



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

31 MAY 2018

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 31 MAY 2018
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8. MATTERS FOR WHICH THE MEETING MAY BE CLOSED

UNDER SECTION 5.23 (2)(D) OF THE LOCAL GOVERNMENT ACT 1995 COUNCIL MAY RESOLVE TO MOVE THE MEETING BEHIND CLOSED DOORS.

12. BUSINESS OF AN URGENT NATURE

12.1 COUNCIL CONSIDERATION OF PUBLIC SUBMISSIONS ON INTENTION TO IMPOSE DIFFERENTIAL RATES AND MINIMUM PAYMENTS FOR THE 2018/19 ANNUAL BUDGET

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	ARA01; ARA12
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	25 May 2018

SUMMARY: A local government is required to consider any public submissions received in response to Council's request for submissions regarding Council's intention to impose the 2018/19 differential rates and minimum payments under section 6.36(4) of the *Local Government Act 1995* (LGA). The proposed differential rates and minimum payments have been advertised for local public notice seeking public comment for not less than 21 days, ending 24 May 2018.

The purpose of this report is to present to Council the details of submissions received for consideration following the statutory local public notice period and prior to adoption of the 2018/2019 Annual Budget.

Council is requested to authorise the Chief Executive Officer (CEO) to make an application to the Minister for Local Government and Communities for approval:

1. To impose differential general rates under section 6.33(3) of the LGA that are more than twice the lowest differential rate being imposed; and
2. To impose a minimum payment on vacant land that applies to a greater percentage of vacant properties than is allowed under section 6.35(5) of the LGA.

BACKGROUND

Previous Considerations

OMC 8 May 2008	Item 9.4.5
OMC 17 December 2008	Item 9.4.3
OMC 2 September 2009	Item 9.4.5
OMC 14 April 2011	Item 9.2.1
SMC 13 July 2011	Item 9.3.1 & 9.3.2
OMC 19 April 2012	Item 9.4.4
SMC 24 July 2013	Item 9.4.1
SMC 28 August 2013	Item 9.4.3
SMC 27 June 2014	Item 9.4.3
OMC 18 December 2014	Item 9.3.1
SMC 16 June 2015	Item 6.3.1
SMC 23 July 2015	Item 6.4.1
OMC 28 April 2016	Item 9.3.2
SMC 10 June 2016	Item 6.4.3
OMC 30 June 2016	Item 9.4.3

SMC 4 May 2017	Item 6.4.1
SMC 7 June 2017	Item 6.4.2
OMC 26 April 2018	Item 12.2

Intention to Impose 2018/19 Differential Rates

At the Ordinary Meeting of Council (OMC) held 26 April 2018, Council resolved the following:

COUNCIL RESOLUTION: REPORT RECOMMENDATION

That Council:

- 1. Publishes a local public notice proposing the 2018/2019 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>	<i>9.9283</i>	<i>\$1,220</i>
<i>Residential – Vacant (GRV)</i>	<i>16.0727</i>	<i>\$1,220</i>
<i>Commercial (GRV)</i>	<i>10.9568</i>	<i>\$1,220</i>
<i>Tourism (GRV)</i>	<i>15.2390</i>	<i>\$1,220</i>
<i>Mining (UV)</i>	<i>12.5464</i>	<i>\$500</i>
<i>Rural (UV)</i>	<i>0.6687</i>	<i>\$1,220</i>
<i>Commercial Rural (UV)</i>	<i>3.1327</i>	<i>\$1,220</i>

- 2. Notes the financial year 2018/19 as the year of complete phase-out and discontinuance of concessions granted on the localities of Coconut Well, 12 Mile and properties with horticultural use;***
- 3. 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***
- 4. 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 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 - Residential Vacant properties as exemption to subsections 2, 3 and 4 of Section 6.35 of the Local Government Act 1995.***

The report presented to Council at the 26 April 2018 OMC summarised the following matters:

- The 2018/19 budget process to date where it was identified that \$22.4M of rates revenue was required to achieve a balanced budget in 2018/19;
- The proposed rating categories and corresponding valuations;

3. The proposed rate in the dollar for each rating category reflecting an increase equal to or less than 1.78% as compared to last financial year to balance the draft budget for 2018/19;
4. The \$500 proposed minimum payments for UV Mining category and \$1,200 proposed minimum payments for all other categories which remained the same as the preceding year;
5. An illustration of the proposed differential rates and minimum payments required to balance the 2018/19 budget; and
6. The required public notice of certain rates to provide an opportunity for public submissions to be considered prior to the final adoption of rates.

