



**City of  
Kalgoorlie  
Boulder**

# **LATE ITEMS**

# **AGENDA**

**Ordinary Council Meeting**  
**22 MAY 2023**

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## 15 REPORTS OF OFFICERS

### 15.1 Chief Executive Officer

#### 15.1.1 NOTICE OF INTENTION TO LEVY DIFFERENTIAL RATES 2023/24

<b>Responsible Officer:</b>	David Trevaskis Director of Corporate and Commercial
<b>Responsible Business Unit:</b>	Finance
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple
<b>Attachments:</b>	1. Attachment 1 [15.1.1.1 - 13 pages] 2. Attachment 2 [15.1.1.2 - 13 pages]

#### Officer Recommendation

That Council:

1. Review the two proposed 2023/24 differential rate models presented in the contents of report as summarised below:
  - i. Rate Model 1 - 2.99% increase in the rate in dollar and minimum payment for Gross Rental Values (GRV) and Unimproved Values (UV) rating categories, yielding Rates Revenue of \$ 30,364,387, which is an overall 5% budget increase on the 2022/23 financial year; and
  - ii. Rate Model 2 – 3.97% increase in the rate in dollar and minimum payment for Gross Rental Values (GRV) and Unimproved Values (UV) rating categories, yielding Rates Revenue of \$ 30,654,313, which is an overall 6% budget increase on the 2022/23 financial year; and
2. Endorse Rates Model 2 - rates in the dollar (RID) and minimum payments relating to GRV and UV Differential Rating Categories for the purpose of advertising; and
3. Resolve to advertise the endorsed rates model differential general rates and minimum payments for the 2023/24 financial year; and
4. Adopt the endorsed rates model Objects of, and Reasons for each Differential GRV and UV Rating category, which supports the imposition of differential rates and minimum payments as contained in Attachment 2 (3.97% RID increase); and
5. Invite and accept submissions from ratepayers and electors on the proposed differential rates and minimum payments up to Monday 16 June 2023 in accordance with Section 6.36 of the Local Government Act 1995

#### Executive Summary

That Council consider and endorse,

- A differential 2023/24 rates model 2 for the purpose of adverting and giving public notice of its intention to impose differential general rates and minimum payments for the 2023/24 financial year; and

- Advise ratepayers and electors via public notice, of the availability of the City of Kalgoorlie-Boulder 2023/24 Statement of Objects of, and Reasons for the proposed differential rates and minimum payments, and invite and accept submissions up to Monday 16 June 2023 in accordance with Section 6.36 of the Local Government Act 1995;
- Adopt the endorsed rates model Statement of Objects of, and Reasons for the differential rates in the dollar and minimum payments for 2023/24 year.

### **Community Engagement Consultation**

Council must give local public notice, no earlier than 1 May 2023, which details each rate in the dollar and minimum payment and make available the Objects and Reasons for its differential rating categories. A minimum period of 21 days must be provided for the community to provide feedback. Council must consider any submissions received prior to the request for Minister's approval and adoption of rates.

The following engagement will take place:

- Public notice will be published in the local Kalgoorlie Miner newspaper on 24 May 2023;
- Public notice will be posted on notice boards of council facilities, Council Administration Office, 577 Hannan Street Kalgoorlie and Sir William Grundt Memorial Library, Roberts Street Kalgoorlie;
- Information will be made available on the City's website outlining the intention to levy differential rates and minimum payments and details on how to make a submission;
- Public notice will be posted on the City's social media site.

### **Community Strategic Plan Links**

This report links to the Strategic Community Plan through the following Guiding Theme/s:

EMPOWERED: We ensure considered decision making based on collaborative, transparent and accountable leadership.

### **Budget Implications**

There are no financial implications resulting from the recommendations of this report.

### **Report**

#### **Background**

There is provision under the Local Government Act 1995 to impose differential rates within the local government's boundaries and in considering this imposition, there are certain statutory obligations that the local government must comply with.

