
Shire of Kalamunda

Special Council Meeting

Minutes for 29 August 2011

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MINUTES

1.0 OFFICIAL OPENING

1.1 The Chairman opened the meeting at 6.46pm and welcomed Councillors, Staff and Members of the Public Gallery.

2.0 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

2.1 Attendance

Councillors

Donald McKechnie	Chairman (Shire President)	North Ward
Margaret Thomas		North Ward
Allan Morton	(Deputy Shire President)	South West Ward
Noreen Townsend		South West Ward
Frank Lindsey		South East Ward
Carol Everett		South East Ward
Geoff Stallard		South East Ward
Martyn Cresswell		North West Ward
Dylan O'Connor		North West Ward
Justin Whitten		North West Ward

Members of Staff

James Trail	Chief Executive Officer
Rhonda Hardy	Director Corporate Services
Clayton Higham	Director Planning & Development Services
Kevin O'Connor	Director Community Development
Mahesh Singh	Director Engineering Services
Darrell Forrest	Manager Governance
Peter Hayes	Manager Business and Strategy
Michelle Clark	Executive Assistant
Donna McPherson	Minute Secretary

Members of the Public 0

Members of the Press 1

2.2 Apologies

Sue Bilich	North Ward
Maureen Robinson	South West Ward

2.3 Leave of Absence Previously Approved

Nil.

3.0 PUBLIC QUESTION TIME

A period of not less than 15 minutes is provided to allow questions from the gallery on matters relating to the functions of this Committee. For the purposes of Minuting, these questions and answers are summarised.

The Chairman permitted a Councillor to ask a question of the meeting at this time.

- 3.1 Reserve - Worthworths Avenue (Cr Margaret Thomas)

4.0 DISCLOSURE OF INTERESTS

9.1 Disclosure of Financial and Proximity Interests

- a. Members must disclose the nature of their interest in matters to be discussed at the meeting. (Sections 5.60B and 5.65 of the *Local Government Act 1995*.)
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the *Local Government Act 1995*.)

Nil.

9.2 Disclosure of Interest Affecting Impartiality

- a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

Nil.

5.0 REPORT TO COUNCIL

Please Note: declaration of financial/conflict of interests to be recorded prior to dealing with each item.

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

5.1 Local Government Rates and the Impact of Revaluations

Previous Items	N/A
Responsible Officer	Director Corporate Services
Service Area	Finance
File Reference	
Applicant	N/A
Owner	N/A
Attachment 1	Rating System – How it Works

PURPOSE

1. To provide Council with a brief overview of how the rating system operates in Western Australia and to highlight the impact of the recent revaluation that has occurred through the Shire of Kalamunda.

BACKGROUND

2. Under the Local Government Act Section 6.26 prescribes that all land within a district is rateable land unless otherwise prescribed in that section. Therefore it is the Shire's duty to rate all properties in accordance with valuations and the Local Government Act.
3. Rates Charges for properties are calculated by the following formula:
Valuation multiplied by rate-in-the-dollar.
4. The valuation for all land and property is determined independently by the Valuer General. The functions of the Valuer General are prescribed within the Valuation of Land Act 1978 and the Valuation of Land Regulations 1979.
5. Property valuations are calculated using either an Unimproved Value (UV) or a Gross Rental Value (GRV). GRV refers to the gross annual rental that the land might reasonably be expected to earn if let on a tenancy from year to year. The GRV is determined triennially on the basis that the rental includes all outgoings, such as rates, taxes and insurance.
6. The rate-in-the-dollar is set by individual local governments and is determined by the level of annual budget deficit. This deficit is established by subtracting all other predicted revenue sources from the total expenses required to operate the local government in the budget year.

