
STATEMENT OF OBJECTS AND REASONS

2022-2023 Financial Year

In accordance with Section 6.36 of the *Local Government Act 1995*, the City of Kalgoorlie-Boulder is required to publish its Objects and Reasons for implementing Differential Rates.

Introduction

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 purpose of the levying of rates is to meet Council's budget requirements in each year in order to deliver services and community infrastructure, in a manner that is deemed to be fair and equitable for City ratepayers.

Rate revenue constitutes around 30% of the City's total operating revenue of \$87.5m, and is forecast to be \$96m in the forthcoming 2022-23 budget.

Land is rated according to

- ❖ unimproved value (UV) for land used predominantly for rural purposes or
- ❖ gross rental value (GRV) for land used predominantly for non-rural purposes.

The City proposes to apply a differential rate in the dollar and minimum payment to both gross rental values (GRV) and unimproved values (UV) rating categories for the 2022-23 financial year.

The purpose of the imposition of a differential general rate and minimum payment is to allow the City flexibility in the level of rates being raised from specifically identified properties or groups of properties within the community.

Property valuations provided by Landgate Valuation Services (Valuer General) are used as the basis for the calculation of rates each year. However, it is recognised that valuations alone do not always produce equitable results in all communities and therefore the Local Government Act 1995, provides the ability to differentially rate properties based on zoning, land use or vacant land to assist in achieving equitable rating outcomes.

Also it is to ensure that there is alignment with the services, facilities, assets and projects provided by the City each year, and every landowner makes a reasonable contribution to the rate revenue required.

Submissions

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 2022.
- Application to the Minister for Local Government, Sport and Cultural Industries seeking approval to impose a differential rate that is more than twice the lowest rate.

Invitation to make Submissions

The intent of the 2022-23 Statement of Objects and Reasons for differential rating is to provide information that allows electors and residents to consider the proposed differential and minimum rates and invite written submissions that will allow council to consider these matters as part of its annual budget process. This is a requirement under the Local Government Act 1995.

Residents and electors wishing to make written submission are invited to lodge their submission with the City by no later than close of business, 4.30pm, on Tuesday 7 June 2022.

Written Submission can be forwarded to:

**Chief Executive Officer
City of Kalgoorlie-Boulder
P O Box 2042
BOULDER WA 6432**

Submissions will also be accepted by email: mailbag@ckb.wa.gov.au or lodged in person at the City's Administration Office, 577 Hannan Street, Kalgoorlie.

Should you have any queries in respect to this Statement, please contact our Rates Department on 08 9021 9654.

Methods of Rating – Unimproved Valuations and Gross Rental Valuations

The Local Government Act specifies that where land is used predominantly for rural purposes, the rates levied shall be based on its unimproved value (UV); and where land is used for predominantly for non-rural purposes, the rate levied shall be on its gross rental value (GRV). Any change in valuation methodology must be made by the Council to the Department of Local Government and Communities. Any recommendation by the Department must be approved by the Minister for Local Government.

In accordance with the Local Government Act 1995, the City of Kalgoorlie-Boulder uses a combination of Gross Rental Values (GRV) and Unimproved Valuations (UV) in its calculation of annual rates.

Interim valuations are provided to Council on a monthly basis by Landgate for properties where changes have occurred as a result of subdivisions, building construction/demolition, additions and/or property rezoning. In such instances, Council must amend the rates for the properties concerned and issue an amended rate notice to the property owner.

Landgate's has scheduled the City next GRV revaluation cycle in 2023-24, with an effective date 1 July 2024. GRV properties valuations will only change if an interim revaluation is issued by Landgate if a property has a change in its land use status (i.e. addition/demolition/new dwelling).

UV mining tenement valuations undergo an annual rental review by the Department of Mines, Industry Regulation and Safety (DMIRS) between April to May 2022. The review may see a change to the mining tenements unimproved values.

The City's valuation register shows there has been a slight upward movement in valuations for gross rental values of \$3,432,919, representing a 1.15% increase and unimproved values of \$192,236, representing a 0.62% increase from when the 2021-22 rates billing was undertaken. Table 2 below shows this in more detail.

