



SPECIAL COUNCIL MEETING

MINUTES

**A Special Meeting of Council was held
in the Council Chambers, Welcome Road, Karratha,
on Monday, 30 May 2016
to consider the following items:**

- **2016/17 Differential Rates; and**
- **Award of Tender - Karratha Arts and Community Precinct Theatre Specialist.**

**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



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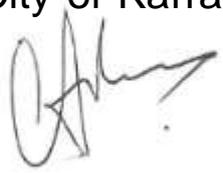
Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that persons or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or intimation of approval made by any member or Officer of the City of Karratha during the course of any meeting is not intended to be and is not taken as notice of approval from the City of Karratha.

The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: 
Chris Adams - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*; or
 - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the *Local Government Act*, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

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MINUTES

1 OFFICIAL OPENING

The Special Meeting of Council held in the Council Chambers, Welcome Road, Karratha on Monday, 30 May 2016 was declared open at 6.03pm. Cr Long acknowledged the traditions of the Ngarluma people, on whose land we are gathered here today.

2 PUBLIC QUESTION TIME

Public attendee Jack Renault made a deputation regarding rates. (*A related report is presented at Item 5.1*). Mr Renault considered property valuations in the district were currently lower than in previous years which would result in reduced revenue to the City through rates levied in 2016/17. Mr Renault advocated for the City to reduce service levels rather than increasing rates.

3 RECORD OF ATTENDANCE / APOLOGIES

Councillors:	Cr Peter Long [Mayor] Cr John Lally [Deputy Mayor] Cr Garry Bailey Cr Grant Cucel Cr Geoff Harris Cr Bart Parsons Cr Daniel Scott Cr Evette Smeathers Cr Robin Vandenberg
Staff:	Chris Adams Chief Executive Officer Phillip Trestrail Director Corporate Services David Pentz Director Development Services Simon Kot Director Strategic Projects & Infrastructure Leigh Cover A/Director Community Services Linda Franssen Minute Secretary
Apologies:	Cr Margaret Bertling Andrew Ward Director Community Services
Absent:	Cr Fiona White-Hartig
Members of Public:	Jack Renault Guy Shepherd Geoff Williams
Members of Media:	Nil

4 DECLARATIONS OF INTEREST

Cr Cucel declared an interest in the following item:

- Financial interest in item 5.1 Consideration of Submissions Regarding Advertised Differential Rates 2016/17 as Cr Cucel holds RioTinto shares.

Cr Parsons declared an interest in the following item:

- Financial interest in item 5.1 Consideration of Submissions Regarding Advertised Differential Rates 2016/17 as Cr Parsons is the proprietor of Beats in the Heat of which TWA camp Searipple is a major sponsor.

The CEO advised that declarations were not required in accordance with section 5.63(1)b of the *Local Government Act 1995* which provides that an interest in the imposition of any rate, charge or fee by the local government need not be disclosed.

5 CORPORATE SERVICES

5.1 CONSIDERATION OF SUBMISSIONS REGARDING ADVERTISED DIFFERENTIAL RATES 2016/17

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Financial Accountant
Date of Report:	27 May 2016
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Submissions received from various ratepayers (itemised within agenda report)

PURPOSE

To consider submissions and initiate the process for seeking Ministerial Approval regarding the 2016/17 differential rated model.

BACKGROUND

At its Ordinary Council Meeting on 18 April 2016, Council resolved to advertise the following proposed differential rates for the 2016/17 financial year:

Differential Rates Categories 2015/16	Minimum Payment	Rate in the Dollar
Gross Rental Value (GRV)		
Residential	\$1,475	0.065211
Commercial / Tourism / Town Centre	\$1,475	0.074517
Industry / Mixed Business	\$1,475	0.057244
Airport / GRV (Strategic Industry)	\$1,475	0.128666
Transient Workforce Accommodation / Workforce Accommodation	\$1,475	0.293013
Unimproved Value (UV)		
UV (Pastoral)	\$378	0.098627
UV (Mining/Other)	\$378	0.136288
UV (Strategic Industry)	\$378	0.197253

As part of the budget process, Councillors reviewed the projected changes in Operating Income and Expenditure, along with efficiency measures, proposed capital works, projects and new initiatives. Although Council's adopted Long Term Financial Plan includes a 5.5% rate increase in 2016/17 the proposed differential rates were based on a 1.7% increase in the rate in the dollar across most categories.

There are two categories (comprising a total of 69 properties) where it is proposed to increase the rate in the dollar by more than 1.7%. The increase in the Transient Workforce Accommodation/Workforce Accommodation differential rate was proposed to offset the reduction in valuation for Eramurra Village (based on a change in valuation methodology) in order to maintain the same rate yield and proportional share of rating as intended in 2015/16.

This is the same approach as was taken with residential, commercial and industrial properties for 2015/16 and although it has the effect of significantly increasing the rates payable by most ratepayers in this category, the legal implications of the decision in *Citic Pacific Mining Management Pty Ltd v Valuer General [2016] WASAT 23* is that Eramurra Village has been paying too much of the total TWA/WA rate yield and all other camps have been paying too little. This reflects the fact the valuations are used to determine the allocation between one property and another, and the State Administrative Tribunal has reduced the relative burden on Eramurra by reducing the property valuation relative to the 22 other properties in the TWA/WA rating category.

The rate for the UV Strategic Industry category was proposed to revert to two (2) times the UV Pastoral rate in the dollar as it was prior to the 2015/16 revaluation, meaning the effect of the revaluation for properties in this category has been delayed by one year.

Advertising was undertaken in accordance with Section 6.36 of the *Local Government Act 1995* with the submission period for public comment of the proposed Differential Rates Model closing 23 May 2016. In addition to the statutory advertising process, letters were sent to owners of properties likely to experience a rates increase greater than the proposed 1.7% predominant increase. A summary of submissions is included in the 'Community Consultation' section of this report and a copy of all submissions are attached.

Two differential rating categories are subject to an application for Ministerial approval, being Transient Workforce Accommodation/Workforce Accommodation and Airport/GRV (Strategic Industry). Both categories were subject to an application for Ministerial approval for 2015/16 on a similar basis. These properties have been communicated with in writing outlining any changes in property valuations, proposed rates in the dollar and the impact on property rates.

No submissions were received regarding the proposed rate in the dollar for the Airport/GRV (Strategic Industry) differential rating category. There is nothing further to consider for this category prior to applying for Ministerial approval of the rate in the dollar.

Seven submissions have been received in relation to the proposed increase in the rate in the dollar for the Transient Workforce Accommodation/Workforce Accommodation ('TWA/WA') differential rating category from \$0.216481 to \$0.293013 (an increase of 35.35%).

Two of the seven submissions also addressed the UV Strategic Industry differential rating category. This category does not require Ministerial approval and at this stage the City is yet to receive the annual UV rural valuation roll. As such, it is proposed that the points raised in these submissions be considered when the 2016/17 budget and rates in the dollar are adopted.

All of the submissions received express concern regarding the quantum of the proposed increase in the actual rates for properties in the TWA/WA and/or UV Strategic Industry category.

No submissions were received for any other differential rating categories.

General Principles of TWA/WA Rating Policy

The overall rate yield for the TWA/WA differential rating category has consistently been determined based on the relativity of the potential TWA/WA population compared to the residential population. For the 2016/17 year the potential TWA population, based on the capacity of the properties within the rating category, is 10,374. The Estimated Residential

Population according to the ABS is 26,228, meaning that the potential TWA population is 39.6% of the resident population.

This methodology has been used in order to determine the rate yield for the TWA/WA differential rating category. The advertised model for 2016/17 has a rate yield of \$18,355,623 from the Residential differential rating category and \$7,194,889 from the TWA/WA category, representing 39.2% of the Residential rates.

Due to a decrease in the overall valuation of the TWA/WA differential rating category, the advertised rate in the dollar has been increased commensurately in order to maintain an increase in rate yield of 1.7% similar to the Residential category.

This is similar to the rates adopted for the 2015/16 financial year, where the rate in the dollar increased by 122% to offset a 52% reduction in valuations for properties in the Residential differential rating category. At the same time, the rate in the dollar increased by 88% for the TWA/WA category for which the valuations reduced by 53%.

Reduction in Valuations

Since the proposed differential rates model was advertised, the Valuer General's Office has provided updated valuations for a number of other TWA/WA properties that have been revised in part based on the Valuer General's interpretation of the decision of the State Administrative Tribunal in *Citic Pacific Mining Management Pty Ltd v Valuer General [2016] WASAT 23*.

This impacts on five properties in particular, as highlighted in the following table:

Property	2015/16 Valuation	Indicative 2016/17 Valuation	Change in Valuation (\$)	Change in Valuation (%)
Searipple Village	\$ 3,900,000	\$ 2,473,000	(\$ 1,427,000)	(36.59%)
Cajuput Village	\$ 748,000	\$ 1,014,000	\$ 266,000	35.56%
Wickham Lodge	\$ 858,000	\$ 1,445,000	\$ 587,000	68.41%
Devil's Creek Village	\$ 1,014,000	\$ 258,000	(\$ 756,000)	(74.56%)
Wickham Village	\$ 1,362,000	\$ 223,000	(\$ 1,139,000)	(83.63%)

The differential rates model adopted for advertising proposed a total rate yield of \$43m. If the proposed model is adopted unchanged then the above reductions in valuation within the TWA/WA differential rating category will reduce Council's total rates yield for the 2016/17 financial year by \$0.6m, resulting in a total rates yield of \$42.4m. The rates levied for 2015/16 were \$40.4m.

Officers do not agree with the Valuer General's interpretation of the Eramurra decision in that it was intended to draw a distinction between 'isolated/remote' camps and all others, however the Valuer General's Office has applied the decision to 'large' camps, hence the significant reduction in the Searipple Village valuation. Officers are in discussions with the Valuer General's Office regarding this aspect of the decision and legal action is being considered to clarify the position.

Options to consider for TWA/WA rates for 2016/17

Officers have considered a number of options for the TWA/WA rate in the dollar based on feedback from ratepayers in the submissions received and in light of the information provided regarding further decreases in valuation within the category.

Option 1: Adopt the rate in the dollar for the TWA/WA differential rating category as advertised - \$0.293013

Although this rate was proposed to maintain the relative rate yield for the TWA/WA category, because of the reduction in valuations this option would result in a \$0.5m decrease in the rate yield from TWA/WA properties compared to the 2015/16 financial year, and a \$0.6mil decrease in the rate yield compared to the advertised model.

Under this option 16 of the 23 properties in the TWA/WA differential rating category will experience a 35.35% increase in their rates payable, including all of the TWA facilities in Karratha LIA and Roebourne LIA. The 4 facilities which have experienced a reduction in valuation will also experience a reduction in their rates payable of between 14%-78%, while the 2 facilities which have experienced an increase in valuation will also experience an increase in their rates payable of between 83%-128%.