Following the 26 April OMC, a public notice inviting submissions on proposed differential rates was advertised in the 3 May 2018 edition of the Broome Advertiser, with the submission period closing at 4pm, Thursday 24 May 2018. Public notices were also placed on noticeboards located at the Shire of Broome Administration Centre and Library. A follow up advert was placed in the 17 May 2018 edition of the Broome Advertiser.

The Shire wrote to the 23 remaining properties in the UV – Commercial Rural rating category inviting public comments on the proposed differential rates pursuant to the requirement of the Department of Local Government, Sport and Cultural Industries (DLGSC) for rating categories with less than 30 ratepayers. A media release about the intention to impose differential rates and minimum payments was also published on the Shire's website on 3 May 2018.

The Minister requires evidence of Council consideration of any submissions received prior to accepting the Shire's application for exemption from section 6.33 of the LGA where the proposed UV Mining and UV Commercial differential rates are set at more than twice the base UV Rural rate and exemption from section 6.35 of the LGA where there are more than half the number of GRV Residential – Vacant properties on the minimum payment.

COMMENT

Submissions

Two submissions were received during the above notice period and are summarised below for Council consideration. The Schedule of Public Submissions as attached contains a complete response to the submissions (Attachment 1).

Submission 1: Diane Nicol, A304475

The respondent raised general concerns regarding the proposed increase in differential rates imposed by the Shire. The response referred to a number of issues, including the exclusion of properties from the requirement to pay rates, increased cost of living and increased costs of "protecting property" due to anti-social behaviour, all impacting the ability of ratepayers to meet the proposed increase.

The submission was primarily an objection to the proposed rate increase as opposed to the differential rating Objects and Reasons. Officers will respond to the submission providing details of Shire services and projects. Officers do not feel that the submission warrants any amendments to the proposed differential rating Objects and Reasons.

Submission 2: McMahon Mining Title Services Pty Ltd

The submission stated that the respondent acted “for a number of exploration and prospecting companies in WA” but did not provide any further details in relation to properties. The submission requested that Council consider including a separate UV Mining – Exploration/Prospecting differential rating category with a lower rate in the dollar providing the following reasons:

- Exploration companies are equity funded and have limited cash flow, and at the exploration/prospecting stage must invest significant funds with minimal returns.
- While mining operations may generate higher demand on Shire infrastructure and services, exploration activities are normally of low intensity and short duration and are not characterised by the same high traffic volumes or weights, or demands on Shire infrastructure and services.

Mining leases classified as ‘prospecting licences’ are exempt from both rates and the Emergency Services Levy (ESL). There are no properties currently classified as ‘prospecting licence’ within the Shire and as such these property types have not been considered in the officer response to the submission.

In relation to the proposal for an additional UV Mining – Exploration category it is important to note that the Valuer General is responsible for the valuation of all properties within a local government’s district. In accordance with the *Valuation of Land Act 1978* the Valuer General determines the value of land according to its purpose or use. If mining is conducted on a tenement, then the land in question would be valued higher than if the same tenement was used for exploration purposes. This means that once the UV Mining rate in the dollar is applied, the exploration tenements will pay less in rates than a tenement that has mining occurring on it and therefore results in a fair and equitable rates methodology without the need for another differential rate in the dollar.

The Valuer General provided the following changes in rental valuations of mining leases effective 18/19. The rental valuations clearly differentiate between the different activities undertaken.

Tenement Type	Rental Valuation Change 18/19
Exploration (E)	Per block increased from \$129.50 to \$134
	Per square km increased from \$49 to \$51
	Only one block within the Shire increased from \$311 to \$322
General Purpose (GP)	Per hectare increased from \$15.10 to \$15.60
Mining (M)	Per hectare increased from \$17.06 to \$17.60
Prospecting (P)	Per hectare unchanged at \$2.50

The following table details properties currently classified under the UV – Mining category:

