



MINUTES

SPECIAL MEETING OF COUNCIL

Held on
Monday 13th September 2010
5.00 pm
City of Albany Council Chambers

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1.0 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Mayor declared the meeting open at 5.00PM.

ITEM 1.0 - MOTION

MOVED: COUNCILLOR WELLINGTON

SECONDED: COUNCILLOR LEAVESLEY

THAT Council Suspend Standing Order 3.1, to allow recording of proceedings.

**MOTION CARRIED 10-0
ABSOLUTE MAJORITY**

2.0 OPENING PRAYER

The Mayor read the Opening Prayer.

“Heavenly Father, we thank you for the beauty and peace of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”

3.0 PUBLIC QUESTION AND STATEMENT TIME

Council’s Standing Orders Local Laws provide that each Ordinary Meeting of the Council shall make available a total allowance of 30 minutes, which may be extended at the discretion of Council, for residents in attendance in the public gallery to address clear and concise questions to His Worship the Mayor on matters relating to the operation and concerns of the municipality.

Such questions should be submitted to the Chief Executive Officer, **in writing, no later than 10.00am** on the last working day preceding the meeting (the Chief Executive Officer shall make copies of such questions available to Members) but questions may be submitted without notice.

Each person asking questions or making comments at the Open Forum will be **LIMITED** to a time period of **4 MINUTES** to allow all those wishing to comment an opportunity to do so.

5:02:21 PM **Mr R Hedderwick**

Mr Hedderwick tabled an address Council in support of a rate reduction on vacant land. (detailed at appendix A).

Item 3.0 continued.

Mr Hedderwick asked that the following questions be taken on notice in relation to the Cull Road Subdivision:

- a. Is council exempt from:
 - i) Rates (Council or Water Corporation)
 - ii) Payroll tax
 - iii) Land tax
 - iv) GST
 - v) Income tax
 - vi) Capital Gains tax
 - vii)
- b. Please advise whether this development and its pricing is in compliance with National Competition Policy.
- c. Has council consulted in advance of invoking the increased rates with the following:
 - i) Vacant land developers
 - ii) Vacant land purchasers
 - iii) Vacant land owners

Acting Executive Director of Corporate and Community Services, David Schober, took Mr Hedderwicks questions on notice.

5:06:27 PM Vera Torr, Sussex St Albany

Ms Torr addressed Council supporting Mr Hedderwicks comments and made the following points:

- The rate rise should be 9% across the board
- A blanket rate on development should be applied
- There was a lack of consultation with the public prior to the rate rise on vacant land

5:08:33 PM Mayor closed Public Question and Statement Time.

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

Mayor M J Evans JP

Councillors:

Breaksea Ward	J Bostock
Frederickstown Ward	D Wellington
Frederickstown Ward	J Swann
Kalgan Ward	M Leavesley
Kalgan Ward	C Holden
West Ward	D Wolfe
West Ward	D Dufty
Vancouver Ward	D Bostock
Yakamia Ward	J Matla

Staff:

Chief Executive Officer	J Bonker
A/ED Corporate & Community Services	D Schober
Executive Director Development Services	G Bride
Executive Director Works and Services	K Ketterer
Executive Manager Business Governance	S Jamieson
Assistant Business Governance Officer	J Williamson

Public Gallery and Media:

1 member of the media and three members of the public were in attendance.

Apologies/Leave of Absence:

Breaksea Ward	R Hammond
Yakamia Ward	R Sutton
Vancouver Ward	R Paver

5.0 DECLARATION OF INTEREST

Nil

6.0 ITEMS FOR DISCUSSION

6.1: GROSS RENTAL VALUE – VACANT LAND RATES

File Number (Name of Ward)	: All Wards
Previous Reference	: Rates Revenue Options Budget 2010 – 8 th June 2010 SCM 29/06/10 MM1014212
Consulted References	: Local Government Act 1995 (Act) Local Government (Functions and General) Regulations 1996
Reporting Officer(s)	: Executive Manager Community Services (D Schober) Executive Manager Business Governance (S Jamieson)
Responsible Officer	: Chief Executive Officer (J Bonker)

IN BRIEF

- Review rates assessments for affected GRV vacant land owners.

