

agenda

Special Meeting of Council

NOTICE IS HEREBY GIVEN THAT A
SPECIAL MEETING OF THE COUNCIL
OF THE CITY OF JOONDALUP WILL BE HELD IN
THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE,
BOAS AVENUE, JOONDALUP

ON TUESDAY, 14 MAY 2013

COMMENCING AT 6.15pm

PURPOSE OF MEETING

The purpose of the meeting is to give consideration to the proposal for the setting of differential rates for the draft Budget for the 2013-14 financial year.

GARRY HUNT
Chief Executive Officer
10 May 2013

www.joondalup.wa.gov.au

PUBLIC QUESTION TIME

Members of the public are requested to lodge questions in writing by 9.00am on **Monday, 13 May 2013**

Answers to those questions received within that timeframe will, where practicable, be provided in hard copy form at the Special Council Meeting.

Please Note: Section 7(4) (b) of the Local Government (Administration) Regulations 1996 states that a Council at a special meeting is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked.

QUESTIONS TO

council.questions@joondalup.wa.gov.au
PO Box 21 Joondalup WA 6919

www.joondalup.wa.gov.au

PROCEDURES FOR PUBLIC QUESTION TIME

The following procedures for the conduct of Public Question Time were adopted at the Council meeting held on 17 March 2009:

Questions asked verbally

- 1 Members of the public are invited to ask questions at Council Meetings.
- 2 Questions asked at an ordinary Council meeting can relate to matters that affect the operations of the City of Joondalup. Questions asked at a Special Meeting of the Council must relate to the purpose for which the meeting has been called.
- 3 A register will be provided for those persons wanting to ask questions to enter their name. Persons will be requested to come forward in the order in which they are registered, and to give their name and address.
- 4 Public question time will be limited to two minutes per member of the public, with a limit of two questions per member of the public.
- 5 Statements are not to precede the asking of a question during public question time. Statements should be made during public statement time.
- 6 Members of the public are encouraged to keep their questions brief to enable everyone who desires to ask a question to have the opportunity to do so.
- 7 Public question time will be limited to the legislative minimum of fifteen minutes and may be extended in intervals of up to ten minutes by resolution of the Council, but the total time allocated for public questions to be asked and responses to be given is not to exceed 35 minutes in total. Public question time is declared closed following the expiration of the allocated time period, or earlier than such time where there are no further questions.
- 8 Questions are to be directed to the Presiding Member and should be asked politely in good faith and are not to be framed in such a way as to reflect adversely or be defamatory on a particular Elected Member or City employee. The Presiding Member shall decide to:
 - Accept or reject any question and his/her decision is final;
 - Nominate a member of the Council and/or City employee to respond to the question;
 - Take a question on notice. In this case a written response will be provided as soon as possible, and included in the agenda of the next Council meeting.
- 9 Where an elected member is of the opinion that a member of the public is:
 - asking a question at a Council meeting, that is not relevant to the operations of the City of Joondalup;
 - making a statement during public question time;they may bring it to the attention of the meeting.

- 10 Questions and any response will be summarised and included in the minutes of the Council meeting.
- 11 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the *Local Government Act 1995* or the *Freedom of Information (FOI) Act 1992*. Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the *FOI Act 1992*.

Questions in Writing - Residents and /or Ratepayers of the City of Joondalup Only

