SHIRE OF CAPEL

NOTICE OF SPECIAL MEETING

A Special Meeting of Council will be held in the Council Chambers, Forrest Road, Capel on Wednesday 7 June 2017, commencing at 5.30pm.

P.F. Sheedy.

P F SHEEDY
CHIEF EXECUTIVE OFFICER

1 June 2017

PURPOSE OF MEETING

- To consider Submissions received on the proposed minimum rates for 2017/18.

A G E N D A

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

3 PUBLIC QUESTION TIME

4 CONSIDER SUBMISSIONS ON DIFFERENTIAL RATES FOR 2017/18

4.1 2017/18 Budget - Differential Rates Submissions

Location:	Capel
Applicant:	Shire of Capel
File Reference:	Nil
Disclosure of Interest:	Nil
Date:	31.05.17
Author:	Executive Manager Corporate Services, S Stevenson
Senior Officer:	Chief Executive Officer, P Sheedy
Attachments:	1. Submission 1. 2. Officer's response to Submission 1 3. Submission 2. 4. Officer's response to Submission 2

MATTER FOR CONSIDERATION

Council to consider submissions received regarding the proposed minimum rate for the 2017/18 financial year.

BACKGROUND / PROPOSAL

Background

Council has previously adopted the following Differential Rating categories (OC1106) in November 2013:

- *Residential (rate group 1 GRV)*
- *Dalyellup Residential (rate group 3 GRV)*
- *Vacant Residential (rate group 2 GRV)*
- *Vacant Dalyellup Residential (rate group 4 GRV)*
- *Commercial Developed (rate group 5 GRV – only commercial)*
- *Dalyellup Commercial Developed (rate group 8 GRV)*
- *Industrial Developed (rate group 7 GRV – only industrial)*
- *Vacant Commercial & Industrial (rate group 6 GRV)*
- *Special Use (rate group 9 GRV)*
- *Land Use Commercial (rate group 10 – UV)*
- *Rural (rate group 11 – UV)*
- *Special Rural (rate group 12 – GRV)*

At its meeting on 26 April 2017 (OC0415) Council adopted, for advertising purposes, a minimum rate across all rate groups of $1,269.00 and differential rates in the dollar as detailed below. The overall objective was to increase total rates yield by 6% for the 2016/17 financial year. The table below shows the rate in the dollar and the minimum rates previously endorsed by Council.

Table 1. 2017/18 differential rates adopted for advertising purposes

	Rate in $	Minimum
Differential Rating :		
- Residential (zone group 1 GRV)	7.3410 cents	$1,269.00
- Residential Vacant (zone group 2 GRV)	12.6403 cents	$1,269.00
- Urban Development (zone group 3 GRV)	7.3410 cents	$1,269.00
- Urban Development Vacant (zone group 4 GRV)	12.6403 cents	$1,269.00
- Town Centre (zone group 5 GRV)	7.6861 cents	$1,269.00
- Town Centre / Special Use / Light Industry Vacant (zone group 6 GRV)	7.6861 cents	$1,269.00
- Light Industry (zone group 7 GRV)	7.6861 cents	$1,269.00
- Commercial Use Urban Development (zone group 8 – GRV)	7.6861 cents	$1,269.00
- Special Use (zone group 9 – GRV)	7.6861 cents	$1,269.00
- Rural Commercial Use (zone group 10 – UV)	0.4600 cents	$1,269.00
- Rural (zone group 11 – UV)	0.4600 cents	$1,269.00
- Special Rural (zone group 12 – GRV)	6.3452 cents	$1,269.00
Specified Area Rating:		
- Dalyellup Parks, Reserves Maintenance (GRV) Purpose: Maintenance of Parks and Reserves in Dalyellup	4.8160 cents (to a maximum of $186.88 per assessment)	Nil

Further to this endorsement, the annual differential rating proposal was advertised for public comment for a period of 21 days. Advertisements appeared in two local papers on the 3 May 2017 and the 4 May 2017. Submissions from ratepayers were invited to be received up until 4pm on Friday 26 May 2017. There are no ratepayers in categories with the same rate in the dollar, where the number of properties is less than 30.

Two submissions were received with respect to the proposed differential and minimum rates for the 2017/18 financial year, both on 26 May 2017.

Submission 1

The company has a number of clients who hold either mining leases or exploration licences in the Shire of Capel. In the submission made, there is concern over the minimum rate of $1,269 which the Shire proposes to levy for 2017/18. The submission requests that the Shire review the proposed minimum of $1,269.00 for exploration licences and mining leases in light of a rent rate increase of 3.4% already imposed by the Department of Mines and Petroleum. In addition, the submission states that *"Exploration companies are equity funded and have limited cash flow and the exploration/prospecting stage, must invest significant funds with minimal returns, generally only turning a profit if they discover a commercially viable resource and convert to a Mining Lease."*

Mining leases and exploration licences are part of zone group 11. Rates are based on Unimproved Value (UV) and for 2017/18 would attract a rate in the dollar of 0.4600 cents.

Submission 2

This submission makes a number of comments. These relate to:

- The alignment of rating groups and land use;
- Motion AE0102 tabled at the Annual Electors' Meeting on 25 January 2017;
- The level of rates increase and links to the *"squeaky wheels of the Strategic Community Plan, Corporate Business Plan and the Long Term Financial Plan"*;

- The necessity for future strategic projects;
- The rationalisation of rates in the dollar endorsed by Council and the fact that this has “created some ‘winners’ and ‘losers’”;
- The logic applied to vacant land, particularly rate group 6 and rate group 2;
- Logic for differential rate in Rate group 9;
- Alignment of rate group 10 with rate group 11 and the subsequent drop in the rate in the dollar for rate group 10;
- An individual assessment increase for Rate group 12; and
- Format of the Shires “Objects and Reasons”

As Council has a rating category (rate group 2 and rate group 4) which has more than 50% of properties on minimums, the approval of the Minister for Local Government must be obtained before these rates are formally adopted by Council. The approval of the Minister will be sought after the public consultation phase in order to obtain feedback prior to the Ordinary Council Meeting on 26 July 2017.