The impact of this option on each property within the TWA/WA category is outlined below:

PROPERTY Description	COMPARATIVES		OPTION 1 RID as advertised - \$0.293013				
	Rates Payable 2015/16	Rates payable as advertised	Rates Payable	Variance to 2015/16 rates		Variance to advertised rates	
				\$	%	\$	%
OVERALL RATE YIELD	40,393,282.13	42,974,405.36	42,337,336.50	1,944,054.37	4.81%	-637,068.85	-1.48%
WICKHAM LODGE	185,740.70	251,405.16	423,403.79	237,663.09	127.95%	171,998.63	68.41%
WICKHAM VILLAGE	294,933.71	399,200.91	65,341.90	-229,591.81	-77.85%	333,859.01	-83.63%
POINT SAMSON VILLAGE	45,028.05	60,946.71	60,946.71	15,918.66	35.35%	-	0.00%
MORRIS CORP	18,011.22	24,378.68	24,378.68	6,367.46	35.35%	-	0.00%
KARRATHA VILLAGE	72,044.88	97,514.73	97,514.73	25,469.85	35.35%	-	0.00%
KING VILLAGE	29,268.23	39,615.36	39,615.36	10,347.13	35.35%	-	0.00%
VELOCITY MOTEL	19,136.92	25,902.35	25,902.35	6,765.43	35.35%	-	0.00%
SEARIPPLE VILLAGE	844,275.90	1,142,750.70	724,621.15	-119,654.75	-14.17%	418,129.55	-36.59%
FORTESCUE RIVER VILLAGE	360,224.38	487,573.63	487,573.63	127,349.25	35.35%	-	0.00%
BAY VILLAGE	112,570.12	152,366.76	152,366.76	39,796.64	35.35%	-	0.00%
KARRATHA MOTEL	37,148.14	50,281.03	50,281.03	13,132.89	35.35%	-	0.00%
KINGWAY	25,891.13	35,044.36	35,044.36	9,153.23	35.35%	-	0.00%
KINGFISHER VILLAGE	213,883.23	289,496.85	289,496.85	75,613.62	35.35%	-	0.00%
ASPEN PARK VILLAGE	225,140.24	304,733.52	304,733.52	79,593.28	35.35%	-	0.00%
DEVILS CREEK	219,511.73	297,115.18	75,597.35	-143,914.38	-65.56%	221,517.82	-74.56%
KINGWAY VILLAGE	18,400.89	24,906.11	24,906.11	6,505.22	35.35%	-	0.00%
VELOCITY CITY	127,204.24	172,174.44	172,174.44	44,970.20	35.35%	-	0.00%
CHERRATTA LODGE	77,673.38	105,133.06	105,133.06	27,459.68	35.35%	-	0.00%
GAP RIDGE VILLAGE	1,688,551.80	1,903,540.89	1,903,540.89	214,989.09	12.73%	-	0.00%
ERAMURRA VILLAGE	2,082,547.22	820,436.40	907,168.25	-1,175,378.97	-56.44%	86,731.85	10.57%
CAMP 123	1,450.00	1,475.00	1,475.00	25.00	1.72%	-	0.00%
CAJUPUT VILLAGE	162,100.97	219,408.13	297,115.18	135,014.21	83.29%	77,707.05	35.42%
THE MAC VILLAGE	213,883.23	289,496.85	289,496.85	75,613.62	35.35%	-	0.00%
	7,074,620.31	7,194,896.79	6,557,827.94	516,792.37	-7.30%	-637,068.85	-8.85%

This option provides certainty to ratepayers in that it proposes the advertised rates in the dollar (despite subsequent reductions in valuations) the impact of which has been provided to affected ratepayers.

Option 2: Increase the rate in the dollar as a result of valuation decreases to maintain an increase in the rate yield of 1.7% - \$0.321484

This option maintains the relativity to the residential rate (based on bed numbers and population) and would result in a \$0.1m increase in the rate yield from TWA/WA properties compared to the 2015/16 financial year, with no change in the rate yield compared to the advertised model.

Under this option 16 of the 23 properties in the TWA/WA differential rating category will experience a 47.02% increase in their rates payable, including all of the TWA facilities in

Karratha LIA and Roebourne LIA. The 4 facilities which have experienced a reduction in valuation will also experience a reduction in their rates payable of between 6%-76%, while the 2 facilities which have experienced an increase in valuation will also experience an increase in their rates payable of between 101%-150%.

The impact of this option on each property within the TWA/WA category is outlined below:

PROPERTY	COMPARATIVES		OPTION 2 Maintain 1.7% yield increase - \$0.321484				
	Rates Payable 2015/16	Rates payable as advertised	Rates Payable	Variance to 2015/16 rates		Variance to advertised rates	
Description				\$	%	\$	%
OVERALL RATE YIELD	40,393,282.13	42,974,405.36	42,974,397.42	2,581,115.29	6.39% -	7.94	0.00%
WICKHAM LODGE	185,740.70	251,405.16	464,544.65	278,803.95	150.10%	213,139.49	84.78%
WICKHAM VILLAGE	294,933.71	399,200.91	71,690.97	223,242.74	-75.69%	327,509.93	-82.04%
POINT SAMSON VILLAGE	45,028.05	60,946.71	66,868.71	21,840.66	48.50%	5,922.01	9.72%
MORRIS CORP	18,011.22	24,378.68	26,747.49	8,736.27	48.50%	2,368.80	9.72%
KARRATHA VILLAGE	72,044.88	97,514.73	106,989.94	34,945.06	48.50%	9,475.21	9.72%
KING VILLAGE	29,268.23	39,615.36	43,464.66	14,196.43	48.50%	3,849.30	9.72%
VELOCITY MOTEL	19,136.92	25,902.35	28,419.20	9,282.28	48.50%	2,516.85	9.72%
SEARIPPLE VILLAGE	844,275.90	1,142,750.70	795,030.39	49,245.51	-5.83%	347,720.31	-30.43%
FORTESCUE RIVER VILLAGE	360,224.38	487,573.63	534,949.68	174,725.30	48.50%	47,376.05	9.72%
BAY VILLAGE	112,570.12	152,366.76	167,171.78	54,601.66	48.50%	14,805.02	9.72%
KARRATHA MOTEL	37,148.14	50,281.03	55,166.69	18,018.55	48.50%	4,885.66	9.72%
KINGWAY	25,891.13	35,044.36	38,449.51	12,558.38	48.50%	3,405.15	9.72%
KINGFISHER VILLAGE	213,883.23	289,496.85	317,626.38	103,743.15	48.50%	28,129.53	9.72%
ASPEN PARK VILLAGE	225,140.24	304,733.52	334,343.55	109,203.31	48.50%	29,610.03	9.72%
DEVILS CREEK	219,511.73	297,115.18	82,942.92	136,568.81	-62.21%	214,172.26	-72.08%
KINGWAY VILLAGE	18,400.89	24,906.11	27,326.16	8,925.27	48.50%	2,420.05	9.72%
VELOCITY CITY	127,204.24	172,174.44	188,904.11	61,699.87	48.50%	16,729.67	9.72%
CHERRATTA LODGE	77,673.38	105,133.06	115,348.52	37,675.14	48.50%	10,215.46	9.72%
GAP RIDGE VILLAGE	1,688,551.80	1,903,540.89	2,088,502.18	399,950.38	23.69%	184,961.29	9.72%
ERAMURRA VILLAGE	2,082,547.22	820,436.40	995,315.03	1,087,232.19	-52.21%	174,878.63	21.32%
CAMP 123	1,450.00	1,475.00	1,475.00	25.00	1.72%	-	0.00%
CAJUPUT VILLAGE	162,100.97	219,408.13	325,984.96	163,883.99	101.10%	106,576.83	48.57%
THE MAC VILLAGE	213,883.23	289,496.85	317,626.38	103,743.15	48.50%	28,129.53	9.72%
	7,074,620.31	7,194,896.79	7,194,888.86	120,268.55	1.70% -	7.94	0.00%

This option is the most consistent and equitable by applying the same increase for the TWA/WA differential rating category as all other GRV rating categories, taking into account movements in valuations in the same way as applied to other categories.

Option 3: Increase the rate in the dollar by 1.7% in line with all other GRV differential rating categories - \$0.220161

This option results in a \$2.1m decrease in Council's total rate yield from 2015/16, and a decrease of \$2.3m from the advertised differential rates model, as it does not compensate for the decrease in valuations.

Under this option 17 of the 23 properties in the TWA/WA differential rating category will experience a 1.7% increase in their rates payable, including all of the TWA facilities in Karratha LIA and Roebourne LIA. The 4 facilities which have experienced a reduction in valuation will also experience a reduction in their rates payable of between 36%-83%, while the 2 facilities which have experienced an increase in valuation will also experience an increase in their rates payable of between 38%-71%.

The impact of this option on each property within the TWA/WA category is outlined below:

PROPERTY	COMPARATIVES		OPTION 3 Increase RID by 1.7% - \$0.220161				
	Rates Payable 2015/16	Rates payable as advertised	Rates Payable	Variance to 2015/16 rates		Variance to advertised rates	
Description				\$	%	\$	%
OVERALL RATE YIELD	40,393,282.13	42,974,405.36	40,707,230.46	313,948.33	0.78%	2,267,174.90	-5.28%
WICKHAM LODGE	185,740.70	251,405.16	318,132.90	132,392.20	71.28%	66,727.74	26.54%
WICKHAM VILLAGE	294,933.71	399,200.91	49,095.94	-245,837.77	-83.35%	350,104.96	-87.70%
POINT SAMSON VILLAGE	45,028.05	60,946.71	45,793.53	765.48	1.70%	15,153.18	-24.86%
MORRIS CORP	18,011.22	24,378.68	18,317.41	306.19	1.70%	6,061.27	-24.86%
KARRATHA VILLAGE	72,044.88	97,514.73	73,269.64	1,224.76	1.70%	24,245.09	-24.86%
KING VILLAGE	29,268.23	39,615.36	29,765.79	497.56	1.70%	9,849.57	-24.86%
VELOCITY MOTEL	19,136.92	25,902.35	19,462.25	325.33	1.70%	6,440.10	-24.86%
SEARIPPLE VILLAGE	844,275.90	1,142,750.70	544,458.59	-299,817.31	-35.51%	598,292.11	-52.36%
FORTESCUE RIVER VILLAGE	360,224.38	487,573.63	366,348.19	6,123.81	1.70%	121,225.43	-24.86%
BAY VILLAGE	112,570.12	152,366.76	114,483.81	1,913.69	1.70%	37,882.95	-24.86%
KARRATHA MOTEL	37,148.14	50,281.03	37,779.66	631.52	1.70%	12,501.37	-24.86%
KINGWAY	25,891.13	35,044.36	26,331.28	440.15	1.70%	8,713.08	-24.86%
KINGFISHER VILLAGE	213,883.23	289,496.85	217,519.24	3,636.01	1.70%	71,977.60	-24.86%
ASPEN PARK VILLAGE	225,140.24	304,733.52	228,967.62	3,827.38	1.70%	75,765.90	-24.86%
DEVILS CREEK	219,511.73	297,115.18	56,801.58	-162,710.15	-74.12%	240,313.59	-80.88%
KINGWAY VILLAGE	18,400.89	24,906.11	18,713.71	312.82	1.70%	6,192.41	-24.86%
VELOCITY CITY	127,204.24	172,174.44	129,366.71	2,162.47	1.70%	42,807.73	-24.86%
CHERRATTA LODGE	77,673.38	105,133.06	78,993.83	1,320.45	1.70%	26,139.23	-24.86%
GAP RIDGE VILLAGE	1,688,551.80	1,903,540.89	1,430,263.51	-258,288.29	-15.30%	473,277.38	-24.86%
ERAMURRA VILLAGE	2,082,547.22	820,436.40	681,619.00	-1,400,928.22	-67.27%	138,817.40	-16.92%
CAMP 123	1,450.00	1,475.00	1,475.00	25.00	1.72%	-	0.00%
CAJUPUT VILLAGE	162,100.97	219,408.13	223,243.43	61,142.46	37.72%	3,835.30	1.75%
THE MAC VILLAGE	213,883.23	289,496.85	217,519.24	3,636.01	1.70%	71,977.60	-24.86%
	7,074,620.31	7,194,896.79	4,927,721.89	2,146,898.42	-30.35%	2,267,174.90	-31.51%

This option provides for a minimal increase for most properties in the TWA/WA category and a significant overall reduction in rate yield.

Option 4: Align the TWA/WA rate in the dollar to 4x the Residential rate in the dollar as it was prior to the 2015/16 year - \$0.260844

This option results in a \$1.2m decrease in the rate yield from TWA/WA properties compared to the 2015/16 financial year, and a \$1.4mil decrease in the rate yield compared to the advertised model.

A number of submissions received regarding the proposed differential rates model highlight that the TWA/WA rate in the dollar has proposed to increase by more than the Residential rate in the dollar (35.35% vs 1.7%). None of these submissions acknowledge that in 2015/16 the Residential rate in the dollar increased by 122% while the TWA/WA rate in the dollar increased by 88%.

This option results in the increase in the TWA rate in the dollar over a two year period mirroring the same percentage as the Residential rate in the dollar, being 126% in response to the decrease in valuations across both categories.

Under this option 16 of the 23 properties in the TWA/WA differential rating category will experience a 20.49% increase in their rates payable, including all of the TWA facilities in Karratha LIA and Roebourne LIA. The 4 facilities which have experienced a reduction in valuation will also experience a reduction in their rates payable of between 24%-80%, while the 2 facilities which have experienced an increase in valuation will also experience an increase in their rates payable of between 63%-103%.