Before any consideration to its budget, the local government is required to give local public notice of its intention to impose differential rates. The local government must provide information of each new rate in the dollar or minimum payment.

Electors and/or ratepayers are invited to make submissions in respect of the proposed rates in the dollar and/or minimum payments. The submission period must be for a minimum period of 21 days and advertising must not commence before 1 May 2023.

A document is required to be made available for inspection by electors and ratepayers that describes the objects of and reasons for each proposed rate and minimum payment:

- Attachment 1 - Statement of Rating Objects and Reasons for the 2023/24 Year at 5% increase on the 2022/23 rates yield.
- Attachment 2 - Statement of Rating Objects and Reasons for the 2023/24 Year at 6% increase on the 2022/23 rates yield.

Application to the Minister for Local Government, Heritage, Culture, and the Arts seeking approval to impose a differential rate that is more than twice the lowest rate. It has been the City's long-standing practice to use differential rates to levy a higher rate in the dollar for Mining Tenements than other Unimproved Valuation (UV). Where the City imposes a differential general rate that is more than twice the lowest differential general rate, the City must seek Ministerial approval.

### **Rating Strategy**

Through its Long-Term Financial Plan (LTFP), the City is committed to ensuring it has the financial capacity to continue maintaining service levels which meet the community's needs in a financially sustainable way. This is achieved through:

- continued austerity measures - focusing on improving utilisation of all resources;
- better resourcing and creating efficiencies through a high-performance culture;
- benchmarking and continuous improvement; and
- assessing the economic climate - re-assessing and re-adjusting as and when needed.

Council's LTFP rating strategy's framework was prepared to:

- provide equitable rate increases that reflect the level of service provision to rate payers; and
- maintain Council's position for an average Gross Rental Value (GRV) and Unimproved Value (UV) rate in the dollar which remains comparable to other rating regional councils.

Once a budget deficiency has been determined, and after taking into consideration the objectives of the Long-Term Financial Plan (LTFP) and Rating Strategy, can proposed differential general rates in the dollar and minimum payments be determined.

Rates should not be increased by a fixed amount without consideration of the deficiency. Unless Ministerial approval is given, the amount expected to be raised through all types of local government rates must be within 90% to 110% of the deficiency of the budget (s6.34). This acts to limit the amount that may be raised by rates, but only in proportion to the expenditure requirement determined by the local government.

### **Budget Preparation**

At the Council meeting 27 February 2023, Council endorsed the 2023/24 budget development timeline and its objectives, that being its preparation and planning.

- Inform staff, management and councillors of the process and their respective roles;
- Ensure there is sufficient emphasis on program objectives and outputs rather than the previous year's activities and outputs;
- The budget process must be linked to the City's Plan for the future and align directly with the corporate business plan for that year;
- The steps including in the budget process are designed to progress the budget from its earliest planning stages when the capital works program is being put together through to adoption of the approved budget and subsequent, ongoing monitoring of the budget and actual results;
- Budget development timeline taking consideration the City's legislative requirements if it is going to impose differential rates which requires the City to give public notice and an application for Ministerial approval.
- The 2023/24 budget is planned to be approved by Council at the OCM scheduled for 24 July 2023.