On application to the Minister for rates approval, the Shire must provide (where applicable) copies of:

- Minutes reflecting that Council reviewed and considered budget efficiency measures;
- Statement of Objects and Reasons;
- Minutes where Council adopted the Objects and Reasons;
- Letters to ratepayers where there are less than 30 in a category;
- Any submissions received;
- Response to any submissions;
- The public notice;
- Council agenda where submissions were considered; and
- Minutes where Council resolved to make an application to the Minister.

Proposal

Council to consider the points raised in the two submissions received regarding the proposed 2017/18 differential and minimum rates.

STATUTORY ENVIRONMENT

Local Government Act 1995, Section 6.2
6.2 Local Government to prepare Annual Budget

(1) During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.
**Absolute Majority required*

(2) In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of –
    (a) The expenditure by the local government; and
    (b) The revenue and income, independent of general rates, of the local government; and
    (c) The amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.

Local Government (Financial Management) Regulations 1996, regulation 26
26. Discount, incentive, concession, waiver and write-off information

(1) The annual budget is to include for each discount or other incentive to be granted for early payment of any money and in respect of each waiver or concession proposed in relation to any money –

a) in respect of a discount -
   (i) the amount of the discount, or the percentage discount, to be allowed; and
   (ii) the circumstances in which the discount will be granted;

and

c) in relation to a waiver or concession -
   (i) a brief description of the waiver or concession;
   (ii) a statement of the circumstances in which it will be granted;
   (iii) details of the persons or class of persons to whom it is available; and
   (iv) the objects of, and reasons for, the waiver or concession.

Local Government Act 1995, Section 6.12

6.12 Power to defer, grant discounts, waive or write off debts

(1) Subject to subsection (2) and any other written law, a local government may –
   a) when adopting the annual budget, grant* a discount or other incentive for the early payment of any amount of money; or
   b) waive or grant concessions in relation to any amount of money; or
   c) write off any amount of money,

   which is owed to the local government.

   * *Absolute majority required*

(2) Subsection 1(a) and (b) do not apply to an amount of money owing in respect of rates and services charges.

(3) The grant of a concession under subsection (1)(b) may be subject to any conditions determined by the local government.

Local Government Act 1995, Section 6.28

6.28 Basis of Rates

(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.

(4) Subject to subsection (5), for the purposes of this section the valuation to be used by a local government is to be the valuation in force under the Valuation of Land Act 1978 as at 1 July in each financial year.

Local Government Act 1995, Section 6.32

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*

Local Government Act 1995, Section 6.33

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, whether or not under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*; or
(b) a purpose for which the land is held or used as determined by the local government; or
(c) whether or not the land is vacant land; or
(d) any other characteristic or combination of characteristics prescribed.

(2) ...
(3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

Local Government (Financial Management) Regulations 1996, regulation 52A
52A. Characteristics prescribed for differential general rates

(1) In this regulation
commencement day means the day on which the *Local Government (Financial Management) Amendment Regulations (No.2) 2012* regulation 5 comes into operation;
relevant district means a district that –
(a) is declared to be a district by an order made under section 2.1(1)(a) on or after commencement day; or
(b) has its boundaries changed by an order made under section 2.1(1)(b) on or after commencement day.

(2) For the purposes of section 6.33(1)(d), the following characteristics are prescribed in relation to land in a relevant district, where not more than 5 years has elapsed since the district last became a relevant district –
(a) whether or not the land is situated in a townsite as defined in the *Land Administration Act 1997* section 3(1);
(b) whether or not the land is situated in a particular part of the district of the local government.

Local Government Act 1995, Section 6.34
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.

Local Government Act 1995, Section 6.35
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 *(50%)* 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 a general minimum does not exceed the prescribed amount *($200)*.

(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 subsection (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 subsection (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.

Local Government Act 1995, Section 6.36

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. *(21 days – may be 2 months before financial year)*

Local Government Act 1995, Section 6.47

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 <u>or at a later date</u> 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*

<u>POLICY IMPLICATIONS</u>

The budget is based on the principles contained in the Strategic Community Plan and Corporate Business Plan. Policy 2.7 – Preparation of Integrated Financial Plan and Annual budget applies.

<u>FINANCIAL IMPLICATIONS</u>

Budget

After taking into consideration all other sources of income, Council is required to raise sufficient rates to meet its total expenditure. While Council is allowed to adopt a budget that has a surplus or deficit that does not exceed 10% of its rate revenue, it is not a sustainable long term strategy.

When considering the amount to be raised, reference should be made to the Shire's ten year financial plan that was adopted by Council on 9 June 2010 (minute reference OC0609). This plan has assumed an annual rate increase of 6% for each year of the plan.

A number of Rating Strategy Reports have also been considered by Council in recent years, all supporting and reinforcing the need to maintain the current Rating Strategy of at least 6% increase in rates each year.

At the Ratings Workshop on the 22 March 2017, Council agreed to an increase in the minimum rate of 8% for 2017/2018 with an overall rates yield of 6% in line with the adopted Long Term Financial Plan.

Long Term

The rating strategy deployed by Council in the 2017/18 financial year will form part of a long term financial planning strategy to maintain the sustainable operations of Council. If Council is not able to adequately fund operations in the 2017/18 financial year, then the financial position of Council will potentially deteriorate in future years as assets age further and demand for services increase with projected population growth.

Long term financial sustainability is a key focus for the Shire. Resources have to be made available to ensure that assets are adequately funded and renewed to a level consistent with expectations. Asset renewal is a key area to which funding needs to be allocated.

Whole of Life

As no asset/infrastructure is being created, there are no whole of life costs relevant to this item.

SUSTAINABILITY IMPLICATIONS

There are no sustainability implications specifically relating to the agenda item however the levying of property rates has an environmental impact in that around 7,423 rate notices will be distributed in a paper based medium.

STRATEGIC IMPLICATIONS

Shire of Capel Strategic Community Plan 2013 – 2031

1. The Leadership Experience 'Ensure open, transparent, effective good governance and communication within the organisation and the community.'