Licence Type	Property Count	Rateable Value	Rates Revenue
Mining	28	\$234,173	\$35,210
Petroleum Exploration Permit	8	\$106,019	\$13,850
Exploration	26	\$286,123	\$38,265
Petroleum Production Licence	2	\$63,152	\$ 7,923
Others	1	\$42,460	\$5,328
General Purpose	1	\$755	\$500

Licence Type	Property Count	Rateable Value	Rates Revenue
Total	66	\$ 732,682	\$101,076

The proposed 2018/19 rate model contains 66 properties currently rated under the UV Mining differential rating category of which 29 will attract the minimum payment of \$500 due to their relatively low valuations. There are currently 26 "Exploration" tenements of which it is proposed 6 will pay the minimum rate. The maximum 2018/19 rate proposed for the 26 Exploration tenements is \$38,265.

Council should be aware that a decision to introduce a new differential rating category for UV Mining Exploration will delay the adoption of the 2018/19 budget due to the requirement to readvertise the amended Objects and Reasons. Additionally as the number of properties falling within a proposed UV Mining Exploration category would be below 30, officers would be required to write to all affected property owners prior to introducing the change.

Officers do not believe there is sufficient justification to warrant a separate rate category for exploration tenements, particularly given the nature of activities which tend to be in place for short periods of time. A uniform UV Mining rate category is preferred as it simplifies the rates model and more closely aligns with the proposed Objects and Reasons. A uniform minimum payment also ensures that all ratepayers are making an equitable contribution to the rate yield.

Section 6.36(4) of the LGA requires Council to consider any submissions received, before imposing the proposed rate in the dollar or minimum payment, with or without modification.

Ministerial Approval

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 – Residential 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 rating categories as these are more than twice the lowest UV Rural general rate.

Officers recommend that Council authorises the CEO to proceed with an application to the Minister with regards to the UV Mining and UV Commercial differential rating category rates in the dollar, and GRV Residential Vacant minimum payment.

UV Valuations

With the exception of UV Mining, there has been limited change in valuations of UV-properties. Valuations for UV Mining received after the 17 April 2018 Council workshop indicate an increase in property values of between 1% and 3%. With an average valuation of \$11.5K each, the increased rates revenue generated by the 66 UV – Mining properties is estimated at less than \$2,000 and is deemed negligible. Officers do not consider that the proposed rates model be changed.

Phase Out of Concessions

At the 26 April 2018 OMC, Council approved the complete phase-out and discontinuance of concessions granted for the localities of Coconut Well, 12 Mile and properties with horticultural use effective 2018/19. The reduced valuation of UV properties effectively

encapsulates the service limitations in certain localities and results in a fair and equitable rates methodology without the need for concessions on rate in the dollar.

Rate Growth

A recent review of 2017/18 actual rates revenue revealed higher but still minimal growth in the rate base compared to original expectation primarily due to the current economic climate. As a result, officers have taken a conservative yet more optimistic approach in forecasting 2018/19 rate growth and increased the interim rate budget from \$10,000 to \$50,000. This reduction will effectively offset the increased yield as indicated in the rate model.

Budget Adjustments

There are also a number of financial adjustments that have occurred in the period since the 26 April OMC that have impacted the draft budget such as:

- Inclusion of Kimberley Zone of WALGA / Kimberley Regional Group accounts noting that these adjustments have a nil impact.
- Expected expenses and related reimbursements for the restoration works required for damages suffered from the weather events at the start of the calendar year (e.g. insurance and WANDRRA).

It is proposed to amend the draft budget to encapsulate these adjustments and incorporate the rate model changes identified above. These changes will be presented to Council for consideration at its Ordinary Meeting on 28 June 2018.

Conclusion

In conclusion, it is recommended that Council after consideration of the submissions received, proceeds with adopting the Objects and Reasons, differential rates and minimum rates strategy as previously advertised and seek ministerial approval:

- to impose differential rates for those rates that are more than twice the lowest differential rate; and
- to impose a minimum payment of \$1220 on GRV - Residential Vacant properties as an exemption to subsections 2, 3 and 4 of Section 6.33 of the LGA.

CONSULTATION

Consultation has been conducted with the DLGSC relating to the proposed differential rates and minimum payment.

Letters were sent to 23 properties remaining in the UV – Commercial Rural rating category inviting comments on the proposed differential rates, as there are less than 30 ratepayers in this rating category.

Local public notice was provided and direct correspondence issued to property owners as outlined above in accordance with section 6.36 of the LGA resulting in 2 submissions received during the 21-day statutory period.