The impact of this option on each property within the TWA/WA category is outlined below:

PROPERTY	COMPARATIVES		OPTION 4 Revert to 4x Residential RID - \$0.260844				
	Rates Payable 2015/16	Rates payable as advertised	Rates Payable	Variance to 2015/16 rates		Variance to advertised rates	
Description				\$	%	\$	%
OVERALL RATE YIELD	40,393,282.13	42,974,405.36	41,617,539.69	1,224,257.56	3.03%	1,356,865.66	-3.16%
WICKHAM LODGE	185,740.70	251,405.16	376,919.91	191,179.21	102.93%	125,514.75	49.93%
WICKHAM VILLAGE	294,933.71	399,200.91	58,168.26	-236,765.45	-80.28%	-341,032.64	-85.43%
POINT SAMSON VILLAGE	45,028.05	60,946.71	54,255.60	9,227.55	20.49%	6,691.10	-10.98%
MORRIS CORP	18,011.22	24,378.68	21,702.24	3,691.02	20.49%	2,676.44	-10.98%
KARRATHA VILLAGE	72,044.88	97,514.73	86,808.96	14,764.08	20.49%	10,705.77	-10.98%
KING VILLAGE	29,268.23	39,615.36	35,266.14	5,997.91	20.49%	4,349.22	-10.98%
VELOCITY MOTEL	19,136.92	25,902.35	23,058.63	3,921.71	20.49%	2,843.72	-10.98%
SEARIPPLE VILLAGE	844,275.90	1,142,750.70	645,067.78	-199,208.12	-23.60%	-497,682.92	-43.55%
FORTESCUE RIVER VILLAGE	360,224.38	487,573.63	434,044.79	73,820.41	20.49%	53,528.84	-10.98%
BAY VILLAGE	112,570.12	152,366.76	135,639.00	23,068.88	20.49%	16,727.76	-10.98%
KARRATHA MOTEL	37,148.14	50,281.03	44,760.87	7,612.73	20.49%	5,520.16	-10.98%
KINGWAY	25,891.13	35,044.36	31,196.97	5,305.84	20.49%	3,847.39	-10.98%
KINGFISHER VILLAGE	213,883.23	289,496.85	257,714.10	43,830.87	20.49%	31,782.75	-10.98%
ASPEN PARK VILLAGE	225,140.24	304,733.52	271,278.00	46,137.76	20.49%	33,455.52	-10.98%
DEVILS CREEK	219,511.73	297,115.18	67,297.81	-152,213.92	-69.34%	-229,817.37	-77.35%
KINGWAY VILLAGE	18,400.89	24,906.11	22,171.77	3,770.88	20.49%	2,734.35	-10.98%
VELOCITY CITY	127,204.24	172,174.44	153,272.07	26,067.83	20.49%	18,902.37	-10.98%
CHERRATTA LODGE	77,673.38	105,133.06	93,590.91	15,917.53	20.49%	11,542.15	-10.98%
GAP RIDGE VILLAGE	1,688,551.80	1,903,540.89	1,694,558.45	6,006.65	0.36%	208,982.44	-10.98%
ERAMURRA VILLAGE	2,082,547.22	820,436.40	807,573.73	-1,274,973.49	-61.22%	-12,862.67	-1.57%
CAMP 123	1,450.00	1,475.00	1,475.00	25.00	1.72%	-	0.00%
CAJUPUT VILLAGE	162,100.97	219,408.13	264,496.05	102,395.08	63.17%	45,087.92	20.55%
THE MAC VILLAGE	213,883.23	289,496.85	257,714.10	43,830.87	20.49%	31,782.75	-10.98%
	7,074,620.31	7,194,896.79	5,838,031.13	-1,236,589.18	-17.48%	1,356,865.66	-18.86%

This option seeks to strike a balance between minimising the impact on individual properties whilst maintaining the same relative increase as applied to the Residential category over the past two years.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of high significance in terms of Council's financial sustainability and ability to perform its role in delivering services to the Community.

COUNCILLOR/OFFICER CONSULTATION

Several Budget Workshops have been held with Councillors and Officers to assist Council's consideration of the rate setting requirements for the 2015/16 financial year.

COMMUNITY CONSULTATION

In accordance with the Department of Local Government and Communities' Rating Policy – Differential Rates, Council officers wrote to all ratepayers in the Airport/GRV Strategic Industry and Transient Workforce Accommodation/Workforce Accommodation differential rating categories to advise them of the proposed differential rates model and invite submissions.

Council officers also wrote to all other ratepayers expected to experience an increase in rates payable of greater than 1.7%, primarily properties in the UV Strategic Industry differential rating category, to also advise them of the proposed differential rates model and invite submissions.

Seven submissions were received regarding the proposed rate in the dollar for the Transient Workforce Accommodation/Workforce Accommodation differential rating category, while two of those submissions also referred to the proposed rate in the dollar for the UV Strategic Industry differential rating category.

A summary of key points raised within submissions received and a response from Council Officers is contained within the following table:

SUBMISSION 1	
<p>Category: Transient Workforce Accommodation Properties: Lot 250 Searipple Road – Searipple Village Ratepayer: Fleetwood Pty Ltd</p>	
<p>1. Your letter states that the TWAWA category will receive an average increase of 1.7%, yet for our property the increase is 35.3%, or \$298,474.</p>	<p>It is proposed to increase the total rates levied on the TWAWA category from \$7,074,620 to \$7,194,889, an increase of 1.7%. Due to a number of valuation changes within the rating category, some properties have experienced a decrease in rates payable while others have experienced an increase equating to an average increase of 1.7%. Rates in the dollar cannot be set for individual properties.</p> <p>Searipple Village is one of those properties for which the valuation has reduced resulting in a rate reduction of approximately \$120,000 or 14%.</p>
<p>2. Council is aware of the significant contraction in the mining and resources sector and of its impact to Karratha. For Searipple Village this has seen the concurrent decline in occupancy and tariffs.</p>	<p>Property valuations provided by the Valuer General for accommodation facilities take into account the level of occupancy and tariff in determining the GRV of the property. Council is not able to apply a different rate in the dollar to reflect occupancy rates.</p> <p>The valuation of Searipple Village was determined at a time when occupancy was relatively low resulting in relatively low rates despite a subsequent increase in occupancy. Despite this, the valuation has now been further reduced.</p>
<p>3. Council has long required that TWA pay the highest differential rates as a consequence of their comparatively high use of Council facilities and services.</p>	<p>Council has consistently maintained that the higher differential rates levied on TWAWA facilities maintains relativity to the rates levied on Residential properties while still levying an average rate per accommodation unit of less than Council's minimum rate.</p> <p>In 2015/16 the Residential Rate in the Dollar increased by 122% to offset a 52% reduction in valuations. Despite a 53% reduction in TWAWA valuations, the TWAWA Rate in the Dollar was only increased by 88%.</p>
<p>4. Council needs to consider the consequences of their rating to our property and TWA in general. As detailed in your letter, TWA provide for ~17% of Council's rates income.</p>	<p>The proposed differential rates would see the rate yield from the TWAWA category increase by 1.7% consistent with all other GRV rating categories.</p> <p>A reduction in TWAWA rate yield would increase the relative burden on all other ratepayers.</p>

<p>5. If applied, these rates may contribute to the closure of our facility which would see Council rate revenue decline and the burden required to be made up by increased rates to other categories.</p>	<p>Council's Long Term Financial Plan incorporates expected decreases in the rate yield from TWA/WA properties during the phase where a number of these facilities are expected to be closed.</p>
<p>6. Fleetwood has written to the Minister for Local Government seeking his intervention in this issue and will pursue action in the State Administrative Tribunal if the advertised rates are applied.</p>	<p>Council respects all ratepayers' rights to the judicial process and Ministerial approval is required for the proposed rates in the dollar.</p>

<p>SUBMISSION 2</p> <p>Category: Transient Workforce Accommodation Property: A2395 – 40-44 PT Samson-Roebourne Road, Pilbara Village Ratepayer: Roebourne Nominees Pty Ltd</p>	
<p>1. The camp has made a loss for the current financial year due to the severe drop in occupancy. The site has no projects on the horizon that would indicate a substantial increase in occupancy to bring the facility back into a profitable venture.</p>	<p>Liability to pay rates is not linked to the profitability of properties. Ratepayers are not charged more when they are experiencing high returns.</p>
<p>2. It is unfortunate that a valuation was done for 2014/15 listing the current valuation at \$208,000 as we could not get anything like that in the current market.</p>	<p>Once rates are levied, property owners have the opportunity to object to the Valuer General's office if they believe their valuation to be incorrect.</p>
<p>3. In a market where the property is struggling to survive, the impost of a rate increase of 35.35% is completely unjust.</p>	<p>It is proposed to increase the total rates levied on the TWA/WA category from \$7,074,620 to \$7,194,889, an increase of 1.7%. Due to a number of valuation changes within the rating category, some properties have experienced a decrease in rates payable while others have experienced an increase. Rates in the dollar cannot be set for individual properties based on individual circumstances.</p>
<p>4. With this increase, the increase in rates to this property since 2011/12 would exceed 1350%.</p>	<p>The increase in rates payable for the property is influenced by a number of factors, not just the rate in the dollar set by Council. These include a change in differential rating category and an increase in valuation from \$72,800 to \$208,000. In 2008/09 when the camp was commissioned, the TWA/WA rate in the dollar was \$0.273868 (an increase of approximately 7%).</p> <p>Based on information provided in the submission that the camp was commissioned in 2009 it would appear that there are a number of years where the property was rated incorrectly, resulting in significant financial benefit to the property owner.</p>

SUBMISSION 3	
<p>Category: Transient Workforce Accommodation</p> <p>Property: Lot 7772 Cajuput Way, Wickham Lot 103 Wickham Drive, Wickham Lot 369 Wickham Drive Wickham</p> <p>Ratepayer: Rio Tinto Iron Ore</p>	
<p>1. We are concerned about the quantum of the increase in rates applicable to the Transient Workforce Accommodation (TWA) classification. We accept and understand the rationale for the increase of 1.7% for residential, commercial and industrial properties, but fail to understand the justification for rise of 35% for TWA properties.</p>	<p>It is proposed to increase the total rates levied on the TWA/WA category from \$7,074,620 to \$7,194,889, an increase of 1.7%. Due to a number of valuation changes within the rating category, some properties have experienced a decrease in rates payable while others have experienced an increase. Rates in the dollar cannot be set for individual properties.</p> <p>A number of RTIO TWA/WA properties have reduced valuations resulting in a rate increase of less than 10% for the properties referred to in the submission.</p>
<p>2. RTIO's accommodation camps and the surrounding infrastructure are self-managed as well as the co-located towns being significantly managed by Rio Tinto. On this basis we find it difficult to see the justification for such a large increase in rates payable from these properties.</p>	<p>Council acknowledges the very significant contributions that Rio Tinto makes to the community and is appreciative of its ongoing support. The <i>Local Government Act 1995</i> only allows Council to differentially rate properties based on the zoning or land use, and not based on who the property owner is. As such, all Rio Tinto properties are rated on the same basis as other properties across the City.</p>
<p>3. We would welcome more detailed understanding of the rising cost base of the facilities and infrastructure which are being substantially impacted by additional use by TWA Camp residents.</p>	<p>Council has consistently maintained that the higher differential rates levied on TWA/WA facilities are to maintain a relativity to the rates levied on Residential properties while still levying an average rate per accommodation unit of less than Council's minimum rate.</p> <p>Council's costs are expected to be impacted by occupants of TWA facilities to the same extent as the residential population and this is reflected in the proposed increase of 1.7% in the rate yield for the TWA differential rating category, the same proposed increase as for all other GRV rating categories.</p>