Strategic Outcomes:
1.4 Provide efficient and effective financial management to ensure the long term financial sustainability of the organisation;
1.5 Ensure the effective management of Council's resources.

2. The Community Experience 'Provide facilities and services which recognise the diverse needs of the community and strive to make the Shire a safe place to live, work and visit.'

Strategic Outcome:
2.1 Provide social, recreational and cultural opportunities and facilities for our communities.

5. The Infrastructure Experience 'Plan and facilitate safe, sustainable and efficient infrastructure and transport networks to meet the needs of the community.'

Strategic Outcomes:
5.1 Provide and maintain a safe and efficient transport, cycle and pedestrian network throughout the Shire;
5.6 Effectively manage the Shire's assets and resources.

CONSULTATION

The annual differential rating proposal was advertised for public comment with advertisements appearing in two local papers on 3 May 2017 and 4 May 2017. Submissions from ratepayers were invited to be received up to Friday 26 May 2017 at 4pm. There are no ratepayers in categories where the number of properties, with the same rate in the dollar, is less than 30 therefore no individual notification of the adopted rate in the dollar is required. As Council has a rating category which has more than 50% of properties on minimums, the approval of the Minister for Local Government must be obtained before these rates are formally adopted by Council. The approval of the Minister will be sought in order to obtain feedback prior to the Ordinary Council Meeting on 26 July 2017.

COMMENT

Based on Council's decision at the Ratings Workshop held on the 22 March 2017, the minimum rates have been increased by 8% with Residential GRV, Urban GRV rates and Rural UV rates in the dollar being calculated to generate an overall rates yield of 6%. This is in line with the Shire's adopted Long Term Financial Plan.

The detailed submissions and the officers' responses have been provided as an attachment.

Updated valuations for properties rated on the basis of their Gross Rental Value (GRV) are provided every three years and took effect from 1 July 2017.

Updated valuations for properties rated on the basis of their unimproved value (UV) are provided annually and therefore take effect from 1 July 2018.

Minimum and Differential Rates

When calculating rates, legislation allows a minimum rate amount to be applied if the result of calculating the property value and the rate in the dollar is too low. This minimum rate amount represents the minimum charge for ratepayers provided local government services.

In past years there has been an increase in the minimum rate for ratepayers. The minimum rate has increased from $465.00 in 2004/05 to $1,175.00 in 2016/17 and now to $1,269.00 proposed for 2017/18.

Residential Rate Comparison with Other Local Governments – Budget 2016/17

		Capel	Busselton	Bunbury	Augusta MargRiv	Harvey	Dardanup	Donnybrook /Balingup
	Minimum Rate	$1,175	$1,160	$1,082	$809 to $1,494	$984	$1,363	$1,002
	Total No. of properties	7,359	22,397	16,268	9,332	12,194	5,828	3,273
Rating Zone	**Differential Rates in the $**							
1	Residential (GRV)	6.9255	8.3838	8.7650	9.4770	8.2025	9.3952	7.2030
2	Residential Vacant (GRV)	12.3724	8.3838	8.7650	18.4473	8.2025	9.3952	7.2030
3	Urban Development (GRV)	6.9255	8.3838	8.7650	9.8932	8.2025	9.3952	7.2030
4	Urban Development Vacant (GRV)	12.3724	8.3838	8.7650	18.9520	8.2025	9.3952	7.2030
5	Town Centre (GRV)	6.5773	10.1243	8.7650	11.7183	8.2025	9.3952	7.2030
6	Town Centre/ Special Use/Light Industry Vacant (GRV)	9.2839	11.1528	8.7650	11.7183	8.2025	9.3952	7.2030
7	Light Industry (GRV)	6.5773	10.1243	8.7650	11.7183	8.2025	9.3952	7.2030
8	Commercial Use Urban Development (GRV)	6.5773	10.1243	8.7650	11.7183	8.2025	9.3952	7.2030
9	Special Use (GRV)	9.2839	10.1243	8.7650	11.7183	8.2025	9.3952	7.2030
10	Rural Commercial Use (UV)	1.3047	0.7337	8.7650	0.5680 to 0.7952	0.4891	0.5681	0.4855
11	Rural (UV)	0.4340	0.3669/0.4031	8.7650	0.4366 to 0.4544	0.4891	0.5681	0.4855
12	Special Rural (GRV)	5.9860	8.3838	8.7650	9.4770	8.2025	9.3952	7.2030

For the neighbouring Shires detailed above, there has not been a lesser minimum endorsed for mining leases or exploration licences.

Rate modelling with the Shire of Capel has been based on an increase in rates yield of 6%. There has been an increase of 8% in the minimum rate. The minimum rate for all rating categories would increase by $94.00 to $1,269.00. This will mean that all properties, regardless of their rating valuation method (GRV or UV) or development status will be charged a minimum rate of $1,269.00. This minimum rate is considered to represent a fair minimum burden upon ratepayers for the local government services they are provided.

Analysis of the 2017/18 Rates Proposal

The following table compares the rates in the dollar and minimum rates by rate category for 2016/17 and 2017/18.

Table 2: Comparison of Rates in the Dollar and Minimum Rates

Rate Category	Basis	2016/17 Rate	2017/18 Rate	Difference (cents)	2016/17 Minimum	2017/18 Minimum	Difference
Residential	GRV	6.9255	7.3410	0.4155	$1,175	$1,269	$94
Residential Vacant	GRV	12.3724	12.6403	0.2679	$1,175	$1,269	$94
Urban Development	GRV	6.9255	7.3410	0.4155	$1,175	$1,269	$94
Urban Development Vacant	GRV	12.3724	12.6403	0.2679	$1,175	$1,269	$94
Town Centre	GRV	6.5773	7.6861	1.1088	$1,175	$1,269	$94
Town Centre/Special Use/Light Industry Vacant	GRV	9.2839	7.6861	(1.5978)	$1,175	$1,269	
Light Industry	GRV	6.5773	7.6861	1.1088	$1,175	$1,269	$94
Commercial Use Urban Development	GRV	6.5773	7.6861	1.1088	$1,175	$1,269	$94
Special Use Development	GRV	9.2839	7.6861	(1.5978)	$1,175	$1,269	$94
Rural Commercial Use	UV	1.3047	0.4600	(0.8447)	$1,175	$1,269	$94
Rural	UV	0.4340	0.4600	0.0260	$1,175	$1,269	$94
Special Rural	GRV	5.9860	6.3452	0.3592	$1,175	$1,269	$94

Council has twelve differential rating categories. Ten of these categories (Residential, Town Centre, Light Industry, Commercial and Special Rural) are based on the Gross Rental Value (GRV) basis of rates and the Rural and Land Use Commercial categories are Unimproved Value (UV).