STATUTORY ENVIRONMENT

Local Government Act 1995

S6.28 *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.

S6.32. 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.

- (3) A local government –
- (a) may, at any time after the imposition of rates in a financial year, in an emergency, impose* a supplementary general rate or specified area rate for the unexpired portion of the current financial year; and
 - (b) is to, after a court or the State Administrative Tribunal has quashed a general valuation, rate or service charge, impose* a new general rate, specified area rate or service charge.

* Absolute majority required.

- (4) Where a court or the State Administrative Tribunal has quashed a general valuation the quashing does not render invalid a rate imposed on the basis of the quashed valuation in respect of any financial year prior to the financial year in which the proceedings which resulted in that quashing were commenced.

S6.33 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.

S6.35. 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.

S6.36. 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.

S6.47. 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

2.2.4 Rating

3.4.9 Tourism Administration

FINANCIAL IMPLICATIONS

The proposed differential rates and minimum payments for the 2018/19 financial year will raise an estimated rates revenue of \$22.4M.

RISK

The risks assessment of this item includes:

- Rejection by the DLGSC of the proposed differential rates and minimum payment and associated statement of objects and reasons which could result in delays in adopting the 2018/19 annual budget.
- Escalation of objections from affected ratepayers on the proposed phase out of concessions due to financial hardship and resulting inability to pay rates.

These risks are assessed as extreme. The treatment and mitigation of these risks have been identified through controls including analysis and review of the rate setting strategy and constant consultation with DLGSC and ratepayers.

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

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

Responsible resource allocation

Effective community engagement

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION:

That Council:

1. *Notes the submissions received and the objections contained therein regarding Council's intention to impose the 2018/19 differential rates and minimum payments under section 6.36(4) of the Local Government Act 1995 during the public submission period of 21 days;*
2. *Endorses the following proposed Differential General Rates and Minimum Payments for 2018/19:*

DIFFERENTIAL RATE CATEGORY	RATE IN THE DOLLAR (cents)	MINIMUM PAYMENT
<i>Residential (GRV)</i>	9.9283	\$1,220
<i>Residential – Vacant (GRV)</i>	16.0727	\$1,220
<i>Commercial (GRV)</i>	10.9568	\$1,220
<i>Tourism (GRV)</i>	15.2390	\$1,220
<i>Mining (UV)</i>	12.5464	\$500
<i>Rural (UV)</i>	0.6687	\$1,220

	<i>Commercial Rural (UV)</i>	<i>3.1327</i>	<i>\$1,220</i>
3.	<i>Adopts the Objects and Reasons for each of the proposed differential general rates and minimum payments in point 2 above as contained in Attachment 2; and</i>		
4.	<i>Requests the Chief Executive Officer to seek the Minister for Local Government's approval:</i>		
	<i>(a) Under section 6.33 of the Local Government Act 1995 to impose differential rates for those rates that are more than twice the lowest differential rate; and</i>		
	<i>(b) Under section 6.35(5) of the Local Government Act 1995 to impose a minimum payment of \$1220 on GRV - Residential Vacant properties as an exemption to subsections 2, 3 and 4 of Section 6.33 of the Local Government Act 1995.</i>		

Attachments

1. Schedule of Public Submissions Proposed 2018-19 Differential Rates
2. 18/19 Rating Objects and Reasons Adopted 26 April 2018