#### Key Issues

- The Annual Budget process for the 2023/24 commenced with business planning in March 2023, with numerous workshops and briefing sessions in order to achieve a balanced budget.
- The City's Long Term Financial Plan 2023-2033 includes an annual increase of 5% for rates for the year 2023/24;
- A review of the City's Schedule of Fees and Charges is a necessary step in the budgeting process. In accordance with section 6.16(1) of the Local Government Act 1995, the City may impose and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.
- The City has completed a review of the current and proposed fees and charges for 2023/24 and applied an increase of 5%. The 5% increase has been calculated after considering the City's Long Term Financial Plan 2023 – 2033 and other inflation indicators available at this time:
  - The City's Long Term Financial Plan 2023-2033 includes an increase of 5% for all fees and charges for the year 2023/24; The March 2022 to March 2023 annual CPI increase for Perth is 5.8%; and
  - WALGA's March Economic Briefing 2023 includes a forecast of the Local Government Cost Index (LGCI) to June 2023 of 4.5%.
- During the fees and charges review, the City has considered the impact of this increase and made recommendations that take into consideration current economic conditions, historical increases, legislated and/or regulated fees, and any previous Council resolutions for these fees and charges.
- Gross Rental Valuations (GRV) were revalued by the Valuer General Office (VGO) effective 1 July 2019 based on property market values as 1 August 2018. The next GRV revaluation will occur 1 July 2024.
- Unimproved Valuations (UV) are revalued every year by the VGO. The UV Mining Tenements (MT) and UV Rural Valuation Rolls 1 July 2023 valuations were received from Landgate on 9 May 2023.
- The City has utilised the current GRV values and the 1 July 2023 values for UV Mining Tenements and UV Rural to determine the total rates yield per differential rate type.

- The Act requires intended differential rates to be advertised for a minimum of 21 days for public comment prior to their adoption. This report is prepared to consider the differential rates.

### **Formation of 2023/24 Budget Proposal**

The Long-Term Financial Plan (LTFP) 2023-2033 adopted by Council 24 April 2023 outlines the City's projected income and expenditure over the next ten years, including proposed capital works, projects, and new initiatives. Based on the assumptions of the LTFP, a 5.00% rate increase for the 2023/24 financial year was forecast. The intent of the LTFP is for the annual rates increase to reflect LGCI.

Costs continue to increase at a fast pace and Council needs to cover these increases to ensure continued service delivery.

The latest Consumer Price Index (CPI) data released by the ABS for the period March 2022 to March 2023 for Perth region was 5.8% and the LGCI forecast is 4.5% for June 2023. The City's LTFP forecasts a five percent (5%) to the annual budget from the previous 2022/23 financial year.

For the purpose of Budget discussions, the 2023/24 rates modelling has been calculated using current valuations received from Landgate Valuation Services as of 30 June 2023 which includes 1 July 2023 UV Mining and UV Rural revaluations.

Local Governments provide a range of community services and facilities funded wholly or in part by revenue raised from rates. The amount of rates required is determined after deducting other sources of revenue from the cost of providing City services and maintaining City assets. Other funding sources include user pays fees, statutory charges, lease revenue, grants, and loan funds for capital projects.

The City's operating revenue, including rates, is budgeted to be around \$99M. Rate revenue constitutes \$30M. The City supplements its operating revenue with other sources of funds and is planning to deliver a capital works program worth \$80M in 2023/24 financial year.

Operating expenditure is forecast to increase by approximately 10% in the 2023/24 Budget due to:

- electricity charges
- water costs
- insurance
- building maintenance (increasing due to new buildings and ageing of existing buildings);
- public open space maintenance (increasing due to additional parks and open space);

The overall objective of the proposed rates in the 2023/24 Budget is to provide for the net funding requirements of the City's expenditure, after considering all other forms of revenue.

The formulation of a rating system is about achieving a means by which Council can raise sufficient revenue to pay for the services it provides. Throughout Australia, the basis of using property valuations has been found to be the most appropriate means

of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a challenging task if it is based on the property valuations alone. For this reason, there is refinement options made available, such as differential rating, which the City of Kalgoorlie-Boulder has elected to use.

The adoption of a differential rating system represents a conscious decision by the City to redistribute the rate burden by imposing a higher impact on some ratepayers and a lower impact on others.

#### Methodology to Determine Total Rate Revenue

Rates' modelling is conducted with valuation data that exists in the City's rates database (refer to Table 1 below). Rating models give the City an indicative predetermined total rates revenue figure based on the current valuations in their prospective database

Where revaluation has occurred, the current property values are used to determine the total rates yield for each differential rate type. The rates yield is then adjusted by the new (UV) values supplied by the VGO 9 May 2023 to determine the proposed rate in the dollar. These models give Council an indicative predetermined total rate yield figure based on the valuations at the time of calculation.