SUBMISSION 4	
<p>Category: Transient Workforce Accommodation Property: Lot 263 North West Coastal Highway, Mardie Lot 51 North West Coastal Highway, Mardie Ratepayer: CITIC Pacific Mining</p>	
1. The TWAWA category is expected to make an unreasonable contribution to the rate burden.	<p>Council has consistently maintained that the higher differential rates levied on TWAWA facilities are to maintain a relativity to the rates levied on Residential properties while still levying an average rate per accommodation unit of less than Council's minimum rate.</p> <p>The rates levied on Eramurra will be significantly lower on a per bed basis than most other properties in the TWAWA category.</p>
2. It is unreasonable and lacks fairness. CITIC provides many benefits to the City of Karratha, but does not receive any services in relation to its rates	<p>Rates are not a fee for service and all ratepayers are required to contribute to the cost of providing essential public infrastructure and services through rates.</p> <p>Many ratepayers voluntarily provide additional benefit to the community. While these contributions are highly valued by the City, they do not affect the rates liability of any individual ratepayer.</p>
3. It lacks fairness as it places an inequitable and unreasonable burden on TWAWA in comparison to residential accommodation.	<p>The potential TWA population is 39.6% of the residential population, while the proposed rates to be levied on the TWA differential rating category are 39.2% of the proposed rates for the Residential category. The proposed increase in the rate for TWA was intended to achieve a 1.7% increase in the rate yield as applies to all other GRV categories.</p> <p>This is considered to be fair and equitable.</p>
4. The rates proposed appear inconsistent with rates in neighbouring or similar local government districts	<p>The rate referenced is the most comparable, i.e. Town of Port Hedland which increased the rate in the dollar for their 'Mass Accommodation' differential rating category from \$0.136989 to \$0.260000 for the 2015/16 financial year. At the same time the Karratha moved from \$0.115328 to \$0.216481 and therefore compares very favourably.</p> <p>The Shire Broome does not have a comparable differential rating category for TWA facilities.</p> <p>The Shire of Ashburton rates TWA facilities on unimproved value with the rate in the dollar for the relevant category being set at \$0.395516 for the 2015/16 year.</p>

SUBMISSION 5	
<p>Category: Transient Workforce Accommodation Property: Lot 550 Cherratta Road, Karratha Industrial Estate Ratepayer: Koyote Property Group PL, Giddley Property Group PL, La Pampa PL, Rodini Holdings (WA) PL – Cherratta Lodge</p>	
<p>1. Every accommodation (including tourism) establishment in the city of Karratha generates its primary source of income from TWA. This would mean that every accommodation provider would be subject to TWA valuation and rates. Further there are many houses that are used for FIFO workers which are not subject to these rates.</p>	<p>Contrary to the submission, all properties zoned or used predominantly for Transient Workforce Accommodation across the City are rated appropriately. Council has previously sought and gained evidence from accommodation providers to confirm the predominant use of the facilities.</p> <p>The aim of the TWA differential rating category is to maintain a relativity in the rates levied on TWA properties comparative to Residential properties. As such Residential properties are not rated in the TWA differential rating category.</p>
<p>2. The Council has not reviewed its expenditure, as it has planned to increase its expenditure when it is clear that its rates pool is and will be reducing and its strategic plan and all other council documents remain as they were when the "mining boom" was in full swing.</p>	<p>Council has and is implementing a number of measures to reduce current and future expenditure.</p> <p>Council's draft 2016/17 budget reflects a reduction in operating expenditure.</p>
<p>3. The reasons for the increase in our classification have been omitted from the Objects & Reasons document.</p>	<p>The Objects & Reasons document explicitly states "Owing to a decrease in the aggregate valuations for this category, maintaining a rate yield requires a proposed rate in the dollar increase of 35.35%."</p>
<p>4. In the letter from the Council it states that "The proposed differential rate is set at a level that maintains the relativity of TWA/WA rates comparative to residential rates" This statement is factually incorrect, as the TWA rates are increasing 35.35% when the residential rates are only increasing 1.72%. Furthermore, there is no justification based on demand of services to increase the rate in the dollar.</p>	<p>It is proposed to increase the total rate yield from all TWA properties by 1.7%, similar to Residential properties, however owing to a number of valuation changes within the rating category, some properties have experienced a decrease in rates payable while others have experienced an increase. The justification for the proposed change is to provide the same increase in rate yield in order to ensure equity with all other GRV rating categories.</p>
<p>5. Our Rate in the dollar has increased from \$0.090124 to \$0.293013 in 5 years. We do not see how our classification has this threefold increase in the use of services.</p>	<p>The recent increases in the rate in the dollar is in response to the decrease in valuations in the 2015 general revaluation.</p> <p>The rate in the dollar for TWA properties in 2008/09 was \$0.273868. When valuations increased significantly in 2009 the rate in the dollar for TWA properties for 2009/10 was subsequently decreased to \$0.084228</p>
<p>6. We find the letter to Cherratta, as the property owner, to be misleading as it never mentions the 35.35% rate increase on our individual properties.</p>	<p>The letter to Cherratta contains a table which explicitly details the rates levied for 2015/16 to be \$77,973.38 and the proposed rates levied for 2016/17 to be \$105,133.06.</p>

<p>7. There is NO justification anywhere in the documentation produced by the City as to why rates should be set at \$0.293013 for TWA other than to minimise the impact on other ratepayers.</p>	<p>As detailed earlier, the Objects & Reasons document explicitly states “Owing to a decrease in the aggregate valuations for this category, maintaining a rate yield requires a proposed rate in the dollar increase of 35.35%.”</p>
<p>8. Imposing higher rates on some classes to reduce the Impact on others does not seem to pass any fairness and equity test.</p>	<p>The proposed differential rates pass the fairness and equity test by ensuring that the yield from each GRV category increases by the same amount (1.7%) and by ensuring that the TWA/WA rate in the dollar is increased to reflect valuation reductions in the same manner as occurs with all other rating categories.</p>
<p>9. The City has used these costs in both the documents as a justification to why the TWA category attracts a higher rate in the dollar and is increasing disproportionately in comparison to the other classes, in fact the Council says that it is set "at a level that reflects this fact".</p>	<p>Neither Cherratta Lodge or any other TWA facility is significantly contributing to Council's revenue through fees, charges and other payments which have been used as the justification for the difference in the differential rate.</p>
<p>10. The Council has not captured every property that engages in provision of TWA services.</p>	<p>According to the evidence provided by property owners, this assertion is incorrect, however Council officers will review any information provided by Cherratta to support its assertion.</p>
<p>11. The corporate business plan and long term financial plan do not seem to highlight how or why the Council intends to Increase the rates on TWA significantly In comparison to other uses. If it is a reference to the proportion of income from each category, as stated above this is based on factually incorrect information and properties whose use was only temporary.</p>	<p>Rates for TWA properties have not increased significantly in comparison to other categories. As previously indicated for 2015/16, in response to the 2015 general revaluation, the rate in the dollar for TWA properties increased by 88% while the rate in the dollar for Residential properties increased by 122%.</p> <p>Council's Long Term Financial Plan factors in reductions in the rate yield from TWA properties over forthcoming years as the number of facilities and TWA beds is expected to decrease.</p>
<p>12. See how each shire in the Pilbara charges rates to TWA facilities below:</p> <p>Town of Port Hedland - Have just doubled from \$0.13 to \$0.26 of GRV in the past year</p> <p>Shire of Ashburton - Current charges are \$0.050305 of GRV</p> <p>Shire of East Pilbara - Current changes are \$0.07 of GRV</p> <p>Shire of Broome - Does (not) have a TWA classification on a GRV and tourism seems the closest at \$0.14715.</p>	<p>The rate referenced is the most comparable, i.e. Town of Port Hedland which increased the rate in the dollar for their 'Mass Accommodation' differential rating category from \$0.136989 to \$0.260000 for the 2015/16 financial year. At the same time the City of Karratha moved from \$0.115328 to \$0.216481 and therefore compares very favourably.</p> <p>The Shire Broome does not have a comparable differential rating category for TWA facilities.</p> <p>The Shire of Ashburton rates TWA facilities on unimproved value with the rate in the dollar for</p>

<p>The fact that the City has only referenced the Town of Port Hedland is misleading and in the last 5 years the City has moved out of step with other local governments. Port Hedland has only just moved in the last 12 months so it could hardly be used as justification.</p>	<p>the relevant category being set at \$0.395516 for the 2015/16 year.</p> <p>The Shire of East Pilbara raises a significant amount of rate revenue from mining operations and is therefore able to rate the remaining properties proportionately lower. The City of Karratha does not have significant mining activity.</p>												
<p>13. In addition to what has been said above the documents that have been produced by the City has not made clear the reason for the increase in the rate for TWA. In fact it gives different reasons in its owns Agenda and Minutes. The only object that we can find is that TWA has been increased to minimise rates for other classes which should see the differential rates not be approved.</p>	<p>As outlined in the letter to Cherratta, the increase in the rate for TWA was intended to achieve a 1.7% increase in the rate yield as applies to all other GRV categories.</p>												
<p>14. As a business that at times can employ 50 local people it is disappointing we are being singled out and penalised and through your own documents have had our rates increased so that you can minimise the rates for other classes.</p>	<p>Rates in the dollar are set for each differential rating category, not for individual properties. Cherratta Lodge is not being singled out and penalised.</p>												
<p>15. If we had known that it was the Council's policy to keep the total rate yield for TWA at the same total financial contribution we would have fought this many years ago because the reduction in yield from our classification has been quite obvious since mid-2013.</p>	<p>Council seeks to maintain the rate yield from the TWA differential rating category where the same facilities remain in the category year on year. Where the number of properties in the TWA differential rating category is reduced, the rating yield from the category is reduced accordingly.</p> <p>The below table highlights the decreasing percentage of rate yield from the TWA differential rating category over the past 5 years:</p> <table border="1" data-bbox="890 1368 1433 1585"> <thead> <tr> <th>Year</th> <th>% of Total Rates from TWA/WA</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>23.45%</td> </tr> <tr> <td>2013/14</td> <td>21.80%</td> </tr> <tr> <td>2014/15</td> <td>18.97%</td> </tr> <tr> <td>2015/16</td> <td>17.50%</td> </tr> <tr> <td>2016/17</td> <td>16.73%</td> </tr> </tbody> </table>	Year	% of Total Rates from TWA/WA	2012/13	23.45%	2013/14	21.80%	2014/15	18.97%	2015/16	17.50%	2016/17	16.73%
Year	% of Total Rates from TWA/WA												
2012/13	23.45%												
2013/14	21.80%												
2014/15	18.97%												
2015/16	17.50%												
2016/17	16.73%												

SUBMISSION 6	
<p>Category: Transient Workforce Accommodation & UV Strategic Industry</p> <p>Property: L3799 Rankin Road, Gap Ridge (Bay Village) L30 Bayly Avenue, Gap Ridge (Heliport) L384 MOF Road, Burrup L572 Burrup Road, Burrup Lot 525 Madigan Road, Gap Ridge L 151 King Bay Road, Burrup L 194-197, 199 Burrup Road, Burrup Lot 471 King Bay Road, Burrup Lot 3019 Village Road, Burrup</p> <p>Ratepayer: Woodside</p>	
<p>1. The proposed 2016/17 differential rates model proposes large increases for property categories that apply predominately to the resource sector; specifically the Transient Worker Accommodation (TWA) and Strategic Industry differential rates categories.</p>	<p>The proposed increase in the TWAWA rate in the dollar is designed to maintain a 1.7% increase in the rate yield from the TWAWA differential rating category.</p> <p>The proposed increase in the UV Strategic Industry category is intended to revert to two times the UV Pastoral rate. This is the same as applied prior to 2015/16.</p>
<p>2. The proposed rates model for 2016/17 will raise \$43.0 million compared with \$40.4 million levied in 2015/16; representing a 6.4% increase. This is inconsistent with a statement in Ordinary Council Meeting Minutes of 18 April 2016</p>	<p>The Ordinary Council Meeting Minutes of 18 April 2016 state that 'the proposed differential rates model would raise \$43.0 million in rates in the 2016/17 year comparative to \$40.4 million of rates levied in 2015/16'. The Minutes also state that it is possible to adopt a balanced budget with a 1.7% increase in the rate in the dollar across most categories.</p> <p>Under the proposed differential rates model, 98.3% of all properties will experience either a rates decrease or an increase of less than 1.7%.</p>
<p>3. The proposed increase in differential rates for Strategic Industry properties would deliver the City an additional \$1.72 million in 2016/17 compared with 2015/16; a 30% increase in rates revenue derived from properties in this category.</p>	<p>The rate in the dollar for the UV Strategic Industry differential rating category was previously set at 2.5 times the UV Pastoral rate in 2013/14 and 2.0 times the UV Pastoral rate in 2014/15.</p> <p>Due to the general revaluation in 2015/16, the UV Strategic Industry rate in the dollar was set at only 1.57 times the UV Pastoral rate. By setting the rate back to 2.0 times the UV Pastoral rate for 2016/17, the impact of the general revaluation has effectively been delayed by one year for properties in the UV Strategic Industry category.</p>
<p>4. We seek your consideration of reducing the proposed 2016/17 rate in the dollar for the Transient Workforce Accommodation and Strategic Industry categories to more closely align with the residential rate in the dollar increase of 1.7%.</p>	<p>The proposed TWAWA rate in the dollar was intended to increase the yield by 1.7%.</p> <p>It is proposed that Council further consider the UV Strategic Industry rate in the dollar after receipt of the annual UV rural valuation roll and as part of the adoption of the 2016/17 Budget.</p>

