



**City of
Kalgoorlie
Boulder**

LATE ITEMS

AGENDA

Ordinary Council Meeting

25 JULY 2022

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15 REPORTS OF OFFICERS

15.1 Chief Executive Officer

15.1.1 2022/23 DIFFERENTIAL RATES SUBMISSION - UV ADJUSTMENT

Responsible Officer:	Xandra Curnock Chief Financial Officer
Responsible Business Unit:	Finance
Disclosure of Interest:	Nil
Voting Requirements:	Absolute Majority
Attachments:	1. 2023 Statement of Objects and Reasons [15.1.1.1 - 12 pages] 2. 2023 Draft Budget - Rates note [15.1.1.2 - 1 page]

Officer Recommendation

That Council;

- 1. In accordance with Section 6.33(3) of the Local Government Act 1995, authorise the Chief Executive Officer to seek Ministerial approval to levy differential general rates that are more than twice the lowest differential rates being imposed (i.e. UV Exploration and Prospecting and UV Mining Operations).**
- 2. Request the Chief Executive Officer to proceed with the 2022/23 budget preparation based on a five percent (5%) increase to the GRV rate in the dollar (RID), and five percent (5%) increase in rate revenue for UV properties from the previous financial year (2021/22) and for the reasons stated in the 2022/23 Statement of Objects and Reasons, Attachment A of the report.**
- 3. Request that Council hold a special meeting on an agreed date in August for the adoption of the budget, following the receipt of Ministerial approval.**

Executive Summary

Following on from Ordinary Council Meeting held on 27 June 2022, it has been noted by the Department of Local Government, Sport and Cultural Industries that due to an increase in UV valuations received after the City had advertised the proposed rates, the advertised rate revenue for UV properties increased. As such, the City has chosen to reduce the rate in the dollar (RID) for UV Mining Operations and UV Exploration / Prospecting properties to ensure fairness to all affected rate payers.

Community Engagement Consultation

No community consultation was considered necessary in relation to the recommendations of the report.

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

1. In preparation for the implementation of the 2022/23 Budget on 23 May 2022 Council endorsed a rates model that represented a five percent (%) increase in the rate in the dollar (RID) and minimum payments across both Gross rental values (GRV) and Unimproved values (UV) to bridge its budget deficient, as illustrated in Table 1 below.

Table 1 Advertised Proposed Differential RID and Minimum Payments for GRV and UV Rating Categories

Rate Code	Rate Code Description	2022-23 RID (cents)	2022-23 Min Pay \$	Proposed Rates Yield \$	% Var LY
1	GRV All Residential	0.070078	980	15,276,776	5.35
2	GRV Central Business	0.073577	980	2,084,282	5.15
3	GRV General Industry	0.079447	980	2,258,487	5.22
4	GRV Mining	0.050520	980	262,143	5.00
8	GRV All Other Properties	0.078475	980	3,088,153	5.52
5	UV Pastoral	0.083217	305	248,494	5.00
9/11	UV Mining Operations	0.198449	424	4,736,142	11.91
10	UV Exploration/Prospecting	0.198422	305	1,507,772	15.79

Initially when rates modelling was undertaken for the advertising period, the City had not received the 1 July 2022 valuation rolls for UV rural and mining tenement properties (i.e. rural, exploration/prospecting and mining operations) from Landgate. Using 30 June 2022 valuations, the projected rates yield was \$28,929,184, as illustrated in Table 2 below.

Table 2 Advertised Proposed 2022-23 Rates Yield (with 30 June 2022 valuations)

Rate Categories	Total Prop	Total Valuations	RID (cents)	Min Pay	RID Prop	Min Prop	Actual Rates to Raise
Gross Rental Values							
All Residential	12157	201,521,421	7.0078	980.00	7164	4993	15,259,637
Central Business	308	28,057,483	7.3577	980.00	248	60	2,083,178
General Industry	355	28,371,144	7.9447	980.00	345	10	2,258,487
Mining	13	5,077,520	5.0520	980.00	7	6	262,143
All Other Properties	656	38,585,999	7.8475	980.00	560	96	3,081,743
Subtotal	13489	301,613,567			8324	5165	22,945,188
Unimproved Values							
Pastoral	52	3,009,562	8.3217	305.00	45	7	252,191
Mining Operations	745	21,071,724	19.8449	424.00	530	215	4,237,808
Explor/Prospecting	1762	6,832,200	19.8422	305.00	1347	415	1,413,612
General Leases	136	239,754	19.8449	424.00	10	126	80,385
Subtotal	2695	31,153,240			1932	763	5,983,996
TOTAL	16184	332,766,807			10256	5928	28,929,184

The results of the modelling showed the valuations database had increased of 1.10% from 2021-22 rates billing, and the rates yield by 5.99%, as illustrated in tables 3 and 4 below. The growth relates to movement in GRV and UV valuation registers during the financial year resulting in additional revenue raised. Valuations will change if an interim revaluation is issued due to a change in its land use status (i.e. GRV - new dwelling/addition or demolition of building; UV – new tenement or surrendered tenement).