- Step 1 - 2022/23 rate in dollar x proposed % increase = Proposed rate in dollar
- Step 2 - Current Values x proposed rate in dollar = Rates Yield (including minimum rate)
- Step 3 - Rates yield divided by the new values = Proposed rate in dollar (including minimum rate)

As a direct result of individual changes in the valuation of each property, the rates levied per property will fluctuate each year regardless of the percentage change adopted by Council.

#### Valuations

- Gross Rental Values (GRV)

There are no scheduled changes to GRV other than those properties who may have had increases or decreases through an interim revaluation due to a change in a property's land use status (i.e., addition/demolition/new dwelling). Landgate will conduct the City's next GRV revaluation review in the 2023/24 financial year with an effective date 1 July 2024.

- Unimproved Values (UV)

UV mining tenement valuations undergo an annual rental review by the Department of Mines, Industry Regulation and Safety (DMIRS). The review can result in an increase or decrease to their unimproved values. The 1 July 2023 UV Mining and Rural revaluations have been received, processed, and uploaded into the Valuation Register and have been factored into the 2023/24 budget deliberations, summarised in Table 1 below.

Table 1. Valuations Register Summary



Rate Category Description	2022/23 Rateable Value	2023/24 Rateable Value	% Change
Gross Rental Values (GRV)	301,931,368	302,778,571	0.28%
Unimproved Values (UV)	33,750,924	36,521,833	8.21%
	<b>335,682,292</b>	<b>339,300,404</b>	<b>1.08%</b>

### Rates Modelling

For the 2023/24 financial year the City has conducted its rates modelling based on a 5% and 6% increase to the annual 2022/23 rates revenue yield. The results of the respective percentage increases applied to the 2022/23 annual budget are summarised in Rates Model 1 and Rates Model 2 below. With the continued effort to find efficiencies in the organisation, this will still enable the City to meet the required level of service.

#### **Rates Model 1 (5% budget increase to 2022/23 rates revenue)**

A 5% budget increase will result in a total rates revenue yield of \$30,364,3874, compared to the current financial year (2022/23) rates revenue of \$28,918,571; an increase in total revenue of \$1,445,816. This represents a 2.99% increase to the rate in the dollar and minimum payment for both GRV and UV differential rating categories which is well within the LGCI June forecasting of 4.5%. The rate modelling results are summarised in Tables 2, 3 and 4 below.

Table 2. Proposed 2023/24 Rates Revenue Yield

Rating Category	2022/23 Rates Revenue	Proposed 2023/24 Rates Revenue	\$ Change	% Change	
Gross Rental Values	\$22,969,841	\$23,729,026	\$759,185	5%	↑
Unimproved Values	\$5,948,730	\$6,635,361	\$686,631	5%	↑
<b>TOTAL</b>	<b>\$28,918,571</b>	<b>\$30,364,387</b>	<b>\$1,445,816</b>		

**\$Revenue change to LY            \$1,445,816**

**% Revenue change to LY        5.00%**

Table 3. Proposed 2023/24 Rates Revenue Yield by Rating Category

Rate Categories	Total Prop	Total Values	RID (cents)	Min Pay \$	RID Prop	Min Prop	Actual Rates to Raise
<b>Gross Rental Values</b>							
Residential	12183	202,132,25	7.2176	1009	7202	4981	15,771,030
C/Business	306	28,020,047	7.5780	1009	249	57	2,141,665
G/Industry	357	28,752,604	8.1826	1009	346	11	2,357,697
Mining	13	5,077,520	5.2033	1009	7	6	269,991