BACKGROUND

1. In the 2007/08 Budget adopted by Council the City introduced a differential rating system for GRV Vacant Land. This took effect from 1st July 2007. In 2007/08 and subsequent budgets the differential rate applied for GRV vacant land owners was as follows:
 - 2007-08 rate in the dollar 4.596c.
 - 2008-09 rate in the dollar 4.8212c.
 - 2009-10 rate in the dollar 5.2551c.
2. At the Special Council Meeting on 29th June 2010 Council adopted the Budget which included a rate in the dollar of 11.1869c for GRV vacant land owners, thereby removing the differential rate.
3. Following the removal of the differential rating for GRV vacant land owners and the subsequent issue of rate notices the City has received many complaints relating to the increase in rates levied against land owners.
4. On August 17th 2010 the City received a petition signed by 198 electors from Mr Grant Simmons calling for a Special Council Meeting of Electors to discuss a Rescission of the Rate Rise on GRV Vacant Land and an Enquiry into the rating system of the City of Albany.
5. A Special Meeting of Electors has been scheduled for Monday 13th September 2010 at 6:00pm.

Item 6.1 continued.

DISCUSSION

6. Council may wish to consider its adopted position and provide relief to owners of GRV vacant land.
7. Council may wish to revise its adopted position dealing with discounts, incentives, payments by instalments and penalty interest, to the extent that they relate to affected ratepayers.
8. As at 07th September 2010 the current status of affected ratepayers was:
 - 57% paid in full
 - 23% began instalment payment options
 - 20% have not paid

RECOMMENDED COURSE OF ACTION

9. The following steps should be conducted:
 - a. Determination of either:
 - i) Confirmation of 2010/11 budget as adopted; or
 - ii) Provision of a concession for GRV vacant land owners as determined by Council.
 - b. Advise Special Meeting of Electors to be held on Monday 13th September 2010 at 6 pm.

STATUTORY IMPLICATIONS

10. In accordance with the Local Government Act 1995, section 6.47, being:

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

*** Absolute majority required.**

FINANCIAL IMPLICATIONS

11. A concession which caps rates increases for GRV Vacant land owners at 50% would result in a decrease in revenue of \$0.9 million.

STRATEGIC IMPLICATIONS & ALIGNMENT TO CORPORATE PLAN

12. This item directly relates to objective 4.1 of the Albany Insight – Beyond 2020 Corporate Plan: *“The City of Albany will be a cohesive Council delivering ethical and responsible government committed to excellence in board governance.”*

Item 6.1 continued.

SUMMARY CONCLUSION

13. That Council communicate its decision immediately to the Special Meeting of Electors, scheduled to be conducted post this meeting.

RECOMMENDATION

ITEM 6.1: RESPONSIBLE OFFICER RECOMMENDATION

1. THAT a one-off concession be granted to the owners of vacant land that limits the rates increase payable in 2010/11 to not more than 50% of the rates payable in 2009/10.
2. THAT the following administrative processes be applicable to the granting of the rates concession:
 - i) Affected ratepayers will be afforded 21 days after reissue of assessments to make payment of the revised amount
 - ii) Penalty interest on any unpaid amount thereafter will apply
 - iii) Ratepayers who have previously paid their rates and taken advantage of the 2% discount on the original amount billed will receive a concession which is the difference between the original amount paid and the revised rates amount.
 - iv) A discount on the re-issued assessment of rates will not be given
 - v) The instalment option will not be available to affected ratepayers that did not make an instalment payment prior to 1 September 2010. If an affected ratepayer wants to pay over the course of the year, they will need to enter into a direct debit arrangement (weekly, fortnightly, monthly, 2 payments or 4 payments). Penalty interest will accrue on the outstanding amounts until paid in full.
 - vi) Final notices for all unaffected ratepayers will be issued on 15th September. Final Notices for affected ratepayers will be issued 14 days after the revised due date
 - vii) Affected ratepayers be advised that concession amounts will remain in the system as a credit to their assessment unless a refund payment is requested
 - viii) Refunds will only be given via electronic funds transfer.
3. THAT the decision to grant the rates concession, including the conditions applicable, be communicated to the SME scheduled to be held immediately after this Special Council Meeting.

ITEM 6.1: MOTION

MOVED: COUNCILLOR SWANN

SECONDED: COUNCILLOR WOLFE

THAT the Officer Recommendation be adopted.

Councillor D Bostock moved an amendment to the motion, being:

THAT the Officer Recommendation point one (1) be amended to read:

“ 1. THAT a one-off concession be granted to owners of vacant land that limits the rates increase payable in 2010/11 to 50% of the rates payable in 2009/10.”

Item 6.1 continued.