- 1 Only City of Joondalup residents and/or ratepayers may submit questions to the City in writing.
- 2 Questions submitted to an ordinary Council meeting can relate to matters that affect the operations of the City of Joondalup. Questions submitted to a Special Meeting of the Council must relate to the purpose for which the meeting has been called.
- 3 The City will accept a maximum of five written questions per City of Joondalup resident/ratepayer. To ensure equality and consistency, each part of a multi-part question will be treated as a question in its own right.
- 4 Questions lodged by 9.00am on the day immediately prior to the scheduled Council meeting will be responded to, where possible, at the Council meeting. These questions, and their responses, will be distributed to Elected Members and made available to the public in written form at the meeting.
- 5 The Presiding Member shall decide to accept or reject any written question and his/her decision is final. Where there is any concern about a question being offensive, defamatory or the like, the Mayor will make a determination in relation to the question. Questions determined as offensive, defamatory or the like will not be published. Where the Presiding Member rules questions to be out of order, an announcement to this effect will be made at the meeting, including the reason(s) for the decision.
- 6 The Presiding Member may rule questions out of order where they are substantially the same as questions previously submitted and responded to.
- 7 Written questions unable to be responded to at the Council meeting will be taken on notice. In this case, a written response will be provided as soon as possible and included on the agenda of the next Council meeting.
- 8 A person who submits written questions may also ask questions at a Council meeting and questions asked verbally may be different to those submitted in writing.
- 9 Questions and any response will be summarised and included in the minutes of the Council meeting.

- 10 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the *Local Government Act 1995* or the *Freedom of Information (FOI) Act 1992*. Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the *FOI Act 1992*.

DISCLAIMER

Responses to questions not submitted in writing are provided in good faith and as such, should not be relied upon as being either complete or comprehensive.

CODE OF CONDUCT

The Code recognises these ethical values and professional behaviours that support the principles of:

Respect for persons - this principle requires that we treat other people as individuals with rights that should be honoured and defended, and should empower them to claim their rights if they are unable to do so for themselves. It is our respect for the rights of others that qualifies us as members of a community, not simply as individuals with rights, but also with duties and responsibilities to other persons.

Justice - this principle requires that we treat people fairly, without discrimination, and with rules that apply equally to all. Justice ensures that opportunities and social benefits are shared equally among individuals, and with equitable outcomes for disadvantaged groups.

Beneficence - this principle requires that we should do good, and not harm, to others. It also requires that the strong have a duty of care to the weak, dependent and vulnerable. Beneficence expresses the requirement that we should do for others what we would like to do for ourselves.

* *Any queries on the agenda, please contact Governance Support on 9400 4369.*

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LATE ITEMS / ADDITIONAL INFORMATION

In the event that further documentation becomes available prior to this Special Council meeting, the following hyperlink will become active:

[Additional Information140513.pdf](#)

CITY OF JOONDALUP

Notice is hereby given that a Special Meeting of the Council will be held in the Council Chamber, Joondalup Civic Centre, Boas Avenue, Joondalup on **Tuesday, 14 May 2013** commencing at **6.15pm**.

GARRY HUNT
Chief Executive Officer
10 May 2013

Joondalup
Western Australia

AGENDA

1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

2 PUBLIC QUESTION TIME

(Please Note: Regulation 7(4)(b) of the *Local Government (Administration) Regulations 1996* states that a Council at a special meeting is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked.)

3 PUBLIC STATEMENT TIME

Statements made at a special meeting of the Council must relate to the purpose for which the meeting has been called.

4 APOLOGIES AND LEAVE OF ABSENCE

Leave of Absence previously approved

Cr Kerry Hollywood	1 May to 26 May 2013 inclusive.
Cr Brian Corr	19 May to 23 May 2013 inclusive.
Cr Russ Fishwick, JP	19 May to 23 May 2013 inclusive.

5 DECLARATIONS OF INTEREST

6 IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

7 ITEMS OF BUSINESS

JSC02-05/13 PROPOSAL FOR LEVYING DIFFERENTIAL RATES FOR THE 2013-14 FINANCIAL YEAR

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	102883, 101515
ATTACHMENT	Attachment 1 Objects of and reasons for Proposed Differential Rates for the 2013-14 Financial Year
AUTHORITY / DISCRETION	Executive – The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider a proposal for the setting of differential rates for the Draft Budget for the 2013-14 Financial Year.

EXECUTIVE SUMMARY

As part of the process for the 2013-14 budget it is proposed to continue with differential rating introduced in 2008-09. In accordance with section 6.36 of the *Local Government Act 1995* (the Act) Council is required to determine the differential rates to be advertised prior to consideration of the budget.