SUBMISSION 7	
Category:	Transient Workforce Accommodation & UV Strategic Industry
Property:	Lot 5004 North West Coastal Highway, Mardie
Ratepayer:	Lot 5008 Forty Mile Beach Road, Mardie Quadrant Energy
1. We are disappointed to see such increases in the current economic climate, where our revenues are adversely impacted.	Council is mindful of economic factors affecting all ratepayers and has reviewed planned expenditure to minimise the predominant increase in rates yield for 2016/17 (1.7% compared with the Long Term Financial Plan forecast of 5.5%). The proposed differential rate would see the rates for Lot 5004 North West Coastal Highway reduced from \$219,512 to \$75,597.
2. Accordingly, we respectfully request consideration to reduce our rates to 10% lower than that of 2015/16 rates.	Based on a revised valuation from the Valuer General's Office for Lot 5004 North West Coastal Highway, at the advertised rate in the dollar, the rates for this property would be 66% lower than the 2015/16 rates.

STATUTORY IMPLICATIONS

Sections 6.33 and 6.36 of the *Local Government Act 1995* makes provision for the application and communication of differential rates. Section 6.33(3) stipulates that Ministerial approval is required to impose a differential rate which is more than twice the lowest differential rate.

Section 6.76 of the Act provides that if the local government imposes a differential general rate a person may object to the rate record, on the ground that the characteristics of the land recorded in the rate record as the basis for imposing that rate should be deleted and other characteristics substituted. An objection is to be made within 42 days of the service of a rate notice and is to be considered promptly and either disallowed or allowed, wholly or in part.

POLICY IMPLICATIONS

CF-10 Rating Equity Policy.

FINANCIAL IMPLICATIONS

The advertised differential rates were intended to raise rates revenue of \$43.0 million compared to \$40.8 million levied in 2015/16. Once decreases in valuations are considered, the advertised differential rates would raise rates revenue of \$42.4 million, an increase in total rates of 5.0%.

STRATEGIC IMPLICATIONS

This item is relevant to Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2015-2016 provided for this activity:

Our Program	4.d.1.1	Maximise opportunities for long term financial sustainability and equitable rating structure.
Our Services	4.d.1.1.1	Responsible financial management

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be high to the City in terms of maintaining Council's financial sustainability.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

Annually the City applies for, and has obtained, Ministerial approval in order to impose differential rating for all Gross Rental Value properties and Unimproved Value properties.

Ministerial approval was applied for and obtained for the 2015/16 Financial Year to rate properties with a land use of Airport/Strategic Industry at 1.97 times the Residential rate in the dollar (2.25 times the lowest rate in the dollar).

Ministerial approval was applied for the 2015/16 Financial Year to rate properties with a land use of Transient Workforce Accommodation/Workforce Accommodation at 3.62 times the Residential rate in the dollar (4.12 times the lowest rate in the dollar).

After lengthy discussion with the Minister and Department of Local Government & Communities, Ministerial approval was obtained for the 2015/16 Financial Year to rate properties with a land use of Transient Workforce Accommodation/Workforce Accommodation at 3.37 times the Residential rate in the dollar (3.85 times the lowest rate in the dollar).

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That Council, having considered submissions regarding the advertised 2016/17 Differential Rates Model, by SIMPLE Majority pursuant to Section 6.33 of the *Local Government Act 1995* RESOLVES to SEEK Ministerial approval for the following Differential Rates

- a) _____
- b) _____

CONCLUSION

Council adopted its preferred 2016/17 differential rates model for advertising on 18 April 2016 which included a predominant rate increase of 1.7%. Following consideration of submissions and the impact of final property valuation changes, it is recommended that Ministerial Approval be sought for categories with a rate greater than two times the lowest rate.

OFFICER'S RECOMMENDATION / COUNCIL RESOLUTION

Res No : 153465
 MOVED : Cr Scott
 SECONDED : Cr Lally

That Council, having considered submissions regarding the advertised 2016/17 Differential Rates Model, by SIMPLE Majority pursuant to Section 6.33 of the *Local Government Act 1995* RESOLVES to:

1. NOTE that the submissions received from ratepayers regarding the proposed differential rates model 2016/17 have been considered; and
2. SEEK Ministerial approval for the following differential rates categories being greater than two times the lowest rate in the dollar:

Differential Rates Categories 2016/17	Minimum Payment	Rate in the Dollar	Multiplier	Basis
Gross Rental Value (GRV)				
Industry/Mixed Business	\$1,475	0.057244	1.00x	Lowest rate in the dollar for purpose of seeking approval for multiplier.
Airport / GRV (Strategic Industry)	\$1,475	0.128666	2.25x	Maintain 2015/16 relativity by rating at 2x residential rate
Transient Workforce Accommodation / Workforce Accommodation	\$1,475	0.293013	5.12x	Maintain 2015/16 relativity by increasing rate yield from this category by 1.7%

3. NOTE the significant discrepancies in the TWA valuations provided by the Valuer General and SEEK a review of the Valuer General's interpretation of the Eramurra decision as it applies to large camps.

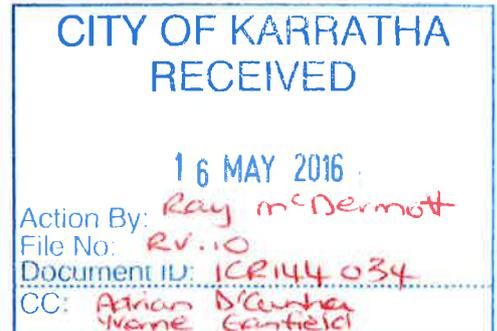
CARRIED 8-1

FOR : Cr Long, Cr Lally, Cr Cucel, Cr Harris, Cr Parsons, Cr Scott, Cr Smeathers, Cr Vandenberg
 AGAINST : Cr Bailey



10 May 2016

Ray McDermott
Manager Financial Services
Council of Karratha
Lot 1083 Welcome Road
PO Box 219
KARRATHA WA 6714



Dear Mr McDermott,

SUBMISSION – DIFFERENTIAL RATES – RATES ASSESSMENT A34582

I refer to your letter referenced, OCR 143156, titled Advertised Differential Rates Model 2016/2017, dated 29 April 2016.

Fleetwood object to the Advertised Differential Rates Model for our property under Rates Assessment A34582.

Your letter states that the TWA/WA category will receive an average increase of 1.7%, yet for our property the increase is 35.3%, or \$298,474.

Council is aware of the significant contraction in the mining and resources sector and of its impact to Karratha. For Searipple Village this has seen the concurrent decline in occupancy and tariffs. A 35.3% increase in rates in this context is irreconcilable. It makes a difficult operating environment become an impossible one.

Council has long required that TWA pay the highest differential rates as a consequence of their comparatively high use of Council facilities and services. Yet it has never provided evidence of this. On the contrary TWA has significantly lower use of Council facilities and services than other categories, indeed in some instances this is the explicit requirement of Council. For instance, Council requires TWA to construct and maintain their own Cyclone Shelters so Council does have to meet this need, yet other categories are quite welcome to use Council facilities.

Council needs to consider the consequences of their rating to our property and TWA in general. As detailed in your letter, TWA provide for ~17% of Council's rates income. The advertised differential rates present significant financial impediment to our business continuity. If applied, these rates may contribute to the closure of our facility which would see Council rate revenue decline and the burden required to be made up by increased rates to other categories. For these reasons the rates levied on our property should not be increased.

Fleetwood have written to the Minister for Local Government seeking his intervention in this issue and will pursue action in the State Administrative Tribunal if the advertised rates are applied.

Please direct any questions or correspondence to the undersigned.

A handwritten signature in blue ink, appearing to read 'J. H. H.', is positioned above the contact information.

General Manager Accommodation

Tel: (08) 9281 7598

Email: dominic@fleetwood.com.au

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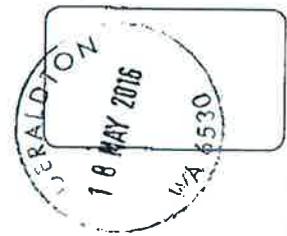
Signature: [Signature] Date: 18/5/2016

Name (Block capitals please): MICHELLE HARRIS

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Signature of Officer: [Signature] Date: 18/5/2016



CITY OF KARRATHA RECEIVED

19 MAY 2016

Action By: Ray McDermott
File No: Rv010
Document ID: 10P144244
CC: Ashley O'Connell
Sherrilyn Dwyer
Yvonne Grandfield

ROEBOURNE NOMINEES PTY LTD
As Trustee for PILBARA VILLAGE UNIT TRUST

ABN – 37 087 045 950

PO BOX 288
GERALDTON WA 6531

17 May 2016

Shire of Roebourne
PO Box 219
Karratha WA 6714

Attention: Ray McDermott

Dear Ray

Re: DIFFERENTIAL RATES MODEL
ROEBOURNE NOMINEES PTY LTD
40-44 PT SAMPSON-ROEBOURNE ROAD
RATES ASSESSMENT A2395

We are writing following your letter dated 29 April 2016 proposing changes to the differential rate model.

We wish to submit and voice our opposition to the changes proposed. The camp has made a loss for the current financial year due to the severe drop in occupancy. This can be demonstrated by the departure of the camp manager as of 30 April 2016 (Please see letter attached). The site has no projects on the horizon that would indicate a substantial increase in occupancy to bring the facility back into a profitable venture. The camp is currently vacant; however, we continue to look for a new management partner.

It is unfortunate for us that a valuation was done for 2014/15 listing our current valuation at \$208,000 as we could not get anything like that in the current market. Our manager has left the site due to the inability to cover the cost of wages and consumables yet alone a rental cost. To compound our situation you have proposed to increase our rates by 35.35% this year.

The owners of the camp are currently considering their options for the future. One option being considered is to close the accommodation facility on the site. Should this proposed differential rates model be enacted that will impact on the feasibility modelling underway.

The camp was originally constructed in association with GBSC (a building company with a permanent office and workforce living in the area). The camp was built to enable that building company to conduct building operations in Roebourne with a shortage of accommodation in the town. When GBSC has won contracts it has temporarily relocated workers from its main business operation located in Geraldton. Without the camp the permanently based building company would have been unable to tender for or fulfill contractual obligations with regard to construction contracts in that immediate vicinity.

Since the camps commissioning in September 2009 the camp has been through a number of business model changes. Only 18 months of the 66 months the camp has been open has it been occupied by a mining company. This represents less than one third of the sites operating life; and even then GBSC continued running its building company operation from the same site.

In conclusion, in a market where the property is struggling to survive, the impost of a rate increase of 35.35% is completely unjust. I understand your council has responsibilities setting and meeting a budget. However, you cannot expect private enterprise to absorb costs increases of 35.35% and remain viable. With this increase, the increase in rates to this property since 2011/12 would exceed 1350%.

Should you require more information or details please do not hesitate to contact us.

Yours faithfully



Tasman Nolan
0400728204
Company Accountant



15 March 2016

Tasman Nolan
Roebourne Nominnees Pty Ltd
156 Durlacher Street
Geraldton, WA, 6530

Dear Tasman

RE: POINT SAMSON ROAD VILLAGE

I refer to your letter dated 3 March 2016.

In the absence of an agreement to change the basis of our current arrangement, Morris has no option but to terminate the arrangement, such termination to be effective 30 April 2016.