Other Properties	646	38,796,195	8.0825	1009	554	92	3,188,643
<b>Subtotal</b>	<b>13505</b>	<b>302,778,571</b>					<b>23,729,026</b>
<b>Unimproved Values</b>							
Pastoral	53	2,965,641	8.5709	314	45	8	256,248
Mining Ops	745	25,569,855	18.5801	437	539	539	4,805,467
G/Leases	135	293,700	18.5801	437	10	10	85,650
Expl/Pros	1802	7,692,637	18.5801	314	1380	1380	1,487,995
<b>Subtotal</b>	<b>2735</b>	<b>36,521,833</b>			<b>1974</b>	<b>761</b>	<b>6,635,361</b>
<b>TOTAL</b>	<b>16240</b>	<b>339,300,404</b>			<b>10332</b>	<b>5908</b>	<b>30,364,387</b>

Table 4. Proposed 2023/24 differential rates in the dollar and minimum payments

Rating Category	2022/23 RID (cents)	2022/23 Min Pay \$	Proposed 2023/24 RID (cents)	Proposed 2023/24 Min Pay \$	% Change
GRV All Residential	7.0078	980	7.2176	1009	2.99%
GRV Central Business	7.3577	980	7.5780	1009	2.99%
GRV General Industry	7.9447	980	8.1826	1009	2.99%
GRV Mining	5.0520	980	5.2033	1009	2.99%
GRV All Other Properties	7.8475	980	8.0825	1009	2.99%
UV Pastoral	8.3217	305	8.5709	314	2.99%
UV Mining Operations	18.0400	424	18.5801	437	2.99%
UV General Leases	18.0400	424	18.5801	437	2.99%
UV Exploration / Prospecting	18.0400	305	18.5801	314	2.99%

**Rates Model 2 (6% budget increase to 2022/23 rates revenue)**

A 6% budget increase will result in a total rates revenue yield of \$30,654,313, compared to the current financial year (2022/23) rates revenue of \$28,918,571; an increase in total revenue of \$1,735,742. This represents a 3.97% increase to the rate in the dollar and minimum payment for both GRV and UV differential rating categories which is again well within the LGCI June forecasting of 4.5%. The rate modelling results are summarised in Tables 5,6 and 7 below.

Table 5. Proposed 2023/24 Rates Revenue Yield

Rating Category	2022/23 Rates Revenue	Proposed 2023/24 Rates Revenue	\$ Change	% Change	
Gross Rental Values	\$22,969,841	\$23,956,100	\$986,259	6%	↑

Unimproved Values	\$5,948,730	\$6,698,212	\$749,482	6%	↑
<b>TOTAL</b>	<b>\$28,918,571</b>	<b>\$30,654,313</b>	<b>\$1,735,742</b>		

**\$Revenue change to LY            \$1,735,742**

**%Revenue change to LY        6.00%**

Table 6. Proposed 2023/24 Rates Revenue Yield by Rating Category

Rate Categories	Total Prop	Total Values	RID (cents)	Min Pay \$	RID Prop	Min Prop	Actual Rates to Raise
<b>Gross Rental Values</b>							
Residential	12183	202,132,205	7.2860	1019	7202	4981	15,922,670
C/Business	306	28,020,047	7.6498	1019	249	57	2,161,982
G/Industry	357	28,752,604	8.2601	1019	346	11	2,380,033
Mining	13	5,077,520	5.2526	1019	7	6	272,552
Other Properties	646	38796195	8.1590	1019	554	92	3,218,865
<b>Subtotal</b>	<b>13505</b>	<b>302,778,571</b>			<b>8358</b>	<b>5147</b>	<b>23,956,100</b>
<b>Unimproved Values</b>							
Pastoral	53	2,965,641	8.6521	317	45	8	258,676
Mining Ops	745	25,569,855	18.7562	441	390	206	4,580,984
G/Leases	135	293,700	18.7562	441	10	125	86,444
Explor/Pros	1802	7,692,637	18.7562	317	1380	422	1,502,108
<b>Subtotal</b>	<b>2735</b>	<b>36,251,833</b>			<b>1974</b>	<b>761</b>	<b>6,698,212</b>
<b>TOTAL</b>	<b>16240</b>	<b>339,778,571</b>			<b>10332</b>	<b>5908</b>	<b>30,654,313</b>