#	Date	Submission	Staff Comments	Recommendations
1	23 May 2018	<p>Diane NICOL</p> <p>I am opposed to the rate increase. Regretably the Shire rates are already calculate to be in the most expensive in the State. In a community with many property's being excluded from the rate revenue, those left to pay can simply not afford to continue to be expected to keep paying more. The increase cost of living, protecting property & other expenses due to anti social behaviour with in our town means we all have to find ways to budget & function on the actual reduced funds we have. I will also take up my concerns with council representatives.</p>	<p>The respondent raised general concerns regarding the proposed increase in differential rates imposed by the Shire. The response referred to a number of issues, including the exclusion of properties from the requirement to pay rates, increased cost of living and increased costs of "protecting property" due to anti-social behaviour, all impacting the ability of ratepayers to meet the proposed increase</p>	<p>The submission was primarily an objection to the proposed rate increase as opposed to the differential rating objects and reasons. Officers will respond to the submission providing details of Shire services and projects. Officers do not feel that the submission warrants any amendments to the proposed differential rating objects and reasons.</p>
2	23 May 2018	<p>McMahon Mining Title Services Pty Ltd</p> <p>We act for a number of exploration and prospecting companies in WA and thank you for the opportunity to make a general submission regarding the proposed rates for 2018-19.</p> <p>We would like to take the opportunity to ask the Shire to consider a separate UV category with a lower rate in dollar for Exploration/Prospecting Licences (a change that has been made in other Shires).</p> <p>There are different types of mining tenements under the Mining Act 1978. A Mining Lease would be required to extract minerals for the purpose of sale. Exploration/Prospecting Licences only allow the holder to search for and test to establish the potential presence of mineralisation. These licences do not accord rights of production or development, and there are limits on the total material (including overburden)</p>	<p>The Valuer General is responsible for the valuation of all properties within a local government's district and determines in accordance with the Valuation of Land Act 1978, the value of land according to its purpose or use. If mining is conducted on a tenement, then the value of the land in question would be much higher than if the same tenement was used for exploration purposes. This means that once the UV Mining rate in the dollar is applied, the exploration/prospecting tenements will pay less in rates than a tenement that has mining occurring on it.</p>	<p>Officers do not believe there is sufficient justification to warrant a separate rate category for 26 properties, particularly given the nature of exploration tenements which tend to be in place for short periods of time. A uniform UV rate category is proposed to simplify the rates model, and to closely align to the key rating principles. A uniform minimum payment also ensures that all ratepayers are making an equitable contribution to the rate yield.</p>

	<p>that may be removed over the whole term of a licence. Exploration activities are normally of low intensity and short duration with minimal impact on Shire infrastructure and services. As such, they are not characterised by the same traffic volumes or weights or demands on Shire infrastructure and resources.</p> <p>Unlike mining companies, Exploration and Prospecting companies do not make profits extracting commercial quantities of resources for sale and are generally equity funded with limited cash flow.</p> <p>We also note that valuations provided by the Valuer General are used to calculate rates each year, and that valuations are based on the rent rate imposed by the Department of Mines, Industry Regulation and Safety. In 2018-2019, the Department will increase the rent rate by 1.5% for exploration licences and 6% for prospecting licences and all other mining tenements to fund the Exploration Incentive Scheme (EIS). This rent increase will result in an automatic increase in rates even before any further increase in the rate in the dollar or minimum is applied by the Shire. The EIS is aimed at generating exploration activity and the lower rent rate increase for exploration licences is intended to protect the junior sector in finding the deposits of the future. Further increase in rates on top of the automatic increase, may amount to double-dipping and diminish these intended effects.</p>	<p>The proposed 2018/19 rate model contains 66 properties currently rated under the UV Mining differential rating category. 29 of these properties will attract the minimum payment of \$500 due to their relatively low valuations. There are currently 34 Exploration / Prospecting tenements of which it is proposed 8 will pay the minimum rate. The maximum 2018/19 rate proposed for the 34 Exploration / Prospecting tenements is \$4,885.</p>	
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Objectives and Reasons of the Differential Rates and Minimum Payments for the 2018/19 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 <https://www.dlgs.wa.gov.au/Publications/Pages/Rating-Policy-Differential-Rates.aspx>.

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 2018/19, a budget deficiency of \$22.4M has been identified. To fund this deficit, the rate-in-dollar is proposed to be increased by 1.78% across all rating categories based on current valuations to reflect Council's objective of raising a total of \$22.4M 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 \$22.4M is in line with the revenue requirements of the Shire's Long Term Financial Plan (LTFP) of \$22.4M for the 2018/19 financial year and provides for Capital Works and Programs which includes:

- Plant Replacement - \$967K (key items include replacement of heavy machinery and fleet vehicles)
- Renewal of various buildings - \$495K
- Various footpath constructions, renewals and upgrades - \$898K
- Furniture, equipment, capital ICT hardware and software projects- \$410K
- Renewal and upgrades of various parks, ovals and public open spaces - \$525K
- Drainage survey and renewal - \$33K
- Urban roads reseal program - \$666K
- Hamersley Street extension - \$821K
- Hunter Street reconstruction stage 2 - \$653K
- Other road upgrades- \$144K