Councillor D Bostock, on seeking clarification on the effect of the amendment, requested the Mayor to withdraw the motion.

Mayor Evans ruled to put the amendment to the vote.

ITEM 6.1: AMENDMENT

MOVED: COUNCILLOR D BOSTOCK

SECONDED: COUNCILLOR HOLDEN

THAT the Officer Recommendation point one (1) be amended to read:

“ 1. THAT a one-off concession be granted to owners of vacant land that limits the rates increase payable in 2010/11 to 50% of the rates payable in 2009/10.”

MOTION LOST 0-10

ITEM 6.1: RESOLUTION

MOVED: COUNCILLOR SWANN

SECONDED: COUNCILLOR WOLFE

- 1. THAT a one-off concession be granted to the owners of vacant land that limits the rates increase payable in 2010/11 to not more than 50% of the rates payable in 2009/10.**
- 2. THAT the following administrative processes be applicable to the granting of the rates concession:**
 - i) Affected ratepayers will be afforded 21 days after reissue of assessments to make payment of the revised amount**
 - ii) Penalty interest on any unpaid amount thereafter will apply**
 - iii) Ratepayers who have previously paid their rates and taken advantage of the 2% discount on the original amount billed will receive a concession which is the difference between the original amount paid and the revised rates amount.**
 - iv) A discount on the re-issued assessment of rates will not be given**
 - v) The instalment option will not be available to affected ratepayers that did not make an instalment payment prior to 1 September 2010. If an affected ratepayer wants to pay over the course of the year, they will need to enter into a direct debit arrangement (weekly, fortnightly, monthly, 2 payments or 4 payments). Penalty interest will accrue on the outstanding amounts until paid in full.**
 - vi) Final notices for all unaffected ratepayers will be issued on 15th September. Final Notices for affected ratepayers will be issued 14 days after the revised due date**
 - vii) Affected ratepayers be advised that concession amounts will remain in the system as a credit to their assessment unless a refund payment is requested**
 - ix) Refunds will only be given via electronic funds transfer.**
- 3. THAT the decision to grant the rates concession, including the conditions applicable, be communicated to the SME scheduled to be held immediately after this Special Council Meeting.**

**MOTION CARRIED 10-0
ABSOLUTE MAJORITY**

7.0 CLOSURE OF MEETING

ITEM 7.0 - DRAFT MOTION

VOTING REQUIREMENT: ABSOLUTE MAJORITY

MOVED: COUNCILLOR WOLFE

SECONDED: COUNCILLOR LEAVESLEY

THAT Council Resume Standing Order 3.1, to stop recording of proceedings.

**MOTION CARRIED 10-0
ABSOLUTE MAJORITY**

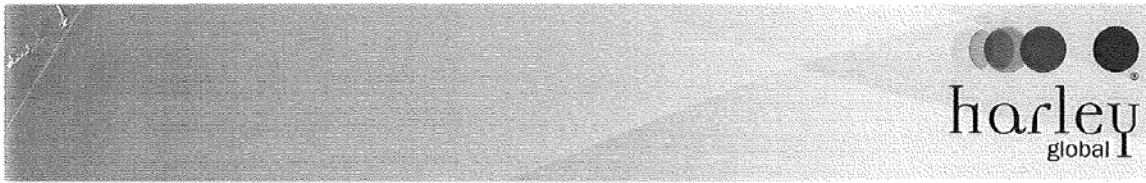
There being no further business the Mayor declared the meeting closed at 5:35:46 PM

Confirmed as a true and accurate record of proceedings.

(Unconfirmed Minutes)

Mayor MJ Evans JP
MAYOR

Tabled Address from Mr R Hedderwick



Our Ref: 14684

Your Ref:

13th September 2010

The Chief Executive Officer
City of Albany
North Rd
Albany, WA

Dear Sir

RE: Rescission of Rate Rise on Vacant Unimproved Land

1. I refer to the Budget papers for 2010-2011 extract attached

a. Budget Overview P4 states

“ In addition, the budget proposes the removal of the differential rate on Gross Rental Value (GRV) Vacant Land to encourage development of vacant land.”

Council has encouraged developers to create vacant land to overcome a land supply shortage and the budget now penalises those who responded.

Examples:

Oyster Harbour -

60 lots in stock and en globo land titles pending development, my estimate \$50,000 increase in rates

Yakamia

90 Lots in stock and en globo land title pending development, my estimate \$90,000 increase in rates.

Lakeside North

Lots pending release, constructed now delayed

The Sanctuary

Lots already constructed, delayed from release

Milpara Industrial Estate

Rate rise 1.13%

Lots already constructed, delayed from release

Purchasers of vacant land have been hit by the GFC and availability of viable finance is affecting ability to develop further.