Table 2 Differential Rating Categories Valuation Register

Rate Code	2021-22 Total Prop	2021-22 Total Valuations	2022-23 Total Prop	2022-23 Total Valuations	change
Gross Rental Values (GRV)					
All Residential	12157	200,668,567	12157	201,521,421	↓
Central Business	315	26,077,732	308	28,057,483	↑
General Industry	358	28,097,572	355	28,371,144	↑
Mining	13	5,077,520	13	5,077,520	same
All Other Properties	658	38,259,257	656	38,585,999	↑
Unimproved Values (UV)					
Pastoral	52	3,009,562	52	3,009,562	same
Mining Ops	743	21,108,312	745	21,071,724	↓
Exploration / Prospecting	1648	6,602,571	1762	6,832,200	↑
General Leases	137	240,559	136	239,754	↓
TOTAL	16081	329,141,652	6,184	332,766,807	↑

Rating Strategy

Rates are used to supplement other sources of funds (fees, charges, grants and interest) to meet the cost of providing the City's services, expenditure on assets, debt repayment and planned savings (transfer to cash reserves).

Council's Long Term Financial Plan (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.

Through its LTFP, the City is committed to ensuring that the City is committed to ensuring it has the financial capacity to continue to maintain service levels, which meet the needs of the community 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 - reassessing and readjusting as and when needed.

Principles

The City's rates strategy is underpinned by the key values of objectivity, fairness and equity, consistency, transparency and administrative efficiency:

- **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
- **Fairness and Equity** – The City undertakes comprehensive reviews of services, projects, revenues and costs and considers efficiency measures as part of its budget deliberations. The objects of imposing differential rates and reasons for each proposed differential general rate are clearly explained in this document as to why each differential general rate is proposed to be imposed.
- **Consistency** – The City rates similar 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. A review of other neighbouring or similar local government districts has also been undertaken, and is included in this document.

- **Transparency and Administrative Efficiency** – The City has prepared and made publically available a document and provides public notice as an invitation for submissions to be made by an elector or ratepayer. Each submission (if any) will be considered by the Council.
- When implementing its rating strategy as part of the LFTP, Council considered the key values contained within *Rating Policy Differential Rates (s.6.33) March 2016* (Rating Policy) released by the then Department of Local Government and Communities), being:

Differential Rating

Differential rating allows Council flexibility in the level of rates being raised from specifically identified properties or groups of properties within the community. It is common for councils to base differential rating for properties on Town Planning Scheme zonings however; other criteria such as

- zoning
- land use
- vacant land

The City of Kalgoorlie-Boulder's aim is to ensure that rate revenue is collected on an equitable basis from all properties. For this reason, Council will adopt differential rates for the 2022-23 financial year.

Section 6.33 of the *Local Government Act 1995*, also permits Council to levy differentials such that the highest is not more than twice the lowest differential. A greater difference in differentials may be used subject to Ministerial approval.

6.33 Differential General Rates

- (1) *A local government may impose differential general rates according to any, or a combination, of the following characteristics - the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and Development Act 2005; or*
- *purpose for which the land is held or used as determined by the local government or*
 - *whether or not the land is vacant land; or*
 - *any other characteristic or combination of characteristics prescribed.*

Section 6.33 of the *Local Government Act 1995*, also permits Council to levy differentials such that the highest is not more than twice the lowest differential. A greater difference in differentials may be used subject to Ministerial approval.

The City intends to impose a five percent (5%) rate in the dollar increase to the differential rating categories Gross Rental Values (GRV) and Unimproved Values (UV) for 2022-23 as displayed in table 2 below.

Table 3 Proposed rate in the dollar for RV and UV Differential Rating Categories

Rating Category (with rate code description)	Current 2021-22 RID (cents)	Proposed 2022-23 RID (cents)	% Change
Gross Rental Values (GRV)			
01 - All Residential	6.6741	7.0078	5%
02 - Central Business	7.0073	7.3577	5%
03 - General Industry	7.5664	7.9447	5%
04 - Mining	4.8114	5.0520	5%
08 - All Other Properties	7.4738	7.8475	5%
Unimproved Values (UV)			
05 - Pastoral	7.9254	8.3217	5%
09 - Mining Operations	18.8999	19.8449	5%
10 - Exploration / Prospecting	18.8973	19.8422	5%
11 - General Leases	18.8999	19.8449	5%

Minimum Payments

Section 6.35 of the *Local Government Act 1995*, makes provision for the City to be able to set a minimum payment in relation to rateable land as follows:

6.35 Minimum Payment

- (1) *Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.*
- (2) *A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.*
- (3) *In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than -*
 - (a) *50% of the total number of separately rated properties in the district; or*
 - (b) *50% of the number of properties in each category referred to in subsection (6) on which a minimum payment is imposed.*
- (4) *A minimum payment is not to be imposed on more than the prescribed percentage of -*
 - (a) *the number of separately rated properties in the district; or*
 - (b) *the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.*
- (5) *If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.*

- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories -
- (a) to land rated on gross rental value; and
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

Table 4 Proposed minimum payment for GRV and UV Differential Rating Categories

Rating Category (with rate code description)	Current 2021-22 Min Pay \$	Proposed 2022-23 Min Pay \$	% Change
Gross Rental Values (GRV)			
01 - All Residential	933	980	5%
02 - Central Business	933	980	5%
03 - General Industry	933	980	5%
04 - Mining	933	980	5%
08 - All Other Properties	933	980	5%
Unimproved Values (UV)			
05 - Pastoral	290	305	5%
09 - Mining Operations	404	424	5%
10 - Exploration / Prospecting	290	305	5%
11 - General Leases	404	424	5%

Overall Objective

The rates in the dollar (\$) for the various differential rates are calculated to provide the shortfall in revenue required to make up the budget deficiency to enable the City to provide the level and range of works and services required in the 2022-23 financial year after taking into account all non-rate sources of revenue.

OBJECTS OF AND REASONS FOR DIFFERENTIAL RATES

GROSS RENTAL VALUE (GRV)

The Local Government Act 1995 determines that properties of a Non-Rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. Landgate Valuation Services (Valuer General) determine the GRV for all properties within the City of Kalgoorlie-Boulder every four years and assigns a GRV.

The City's GRV revaluation reviews are operated on a four-year cycle. The City's next review is scheduled for 2023/24. The review will be undertaken between the periods October – December 2023 with GRV valuations to take effect 1 July 2024.

Interim valuations are provided monthly to Council by the Valuer General for properties where changes have occurred (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances, Council recalculates the rates for the affected properties and issues interim rates notices.

01 - GRV Residential

The objective of the proposed rate in the dollar of \$0.070078 (2021-22 - \$0.066741) is to ensure that the proportion of total rate revenue derived from GRV Residential remains essentially consistent with previous years and is considered to be the base rate by which all other GRV rated properties are assessed.

The reason for this rate is to reflect the provision of 'residential' services, including significant recreational and cultural facilities, primarily utilised by ratepayers and occupiers of residences within the City of Kalgoorlie-Boulder. This rating category applies to properties located within the town site boundaries that are used for singular and multi-dwellings and are zoned Residential under the Town Planning Scheme.

This category is considered by Council to be the base rate by which all other GRV rated properties are assessed.

The proposed residential general rate is 7.0078 cents in the dollar, with a minimum payment of \$980.

02 - GRV Central Business

The objective of the proposed rate in the dollar of \$0.073577 (2021-22 - \$0.070073) is to ensure that the proportion of total rate revenue derived from GRV Central Business remains essentially consistent with previous years. The nexus between GRV Central Business and GRV Residential is deemed appropriate.

This rate reflects additional costs associated with Council's maintenance of the City's central business districts.

The proposed Central Business general rate is 7.3577 cents in the dollar, with a minimum payment of \$980.

03 - GRV General Industry

The objective of the proposed rate in the dollar of \$0.079447 (2021-22 - \$0.075664) is to ensure that the proportion of total rate revenue derived from GRV General Industry remains essentially consistent with previous years. The nexus between GRV General Industry and GRV Residential and Central Business is deemed appropriate.

This rating category applies to properties used for Commercial, or Industrial purposes and non-residential vacant land, excluding properties with a tourism use, where land zoned has been classified as Industrial.

The rate reflects the cost of servicing commercial activity including car parking, landscaping and other amenities.

The proposed General Industry general rate is 7.9447 cents in the dollar, with a minimum payment of \$980.

04 - GRV Mining

The objective of the proposed rate in the dollar of \$0.050520 (2021-22 - \$0.048114) is to ensure that the proportion of total rate revenue derived from GRV Mining is consistent with previous years. The nexus between GRV General Industry and GRV Residential, Central Business, Other Properties and GRV Mining is deemed appropriate.

This rating category covers mining leases that have improvements on the land and are located within the town site boundaries.

The proposed GRV Mining general rate is 5.0520 cents in the dollar, with a minimum payment of \$980.

08 - GRV Other Properties

The objective of the proposed rate in the dollar of \$0.078475 (2021-22 - \$0.074738) is to ensure that the proportion of total rate revenue derived from GRV Other Properties remains essentially consistent with previous years. The nexus between GRV General Industry and GRV Residential, Central Business and Other Properties is deemed appropriate.