- Various bus facilities renewal and upgrade - \$64K
- Rubbish services - bin replacement - \$50K
- Various street lighting - \$223K
- Buckley's Road Waste Facility capping & other rehabilitation works - \$71K
- Youth Bike Recreation Precinct Stage 2- \$256K
- Surf Life Saving Club building upgrades - \$170K
- BRAC retractable shade sail replacement - \$62K
- Carparks and bus bays - \$66K
- Various warning signage upgrades - \$32K
- Cable Beach Foreshore Masterplan implementation - \$120K
- Town Beach boat ramp, trailer parking and ablution block at Catalinas - \$611K
- Implementation of arts, culture, heritage, youth framework and community safety plan - \$105K
- Various business efficiency and effectiveness improvement projects - \$310K
- Australia Day, Reconciliation Week, Chinatown Christmas decorations and various community events - \$125K
- Reviews of municipal inventory, heritage list, local planning scheme, Broome townsite shorelines - \$84K
- Strategy and action plan to address homelessness in Broome - \$70K

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

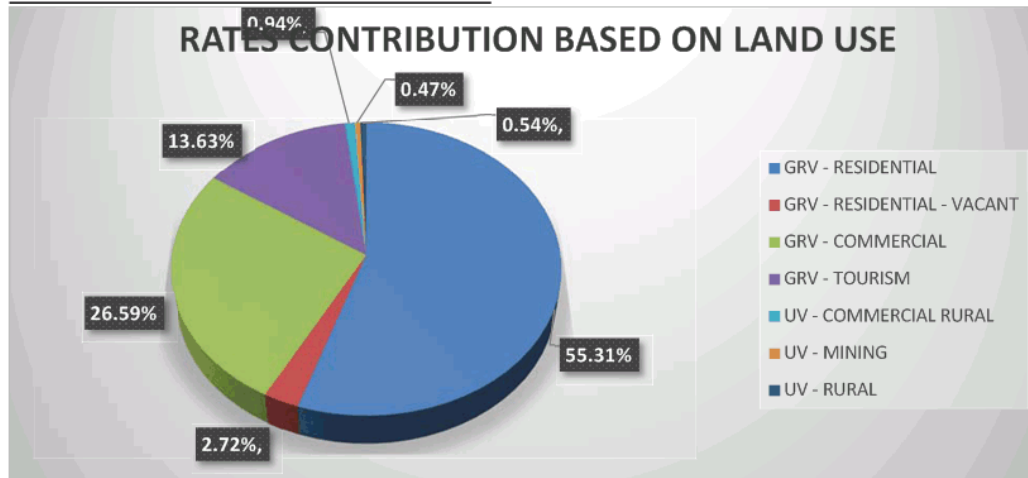
Efficiency Measures:

- Reviewed Inside Staff Enterprise Bargaining Agreement;
- 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;
- 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 2018/19

Differential Rate Category	Minimum Payment	Rate in the \$ (Cents)
GRV – Residential	\$1,220	9.9283
GRV – Residential Vacant	\$1,220	16.0727
GRV – Commercial/Industrial	\$1,220	10.9568
GRV – Tourism	\$1,220	15.2390
UV – Rural	\$1,220	0.6687
UV – Mining	\$500	12.5464
UV – Commercial Rural	\$1,220	3.1327

Rates contribution based on land use:



The 2018/19 Rating Year utilises the most recent general revaluation effective 1 July 2015, with valuations assessed as at September 2014 by the Valuer General's office.

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. The current valuation is effective from 1 July 2015 and the next GRV valuation is expected to take effect 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.

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 55.31% of the total rates to be raised for 2018/19.

GRV – Residential 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 excludes vacant land zoned as Tourist, Commercial or Industrial. The object of the rate for this category is to signify Council's preference for residential 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 residential land as compared to the GRV-Residential category. 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 62% higher than the GRV – Residential base rate. This category is expected to contribute 2.72% of the total rates to be raised for 2018/19.

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 10% higher than the GRV –Residential base rate. This category is expected to contribute 26.59% of the total rates to be raised for 2018/19.

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 53% higher than the GRV –Residential base rate. This category is expected to contribute 13.63% of the total rates to be raised for 2018/19.

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 0.54% of the total rates to be raised for 2018/19.

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 2018/19.