It is recommended that the proposed differential rates be advertised and public submissions sought in accordance with section 6.36 of the *Local Government Act 1995*.

BACKGROUND

To set the rates for its budget, Council determines the total rate revenue it needs and sets a rate in the dollar that will generate that revenue. The individual property valuations determine what proportion of the total rate requirements are met by each property owner. This proportion will change when a valuation changes.

Differential rates were first introduced in 2008-09 following a revaluation to maintain the distribution of the rate burden between the classes of residential, commercial and industrial property. The relativities between the differentials were adjusted again in 2011-12 following a further revaluation.

In addition to a differential between classes of property the City has applied a differential between improved and vacant land within each of the classes of residential, commercial and industrial property. The City is keen to promote and encourage the development of vacant land. This can be done through a number of positive initiatives and in this regard the City makes a significant contribution to encourage and promote economic development. It can also be done by actively discouraging the holding of vacant and undeveloped land. In respect of the latter a higher differential rate imposed on vacant land than the rate applicable for improved land acts as an inducement to develop vacant land.

DETAILS

There is no general property revaluation in 2013-14 and it is proposed to maintain the relativities between the differentials that applied in 2012-13.

Differential Rates

Section 6.33 of the Act makes provision for the City to be able to levy differentials based on a number of criteria as follows:

- “(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.”*

The City has applied its differential rates based on (b) the purpose for which the land is held as well as (c) in relation to vacant land.

Section 6.33 of the Act also permits Council to levy differentials such that the highest is no more than twice the lowest differential. A greater difference in differentials may be used but requires Ministerial approval.

Issues and options considered

There are several broad approaches for how the City might apply a rate increase for the 2013-14 budget.

Rate in the Dollar

There are three options for determining how the rate in the dollar may be set.

Option One – Do not Differentially Rate and Revert to a General Rate

The differential rate was introduced in 2008-09 to compensate for the distortions caused by higher residential property valuation increases compared to commercial and industrial property valuations.

Because the current 2013-14 differential rates for commercial and industrial property are higher than the residential differential rate reverting back to a general rate would significantly increase the rate burden falling on residential property owners with a reduction to commercial and industrial property owners.

This option is not recommended.

Option Two – Apply a Differential Rate but Re-assess What They Should Be

There needs to be a key driver or basis for setting a differential rate. In 2008-09 the driver was to maintain the proportion of rate revenue derived from each of residential, commercial and industrial property. Applying a higher differential rate for vacant property was introduced on the basis of discouraging the holding of property in a vacant or undeveloped state.

Since the differential rates were last considered for the 2012-13 budget there has been no change in legislative requirements impacting on the application of differential rating in the City of Joondalup and no change in circumstances that would suggest the basic drivers need to be reconsidered.

This option is not recommended.

Option Three – Apply a Differential Rate as a Percentage Based on the Differentials Set in 2012-13

As there has been no change in legislative requirements impacting on the application of differential rating in the City of Joondalup and no change in circumstances that would suggest the basic drivers need to be reconsidered then applying a percentage increase based on the differentials that were set in 2012-13 would preserve the relativity between the differentials. This is considered to be the most appropriate course in the current circumstances.

This option is recommended.

Minimum Payments

The Act provides that a local government may set a minimum payment for rates. That is regardless of the result of the rate calculation determined by multiplying the rate in the dollar by the valuation no property should be assessed for rates at an amount below the minimum payment. The rate in the dollar and minimum payment will together determine what the minimum valuation is and all properties with a valuation less than this will be subject to the minimum payment.

The Act does not provide any guidance as to what is an appropriate value for the minimum payment or how it might be determined. In essence it is whatever the local government may determine. The general philosophy is that every ratepayer should make a reasonable contribution to the services and facilities that a local government provides. There is no requirement for the local government to justify or substantiate the minimum payment although there is a statutory limit prohibiting a minimum being set so high that more than 50% of properties would be on the minimum.