In general the gross rental valuations and unimproved values of individual properties are considered to provide sufficient differentiation between each rating category. It is proposed that for 2017/18, the five commercial zones be aligned with the same rate in the dollar. Previously two rates in the dollar (6.5773 and 9.2839) have been applied to these five rating zones. It is proposed that for 2017/18, the rate in the dollar should be 7.6861.

Annual Percentage Rate Increases

Factors such as the growth of the Shire, need for additional resources to meet growth demands, the rising cost of labour and materials, previous rate increases approved and a perception of the affordability of a reasonable rate increase are some of the factors taken into account when considering the percentage by which rates in the dollar and minimum rates have to be increased.

It has also been widely recognised in the local government sector that increasing rates by a factor equivalent to the increase in the Consumer Price Index (CPI) is not the most prudent financial management approach. While the CPI provides a good estimate of a household's expectation of the price changes (increases) to the goods and services they consume, it does not provide a good estimate of the cost pressures faced by local government.

Whilst attempts can be made to justify the quantum of rate increases in terms of the increase being comparable to various indices, the reality is that the quantum to be agreed is that required to provide sufficient funds to meet expenditure demands of the budget and is also the increase that Council is comfortable to defend.

The WA Local Government Grants Commission have also assessed that the Shire is under raising rates revenue by $1,794,887 in comparison to the State average. Any increased rates revenue is of direct benefit to the Shire and would not reduce the level of grants received from this body.

Concluding Comments

For 2017/18 the proposed rate increase will result in residential ratepayers on the minimum rate being charged $94.00 more than last year while increases for other ratepayers will vary depending upon their property valuation. In considering the submission attached in conjunction with considerations of Shire financial sustainability, it is recommended that Council retain the minimum of $1,269.00 and the differential rates in the dollar endorsed at its meeting on 26 April 2017.

VOTING REQUIREMENTS

Simple majority

OFFICER'S RECOMMENDATIONS – 4.1

Staff Recommendation 1

That Council considers the two submissions attached regarding the proposed minimum of $1,269.00 and differential rates for the 2017/18 financial year but resolves to retain the proposed rates as detailed in the table below.

	Rate in $	Minimum
Differential Rating:		
- Residential (zone group 1 GRV)	**7.3410 cents**	**$1,269.00**
- Residential Vacant (zone group 2 GRV)	**12.6403 cents**	**$1,269.00**
- Urban Development (zone group 3 GRV)	**7.3410 cents**	**$1,269.00**
- Urban Development Vacant (zone group 4 GRV)	**12.6403 cents**	**$1,269.00**
- Town Centre (zone group 5 GRV)	**7.6861 cents**	**$1,269.00**
- Town Centre / Special Use / Light Industry Vacant (zone group 6 GRV)	**7.6861 cents**	**$1,269.00**
- Light Industry (zone group 7 GRV)	**7.6861 cents**	**$1,269.00**
- Commercial Use Urban Development (zone group 8 – GRV)	**7.6861 cents**	**$1,269.00**
- Special Use (zone group 9 – GRV)	**7.6861 cents**	**$1,269.00**
- Rural Commercial Use (zone group 10 – UV)	**0.4600 cents**	**$1,269.00**
- Rural (zone group 11 – UV)	**0.4600 cents**	**$1,269.00**
- Special Rural (zone group 12 – GRV)	**6.3452 cents**	**$1,269.00**
Specified Area Rating:		
- Dalyellup Parks, Reserves Maintenance (GRV) Purpose: Maintenance of Parks and Reserves in Dalyellup	**4.8160 cents (to a maximum of $186.88 per assessment)**	**Nil**

Staff Recommendation 2

That Council resolves to apply to the Minister for Local Government for approval of the 2017/18 minimum rate of $1,269.

5 PUBLIC QUESTION TIME

6 MEETING CLOSURE

26 May 2017

Mr Paul Sheedy
Chief Executive Officer
Shire of Capel
31 Forrest Road
CAPEL WA 6271

via email to: info@capel.wa.gov.au

Dear Sir

SUBMISSION REGARDING INTENTION TO LEVY DIFFERENTIAL RATES 2017-18

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 2017-18.

We would like to take this opportunity to ask the Shire to consider a lower rate for Exploration and Prospecting Licences.

We note that valuations provided by the Valuer General are used to calculate rates each year, and that valuations for exploration and prospecting licences are based on the rent rate imposed by the Department of Mines and Petroleum. Last year, the Department increased the rent rate by 3.4% (1.1% in accordance with CPI plus an additional 2.3% above the CPI in lieu of introducing environmental assessment fees) resulting in an increased rate liability of 3.4% even before any increase in the current rate in the dollar (5.99% proposed) or minimum is applied.

Furthermore, the proposed minimum ($1,269) is more than 250% the maximum annual rent payable on Prospecting Licences ($500) and more than the total rent that would be payable for a 10 sub-block exploration licence. This minimum is also significantly higher than the minimum levied by other Shires and represents an increase of over 8% from last year.

Unlike Mining Leases which are granted to facilitate the extraction of a proven resource, Exploration and Prospecting Licences do not accord rights of production or development. Unlike mining companies, primary producers and others grouped in the Rural Rate Group 11, exploration and prospecting companies do not make profits extracting commercial quantities of resources for sale.

Exploration companies are equity funded and have limited cash flow and at the exploration/prospecting stage, must invest significant funds with minimal returns, generally only turning a profit *if* they discover a commercially viable resource and convert to a Mining Lease.