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 0.47% of the total rates to be raised for 2018/19.

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 category.

UV of mining tenements ranges from \$10 to \$70,000 and an average UV of \$11,557. 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 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

12.2 REQUEST FOR TENDER 18/04 - BOWLING GREEN RENEWAL AT BROOME BOWLING CLUB

LOCATION/ADDRESS:	78 Herbert Street, Broome
APPLICANT:	Nil
FILE:	RFT18/04
AUTHOR:	Property and Leasing Senior Officer
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Chief Executive Officer
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	21 May 2018

SUMMARY: This report considers tenders received for Request for Tender (RFT) 18/04 and seeks Council's adoption of the recommendation contained within the attached confidential evaluation report.

BACKGROUNDPrevious Considerations

22 March 2018 OMC

Item 12.2

Tropical Cyclone Hilda impacted the Shire of Broome on 27 December 2017, followed by Tropical Cyclone Joyce on 11 - 16 January 2018, strong winds and flooding from a tropical low occurred on 29 – 31 January 2018 and Tropical Cyclone Kelvin on 17 – 19 February 2018. As a result of these events various Shire properties and infrastructure throughout the townsites were damaged.

The Broome Bowling Club's artificial bowling green sustained damage to both the surface and the sub-structure, which was corrugated from water inundation.

On 22 February 2018 the original installer of the bowling green - Berry Bowling Systems Pty Ltd undertook an assessment of the damage and provided a report for insurance purposes. The report indicated that the existing "Pro Green Plus" needle punch carpet and underlay were damaged beyond repair and the existing base would require new plinths and re-levelling. The report included a "like for like" replacement cost estimation of \$170,000.

Representatives of the Broome Bowling Club were consulted as part of the procurement process to ensure the replacement of the "like-to like" surface would adequately meet the needs of the Club both now and into the future. There was a consensus between the Shire of Broome, Broome Bowling Club and the Insurer, the renewal should be in line with the existing "Pro Green Plus" needle punch bowling green. This was based on the below key criteria:

- Low maintenance and life cycle costs
 - Little to no watering.
 - No sand.
 - Minimal labour required.
- Existing surface had performed extremely well for the last 10 years in this environment.
- Meets World Bowls Standards.

An insurance claim seeking full replacement of the current green was submitted to Local Government Insurance Services (LGIS) on the 28 February 2018 for approval to commence the procurement process, this was approved on the 24 May 2018.

At the Ordinary Meeting of Council held on 22 March 2018 Council resolved to call tenders for the replacement of the synthetic lawn bowling green surface at the Broome Bowling Club.

COMMENT

Scope of Works

The scope of the works sought through the tender are as follows:

1. Remove and dispose of top layer (pro-green plus) and underfelt.
2. Remove and dispose of existing plinths
3. Install new plinths to a minimum height of 230mm.
4. Regrade the existing base. To be laser levelled with a layer of sand to a final flatness tolerance of 3mm under a 3-metre straightedge, then hand screed to ensure accurate matching with the re-constructed plinths.
5. Final level check of base and light roll, ready for surface installation.
6. Install new underfelt and playing surface. Surface to be joined by sewing with a North/South orientation with the joint lines offset from those under-pad.
7. Supply and install terracotta colour synthetic grass 150mm to the top of the bank and down the outer ditch wall.
8. Supply and install terracotta synthetic grass to the bottom of the ditches.
9. Smoothing of the surface towards each side of the green, the overlapping surface material will be suitably screwed to ensure retention within the ditch/plinth structure.
10. Green to be tested in line with World Bowls Ltd standards at the cost of the contractor.
11. Broome Bowling Club to notify the State Bowling Authority on practical competition and the Contractor of the date of testing.

The tender allowed for other surface types to be considered as "alternate tenders", provided they met the minimum specifications outlined in the tender documentation.

Procurement Process

The Tender was managed internally by officers through the Shire's e-tendering procurement system Tenderlink. As required by legislation, an advertisement was placed in the West Australian on the 12 May 2018 and on the Administration Office and Library noticeboards. The submission period was open for the required minimum of 14 days and closed at 12.00pm on the 28 May 2018.

One tender was received by the closing date and this was subsequently evaluated against the RFT compliance criteria. The tender was assessed as compliant.