Table 3 Advertised 2022-23 Valuations (by Rating Category)

Valuations	2021-22 Valuations (Annual Budget)	Valuations 2022/23	\$ Var LY	% Var LY
Gross Rental Values	\$298,180,648	\$301,613,567	\$3,432,919	1.15%
Unimproved Values	\$30,961,004	\$ 31,153,240	\$ 192,236	0.62%
TOTAL	\$329,141,652	\$332,766,807	\$3,625,155	1.10%

\$ Valuation change to LY \$3,625,155

%Valuations change to LY 1.10%

Table 4 Advertised 2022-23 Projected Rates Yield (by Rating Category)

Rating Category	2021-22 Rates Revenue (yield)	2022-23 Rates Revenue (yield)	\$ Var LY	% Var LY
Gross Rental Values	\$21,637,925	\$22,945,189	\$1,307,264	6.04%
Unimproved Values	\$5,656,804	\$5,983,996	\$327,192	5.78%
TOTAL	\$27,294,729	\$28,929,184	\$1,634,456	5.99%

\$ Revenue Yield to LY \$1,634,456

%Revenue Yield to LY 5.99%

Rates modelling post loading 1 July 2022 UV mining tenement valuations

Once the 1 July 2022 Unimproved mining tenements and rural valuations were loaded into to the City's valuation database, the new projected rates yield was higher than originally forecast; \$29.4M, not \$28.9M as originally forecasted.

The increase in rates revenue is contributed to by UV mining tenements UV values increasing; exploration by 3.54%, prospecting licences by 10% and mining leases by 10%. With Council's proposed five percent rate increase to the rate in dollar and minimum payments for UV categories, the overall increase in the rates yield was significant.

Rates modelling shows the percentage increase in rates revenue collection for UV mining categories (i.e. rate codes 9, 10, 11) will exceed the projected five percent revenue increase from the previous 2021-22 financial year.

The modelling results showed a 15.3% for mining operations, 8.52% for general leases and 15.79% for exploration and prospecting from the previous year (2021-22). These percentage increases are well above the average percentage increases of 5% seen for GRV rating categories (refer to table 1 of this report). The results are illustrated in table 5 below.

Table 5 UV Mining Tenements % variation to last year actual rates to raise

Rate Code	Rates Code Description	RID (Cents)	Min Pay \$	Valuations \$	Proposed Rates to Raise \$	% Var LY
05	Pastoral	0.0832 17	305.00	3,009,562	252,191	5.00
09	Mining Operations	19.844 9	424.00	23,185,263	4,653,470	15.30
11	Mining General Leases	19.844 9	424.00	262,880	82,672	8.52
10	Exploration / Prospecting	19.842 2	305.00	7,337,640	1,507,772	15.79

Recommendation

Although the additional rates revenue raised from the 1 July 2022 valuations will allow council to included additional capital work projects in the 2022/23 financial year, for fairness and equity and ensuring no ratepayer is paying more than their share in rates, further rates modelling was conducted to bridge the gap for GRV and UV properties. The City of Kalgoorlie-Boulder aim is to ensure that rates revenue is collected on an equitable basis for all properties.

For this reason it is recommended that the rate in the dollar for mining tenement mining operations (rate codes 9, and 11) be reduced from \$0.198449 to \$0.1804200 and exploration and prospecting (rate code 10) from \$0.198422 to \$0.180400. The adjustment to the rates in the dollar brings the overall percentage increase within a 1.5% threshold of GRV properties (from the 2021-22 financial year). The results are illustrated in the table 6 below.

Table 6 2022-23 RID and minimum payments for GRV and UV Rating Categories (with 1 July 2022 valuations)

Rate Code	Rate Code Description	2022-23 RID (cents)	2022-23 Min Pay \$	New Proposed Rates Revenue	% Var LY
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				\$	
1	GRV All Residential	0.070078	980	15,276,776	5.35
2	GRV Central Business	0.073577	980	2,084,282	5.15
3	GRV General Industry	0.079447	980	2,258,487	5.22
4	GRV Mining	0.050520	980	262,143	5.00
8	GRV All Other Properties	0.078475	980	3,088,153	5.52
5	UV Pastoral	0.083217	305	248,494	5.00
9/11	UV Mining Operations	0.180400	424	4,318,318	5.00
10	UV Exploration/Prospecting	0.180400	305	1,381,918	6.13
TOTAL RATES YIELD				28,918,571	

The reduction to total rates revenue from that advertised on 14th May 2022 is minimal, an overall reduction of \$10,614. The results by rating category are illustrated in table 7 below.