There are two options.

Option Four – Re-Assess the Setting of Minimum Payments

The minimum payment that the City has been applying each year has not been based on any formula or criteria but simply represents what the City has determined is reasonable as a minimum payment.

By way of comparison in the table below for the current 2012-13 financial year, the City's minimum payment for residential improved of \$729 is middle-of-the-road for the nine largest local governments by population. 9.0% of ratepayers (rated on a Gross Rental Value basis) pay the minimum payment.

Local Government	Residential Improved Minimum Payment 2012/13 \$
City of Canning	491
City of Cockburn	627
City of Melville	658
City of Joondalup	729
City of Stirling	737
City of Swan	765
City of Rockingham	799
City of Gosnells	814
*City of Wanneroo	1095

**Minimum rate includes rubbish charge*

In the absence of any specific guidelines and given that the City of Joondalup's minimum payment is well within industry norms the option of re-assessing the setting of minimum payments is not recommended.

Option Five – Apply Increases in Line with the Increases in Rates

It is considered that applying a percentage increase to the previous year's minimum payment that is the same as the overall City rate increase, provides the most consistent and equitable approach.

This option is recommended.

Draft 2013-14 Budget Rate Revenue Requirement

The Draft 2013-14 Budget is in the final stages of preparation. Four workshops have been held with Elected Members and a draft overall position considered. A summary of the overall position is set out below:

Current Draft 2013-14 Budget Position

Operating Revenue (excluding Rates)	\$49.141m
Plus Capital Revenue	\$6.665m
Plus Operating Adjustments for Depreciation etc	\$21.150m
Plus Net Funding and Transfers	<u>\$15.975m</u>
	\$92.931m
Less Operating Expenditure	(\$134.460m)
Less Capital Expenditure	<u>(\$ 41.752m)</u>
	(\$83.281m)
Plus Surplus Brought Forward (estimated)	\$ 1.736m
Less Surplus Carried Forward	<u>(\$ 0.000m)</u>
Rate Setting Statement Deficit to be made up from Rates	(\$81.545m)

This represents an overall Rate Increase of 5.2% (1% is equal to \$815,000 approximately).

It is recommended that the City base its rate in the dollar on option three and its minimum payment on option five with rates applying to each property category based on the following criteria:

- An overall City rate increase of 5.2%.
- That differential rates apply to residential, commercial and industrial property with relativities applied as they were for 2012-13.
- That a differential rate continue, to be applied to vacant residential property to compensate for the reduced prescribed percentage of the capital value of vacant residential land from 5% to 3% introduced in 2011-12.
- A rate on vacant commercial and industrial property that is twice the lowest differential rate.
- An increase in the minimum payment for all residential, rural, commercial and industrial property of 5.2% in line with the overall City rate increase.

Legislation / Strategic Community Plan / policy implications

Legislation

The *Local Government Act 1995* Section 6.33 sets out the provisions in relation to differential rating. The City is able to apply separate rates in the dollar for different categories of properties based on zoning, land use and whether they are improved or unimproved.

Section 6.36 of the Act requires that if the City is going to apply differential rating it must advertise the differentials it intends to apply with local public notice for a minimum 21 days and invite submissions in relation to the proposed differentials. A document is required to be made available for inspection by electors and ratepayers that describes the objects of, and reasons for, each proposed rate and minimum payment (Attachment 1 refers). The City is then required to consider any submissions received and may make a final resolution in relation to the setting of the rates in the dollar and the adoption of the budget.

Strategic Community Plan

Key theme	Financial Sustainability.
Objective	Effective management.
Strategic initiative	Not applicable.
Policy	Not applicable.

Risk management considerations

Provided the statutory provisions are complied with there are no risk management issues for applying a differential rate.