Table 7. Proposed 2023/24 differential rates in the dollar and minimum payments

Rating Category	2022/23 RID (cents)	2022/23 Min Pay \$	Proposed 2023/24 RID (cents)	Proposed 2023/24 Min Pay \$	% Change
GRV All Residential	7.0078	980	7.2860	1019	3.97%
GRV Central Business	7.3577	980	7.6498	1019	3.97%
GRV General Industry	7.9447	980	8.2601	1019	3.97%
GRV Mining	5.0520	980	5.2526	1019	3.97%
GRV All Other Properties	7.8475	980	8.1590	1019	3.97%
UV Pastoral	8.3217	305	8.6521	317	3.97%
UV Mining Operations	18.0400	424	18.7562	441	3.97%
UV General Leases	18.0400	424	18.7562	441	3.97%
UV Exploration / Prospecting	18.0400	305	18.7562	317	3.97%

## Recommendation

Council endorse Rates Model 2, 6% overall rates increase, due to the latest Consumer Price Index (CPI) data released by the ABS for the period March 2022 to March 2023 for Perth region being 5.8%, along with the 10% expected increase in operating expenditure for 2023/24 and \$80m expected capital works.

## Consistency

- The local government has rated comparable properties that are used for the same purpose in the same way.
- 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
- The local government has reviewed and considered rates proposed in neighboring or similar local government districts in the rating strategy. Refer to Table 1, Regional Councils WA (Western Australia)
- In accordance with the City's Rating Policy, City Officers have reviewed and considered rates proposed in neighboring or similar local government districts in the rating strategy as summarised in Table 8 below.

Table 8. Neighbouring Councils - Regional WA

Local Government	% Increase	Increase Type	Comments
Shire of Broome	5%	overall % increase to budget	
Shire of Westona	5%	proposed RID increase	Draft Budget is still under review
City of Bunbury	7%	overall % increase to budget	Council resolved to advertise
Shire of East Pilbara	8%	overall % increase to budget	Council resolved to advertise
City of Karratha	5%	RID increase all rating categories	Council resolved to advertise
Town of Port Hedland	3.95%	overall % increase to budget	Council resolved to advertise
Shire of Yilgarn	2.5%	RID increase all rating categories	Council resolved to advertise
City of Kalgoorlie-Boulder	6%	Overall % increase to budget	Recommended

## Local Government Comparison Data

- WALGA Economic Briefing - Local Government Cost Index (LGCI) Forecast June 2023 – 4.5%.
- ABS CPI 12 months March 2022 to March 2023 (Perth) – 5.8%.

## Statutory Implications

*Local Government Act 1995, Part 6, Division 6 – Rates and Service Charges*

- Subdivision 1 – Introduction and basis of rating;
- Subdivision 2 – Categories of rates and service charges;
- Subdivision 3 – Imposition of rates and service charges.

*Local Government (Financial Management) Regulations 1996 – Part 5 – Rates and service charges.*

In accordance with section 6.36 of the *Local Government Act 1995*, Council is required to give local public notice of its intention to levy differential general rates.

The process (section 6.36) requires

1. The advertising (notice) of the intended differential rates and the consideration of any submissions needs to be undertaken before the Council can adopt its annual budget,
2. The earliest the advertising can be undertaken is 24 May 2023,
3. The notice is to contain the following
  - a. details of each rate or minimum payment the City intends to impose,
  - b. an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment,
  - c. submissions to be made within 21 days (or such longer period as is specified in the notice) of the notice date; and
  - d. any further information prescribed by Regulations (none prescribed),
4. The notice is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected,
5. The City is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification,
6. If a differential general rate or minimum payment differs from the proposed rate or payment set forth in the local public notice given under section 6.36, reasons for the difference is to be included this in the rate notice (Local Government (Financial Management) Regulation 56).

### **Policy Implications**

There are no policy implications resulting from the recommendations of this report.