Value for Money Assessment

In accordance with Council's Purchasing Policy 2.1.2, officers utilised a value for money assessment to determine the most advantageous tender through a formal evaluation process including three panel members consisting of Shire officers. This included an

assessment of several compliance and qualitative criteria. Qualitative criteria considered critical to this project were:

- Relevant Experience – 20%
- Key Personal & Experience – 15%
- Demonstrated Understanding – 35%
- Tenderer's Resources – 15%
- Price – 15%

A detailed description of the tender evaluation process is included within the confidential evaluation report which is provided for Council's review and information in Attachment 1. Council is requested to consider the tender response received and it is recommended that Council resolve to adopt the recommendation contained within the confidential evaluation report.

Relevant Budget

The 2018/19 budget includes an allocation of \$54,000 to repair the Club's artificial bowling green, however Officers recommend that an amendment be made in the 2017/18 budget for the total confirmed cost of the work identified through this tender process and related insurance reimbursement that are not currently included in the 2018/19 budget. This results in \$122,364 of income and expense budget amendment.

CONSULTATION

Broome Bowling Club
Berry Bowling Systems Pty. Ltd
Local Government Insurance Services

STATUTORY ENVIRONMENT

3.57 Tenders for providing goods or services

- (1) *A local government is required to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply good or services.*
- (2) *Regulations may make provision about tenders*

Local Government (Functions and General) Regulations 1996

11. When tenders have to be publicly invited

- (1) *Tenders are to be publicly invited according to the requirements of this Division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$150 000 unless subregulation (2) states otherwise.*

POLICY IMPLICATIONS

Purchasing 2.1.2
Local Regional Price Preference 2.1.3

FINANCIAL IMPLICATIONS

No budget allocation exists in 2017/18 for this expenditure due to the nature of the natural disaster events being unforeseen. However, there is a \$54,000 allocation in the 2018/19 annual budget for repair of the Bowling Green at the Broome Bowling Club. Officers recommend that an amendment be made in the 2017/18 budget for the total confirmed cost of the work identified through this tender process and related insurance reimbursement that are not currently included in the 2018/19 budget. This results in \$122,364 of income and expense budget amendment. This will ensure that sufficient budget exists for the full value of the contracts provided as contained in the confidential evaluation report in attachment 1.

As previously mentioned all cost associated with this engagement will be recovered via an insurance claim through LGIS.

RISK

The tender process involved undertaking a risk assessment as part of the process in addition to comprehensive compliance and qualitative criteria. The successful tenderer scored highly in each category.

Berry Bowling Systems Pty Ltd was the company appointed to carry out the initial damage assessment report. Some competitors may see this as an advantage. This was overcome by:

- The Shire directly contacted four other eligible businesses in the market to alert them of the upcoming tender.
- The tender was open to alternate tenders provided they met a minimum product specification.
- Berry Bowling Systems Pty Ltd were best qualified for the initial assessment as they installed the green.
- The procurement process was endorsed by the insurer.

The risk of proceeding with the recommendation in this report is considered low.

STRATEGIC IMPLICATIONS

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

Affordable services and initiatives to satisfy community need

Accessible and safe community spaces

Participation in recreational and leisure activity

A healthy and safe environment

Our Place Goal – Help to protect the nature and built environment and cultural heritage of Broome whilst recognising the unique sense of the place:

A natural environment for the benefit and enjoyment of current and future generations

Retention and expansion of Broome's iconic tourism assets and reputation

Core asset management to optimise the Shire's infrastructure whilst minimising life cycle costs.

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

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

Responsible resource allocation

VOTING REQUIREMENTS

Absolute Majority

REPORT RECOMMENDATION:

That Council:

1. Adopts the recommendation to award the contract to Berry Bowling Systems Pty Ltd at a total contract value of \$176,364 (ex GST) subject to any required minor variations as per the confidential evaluation report for RFT18/04 Bowling Green Renewal, Broome Bowling Club as contained within Attachment 1, and
2. Approves a 2017/18 budget amendment for \$122,364 (ex GST) to be allocated to account 14295 Insurance Claimable Costs and a corresponding income of equal amount to account 147585 Reimbursement of Insurable Claimable Costs.

(ABSOLUTE MAJORITY REQUIRED)

Attachments

1. Evaluation Report (*Confidential to Councillors and Directors Only*)

This attachment is 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".