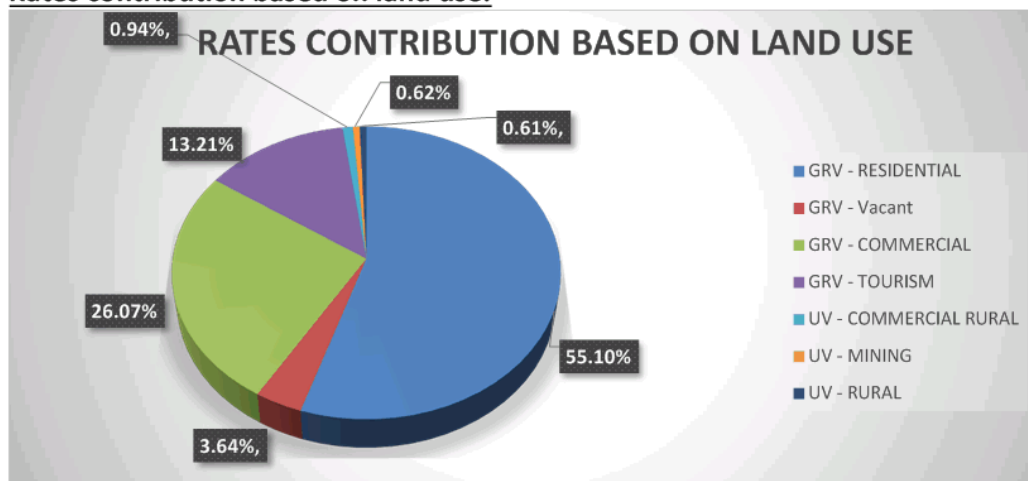
Efficiency Measures:

- reviewed position descriptions and remuneration as vacancies arise;
- renewal of Shire assets based on recently adopted Asset Management Plan;
- encouraged certain staff to take advantage of remote area housing through Shire leases therefore minimising need for staff housing stock;
- continued to outsource waste collection and domestic recycling education in cost effective manner;
- started provision of surveying services to other local governments on a fee for service basis;
- bush fire mitigation strategies and compliance measures were put in place to reduce scope of recurring work;
- disposal of under-utilised and maintenance-demanding light fleet and plant;
- installation of LED streetlighting and energy efficient fixtures throughout Shire facilities and venues;
- contractor inductions to reduce exposure to occupational health and safety risks;
- conducted several internal audits of governance and legislative compliance;
- robust review of insurance services;
- changed the provision of pre-cyclone clean-up activities to become less resource intensive but still responsive to safety objectives of pre-cyclone preparations;
- revisiting the resourcing of GIS services;
- reduced some facility opening hours in line with service review findings regarding usage patterns; and
- installed after hours shut-off switch at Administration Building to limit unnecessary air-conditioning when the building is not occupied.

Below is a summary of the proposed minimum payments and rates in the dollar for 2019/20

Differential Rate Category	Minimum Payment	Rate in the \$ (Cents)
GRV – Residential	\$1,220	10.8224
GRV – Vacant	\$1,220	19.8104
GRV – Commercial	\$1,220	11.2119
GRV – Tourism	\$1,220	14.6665
UV – Rural	\$1,220	0.7623
UV – Mining	\$500	11.7729
UV – Commercial Rural	\$1,220	3.1875

Rates contribution based on land use:



The 2019/20 Rating Year will utilise the most recent general revaluation that will take effect on 1 July 2019 as a result of the general valuations assessed by the Valuer General's office in October 2018.

Gross Rental Value (GRV)

The *Local Government Act 1995* determines that properties of a non-rural purpose 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 Shire of Broome. As per section 22 of the Valuation of Land Act 1978, the Valuation General also determines the frequency of general valuations although historically, the Valuer General has undertaken a GRV revaluation every three to five years with the most recent valuation occurring in September 2014 and effective from 1 July 2015. In October 2018, the Valuer General reviewed the Shire properties rated on GRV and these new valuations will be effective from 1 July 2019. The rental value for a house or other GRV property is influenced by factors such as age, construction, size, car shelters, pools and locations. Interim valuations are provided fortnightly to the Shire by the Valuer General for properties where changes have occurred (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances the Shire recalculates the rates for the affected properties and issues interim rates notices.