DETAILS

7. In 2010-2011 the Valuer Generals Office undertook a revaluation of all properties in the Shire of Kalamunda.
 8. The impact of the recent revaluation has seen a significant shift in values across the foothill suburbs. This has resulted in a significant rate increase for properties in these suburbs. Properties in High Wycombe and Maida Vale experienced an average increase in GRV of 64%.
 9. An increase or decrease in the Rates Charge for an individual property is linked directly to changes in the variables that comprise the formula from which the Rates Charge is calculated. Namely, the valuation and the rate-in-the-dollar.
Therefore, the Rates Charge for an individual property may increase (or decrease) if:
 - the property has been valued by the Valuer General and has significantly increased (or decreased) from the previous valuation; and/or
 - the local government has changed the rate-in-the-dollar due to an increased (or decreased) budget deficit.
 10. It should be noted properties that have increased in value more than the average, or have decreased less than the average (if the market has experienced a downturn), will likely encounter an increase in their Rates Charge.
However, properties that have increased in value less than the average, or have decreased more than the average, will likely experience a decrease. Specifically, properties with a higher value will pay a greater proportion of the rates burden than properties with a lower value.
 11. Increasing (or decreasing) property values therefore only allow for the redistribution of rates paid between individual properties – some ratepayers will pay more and some will pay less.
 12. In the Shire of Kalamunda, properties were subject to this triennial valuation in 2011/12. As a result, certain suburbs in the Shire were found to have significantly increased in value over the past 3 years, resulting, on average, in higher Rates Charges.
Notably, the suburbs of High Wycombe and Maida Vale were most affected
 13. Local government annual budgets are established independently from property valuations and are pre-determined to meet expenditure requirements.
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14. The rate-in-the-dollar is then ascertained by dividing the annual budget deficit by the sum total of all property valuations provided by the Valuer General.
 15. A change in the rate-in-the-dollar can therefore occur if either the annual budget requirements change or the sum total of property valuations change (or both).
 16. In the Shire of Kalamunda, the rate-in-the-dollar has decreased from 2010/11 to 2011/12 as a result of a significant increase in the sum total of property valuations.
 17. As a result, those properties with proportionately high increases in value experienced, on average, an increased Rates Charge, and those properties with proportionately low increases in value experienced, on average, a decreased Rates Charge (or remained constant).
 18. Property owners who are dissatisfied with the valuation of their property are able to formally lodge an objection to the Valuer General. Under the Valuation of Land Act 1978, objections can be made on the grounds that the valuation is unfair, unjust, inequitable or incorrect (whether by itself or in comparison with other valuations in force).
 19. Further, if property owners are dissatisfied with the outcome from the Valuer General, the decision can be referred to the State Administrative Tribunal (SAT) for review.

STATUTORY AND LEGAL IMPLICATIONS

20. In Western Australia, the rating process is prescribed in Division 6 of the Local Government Act 1995 and the local Government (Financial Management) Regulations 1996.

POLICY IMPLICATIONS

21. Nil.

PUBLIC CONSULTATION/COMMUNICATION

22. Nil.

FINANCIAL IMPLICATIONS

23. Nil.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Planning Implications

24. Nil.

Sustainability Implications

Social implications

25. Nil.

Economic Implications

26. Nil.

Environmental Implications

27. Nil.

OFFICER COMMENT

28. The Shire is not responsible for the rental values of properties; however, the Shire must use the rental value in order to levy its rates.

The revaluation has caused a redistribution of the rate burden across the Shire and whilst suburbs such as Maida Vale have had a significant impact there are many properties in other suburbs that have had minor increases or reduced rates applied because their values have not increased or in some instances decreased.

29. The rating system in Western Australia is complicated to understand but it is deemed to be the most equitable system available to the State and to Local Government because it is based on market driven economics through rental values. Any change to the methodology is a matter for State Political leaders. Over the years there have been many inquiries and studies into the rating systems across Australia, and to this day, after examining numerous models the GRV approach still outweighs other models because it is the cheapest and most equitable system to apply and administrate.

30. A rating system is essentially a tax on land and the different rating methods available as outlined in the Attachment to this report reveal that philosophical notions of 'fairness' and 'equity' can be contentious and are frequently influenced by contradictory moral, ethical and political beliefs.

The philosophies underpinning these alternative methods of rating can be broadly grouped into three fairness and equity principles detailed below:

- Benefit Principle:

The 'benefit' or 'user-pay principle' requires that ratepayers be charged in proportion to the benefit they receive from local government services, or the extent to which they make use of those services.

- **Ability-to-Pay Principle:**
The 'ability-to-pay' or the 'capacity-to-pay principle' entails that ratepayers should be charged in proportion to their ability to afford local government services.
- **Equal-Distribution Principle:**
The 'equal-distribution principle' requires that all ratepayers should be charged equally for local government services as they all have equal access to those services. These fairness and equity principles are realised to a greater or lesser extent in all methods of local government rating.

In the Shire of Kalamunda, Rates Charges are calculated primarily from property valuations, a method which embodies the ability-to pay principle. However, the benefit principle and the equal distribution principle are also utilised in forms of fees, such as the Pool Fence Inspection Fee (benefit) and the Refuse Charge (equal distribution).

All methods of local government rating strive to be fair and equitable, although the philosophies behind them can be widely divergent.

RESOLVED SMC 124/2011

That Council:

1. Request the Chief Executive Officer to write to the Premier, Treasurer, Minister of Local Government and the Minister of Lands (in his role supervising the Valuer General's Office) raising its concerns on behalf of residents who were severely impacted by the recent revaluation in the suburbs of High Wycombe, Maida Vale and Forrestfield.
2. Request the State Government undertake a review of the current revaluation process in order to provide a mechanism to lessen the impact upon ratepayers from severe fluctuations in rental property valuations.
3. Refer the report and its recommendations to the next meeting of the Western Australian Local Government East Metropolitan Zone seeking their support for the Western Australian Local Government Association to take a lead role in the proposed review as resolved in Point 2 above.

Moved: **Cr Margaret Thomas**

Seconded: **Cr Justin Whitten**

Vote: **CARRIED UNANIMOUSLY (10/0)**

Meeting to be Closed to the PublicRESOLVED SMC 125/2011

1. That the meeting be closed to the public to consider Item 5.2 – Zig Zag Cultural Centre – Proposal for Chamber of Commerce to Lease Office Space and Item 5.3 - Deed of Agreement (Lot 9001 Kalamunda Road). The meeting is closed pursuant to section s.5.23(2) (c) of the *Local Government Act 1995* "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."