Financial/budget implications

The application of differential rating is about apportioning the rate revenue that is required between different categories of property. There are no budget implications from just applying differential rating. The City could derive exactly the same total revenue by applying a general rate to all categories of property. The intention with proposing a differential rate however is to maintain the general proportion of rate revenue derived from each property category of residential, commercial and industrial.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

The proposed differential rating has been discussed at a number of budget workshops by Elected Members and the Executive Management Team. The recommendations of this report reflect the feedback from those discussions.

As referred to under Statutory Requirements if the recommendation is adopted the proposed differential rates will be advertised and public submissions sought. An advertisement will be placed in The West Australian, local newspapers as well as notice boards and the City's website for 21 days.

COMMENT

The differential rates and minimum payments that have been recommended will deliver an overall rate increase of 5.2% which is in line with feedback from the budget workshops held to date.

The relativities between the various differential rates and minimum payments maintains the City's historical approach to apportioning the rate burden between the respective categories of residential, commercial and industrial as well as between vacant and developed residential, commercial and industrial property.

The recommendation relates only to undertaking the prescribed advertising for public submissions for the proposed differential rates and minimum payments. Adopting the recommendation does not commit Council to the differential rates and minimum payments proposed. Council is required to consider any public submissions received, prior to making its final determination. Adopting the recommendation also does not represent any commitment in relation to the adoption of the 2013-14 Budget.

VOTING REQUIREMENTS

Simple Majority.

RECOMMENDATION**That Council:**

- 1 APPLIES differential rates for the Draft Budget for the 2013-14 Financial Year;**
- 2 ADVERTISES in accordance with section 6.36 of the *Local Government Act 1995* for public submissions on the proposed differential rates as set out in the table below and makes available to the public Attachment 1 to Report JSC02-05/13 setting out the objects and reasons for the differential rates:**

	Rate in \$	Minimum Payment
General Rate - GRV		\$
Residential Improved	0.058036	767.00
Residential Vacant	0.081772	767.00
Commercial Improved	0.070784	783.00
Commercial Vacant	0.116070	783.00
Industrial Improved	0.064741	783.00
Industrial Vacant	0.116070	783.00
General Rate - UV		
Residential	0.008737	767.00
Rural	0.008695	767.00

- 3 REQUESTS a further report be presented to Council to consider:**
- 3.1 any public submissions in relation to the proposed differential rates;**
 - 3.2 the adoption of the Budget for the 2013-14 Financial Year after the close of public submissions.**

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agn140513.pdf](#)

8 CLOSURE

APPENDICES

ITEM	TITLE	APPENDIX	PAGE
JSC02-05/13	<p>PROPOSAL FOR LEVYING DIFFERENTIAL RATES FOR THE 2013-14 FINANCIAL YEAR</p> <p>Attachment 1 Objects of and reasons for Proposed Differential Rates for the 2013-14 Financial Year</p>	1	1



**DECLARATION OF
FINANCIAL INTEREST/INTEREST THAT MAY AFFECT
IMPARTIALITY**

**To: CHIEF EXECUTIVE OFFICER
CITY OF JOONDALUP**

Name/ Position	
Meeting Date	
Item No/ Subject	
Nature of Interest	Financial Interest * Interest that may affect impartiality* <i>* Delete where not applicable</i>
Extent of Interest	
Signature	
Date	

Section 5.65(1) of the *Local Government Act 1995* states that:

“A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by that member must disclose the nature of the interest:

- (a) in a written notice given to the CEO before the meeting; or*
- (b) at the meeting immediately before the matter is discussed.*



**QUESTION TO BE ASKED AT
BRIEFING SESSION/COUNCIL MEETING**

NAME

ADDRESS

QUESTIONS

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Please submit this form at the meeting or:

- **post** to The Chief Executive Officer, City of Joondalup, P O Box 21, Joondalup WA 6919
- **email** to council.questions@joondalup.wa.gov.au

Please note that:

- Questions asked at a **Briefing Session** must relate to matters contained on the draft agenda.
- Questions asked at a **Council meeting** can relate to matters that affect the operations of the City of Joondalup.
- Questions asked at a **Special Meeting of the Council** must relate to the purpose for which the meeting has been called