Following receipt of the triennial GRV valuation from the VGO, which will apply from the financial year 2019/20 onwards, the Shire has adjusted the rate in the dollar to moderate the impact of the triennial revaluation as there has been a significant impact for majority of properties. This has been achieved by calculating the rate in the dollar that will result in a rate yield from each rating category that is 1.75% higher than 2018/19 rate yield. The overall objective for the 2019/20 differential rating approach is an attempt to ease the burden of the GRV revaluation whilst ensuring that the required rates

revenue to balance the budget is collected on an equitable basis, enabling the Shire to provide facilities, infrastructure and services to the entire community.

GRV properties contribute about 98% of the total rates as the properties in this category generally have much higher demand on Shire resources.

GRV – Residential (The Base Rate for Gross Rental Value)

This rating category consists of properties which have a predominant residential use. The object of the rate for this category is to be the base rate by which all other GRV rated properties are assessed. The reason for the rate in the dollar for this category is to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas.

Council is focused on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing of public ablutions and other building maintenance programs. The rates to be raised from this category are expected to be sufficient to meet the community needs and service levels for properties under this category within the Shire of Broome. This category is expected to contribute 55.10% of the total rates to be raised for 2019/20.

GRV – Commercial

This rating category covers the town centre, commercial business, shopping centres, telecom tower sites and the airport. All properties rated under this category are zoned Commercial under the Town Planning Scheme, excluding properties with a tourism use. The purpose of this rating category is to recognise the impact of commercial properties on infrastructure and environment within the Shire. The object of the rate for this category is to recognise the greater share of costs associated with the provision of additional services like economic development, maintaining car park infrastructure, landscaping, environmental health, light industrial area infrastructure and other amenities. The rate in the dollar for this category is 4% higher than the GRV – Residential base rate. This category is expected to contribute 26.07% of the total rates to be raised for 2019/20.

GRV – Tourism

This rating category consists of properties with operations related to tourism. The purpose of this rating category is to recognise the impact of such properties on infrastructure and environment within the Shire. The object of the rate for this category is to recognise the greater share of costs associated with the provision of services in addition to the services provided in GRV Commercial category. Some additional costs are contribution towards economic development, tourism promotion, marketing activities, environmental health, public safety and law enforcement during the tourist season. The rate in the dollar for this category is 36% higher than the GRV – Residential base rate. This category is expected to contribute 13.21% of the total rates to be raised for 2019/20.

GRV – Vacant

This rating category consists of properties which are vacant of any construction and zoned as residential under the Shire's Local Planning Scheme and includes vacant land zoned as Tourist, Commercial or Industrial. The object of the rate for this category is to signify Council's preference for land to be developed rather than leaving it vacant. The encouragement of development is strategically important as it has a positive effect on local employment, economic diversity and further community returns from population-linked investment in the region by both State and Federal funding bodies. Another reason for the rate being higher than the base rate is to distribute the rates burden equitably considering the different method used for the valuation of vacant land as compared to other GRV properties. This is also intended to discourage land investors from land banking and to discourage excessive vacant land leaving subdivisions barren and aesthetically unappealing which may provide

prospects for potential antisocial behaviour. The rate in the dollar for this category is 83% higher than the GRV – Residential base rate. This category is expected to contribute 3.64% of the total rates to be raised for 2019/20.

Unimproved Value (UV)

Properties that are predominantly used for rural purposes are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis. The rate in the dollar set for the UV-Rural category forms the basis for calculating all other UV differential rates.

UV properties contribute about 2% of the total rates as the properties in this category generally have much lower demand on Shire resources.

UV - Rural (The Base Rate for Unimproved Value)

This rating category consists of properties that are exclusively for rural use. The object of the rate for this category is to be the base rate by which all other UV rated properties are assessed. Other UV rating categories have a higher demand on Shire resources as compared to properties in the UV - Rural rating category. This category is expected to contribute 0.61% of the total rates to be raised for 2019/20.

UV - Commercial Rural

This rating category consists of properties that are outside of the townsite that have a commercial use inclusive of:

- Pearling Leases;
- Pastoral leases or Pastoral use;

The object of the rate for this category is to recognise the level of rating required to be raised to operate efficiently and provide for rural infrastructure and services in addition to the urban services, programs and infrastructure which are available to be accessed by the properties in this category. The Shire incurs higher costs of infrastructure maintenance and renewal of the rural road network due to its vulnerability to extreme weather conditions which is further increased by extra vehicle movements and activities associated with these properties. This category is expected to contribute 0.94% of the total rates to be raised for 2019/20.