I would be happy to discuss this matter further on (08) .

Yours sincerely

Principal

OUR REF: ICR26483

Dear ,

SUBMISSION REGARDING INTENTION TO LEVY DIFFERENTIAL RATES 2017/18

Thank you for your letter dated 26 May regarding the proposed Council minimum rate of $1,269 for 2017/18.

I understand from your letter that you act for a number of exploration and prospecting companies, are making a general submission and are concerned with the level of proposed minimum rate within the Shire of Capel. In particular, you are concerned that the Shire minimum rate of $1,269 is more than 250% of the annual rent of $500 payable on Prospecting Licences. You should note that, in line with previous years, the Shire of Capel has not set a lesser minimum for the 2017/18 financial year.

I have also noted from your letter that last year the Department of Mines and Petroleum have increased their rent rate by 3.4%. While, the Shire does appreciate that this may impact your clients from a commercial perspective you would be aware that the Shire has no influence on the setting of this particular fee.

In terms of the minimum fee, Council has adopted a strategy which aims to increase its overall rates yield on the 2016/17 financial year by 6%. The minimum increase of 8% forms part of this overall amount.

For your awareness, Council conducted an internal workshop in March this year to consider various rating options for the 2017/18 financial year. Further to this, Council was presented with three rating options for 2017/18 at its meeting on 26 April 2017 and subsequently endorsed the minimum and differential rates advertised on 3 May 2017.

In line with guidelines, a copy of your letter and the Shire response will be included as an attachment in the report which is provided to Council for consideration.

Council will receive and consider your submission at a Special Meeting on Wednesday 7 June 2017 at 5.30pm.

For the purpose of expediency, I have emailed this letter to you however I will also send a copy in the post.

Should you have any queries please do not hesitate to contact me on 9727 0222 or email me at info@capel.wa.gov.au.

Yours sincerely,

Susan Stevenson
EXECUTIVE MANAGER
CORPORATE SERVICES

1 June 2017

SUBMISSION – PROPOSED DIFFERENTIAL RATING 2017/18

Attention: Chief Executive Officer

I wish to object to the proposed differential rating for 2017/18 and hereby make the following submission. The basis of my objection arises from the following points:

1 From my reading of various reports and minutes, Council's focus on its approach to 2017/18 rating regime probably began with Neil Rowlandson's motion to the Electors' meeting on 25 January 2017:

"That:

1. *The Annual Electors' meeting record its dissatisfaction to the constant and extensive rate increases by the shire of Capel over the last decade;*
2. *As a consequence of this dissatisfaction, request Council to thoroughly review its Plan for the Future and its Corporate Business Plan with primary objective being fiscal restraint from 2017/18 onwards; and*
3. *As a further consequence, request Council to thoroughly review its entire rating system forthwith (I.e. for implementation in the 2017/18 rating year), with the aim of achieving –*

3.1 Application of Principles, being:

- *Objectivity*
- *Fairness and equity*
- *Consistency*
- *Transparency*
- *Administrative efficiency.*

3.2 Analysis of the differential rating system to at least include:

- *The various differential rating categories as currently determined together with future proposals (e.g. – a special residential zone)*
- *The objects and reasons for each category*
- *An analysis of how each differential rate is set (calculated)*
- *The nexus between UV and GRV rating efforts."*

At the subsequent consideration of the above motion by Council at its meeting on 22 February 2017, the CEO in part of his report (P.9 Minutes 22.02.17), recorded the following:

Point 3 (3.2)

The current rating groups are aligned to Council's Town Planning Scheme No. 7 zoning areas/categories and so it would not be permissible to introduce a rating group that does not comply with the Town Planning Scheme Zones and therefore the suggestion of *introducing a special residential zone cannot happen. (Note: Basically the same answer was also given in* ***PUBLIC QUESTION TIME*** *– Minutes 22.02.17, pages 4/5).*

I firmly believe that the above statement is incorrect because by my reading of s. 6.33 of the *Local Government Act 1995,* a special residential rating group can indeed be created. Section 6.33 is repeated below:

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

(a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and development Act 2005; or

(b) a purpose for which the land is held or used as determined by the local government; or

(c) whether or not the land is vacant; or

(d) any other characteristic or combination of characteristics prescribed.

So, let me examine the basic credentials for a special residential zone:

Under the Shire's Town Planning Scheme No. 7 (Map 6), the area north of Watkins Road, Gelorup contains at least 590 residential lots (properties) and there could be more due to subdivisional activity not reflected on the scheme map. These are zoned residential (R2.5). Some other localities in the Shire also have an R2.5 classification while the majority of residential lots are R20 or R30.

Presently Rate Groups 1 & 2 account for all the residential zoned properties (as sanctioned by s. 6.33(1)(a)). However, the once called Gelorup special residential zone could indeed be a separate Rate Group because of its R2.5 classification (and be sanctioned by s. 6.33(1)(a-b)).

As mentioned in my 2014 submission, the Gelorup special residential area does not have the benefit of footpaths or street lighting (apart from the arterial type footpath in Hastie Road), so in the interests of the key values of Objectivity, Fairness and Equity, and Consistency, this area deserves a concession in the same way as afforded to Rate Group 12. This would then achieve what Council purports to say in its **Objects and Reasons for Differential Rating,** viz:

"Council has adopted differential rating in order to spread the rates burden equitably and at the same time maintain rating on the basis of land zoning and land use."