This rating category includes all rateable properties located within the town site boundaries where land is zoned for purposes such as transport, future urban, service station, hotel, motel, and tourist and rural under the town planning scheme.

The rate reflects the cost of servicing commercial activity including car parking, landscaping and other amenities.

The proposed All Other Properties general rate is 7.8475 cents in the dollar, with a minimum payment of \$980.

GRV MINIMUM PAYMENTS

The setting of minimum payments within rating categories is an important method of ensuring that all properties contribute an equitable rate amount.

The proposed minimum payments as identified above have been set for all GRV rating categories. The City imposes one general minimum rate payment that applies to all GRV

rateable properties within the boundaries of the town site. The rate is imposed to discourage holding undeveloped land with the City, which reduces the amenity of the area, and thereby encourages its early development. Not more than 50% of all properties with a GRV rating are on the minimum rate to ensure compliance with Section 6.35 of the *Local Government Act 1995*.

UNIMPROVED VALUE (UV)

Council has adopted differential rates in its Unimproved Valuation area for improved and vacant mining leases, pastoral leases and improved and vacant UV Other.

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis. The rate in the dollar set for the UV Mining category forms the basis for calculating all other UV differential rates.

05 - UV Pastoral

The objective of the proposed rate in the dollar of \$0.083217 (2021-22 - \$0.079254) is to ensure that the proportion of total rate revenue derived from UV Pastoral is appropriate given the identified level of servicing for ratepayers in this category

This rating category applies to all pastoral leases that have been granted under the repealed *Land Act 1933*.

The rate in the dollar (RID) and minimum payment reflects the level of service utilised by ratepayers in this category and further reflects the additional costs associated with gravel road maintenance albeit to a significantly less extent than that of the mining industry.

The proposed Pastoral general rate is 8.3217 cents in the dollar, with a minimum payment of \$305.

09/11 - UV Mining Operations (Mining & General Purpose Leases)

The objective of the proposed rate in the dollar of \$0.198449 (2021-22 - \$0.188999) is to ensure that the proportion of total rate revenue derived from UV Mining is consistent with previous years.

This rating category covers mining tenements and general purpose leases. Mining leases and general purpose leases are rated a full rate.

The rate in the dollar (RID) and minimum payment reflects the large investment the City makes in roads and road drainage infrastructure to service remote mining activities on rural roads throughout the municipality. The ongoing costs involved in maintaining the road network is extensive as the City's local authority boundaries extend all the way to the WA/SA state boundary. The large scale equipment and operations of Mining result in the City's road network requiring ongoing maintenance to service these users.

The proposed Mining Operations general rate is 19.8449 cents in the dollar, with a minimum payment of \$424.

10 - UV Exploration/Prospecting

The objective of the proposed rate in the dollar of \$0.198422 (2021-22 - \$0.188973) is to ensure that the proportion of total rate revenue derived from UV – Exploration/Prospecting is consistent with UV Mining Operations.

This rating category covers all other mining tenements including exploration and prospecting.

This rate in the dollar (RID) and minimum payment is comparatively higher than the UV Pastoral rating category due to the ongoing costs involved in maintaining the road network that services this land use as the City's local authority boundaries extend all the way to the WA/SA state boundary. The large scale equipment and operations of Exploration/Prospecting result in the City's road network requiring ongoing maintenance to service these users.

The City encourages exploration/prospecting by way of proposing a;

- a lower rate in the dollar of 19.8422 (cents) compared with 19.8449 (cents) for Mining Operations and
- a lower minimum payment of \$305 compared with \$424 for Mining Operations.

The City recognises exploration and prospecting tenements are not income producing and their operations have different levels of impact on the City's road infrastructure.

The proposed Exploration and Prospecting general rate is 19.8422 cents in the dollar, with a minimum payment of \$305.

UV MINIMUM PAYMENTS

The setting of minimum payments within UV rating categories is an important method of ensuring that all properties contribute an equitable rate amount.

The proposed minimum payments as identified above have been set for all UV rating categories. The UV minimums are applied to ensure that the rate burden is distributed equitably between all property owners. Pastoral, Mining Operations (Mining Ops and General Purpose Leases), Exploration and Prospecting fall under this category. A large percentage of these leases are held by large mining companies.

The City does offer a reduced minimum rate for exploration and prospecting tenements. It recognises exploration and prospecting tenements are not income producing and their operations have different levels of impact on the City's road infrastructure.