In the meantime, we shall work with you to finalise the process of Morris vacating the camp and to develop a suitable exit strategy and plan.

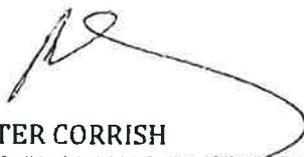
To start this process we have compiled an initial list of assets on site that our records reflect we own. These are listed in the attachment to this letter. Should you wish to retain any of these items we would be prepared to come to some sort of mutual arrangement and as such have provided our current valuations.

In the case of linen, it is agreed that Morris was reimbursed at the start of the project for the reasonable cost of the linen. However, additional kitchen and dining equipment purchased over the last six years or so has been costed to Morris whilst only replacement items relating to the accommodation side of the camp have been reimbursed by Roebourne.

A copy of the VAMS file including details of all bookings, detailed occupancy records since July 2013, site QA manual including fire plan and a list of preferred contractors in the region will also be supplied as part of the exit plan.

If you have any questions please contact me directly.

Yours sincerely


PETER CORRISH
GROUP FINANCIAL CONTROLLER

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Private and confidential

Chris Adams
CEO
City of Karratha
Lot 1083 Welcome Road
PO Box 219
Karratha WA 67154

20 May 2016

Dear Chris

Re: Recent increase in Differential Rates- City of Karratha

Thank you for your recent letter received by Robe River Mining Co Pty Ltd (29 April 2016) from the City of Karratha in relation to the proposed 2016/17 differential rates as they apply to Rio Tinto Iron Ore Transient Workforce Accommodation (TWA) facilities.

As you are aware, Rio Tinto is committed to its contribution to the local communities in which we operate. In addition to making rate payments to the Shire on our extensive accommodation portfolio and other facilities, we are pleased to be working in partnership with the Shire through the five year CISP agreement to deliver significant community infrastructure improvements in Dampier, Karratha and Wickham, as well as a range of new and improved cultural events.

However we are concerned about the quantum of the increase in rates applicable to the Transient Workforce Accommodation (TWA) classification. We accept and understand the rationale for the increase of 1.7% for residential, commercial and industrial properties, but fail to understand the justification for rise of 35% for TWA properties.

RTIO's accommodation camps and the surrounding infrastructure are self-managed as well as the co-located towns being significantly managed by Rio Tinto. On this basis we find it difficult to see the justification for such a large increase in Shire rates payable from these properties. As an example, the rates bill for the Cajuput camp will increase from \$162K to \$219K; Wickham Lodge will increase from \$185K to \$251K; and Wickham Village will increase from \$294K to \$399K. Altogether, this will result in a \$350K increase in rates for the TWA facilities alone.

Whilst we are familiar with community concerns about impact of increased FIFO employees on general town services and amenities, we would welcome more detailed understanding of the rising cost base of the Shire's facilities and infrastructure which are being substantially impacted by additional use by TWA Camp residents.

Please forward correspondence to Momcilo Andric, General Manager Core Services.
Email Momcilo.Andric@riotinto.com

Yours sincerely



Daniel Taylor
Acting general manager –Core Services



23 May 2016

Attention: Mr Ray McDermott, Manager Financial Services / CFO

City of Karratha
Welcome Road
KARRATHA WA 6714

Dear Sir

Advertised Differential Rates Model 2016/2017 – Lot 263 North West Coastal Highway, Mardie and Lot 51 North West Coastal Highway, Mardie

I refer to your letters dated 29 April 2016 inviting our submission in relation to the City of Karratha's proposal resolved at the Ordinary Council Meeting held on 18 April 2016, to advertise the proposed 2016/17 rates in the dollar and minimum payment.

1 Summary

CITIC Pacific Mining Management Pty Ltd (**CITIC**), on behalf of Pastoral Management Pty Ltd, Sino Iron Pty Ltd and Korean Steel Pty Ltd objects to the proposed increase in the rate in the dollar levied in respect of Transient Workforce Accommodation/Workforce Accommodation (**TWA/WA**) because:

- (a) it requires TWA/WA to make an unreasonable contribution to the rate burden;
- (b) it is unreasonable and lacks fairness. CITIC provides many benefits to the City of Karratha, but does not receive any services in relation to its rates;
- (c) it lacks fairness as it places an inequitable and unreasonable burden on TWA/WA in comparison to residential accommodation; and
- (d) the rates proposed appear inconsistent with rates in neighbouring or similar local government districts.

2 Submission

2.1 TWA/WA required to make an unreasonable contribution

The 'Rating Policy: Differential Rates (s 6.33)' published by the Department of Local Government in March 2016 (**Policy**) states that the purpose of imposing differential rates is 'generally to ensure that every landowner makes a reasonable contribution to the rate burden'.

CITIC objects to the proposed rate in the dollar increase for 2016/17 from 0.216481 to 0.293013, as this reflects a 35% increase in the rate in the dollar and, in the case of Lot 51 North West Coastal Highway (*Fortescue River Village*), a 35% increase in the proposed rates levied (noting that the rates levied for 2015/16 for Lot 263 North West Coastal Highway (*Eramurra Village*) are yet to be finalised following the successful challenge to the property valuation for that period). This follows an increase in the rate in the dollar for TWAWA of 78% for the previous 2015/16 rating period, meaning that the proposed differential rate is an **increase in the rate in the dollar of over 150%** from the 2014/15 rate in the dollar amount. Further, by way of comparison, the proposed differential rate for TWAWA is more than four times the proposed rate for residential properties.

The proposed rate increase also fails to take sufficient account a challenging period for the industry, including a decreased revenue base. As the below graph illustrates, the iron ore price has **decreased** by approximately 40% during the last 2 years and yet (as noted above) the proposed rates levied are set to **increase** over that period by in excess of 150%. Such an increase is extraordinary and unsustainable, requiring TWAWA to make an unreasonable contribution to the rate burden.

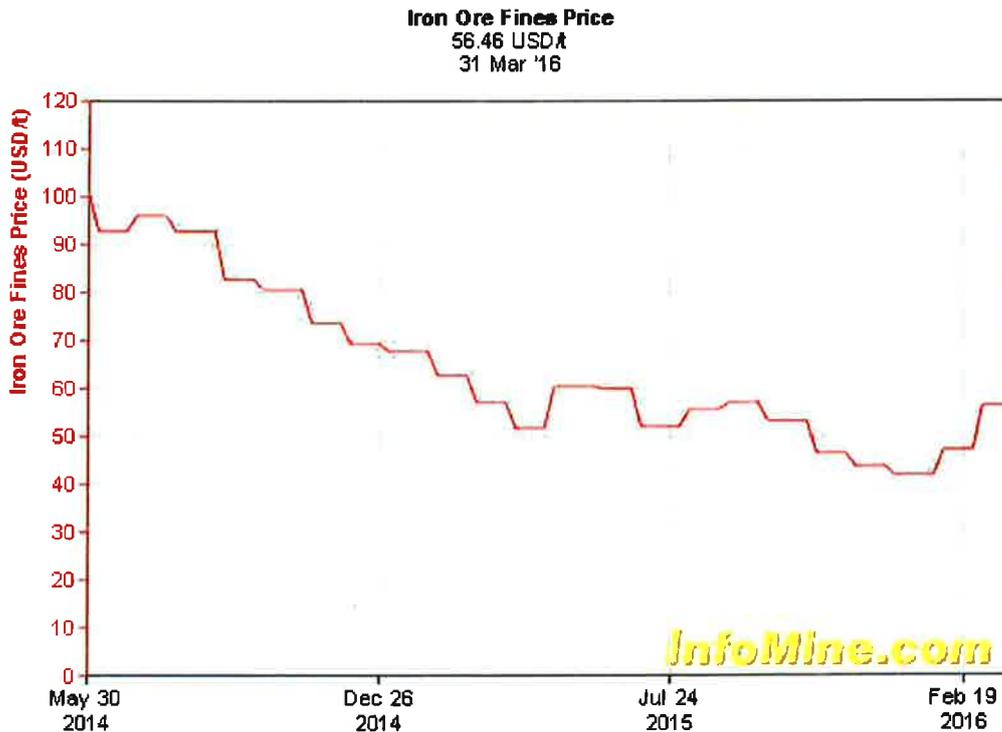


Image from:

<http://www.infomine.com/ChartsAndData/ChartBuilder.aspx?g=144877&df=20160101&d=20160517&kwd=iron+ore&vt=2&ty=Commodity&dr=YTD>

2.2 Remote TWAWA required to make an unreasonable and unfair contribution

The contribution sought in relation to the 2016/17 rate burden is also unreasonable and lacks fairness on the basis CITIC does not receive any benefits from the City of Karratha in return. Regardless, CITIC provides benefits to the City of Karratha and the local community in numerous ways. They include:

- Employment and engagement of local contractors and service providers, underpinned by total local (Australian) content commitment of 70% expenditure over the life of mine.

- Maintenance and upkeep of a popular local camping and recreation area at the Fortescue River Mouth, by upgrading the public access road and collecting refuse.
- Operation of the Fortescue Roadhouse, providing fuel and provisions to local residents and tourists.
- Provision of first responder fire and medical emergency services, including paramedics, for bush fires and vehicle accidents in the vicinity of North West Coastal Highway. Provision of cyclone shelters for members of the public at Fortescue Roadhouse village.
- A comprehensive community program, through sponsorship and/or support for organisations including the Clontarf Foundation, Department for Child Protection & Family Support, Roebourne Police & Community Youth Centre (PCYC), Pilbara Multicultural Association, Pilbara Wildlife Carers' Association, Isolated Children's Parents' Association, Roebourne District High School, The Smith Family, Karratha Dampier Lions Club FeNaCING Festival, Cossack Art Awards, RFDS, National Breast Cancer Foundation and *beyondblue*.

As Fortescue River Village and Eramurra Village are located remotely, they do not have access to the vast majority of City of Karratha infrastructure and services. The only services CITIC receives are 'fee for service'.

The City of Karratha's Objects and Reasons for Proposed Differential Rates for the Year Ending 30 June 2017 (***Objects and Reasons***) states that the rate for TWAWA 'reflects the greater potential and actual intensity of use of Council assets and infrastructure' for properties in this category. This fails to recognise that CITIC does not use these amenities and benefits and consequently imposes a minimal burden on City of Karratha assets and infrastructure. It is unreasonable to impose this differential rate in the dollar amount given CITIC does not benefit from the rates paid, is unlikely to do so in the foreseeable future, and already provides substantial benefit to the community.

2.3 Proposed differential rates lack fairness and equity

The rate in the dollar increase places an inequitable, unfair and unreasonable burden upon TWAWA providers such as CITIC. TWAWA providers serve the same purpose as residential properties – that is, they provide a place to reside for people who spend a large amount of time in the City of Karratha local government area. The key difference is that transient workers accommodation (***TWA***) such as Fortescue River Village and Eramurra Village are distant from a population hub.

There are many workers, including transient workers, who live in or are expected to live in properties that fall under the residential rates category. The City of Karratha's Objects and Reasons states that the TWAWA rate supports the City's preference for transient workers to be housed in residential accommodation within town boundaries. Given the remote location of the Sino Iron project, this is not practicable.

There is no basis to distinguish between the rates applied to TWAWA providers and those applied to residential properties which house transient workers, and such a distinction is inequitable. The City of Karratha's position in your letter is that the rates payable at the proposed differential rate for TWAWA are less than the rates that would be payable for single residence accommodation for the same number of workers. However, this is not an appropriate comparison

given the nature and location of the project. It is also an irrelevant consideration – it is not a valid factor for justifying differential rates.

CITIC repeats its position outlined in response to the proposed 2015/16 differential rates model that the Minister's intention to 'move' TWA from a rating methodology of unimproved value of the land to gross rental value was to bring TWA land in line with residential property. The City of Karratha has now gone beyond that position and imposed an arbitrary, inequitable and unreasonable burden on TWA providers.

2.4 Failure to consider neighbouring rates

The Policy states that a local government ought to review and consider the rates proposed in neighbouring or similar local government districts in its rating strategy.

Local government rates levied on TWA in the Pilbara region vary, but based on publicly available information, City of Karratha rates for TWA valued on a GRV basis appear to be significantly higher than those imposed in two of the three other Pilbara shires. For example, the Shire of East Pilbara is proposing to reduce the rate in the dollar for TWA from 0.07 to 0.033150 for 2016/17.