UV – Mining

This rating category consists of properties that are used for mining, exploration or prospecting purposes. The object of the rate for this category is to reflect the impact on utilisation of rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes. In addition, these properties have access to all other services and facilities provided by the Shire. The reason this category is rated higher than UV-Commercial is to reflect the higher road infrastructure maintenance costs to the Shire because of frequent heavy vehicle use over extensive lengths of Shire roads throughout the year. This category is expected to contribute 0.62% of the total rates to be raised for 2019/20.

Minimum Payments

The setting of minimum rates within rating categories recognises that every property receives some minimum level of benefit from the works and services provided by the Shire which is shared by all properties regardless of size, value and use. A proposed minimum rate of \$1,220 has been applied to all rating categories except for the UV-Mining.

UV of mining tenements ranges from \$10 to \$74,000 and an average UV of \$17,334. The \$500 minimum rate for the UV-Mining category is set at a lower level compared to the other rating categories in order to ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount. This also ensures that less than 50% of the properties in this category are on the minimum rate to ensure compliance with section 6.35 of the *Local Government Act 1995*.

Yours Faithfully,

Sam Mastrolembo
Chief Executive Officer

DRAFT

		2019-2020								2018-2019								
		Rate in \$ as cents	Number of Properties	Rateable Value New	2019/20 Budgeted Rate Revenue \$	2019/20 Budgeted Interim Rates \$	2019/20 Budgeted Back Rates \$	2019/20 Budgeted Total Revenue	Rateable Value \$ OLD	2018/19 Actual \$	Rate in \$ as cents	Number of Properties	Rateable Value \$	2018/19 Budgeted Rate Revenue \$	2018/19 Budgeted Interim Rates \$	2018/19 Budgeted Back Rates \$	2018/19 Budgeted Total Revenue \$	2017/18 Actual \$
RATE TYPE																		
Differential general rate or general rate																		
Gross Rental Valuations																		

This item and any attachments are confidential in accordance with Section 5.23(2) of the Local Government Act 1995 section 5.23(2)(c) as it contains “a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting”.

12.2 REQUEST FOR QUOTE 18/56 - CHINATOWN REVITALISATION PROJECT

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	RFQ18-56
AUTHOR:	Director Infrastructure
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Infrastructure
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	13 April 2019

SUMMARY: At the Special Meeting of Council held 15 August 2018, Council resolved to accept the most advantageous quote from RFQ18-56 to form a Contract for the Chinatown Revitalisation works with Downer EDI Works. Further, Council resolved at the OMC held 30 August 2018 to authorise the Chief Executive Officer to execute a contract for Separable Portion 1 Carnarvon Street and Separable Portion 2 Dampier Terrace as part of the Chinatown Revitalisation Project.

This report details the current financial position of the Chinatown Revitalisation Project and provides options to fund anticipated over expenditure highlighted in the forecast cost to complete.

Council is requested to consider the budget amendments detailed in the report recommendation.

This item and any attachments are confidential in accordance with Section 5.23(2) of the Local Government Act 1995 section 5.23(2)((e)(iii)) as it contains "a matter that if disclosed, would reveal information about the business, professional, commercial or financial affairs of a person, where the information is held by, or is about, a person other than the local government".

12.3 REQUEST FOR TENDER 18/09 TOWN BEACH PRECINCT GREENSPACE TENDER

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	RFT18-09
AUTHOR:	Project Engineer
CONTRIBUTOR/S:	Special Projects Coordinator
RESPONSIBLE OFFICER:	Chief Executive Officer
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	12 April 2019

SUMMARY:

At the Ordinary Meeting of Council held on 28 March 2019, Council resolved that Roadline Contracting Pty Ltd was the most advantageous Tenderer from Request for Tender (RFT) 18-09 Town Beach Precinct Greenspace Tender to form a Contract with to complete the works. Council further resolved to authorise the Chief Executive Officer to enter into negotiations with the Contractor to confirm potential contract savings and report back to Council regarding the final project scope and budget prior to entering into a contract for the works.

This report details the revised pricing negotiated through the minor variations identified by the project team and representatives from Roadline Contracting Pty Ltd.