2 In dealing with Mr Rowlandson's multi-faceted motion Council went on to record its own motion on 22 February 2017 at Minute OC0202:

That Council:

1. *Receives the minutes of the Annual Electors' Meeting held on 25 January 2017 and notes the questions raised by the electors attending; and*

2. *In considering the motion (AE0102) carried at the Annual Electors' Meeting on 25 January 2017, resolves to note the content of the motion but take no action at this time for the following reasons:*

   - *The Plan for the Future (Long Term Financial Plan) and Corporate Business Plan will be reviewed prior to 30 June 2017 as part of the normal annual review process;*
   - *The "primary objective being fiscal restraint from 2017/18 onwards" will be considered when Council undertakes its "Annual Differential Rating Review" in April 2017;*
   - *The "Application of Principles" outlined in 3.1 of the motion are already required to be taken into consideration and included in the Differential rating submission provided to the Minister for Local Government each year when seeking approval for the various rating groups; and*
   - *The various rating categories and any future proposals and the objects and reasons for each category will be considered by Council as part of its "Differential Rating Review" in April 2017.*

Item 15.6 – 2017/18 Budget – Differential Rates (Minutes – 26.04.17), records the detail of Council's rating intentions for the next financial year. However it was preceded by a two hour secret meeting (Councillor Ratings Workshop) on 22 March 2017 and to which there are no minutes or paperwork available to the public. Page 76 of the minutes of the Council meeting reveal that councillors participated in the workshop on 23 March 2017 (sic) to review its rating options for 2017/18 financial year, its current rating strategy and its "rate in the dollar" comparative to neighbouring local governments. The minutes further record that Council also considered concerns raised by some ratepayers at the Annual Electors' meeting on 25 January 2017.

Disappointingly the outcome of these two gatherings is fairly clear. Neither staff nor the Council apparently had any real interest in addressing the requests from the Electors' meeting. Consequently one is left to deduce that the only reason for the excessive rates imposts is purely to drive the squeaky wheels of the Strategic Community Plan, Corporate Business Plan and the Long Term Financial Plan.

Put simply, these Plans which have hungrily demanded a rate in the dollar increase of at least 6% (one year it was 9%, two other years it was 8% and one year 7%) each year since 2006/07, is mind boggling. From a financial perspective it is unsustainable. In a nut shell the Plans are far too ambitious and require ever increasing rate contributions (like more than double the annual CPI) to feed their insatiable appetite.

Interestingly the Shire's Long Term Financial Plan at page 9 under the heading **Assumptions & Policies** states the following:

"The following assumptions underpin the Long Term Financial Plan in order to allow expenditure and revenue to be forecast for a ten year period."

Within the Assumptions & Policies is a long list (35) of **General Variables** including the very important CPI and LGCI assumptions. Sadly, Council has taken no account of these when it has set its rate over the last decade.

My solution to reducing rates is relatively simple – dump some of the expensive forward projects. Why? Because the community cannot afford them!

All of the foregoing now brings me back to the content of Minute OC0202 which was to delay making any formal decision on the requests of the Electors' meeting motion to two different events (times) in the future. To my mind the establishment of the rates proposal for 2017/18 at Minute OC0415, means that all four dot points of Minute OC0202 have now been dealt with – and summarily dismissed!

I would at this stage remind Council that they have not directly and formally responded to the Electors' meeting motion as set down in section 5.33. Fundamentally, that motion asked the Council for restraint. The answer to this is either "yes" or "no", but the Council merely delayed that by saying "maybe" and then did nothing.

Also on page 10 of the minutes of 22 February 2017 the last paragraph reads as follows:

> *"Finally there is generally no "nexus between UV and GRV rating efforts" other than to achieve the required annual rate income increase determined each year [i.e. 6% in 2016/17] (3.2 fourth dot point)."*
>
> It is my contention that there is indeed some sort of useful nexus and that is the WA Local Government Grants Commission assessed rating capacity.
>
> At page 95 of the minutes of 26 April 2017, it is noted that the Shire is under raising rates revenue by $1,794,887 in comparison to the State average. Obviously this is the combination of both UV and GRV components. A proportion of these relevant figures will provide a nexus.
>
> The use of this yardstick would be useful to establish rating relativities of rating efforts in the UV and GRV sectors and would obviously result in changes to the rating yields of both sectors.

3 **Rate Group 6** – The Shire's determination to rationalise the number of different rate in the dollar has created some "winners" and "losers". The first winners in this sequence are those in Rate Group 6 who will enjoy a 17.2% reduction to their rates.

The reason quoted for this Group is quoted as:

"This differential rate is applied to this category of vacant land to encourage development of commercial activity within the town site area."

To me this is very strange logic as Rate Group 6 is bestowed a much lower rate in the dollar for 2017/18 whereas Rate Group 2 (Residential Vacant) cops the usual 6% increase! In this context one must also note the similar reason given for Rate Group 2:

"The Shire applies this differential rate to encourage landowners to develop vacant land."

So, if the reasons in the two Rate Groups are the same, where is the consistency in the rating approach?

4 **Rate Group 9** – The next group of winners are those property owners with developed properties in the Special Use zoning.

Alongside Rate Group 6, it is proposed that Rate Group 9 will enjoy a new lower rate in the dollar of 7.6861 cents.

The Shire's logic in broad rating philosophy is that in general terms the gross rental valuations and unimproved values of individual properties are considered to provide sufficient differentiation between each rating category (page 91 minutes- 26.04.17). This has led to the conclusion to align the five commercial zones with the same rate in the dollar. In my mind, probably a reasonable approach!

However, once again the question of quantification arises. The proposed rate in the dollar of 7.6861 is about 4.7% higher than the intended base rate of 7.3410 cents. It would appear that the proposed commercial rate in the dollar of 7.6861 is derived by applying the 6% rate in the dollar increase to the 2016/17 rate of 6.5773 as applied to Rate Groups 6, 7, and 8.

But why is it 4.7% higher? While it may have years ago started out at being 5% higher no attempt has been made to justify the differentiation for any of the rate groups. I think there are probably only two ways that quantification can be done – by a costing methodology or by a subjective determination. The latter would be achieved by setting a percentage variance to the rate in the dollar between the groups. (The Shire of Augusta – Margaret River utilise this approach for some of their rating groups).

5 **Rate Group 10** – Clearly the biggest winners are those property owners in Rate Group 10 (UV) who will enjoy a massive 64.74% drop to their rate in the dollar.

Unimproved values for commercial properties will never provide sufficient differentiation. To suggest otherwise is pure fallacy.

It is apparent that the use of around a threefold higher rate in the dollar in previous years, was to achieve some sort of parity to commercial interests in the GRV rated areas.