CITIC submits that consistency between rates in similar local government districts, and therefore consistency in the impact of rates on resource projects, is desirable.

Please contact me on (08) 9226 8036 if you would like to discuss.

Yours sincerely

CITIC Pacific Mining Management Pty Ltd



Chen Zeng

Chief Executive Officer of CITIC Pacific Mining Management Pty Ltd



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Tom Atkinson
Cherratta Lodge Pty Ltd
Suite 10-12 295 Rokeby Rd
Subiaco 6008

23 May 2015

Ray Mc Dermott
Welcome Road
Karratha 6714

Dear Councillors,

Re: Differential Rates – Transient Workforce Accommodation Zoned Land

Thank you for allowing our company to make a submission in light of the council increasing property rates by 35.85% for the 2016/17 financial year to \$0.293 in the dollar of Gross Rentable Value (GRV).

It has been a long journey of GRV council charge increases for our company, which initially were charged at \$0.090124 in 2011 to where it sits today. This increase in the dollar equates to an astonishing increase of 325.1% for this 5-year period, where our GRV has only moved from \$214,200 to \$358,800.

During this time, our company has invested a significant amount of money into Karratha, we have converted our land from leasehold to freehold, see ourselves as a part of Karratha's long term accommodation plans as detailed in Scheme 8 of DP 10 for operational workforces. It is our understanding that these increases for the 2016/17 year is because the City of Karratha intends to maintain the rates being generated from each asset class.

During the year *Citic Pacific Mining Management Pty Ltd v Valuer General [2016] WASAT 23* where the State Administrative Tribunal ordered that the determination by the Valuer General of Gross Rental Value (GRV), of a 100 hectare portion of Lot 263 North West Coastal Highway, Mardie (Eramurra Village) as at 1 August 2011 of \$12,008,880 be set aside and substituted with a GRV of \$3,396,055.10. Upon reading the case it is clear that the valuations were always materially incorrect so the total rates that the City is trying to get from TWA properties has always been based on incorrect figures.

[http://decisions.justice.wa.gov.au/SAT/SATdcsn.nsf/PDFJudgments-WebVw/2016WASAT0023/\\$FILE/2016WASAT0023.pdf](http://decisions.justice.wa.gov.au/SAT/SATdcsn.nsf/PDFJudgments-WebVw/2016WASAT0023/$FILE/2016WASAT0023.pdf)

The council further seeks to still attain the same total rates from the TWA pool once Woodside's Gap Ridge Village is closed. In the 2016/17 year it will be only \$282,196 as it is due to close on May 2017. But the following year that will increase to \$1,692,176. This property always had a finite lifespan so it should not have been included into the long term revenue projections.

RESTAURANT ACCOMMODATION FUNCTIONS



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The primary issue of the 2016/17 Differential Rates proposal, is that the council is seeking to maintain it's total revenue from the TWA group of properties when it is based on:

- valuations that have proven to be materially incorrect;
- when the GRV of the properties are decreasing; and,
- when rooms and properties are being decommissioned.

What is most disappointing is that I have only found these details when I read the council agenda and minutes. This same information was not afforded to us in our letter to explain the increases. The council rates officer when I called to inquire would not release the details of how the rates had increased.

The key factor in the legitimacy of any differential rates policy seems more focused on whether the policy been followed as opposed to whether the imposition is fair and equitable or even sustainable on rate payers.

Outside of the Policy our companies' position on the Councils decisions on rates to our property has been unfair and unjust. Please review our comments below with regard to the application of the differential rates policy by the council. Cherratta comments are in bold:

Objectivity

- The land on which differential general rates has been rated according to one or more of the following land characteristics:
 - zoning
 - land use
 - vacant land.
- Where there has been a change to the boundaries of the district within the past five years, the land on which differential general rates apply may also be rated according to one or more of the following land characteristics:
 - whether or not it is situated in a town-site
 - whether or not it is situated in a particular part of the district.
- The local government has proposed a differential general rate which is more than twice the lowest differential rate.

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Cherratta Comment – In the Council agenda on page 69 it states that

“The land on which differential general rates is proposed has been rated according to Zoning and Land Use”.

This is factually incorrect. Every accommodation (including tourism) establishment in the city of Karratha generates its primary source of income from TWA. This would mean that every accommodation provider would be subject to TWA valuation and rates. Further there are many houses that are used for FIFO workers which are not subject to these rates.

The Council fails the objectivity test because it is not consistently capturing TWA service providers across different zonings and uses

Fairness and Equity

- The Council of the local government has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. This is to be reflected in the council minutes when it adopts the budget strategy and endorses objects and reasons for each differential rating category and each minimum payment.

Cherratta Comment – The council has not reviewed its expenditure, as it has planned to increase its expenditure when it is clear that its rates pool is and will be reducing and its strategic plan and all other council documents remain as they were when the “mining boom” was in full swing.

Yes, it is true that the council has used the words “efficiency” and “reviewed” when it talks about its expenditure. It has also referred to 16 areas that it has gained some efficiency but clearly in other areas they have increased expenditure or lost efficiency.

When viewed as a whole, not just some convenient parts, expenditure has increased when the projected demand for services will have decreased in line with the people and demand for services in the Pilbara Region.

- The objects of imposing differential rates and reasons for each proposed differential general rate are set out by the local government in a publically available document.

Cherratta Comment – Yes it is in a publically available document. But the reasons for the increase in our classification have been omitted.

- These objects and reasons clearly explain why each differential general rate is proposed to be imposed.



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Cherratta Comment – As stated above in the opening to this letter, the reasons for the increase in the rate charge for the TWA classification has been omitted from both the “Objects and reasons for Applying Differential Rates” and the letter direct to Cherratta Lodge.

In our letter from the council it states that “The proposed differential rate is set at a level that maintains the relativity of TWA/WA rates comparative to residential rates” This statement is factually incorrect, as the TWA rates are increasing 35.35% when the residential rates are only increasing 1.72%. Furthermore, there is no justification based on demand of services to increase the rate in the dollar.

The letter also states that the “Council considers the proportion of the rate income derived from each category in order to ensure that all property owners make an equitable contribution to rates and to minimise the impact that rates have on residential and commercial ratepayers” It is clear from what has been proposed that the council does not intend to be fair and equitable regarding rates and is going to increase rates to hold other classifications as low as possible. This is not consistent with the policy.

There is nothing in the letter that states why the TWA category should attract such a proportionately high rating. Included in the “Objects and reasons for Applying Differential Rates” it states that “These services, programs and facilities are available to FIFO workers in the same manner as they are available to all other residents of the City and the contribution from this category has been set at a level that reflects this fact”. Our Rates in the dollar has increased from \$0.09124 to \$0.293013 in 5 years. We do not see how our classification has this threefold increase in the use of services. In fact, there is no doubt that the impact on the City has increased as the demand for our services has reduced since 2011.

There is no justification anywhere in any of the communication from the council to suggest why the rates portion is needed to be at \$0.293913 other than that total revenue from TWA zoned properties needs to be maintained to minimise the impact on other classifications. In itself this is not an equitable policy.

The letter to Cherratta as the property owner we find to be misleading as it never mentions the 35.35% rate increase on our individual properties. It only ever refers a 1.7% increase on a total yield which is not the case when viewing it as the property owner as we are.

The “Objects and reasons for Applying Differential Rates” are inconsistent with the City’s own policy DP10 which distinguishes between those who are Freehold and deemed to be

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for the long term operational workforce which the city encourages and those who are located on other zonings who or who are for short term construction work forces which the city discourages.

- The objects and reasons clearly explain why it is proposed to set the differential general rate at that particular rate.

Cherratta Comments – This should be read with my comments above as repeating would not serve any purpose. There is NO justification anywhere in the documentation produced by the City as to why rates should be set at \$0.293013 for TWA other than to minimise the impact on other rate payers.

If there was a justification, then we as a company would be able to make comment.

Imposing higher rates on some classes to reduce the impact on others does not seem to pass any fairness and equity test.

- If a category of ratepayer is significantly contributing to the local government's revenue through fees, charges and other payments, the local government has not used these same costs as the justification for the difference in differential general rate.

Cherratta Comment – The City has used these costs in both the documents as a justification to why the TWA category attracts a higher rate in the dollar and is increasing disproportionately in comparison to the other classes, in fact the council says that it is set "at a level that reflects this fact"

Further it has been set at a level to minimise other ratepayers.

- If there are fewer than thirty ratepayers who will be subject to the differential general rate, each affected ratepayer has been informed in writing by the local government of:
 - the terms of this policy (through the provision of a copy of this document to the ratepayer)
 - the local government's objects of and reasons for proposing to impose the differential general rates
 - the differential general rate that will apply to the ratepayer's property; and
 - the differential general rate that applied in the previous year for comparison

and was given at least 21 days to make submissions to the local government on the proposal.

Cherratta Comment – The council has complied.



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- The ratepayers' submissions, if any, and the local government's response to each ratepayer's submission (as recorded in the minutes of the Council meeting at which the response was adopted) have been provided to the Minister.

Cherratta Comment – Only time will tell.

Consistency

- The local government has rated similar properties that are used for the same purpose in the same way.

Cherratta Comment – As stated above in Objectivity, the council has not captured every property that engages in provision of TWA services.

- The proposed differential rates align with the rating strategy in the corporate business plan and long term financial plan or the council of the local government has detailed its reasons for deviating from that rating strategy.

Cherratta Comment - The corporate business plan and long term financial plan do not seem to highlight how or why the council intends to increase the rates on TWA significantly in comparison to other uses. If it is a reference to the proportion of income from each category, as stated above this is based on factually incorrect information and properties whose use was only temporary.

- The local government has reviewed and considered rates proposed in neighbouring or similar local government districts in the rating strategy.

Cherratta Comments – See how each shire in the Pilbara charges rates to TWA facilities below.

Town of Port Hedland – Have just doubled from \$0.13 to \$0.26 of GRV in the past year

Shire of Ashburton – Current charges are \$0.050305 of GRV

Shire of East Pilbara – Current charges are \$0.07 of GRV

Shire of Broome – Does have a TWA classification on a GRV and tourism seems the closest at \$0.14715

The fact that the city has only referenced the one jurisdiction in the Pilbara that has increased its rates is misleading. In the last 5 years the City of Karratha has moved out of step with all the other communities around it to target the TWA facilities. The town of Port Hedland only moved in the last 12 months so it could hardly be used as a justification.

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Transparency and administrative efficiency

- The local government has:
 - prepared and made publically available a document clearly describing the object of and reason for each differential general rate;
Cherratta Comment – In addition to what has been said above the documents that have been produced by the City has not made clear the reason for the increase in the rate for TWA. In-fact it gives different reasons in its owns Agenda and Minutes. The only object that we can find is that TWA has been increased to minimise rates for other classes which should see the differential rates not be approved.
 - given public notice in a newspaper circulating generally throughout the district and exhibited to the public on a notice board at the local government's office and at every local government library in the district (refer to Rating Policy – Giving Notice)
 - published the notices after 1 May in the relevant year.
- The public notice published by the local government contained:
 - details of each differential general rate that the local government intends to impose
 - an invitation for submissions to be made by an elector or ratepayer
 - a closing date for submissions which is at least twenty one days after the day on which the notice is published
 - advice on the time and place where a document containing the objects of and reasons for the differential general rates can be inspected.
- The council of the local government has:
 - considered each ratepayer submission (if any)
 - resolved to make the application provided the Minister with the minutes and agenda papers relevant to these matters.

In closing, I hope that the council takes the time to consider the above. As a business that at times can employ 50 local people it is disappointing we are being singled out and penalised and through your own documents have had our rates increased so that you can minimise the rates for other classes.

We cannot find any justification as to why our GRV has increased 325% in 5 years. In the face of the decommissioning of other TWA sites we do not see how it can be fair and equitable to expect the remaining TWA properties to be effectively paying their rates.

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The TWA total yield has been based on grossly inaccurate valuations that have been overturned in SAT, and have also been based on mining camps that were only temporary. This equates to more than 50% of the revenue that the City has collect from this use classification.

If we had known that it was the council's policy to keep the total rate yield for TWA at the same total financial contribution we would have fought this many years ago because the reduction in yield from our classification has been quite obvious since mid-2013.