Moved: **Cr Margaret Thomas**

Seconded: **Cr Allan Morton**

Vote: **CARRIED UNANIMOUSLY (10/0)**

The meeting closed to the public at 6.55pm and all in attendance except for Councillors, Staff left the meeting.

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

CONFIDENTIAL ITEM

Reason for Confidentiality: In accordance with Section 5.23(2) (c) of the *Local Government Act 1995*, which permits the meeting to be closed to the public for business relating to a matter that if disclosed would reveal: "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."

5.2 Zig Zag Cultural Centre – Proposal for Chamber of Commerce to Lease Office Space

Previous Items	OCM 122/2011
Responsible Officer	Chief Executive Officer
Service Area	Community Development
File Reference	CO-INF-017
Applicant	N/A
Owner	N/A

RECOMMENDATION 1

1. That Council reaffirm its decision from the August Ordinary Council Meeting and advise the Kalamunda Chamber of Commerce that if it does not wish to accept these Terms and Conditions, then it will authorise the Chief Executive Officer to negotiate with other potential tenants.

Moved:

Seconded:

Vote: **LAPSED**

As there was no mover for Recommendation 1 it LAPSED. The meeting the considered Recommendation 2 as there was no mover for this recommendation it LAPSED.

RECOMMENDATION 2

1. That Council reconsider its decision made at August Ordinary Council Meeting and authorise the Chief Executive Officer to renegotiate a lease with the Kalamunda Chamber of Commerce on the following terms and conditions:

Moved:

Seconded:

Vote: **LAPSED**

Cr Frank Lindsey presented a motion to Council. Cr Lindsey advised that he was of the understanding that the Chamber of Commerce will be prepared to accept the terms of the lease as presented. The motion received a seconder and was put to the vote.

RESOLVED SCM 126/2011

That Council reconsider its decision of the August Ordinary Council Meeting and offer to lease office space at the Zig Zag Cultural Centre to the Kalamunda Chamber of Commerce on the following terms and conditions:

1. Term - 5 years with a 5 year option
2. Rental - commencing at \$3,880 per annum and reviewed annually in accordance with the lease agreement. For year 1, rental will be calculated at a discount of 50% and in year 2, a discount of 25%, to the rental that would otherwise apply.
3. Outgoings - as per lease agreement.
4. Seeks Ministerial approval to lease the property at 50 (Lot 431) Railway Road, Kalamunda being Reserve No 24956.
5. Authorises the statutory advertising required by Section 3.58 (3) of the Local Government Act 1995 for disposal by lease of 50 (Lot 431) Railway Road, Kalamunda.

6. Subject to not receiving any submissions following the statutory advertising period, authorises the Chief Executive Officer to finalise lease arrangements.
7. Recognises the Kalamunda Chamber of Commerce as a collective bargaining agent for the purpose of purchasing services from the Visitors Centre component of the Zig Zag Cultural Centre at wholesale prices. Non-members of the Kalamunda Chamber of Commerce retain the right to purchase these services at retail prices from the Shire of Kalamunda.

Moved: **Cr Frank Lindsey**

Seconded: **Cr Carol Everett**

Vote: **CARRIED UNANIMOUSLY (10/0)**

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

CONFIDENTIAL ITEM

Reason for Confidentiality: In accordance with Section 5.23(2) (c) of the *Local Government Act 1995*, which permits the meeting to be closed to the public for business relating to a matter that if disclosed would reveal: *"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."*

5.3 Deed of Agreement (Lot 9001 Kalamunda Road)

RESOLVED SCM 127/2011

That Council:

1. Authorises the Chief Executive Officer to further negotiate and finalise the proposed Deed of Agreement in consultation with the Shire President and Chairs of the Planning and General Services Committees.
2. Endorse drawing no 3478-C-01-A, Chipping Drive Ashford Road to Kalamunda Road proposed road extension.

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Martyn Cresswell**

Vote: **CARRIED UNANIMOUSLY (10/0)**

Meeting to be Reopened to the Public

RESOLVED SCM 128/2011

That the meeting be reopened to the public to after consideration of Item 5.2 – Zig Zag Cultural Centre – Proposal for Chamber of Commerce to Lease Office Space and Item 5.3 - Deed of Agreement (Lot 9001 Kalamunda Road). The meeting is closed pursuant to section s.5.23(2) (c) of the *Local Government Act 1995* "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."

Moved: **Cr Martyn Cresswell**

Seconded: **Cr Justin Whitten**

Vote: **CARRIED UNANIMOUSLY(10/0)**

6.0 CLOSURE

There being no further business, the Chairman declared the meeting closed at 7:11pm.

I confirm these Minutes to be a true and accurate record of the proceedings of this Council.

Signed: _____
Chairman

Dated this _____ day of _____ 2011