The abolition of the former rating approach certainly casts into doubt at least for of the five following principles:

- Objectivity
- Fairness and equity
- Consistency
- Transparency
- Administrative efficiency.

6 **Rate Group 11** – I have two issues to discuss in regards to this rating group:

6.1 At page 89 of the minutes of 26 April 2017, the report reveals there has been a reduction in UVs by 2.26% in 2016/17 and 3.55% in 2015/16. At the time of the report it was not known whether the trend would be upwards or yet further downwards. Interestingly in in each of the two previous financial years the rate in the dollar increase was the same 6% as applied to the GRV sector.

However, in 2016/17 there was a GRV revaluation with values increasing by about 15% on average.

The result from these outcomes is that the UV sector copped a rates concession while the whole GRV sector being dealt a rates gouging. A classic double rap!

But herein emerges another problem of consistency, fairness and equity (and accuracy) by the Shire. At page 10 (3rd para.) of the minutes of 22 February 2017, the CEO in his report states the following:

"This also includes taking into consideration the annual UV and three yearly GRV reviews and adjusting the rate in the dollar up or down, in each rating group, to achieve as close as possible the overall rate income increase endorsed for that year (3.2 third dot point)."

But while this did occur with the 2013/14 revaluation it certainly did not happen in 2016/17! Is there going to be any adjustment in 2017/18 to compensate for this apparent oversight?

7 **Rate Group 12** – I have two issues to discuss in regards to this rating group which is where our property is included :

7.1 The first issue relates to rates gouging which has had a serious impact on our assessment A1733.

With the last GRV revaluation taking effect from 1 July 2016, it would normally be the approach for the Shire to increase the rates yield by whatever quantum deemed necessary to meet its budgetary needs. However, as explained in item 6 above, this did not happen and so the intended rate in the dollar increase was applied across the board to all the new GRVs.

The impact on assessment A1733 was profound when I discovered my rates from 2015/16 to 2016/17 had increased by $254.59 or 22.52%!

Sadly for me I was not around when the 2016/17 differential rates proposal was advertised and so I did not make a submission. For 2017/18 this will mean a compounding of 6% on top of the tragic 2016/17 GRV approach by Council. It is certainly not unreasonable to demand that Council's 2016/17 ploy be now redressed to the benefit of all GRV property owners.

7.2 Once again I am also concerned as to the lack of quantification of how the rate in the dollar for this group has been established.

No doubt it is a historical matter and my guess is that the difference between the rate in the dollar for Rate Group 1: Residential (the base rate), and Rate Group 12: Special Rural commenced as an arbitrary difference (concession) of 15%. For whatever reason, the difference is now about 13.5%.

The 2017/18 Objects and Reasons statement records that a small number of local government services are not provided to special rural customers and are quoted to include footpaths, kerbing and street lighting. However, no costing or quantification to my knowledge has been produced to quantify whether this subjective figure is anywhere near reasonable.

8 Finally, the comments below have no direct financial impact on the Shire's differential rating proposal. However I submit that the Objects and Reasons statement will offer far more clarity and objectivity if it is rewritten in table form rather than the narrative presentation currently used. By way of example the Shire of Augusta-Margaret River utilise a pretty good format.

In regard to the general structure of your current Objects and Reasons statement I do have a criticism on how the document is couched:

The amount of rates payable is determined by three factors: the method of valuation of the land, the valuation of the land and improvements, and the rate in the dollar applied to that valuation by the Shire. Secondly, the objects and reasons are intended to clearly explain why it is intended to set the differential general rate at that particular rate for the zoning group.

Within seven of the Rate Groups there is a statement that reads as follows:

Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

To me this is a meaningless motherhood statement as the GRV is of course the method of valuation. Whatever rates are payable are dependent on the remaining two factors – the valuation and the rate in the dollar. The motherhood statement is superfluous.

Rate Groups 10 & 11 are also treated in the same way in respect to the use of UVs.

Yours sincerely

Ref: ICR26480

Dear Mr ,

SUBMISSION – DIFFERENTIAL RATING 2017/18

Thank you for your submission dated 26 May 2017 regarding the proposed Differential Rates for 2017/18.

Before addressing the specific points which you have raised, I thought it might be beneficial to put the proposed rates increase in context of the Shires long term objectives.

You may be aware that as part of the Integrated Planning and Reporting Framework requirements set by of the Western Australian State Government, local government must provide forward planning documents for a range of financial periods. A Strategic Community Plan and Corporate Business Plan are required spanning a four year period in conjunction with a Long Term Financial Plan forecasting a period of ten years.

The Shire of Capel Corporate Business Plan is a four year service and project delivery plan and is aligned with the Shire's Strategic Community Plan. This is derived from various actions which have been prioritised by Council and the community. This does not only cover future strategic projects but also takes cognisance of funding requirements for capital renewal and any additional operational functions.

For your awareness, Council is in the process of finalising its major review of the Strategic Community Plan, in keeping with guidelines, and has consulted with ratepayers at a number of open public forums held in late 2016 through to early 2017. These events were held across the Shire in a variety of localities. Community feedback from these forums will be incorporated into the revised Corporate Business Plan via the Strategic Community Plan.

In support of the Integrated Planning and Reporting Framework, Council has developed a Rating Strategy which provides guidance on the establishment of rates required to fund the net operating and capital expenditure requirements of Council over the next 10+ years. Originally adopted in June 2010, this is reviewed each year as part of the budget development process. For the 2017/18 financial year, a ratings workshop was held as part of this review process.

Response to Points Raised
Please find below a response to the points raised in your submission.

1. The assertion is made that "Council's focus on its approach to 2017/18 rating regime probably began with Neil Rowlandson's motion to the Electors' meeting on 25 January 2017:" This assertion is inaccurate as Council had already planned a Ratings Workshop prior to the Annual Electors meeting on 25 January 2017. This type of workshop has occurred in prior years and allows discussion on rates and upcoming strategic issues and projects.