As a significant rate payer and employer in the City I find it extremely disappointing that the shire has not been transparent in its communication, and to write this letter I have had to read many documents and contact many other councils.

I look forward to your reply, and will make myself available to discuss this letter further at a time suitable to the City of Karratha.

Regards,

Thomas Atkinson
Director
Cherratta Lodge

RESTAURANT ACCOMMODATION FUNCTIONS



Please direct all responses/queries to:
t: +61 8 9348 3719
e: stephen.munday@woodside.com.au

Our reference: 11002911

Mr Ray McDermott
Manager Financial Services
City of Karratha
PO Box 219
Karratha WA 6714

24 May 2016

Dear Mr McDermott

PROPOSED 2016/17 DIFFERENTIAL RATES

Thank you for your letters of 29 April 2016 providing details of the City of Karratha's (the City) proposed differential rates model for 2016/17 covering the following Woodside-operated North West Shelf (NWS) Project and Pluto LNG properties:

- A54538 - L3799 Rankin Road, Gap Ridge (Bay Village)
- A76495 - L30 Bayly Avenue, Gap Ridge (Heliport)
- A78641 - L384 MOF Road, Burrup
- A78664 - L572 Burrup Road, Burrup
- A89855 - Lot 525 Madigan Road, Gap Ridge
- A5482 - L151 King Bay Road, Burrup
- A5539 - L194 Burrup Road, Burrup
- A5547 - L195 Burrup Road, Burrup
- A5555 - L196 Burrup Road, Burrup
- A 5563 - L197 Burrup Road, Burrup
- A5589 - L199 Burrup Road, Burrup
- A88967 - Lot 471 King Bay Road, Burrup
- A78894 - Lot 3019 Village Road, Burrup

As you would be aware, Woodside and our joint venture participants make sustainable contributions to the Pilbara community through the Woodside-operated NWS Project and Pluto LNG. These contributions include amongst other things, a large residential workforce who live with their families in Karratha, significant investments in community infrastructure and ongoing contributions to community programs. The NWS Project's social investment contributions to the region now exceed A\$300 million, including a recent commitment of \$3.2 million towards the Karratha Arts and Community Precinct project.

We value the services and facilities provided by the City to the community. Woodside is committed to paying rates and we understand that rates revenue makes a significant contribution to the sustainable provision of services. In 2015/16, rates derived from Woodside-operated properties, including residential housing, contributed approximately 17% of the City's budgeted rate yield of \$40,580,172.

The proposed 2016/17 differential rates model proposes large increases for property categories that apply predominately to the resource sector; specifically the Transient Worker Accommodation (TWA) and Strategic Industry differential rates categories.

In total, the proposed 2016/17 differential rates model would result in rate increases for Woodside-operated properties in the TWA and Strategic Industry categories of more than \$1.5 million; representing an increase of more than 31% from rates levied in 2015/16.

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Under the proposal, rates for the Pluto LNG-owned Gap Ridge Village property will increase by 35% (4.5 x the differential rate for residential properties), while 10 Woodside-operated properties in the Strategic Industry category are subject to a rates increase of nearly 30% (3 x the differential rate for residential properties; 2 x the differential rate for pastoral properties).

The proposed rates model for 2016/17 will raise \$43.0 million compared with \$40.4 million levied in 2015/16; representing a 6.4% increase. This is inconsistent with a statement in Ordinary Council Meeting Minutes of 18 April 2016 which states: *"The proposed differential rates align with the principles of the rating strategy in the corporate business plan and long term financial plan, however they differ in application as the proposed increase to rates in the dollar (predominantly 1.7%) is significantly lower than the 5.5% increase forecast for 2016/17 in the Long Term Financial Plan. This reduction is a response to the changing economic conditions in the district and implementation of efficiency measures within the organisation."*

While the majority of rating categories will increase by 1.7%, the City's overall rates yield will increase above 5.5% increase forecast for 2016/17 in the Long Term Financial Plan, with the increase being disproportionately derived from the TWA and Strategic Industry differential rate categories.

The proposed increase in differential rates for Strategic Industry properties would deliver the City an additional \$1.72 million in 2016/17 compared with 2015/16; a 30% increase in rates revenue derived from properties in this category.

The proposed rate increases come at a time when the resources sector, including Woodside, is facing a challenging external environment. In response, Woodside is continuing to look for opportunities deliver efficiencies and cost savings throughout our business while seeking to reduce the costs of doing business.

The City's proposal to significantly increase differential rates in the Transient Worker Accommodation and Strategic Industry categories without a commensurate increase in the use of services or infrastructure is inequitable.

Woodside would like to understand why the City is seeking to significantly increase its rates revenue, largely from industry-related property categories, when it continues to maintain a healthy operating surplus and holds significant reserves.

Woodside supports reasonable and predictable rates increases that are applied equitably across all ratepayers in the City of Karratha. We seek your consideration of reducing the proposed 2016/17 rate in the dollar for the Transient Workforce Accommodation and Strategic Industry categories to more closely align with the residential rate in the dollar increase of 1.7%.

I am available at your convenience to discuss this matter further.

Yours sincerely,



Niall Myles
Senior Vice President
North West Shelf Project



26 May 2016

Manager Financial Services / CFO
City of Karratha
Welcome Road
Karratha WA6714

**DEVIL CREEK GAS PLANT AND ASSOCIATED ACCOMMODATION CAMP
ADVERTISED DIFFERENTIAL RATES MODEL 2016/17 (Ref; OCR143156 & 143169)
UV (STRATEGIC INDUSTRY) AND TRANSCIENT WORKFORCE ACCOMMODATION**

Dear Ray

We refer to City of Karratha (CKI) letters, dated 29 April 2016 in relation to Advertised Differential Rates Models 2016 for properties associated Devil Creek Gas Plant (UV-Strategic and TWAWA) where CKI are proposing the rates increase of up to 29%.

We are disappointed to see such increases in the current economic climate, where our revenues are adversely impacted. Consequences of such impacts drove us to operate at much lower costs where every dollar counts and are under increasing pressure for further cost reductions.

We believe that our ability to continue operating in constrained commodities price environment provides significant benefit to the Pilbara community; and in particular CKI. As you will be aware we have been proactively (directly or indirectly) contracting with Karratha based personnel wherever possible in support of the regional community.

Accordingly, we respectfully request consideration by CKI to reduce our rates to 10% lower than that of 2015/16 rates.

Should you have any queries please do not hesitate to contact me.

Yours faithfully

For and on behalf of
QUADRANT ENERGY AUSTRALIA LIMITED

A handwritten signature in blue ink, appearing to read 'G. Bamford'.

Gareth Bamford
PRODUCTION MANAGER, GAS ASSETS

6 STRATEGIC PROJECTS & INFRASTRUCTURE

6.1 RFT 23-15/16 KARRATHA ARTS AND COMMUNITY PRECINCT SPECIALIST THEATRE AWARD

File No:	CP.509
Responsible Executive Officer:	Director Strategic Projects & Infrastructure
Reporting Author:	Project Manager
Date of Report:	23 May 2016
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s)	1. Confidential –Tender Evaluation Report 2. Confidential – Project Budget

PURPOSE

To consider the outcome of the Karratha Arts and Community Precinct Tender for Specialist Theatre Fitout (RFT 23-15/16)

BACKGROUND

At its March 2016 Ordinary Meeting, Council agreed to call tenders for the Specialist Theatre Fit-out in accordance with the scope of works outlined in the report provided to Council and adopt the tender selection criteria.

Tenders were advertised on 30 March 2016 and closed 4 May 2016.

Four tenders were received by the closing date from:

- Cataphonics Pty Ltd T/A Venue Technical Services
- HME Services Pty Ltd
- Rutledge Engineering (Australia) Pty Ltd
- We Install It Pty Ltd

The tenders were evaluated by a four person panel comprising of:

City Project Manager
City Manager Community Services
Project Architect
Project Theatre Consultant

The tenders were first assessed for compliance with the tender documents. The tenders were then assessed against the qualitative criteria that were weighted as follows;

Criteria	Weighting
Relevant Experience	25%
Capacity to Deliver	20%
Demonstrated Understanding	15%
Price	40%

The Regional Price Preference Policy was not applied to any of the tendered submissions.

A copy of the Evaluation Report is contained within the confidential section of the agenda.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG8 - Significant Decision Making Policy, this matter is considered to be of low significance in terms of cultural & wellbeing issues in Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

The scope of works has previously been considered and supported by the KACP Project Advisory Group that consists Councillors and community representatives and was presented to Council for endorsement

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Tenders were called in accordance with Section 3.57 of the *Local Government Act 1995* and Part 4, Division 2 – Tenders for providing goods or services of the *Local Government (Functions and General) Regulations 1996*.

The form of contract proposed to be utilised for the engagement of the preferred Tenderer is AS4000-1997 General conditions of contract.

As previously outlined to Council the intention is to novate the successful theatre specialist contractor to the main contractor for the Karratha Arts and Community Precinct Construction Tender RFT 24-15/16 on award.

POLICY IMPLICATIONS

Policy CE13 - Tender Evaluation Criteria is applicable.

FINANCIAL IMPLICATIONS

Council has allocated \$2,160,000 in the Karratha Arts and Community Precinct Project Budget to the Theatre Fit Out.

A detailed breakdown of the tender bids are included in the Confidential Tender Evaluation. The preferred tender is in accordance with the estimated budget.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2015-2016 provided for this activity:

Our Program:	1.a.2.6	Operate Community Facilities
Our Services:	1.a.2.6.6	Plan new facilities and upgrade new facilities
Our Program:	1.a.2.7	Deliver projects of strategic importance to the City
Our Services:	1.a.2.7.2	Provide project management resources

RISK MANAGEMENT CONSIDERATIONS

A proportion of the external funding for the project was secured on the basis that the construction of the facility would commence within 12 months of the date of the funding agreement. The current program is forecasts to meet this requirement.

If the City were to delay the project, the funding received through these schemes may not be available in the future and there may be other implications by forfeiting or returning the funding.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation. Allocated resources will be utilised for the management of the contract for the full duration.

RELEVANT PRECEDENTS

The City has previously appointed a successful tenderer for the provisions of goods and services forming part of component of a larger project.

In the Karratha Airport Terminal Upgrade, Council approved the release of a forward works package for the baggage reclaim system being a long lead time item and specialised equipment. Once a preferred contractor was appointed, they were novated to the Builder to coordinate installation.

VOTING REQUIREMENTS

Simple Majority.

OPTIONSOption 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to NOT SUPPORT the Officer's recommendation and PROPOSE a substitute Tenderer.

Option 3

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to REJECT at tenders at this time.

CONCLUSION

The Evaluation Panel believes that the recommended tenderer provides the best value for money option having tendered the lowest price and having addressed Council's selection criteria. It is the opinion of the Evaluation Panel that the recommended tenderer will provide a successful outcome to this project.

OFFICER'S RECOMMENDATION / COUNCIL RESOLUTION

Res No : 153466
MOVED : Cr Smeathers
SECONDED : Cr Vandenberg

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to APPOINT HME Services Pty Ltd ABN 79 163 397 877 based on the assessment of the compliance criteria, qualitative criteria and pricing structures offered under RFT 23-15/16 - Karratha Arts and Community Precinct Specialist Theatre Package.

CARRIED 8-1

FOR : Cr Long, Cr Lally, Cr Cucel, Cr Harris, Cr Parsons, Cr Scott, Cr Smeathers,
Cr Vandenberg
AGAINST : Cr Bailey

7 MATTERS BEHIND DOORS

**CONFIDENTIAL ATTACHMENTS TO ITEM 6.1 - RFT 23-15/16 KARRATHA ARTS AND
COMMUNITY PRECINCT SPECIALIST THEATRE AWARD**

8 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 6.13pm.

The next Ordinary Council meeting is to be held on Monday, 20 June 2016 at 6:30pm at Council Chambers - Welcome Road, Karratha.

I, Cr Peter Long, Mayor of the City of Karratha, hereby declare on behalf of the Councillors of the City of Karratha that the enclosed Minutes are a true and accurate record of the Special Council Meeting held on Monday, 30 May 2016.

..... Date ____/____/____
Signed