This rate rise discourages development and availability of vacant land and places those who have purchased land in a worse position to finance the increased cost of rates over the life of the loan.

Licensed Surveying | Engineering/Construction Surveying | Town Planning (Urban & Rural) | GPS Solutions
Development Consultancy | Drafting | Mining | Strata Titles | Mapping, Feature & Contour Surveys | Building Tenancy

Albany | 116 Serpentine Road, Albany WA 6330 | PO Box 5207 Albany WA 6332 | T: 08 9841 7333 | F: 08 9841 3643
E: hgalb@harleyglobal.com.au | www.harleyglobal.com.au

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This action is against the interest of ratepayers developing or purchasing vacant land.

a. **Budget Objective P4 states:**

"Planned sales of surplus land which were to have been applied to reduce debt... generally have not eventuated"

I understand

- a. That Council is marketing surplus land that you have developed in Lockyer in competition with your vacant land developer ratepayers!
- b. That council is exempt from some significant components of private developers' costs and ask the following questions

Is council exempt from

- i. Rates
 - 1. Council
 - 2. Water Corporation
- ii. Payroll tax
- iii. Land tax
- iv. GST
- v. Income tax
- vi. Capital Gains tax

c. **National Competition Policy**

Please advise whether this development and its pricing is in compliance with National Competition Policy

d. **Fair Trading Legislation**

In relation to the significant increase in rates on vacant land Council has not to my knowledge consulted beyond the already projected huge 9%.

Excepting the nearly 30% in three yearly tranches of 9%, this to my knowledge has not happened and appears to be completely unfair,

Has council consulted in advance of invoking the increased rates with the following

- i. Vacant land developers
- ii. Vacant land purchasers
- iii. Vacant land owners.

If not and given the very obvious effects of the GFC then one might reasonably consider that Council should not invoke any rise above the programmed 9% as it is in my opinion competitively unfair.

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** REFER DISCLAIMER **



2. I recommend that in light of the above council should resolve
 - a. to concede rate rises on vacant land to limit of 9%
 - b. to further investigate consultatively the basis of rates on vacant land before the next budget.

Yours faithfully

Rod Hedderwick
Rod Hedderwick
Managing Director
Harley Global Pty Ltd

E-mail: rodh@harleyglobal.com.au

Enc:

CC:



Extract City of Albany Budget 2010-2011 Papers P4

“Budget Overview

The 2010-11 Budget builds on the measures implemented in 2009-10 and continues to focus on:

- 1. The Provision of cost effective and efficient services to the community, and*
- 2. Funding of those services in a financially sustainable and equitable way.*

The 2009-10 Budget identified the need for a 9% increase in that year and the two subsequent years. A general rate increase of 9% is again proposed for the 2010-11 year. In addition, the budget proposes the removal of the differential rate on Gross Rental Value (GRV) Vacant Land to encourage development of vacant land. A 25% increase in the minimum rate is also proposed to align more closely to comparable sized Councils. Finally, it is proposed to impose rates on a number of properties which have previously enjoyed rates exemption. Rates increases are never welcome. However, the City is working to create a financially sustainable future and these increases, along with last year's increase are important steps towards that goal. The positive outcomes from these increases are evident in the commentary on loans and reserves below.

The proposed rate increases for 2010-11 will:

- 1. Assist in funding Asset Management Plans for Roads and Paths, and*
- 2. Enable the re-building of the City's reserves which have been depleted in recent years as detailed in the paragraph below.*

Budget Objective

The following challenges were identified in last year's budget document:

- Planned sales of surplus land which were to have been applied to reduce debt associated with the Albany Aquatic and Leisure Centre re-development, the Administration building and to reduce debt generally have not eventuated, resulting in that debt being funded from general operating revenue and reserves.*
- Investment losses have further depleted reserves. However, at the end of 2009-10, reserves will be returned to being cash backed.*
- Previous actions to limit rate increases have produced real terms rate income that has failed to provide sufficient funding to adequately maintain infrastructure.*

The over-riding objective of the 2010-2011 Annual Budget then is to continue to work towards meeting these challenges, recognising that longer term plans will be developed in 2010-11 which are sufficiently robust to provide an agreed level of service to the community, structured maintenance and renewal of infrastructure assets.”