   Council considered and discussed a number of options for the 2017/18 financial year including:
    a. The current number of rating zones;
    b. The increase in the rate in the dollar;
    c. The impact of any reduced increase in the rate in the dollar on delivery strategic projects;
    d. The impact of any reduced rate in the dollar on the delivery of capital renewal; and
    e. Possible realignment of the existing rates in the dollar.

   Council had already, prior to the 2016/17 Budget adoption, reviewed and adjusted project timing of strategic projects within its Long Term Financial Plan. This has been part of an on-going Council review of sustainability in the context of the asset renewal requirements of the Shire

   You have mentioned the "special residential area" which once covered part of Gelorup. This grouping has not been in existence for some time. These properties are zoned Residential and as such are rated as Residential. There is some increased provision of services such as kerbing and drainage in some areas. In relation to other infrastructure such as paths or street lighting, this is a broader infrastructure discussion as oppose to a rating zone discussion. Council is constantly reviewing its infrastructure programs and has recently adopted its latest five year dual use path program.

2. In considering motion AE0102, this has been addressed in a number of ways:
    a. Council held a Workshop, as in previous years, to discuss rating options;
    b. Council had previously, in 2016, carried out a review of its Long Term Financial Plan to ensure that existing assets can be renewed and maintained to the required standard and that

future strategic projects can be delivered in an appropriate and affordable way. This resulted in some projects being pushed to a much later date in the planning cycle with the scope of some projects being re-assessed in the light of changing community demands and demographics;

c. Council adopts a number of subsidiary infrastructure plans (roads, paths and plant as examples) each year. These feed into the budget process where any funding gaps are addressed and are assessed on their individual merits;
d. All costs are assessed each year as part of the Budget process. Cost efficiencies are reviewed at this stage as part of the on-going cycle;
e. Costs are reviewed and reported through the financial year.

Forecast rates increases are not purely a factor of future projects. There is a requirement to also fund operating expenditure, capital preservation and renewal. The rate increases forecast in the Corporate Business Plan and Long Term Financial Plan indicate a continued need for rate increases of 6% up to 2018/19, with a 4% increase forecast thereafter. Given the growth which has taken place within the Shire in recent years, many Shire assets have been created through private developments which now necessitate a financial commitment from the Shire. In addition, assets have been provided to Council through grants and now require increased maintenance and replacement in future years.

The Long Term Financial Plan will be reviewed again this year in the light of the community consultation which has taken place as part of the Strategic Community Plan. This should align community feedback given at these forums with future planning. In this way, the Shire is in a better position to meet community needs at a whole of Shire level.

In reference to the assumed variables utilised within the Long Term Financial Plan, CPI and LGCI are noted as is the Wages Index and the assumed rates increases. Council also takes account of indexation assumptions used by WA Treasury in its forecast and therefore looks at a variety of indices to determine an overall view.

The rates proposal for 2017/18 does not indicate that OC0202 has been “summarily dismissed”. A variety of options were modelled for the 2017/18 rates proposal however the recommendation remained that a 6% yield was required to maintain services at the necessary level.

3. Council has this year resolved to set a differential rate in the dollar of 7.6861 cents for rate groups 5,6,7,8 and 9. These rate groups relate to commercial enterprises. Given that there had previously been two differential rates across these five rating groups, there will be some ratepayers who will have a one-off increase and some ratepayers who will have a one-off decrease as a result of this aggregation. This should not be a factor for future years with any variation being a result of revaluation from the Office of the Valuer General.

In regards to comments on Rate Group 6, the statement that "*This differential rate is applied to this category of vacant land to encourage development of commercial activity within the town site area*" is valid in the context of commercial decision making with reduced overheads generally being more attractive to business development. When considering Rate Zone 2 (Residential Vacant), established logic suggests that a higher differential rate in the dollar is more likely to result in the residential lot being developed due to narrowing the marginal cost gap between vacant and developed. This is common practice in other local governments.

4. In part, please refer to point 3 above. In addition, with reference to that actual rate in the dollar of 7.6861cents, this has been derived to simply spread the rate burden across these categories. Rather than simply uplifting the 2016/17 rates in the dollar by 6%, 7.6861 cents is the aggregate rate which derives the equivalent rates revenue. The realignment, as you point out, is a reasonable approach. The rate of 7.6861 does not correlate directly to the rate for groups 1 and 3 of 7.3410.

5. With regards to Rate Group 10, it should be noted that there is a total of 14 properties in this category historically raising a small portion of revenue. As these properties are rural, with marginal differentiation in service provision, Council has considered alignment with other Rural properties appropriate. In doing so, Council is consistent with the five principles you mention, particularly consistency, transparency and administrative efficiency

6. Rate zone 11. Please read in conjunction with point 7 below. Council determined that it was necessary to increase rates by applying a 6% increase on the 2015/16 rate in the dollar for 2016/17. Due to the Shires increasing asset renewal funding requirements, additional funds were allocated to the Infrastructure Asset Preservation Reserve to fund future road programs. 2016/17 rates have been endorsed by Council and levied by the Shire and Council does not propose any adjustment in 2017/18. Council did not have the revised UV valuations at the time of writing for the April meeting where the 2017/18 rates were endorsed.

7. Rate Group 12. Rating submissions for the 2016/17 financial year were considered at a Special Council Meeting on 30 June 2016. The GRV revaluation which was effective 1 July 2016 as you have noted. When endorsing the 2016/17 differential rates in the dollar, Council was provided with three options and thought it necessary to use the increase in revenue to help fund road infrastructure. Should you wish to view the item which was considered by Council, on 25 May 2016, it is available on the Shire website.

8. With regards to the format of the Objects and Reasons for 2017/18, your comments have been noted. The Shire does review formats utilised by neighbouring local governments with a view to continuous improvement and will continue to look for opportunities to improve the presentation of information to residents and ratepayers.

9. Council will receive and consider your submission at a Special Meeting on Wednesday 7 June 2017 at 5.30pm.

Should you require any further clarification on the above matters, then please contact me on 9727 0222 or by e-mail at info@capel.wa.gov.au.

Yours sincerely

Susan Stevenson
EXECUTIVE MANAGER CORPORATE SERVICES

1 June 2017