The projected increase to 2022-23 rates revenue from 2021-22 is \$1.6M, an increase of 5.95%. This is still in line with Local Government Cost Index (LGCI) June forecasting of 5.7% (as reported to Council OCM 9 May 2022), but still below the CPI data released by the ABS for the period March 2021 to March 2022 for Perth region of 7.6%.

Table 7 2022-23 Proposed Rates Revenue (with 1 July 2022 valuations)

Rating Category	2022-23 Advertised Rates Revenue \$	2022-23 Proposed Rates Revenue \$	\$ Var	% Var
Gross Rental Values	\$22,945,189	\$22,969,841	\$24,652	0.11 %
Unimproved Values	\$5,983,996	\$5,948,730	(\$35,266)	(0.59 %)
TOTAL	\$28,929,184	\$28,918,571	(\$10,614)	(0.04 %)

In conclusion, it is the officers recommendation that Council

- 1. New Draft Budget** - Endorse the change to the rates in the dollar for UV mining operations and exploration and prospecting rating categories, and request the Chief Executive Officer to proceed with preparing the 2023 budget on the basis of a proposed changes to the rates in the dollar for mining operations from \$0.198449

to \$0.180400 and exploration and prospecting \$0.198449 to \$0.180400 as illustrated below in table 8.

Table 8 2022-23 Rates Yield for GRV and UV Rating Categories (with 1 July 2022 Valuations)

Rate Categories	Total Prop	Total Valuations	RID (cents)	Min Pay \$	RID Prop	Min Prop	Actual Rates to Raise
Gross Rental Values							
All Residential	12165	201,742,542	7.0078	980	7175	4990	15,276,776
Central Business	309	28,072,483	7.3577	980	249	60	2,084,282
General Industry	355	28,371,144	7.9447	980	345	10	2,258,487
Mining	13	5,077,520	5.0520	980	7	6	262,143
All Other Properties	656	38,667,679	7.8475	980	560	96	3,088,153
Subtotal	13,498	301,931,368			8336	5162	22,969,841
Unimproved Values							
Pastoral	52	2,965,141	8.3217	305	45	7	248,494
Mining Operations	745	23,185,263	18.0400	424	531	214	4,238,345
Explor/Prospecting	1767	7,337,640	18.0400	305	1354	413	1,381,918
General Leases	135	262,880	18.0400	424	10	125	79,973
Subtotal	2,699	33,750,924			1940	759	5,948,730
TOTAL	16,197	335,682,292			10276	5921	28,918,571

\$ Valuation change to LY \$6,540,640

%Valuations change to LY 1.99%

\$ Revenue Yield to LY \$1,623,842

%Revenue Yield to LY 5.95%

The above can also be clearly viewed in the attachment relating to Rates note from draft 2023 budget, Attachment B.

2. **Reduction to Rates Revenue** – by endorsing the current rates model (with changes made to the rates in the dollar for UV mining tenements, Council recognises there will be a reduction in the 2022-23 rates revenue of \$10,614 from that rates model that was advertised (from \$28,929,184 to \$28,918,571).

3. **Objects and Reasons** – Adopt the revised 2022/23 Statement of Objects and Reasons, which now reflect the 1 July 2022 valuations and changes made to the forecasted 2022-23 rates revenue.

4. **Ministerial Approval** - Authorise the Chief Executive Officer to apply to the Minister of Local Government for approval to impose differential general rates that are more than twice the lowest differential rates being imposed (i.e. UV Exploration and Prospecting rate in the dollar; and UV Mining Operations rate in the dollar).

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; and
- Subdivision 3 – Imposition of Rates and Service Charges.

Local Government (Financial Management) Regulations 1996 – Part 5 – Rates and Service Charges.

Policy Implications

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

COMMUNITY ENGAGEMENT CONSULTATION

In accordance with the provisions of Section 6.36 of the Local Government Act 1995 (the Act) the City advertised its intention to apply differential rating in the 2022/23 financial year

As prescribed under the public notice requirements, section 3A of the Local Government (Administration) Regulations 1996, the following forums were used to advertise the City's intention to levy differential rates;

1. Local Newspaper (public notice section) Kalgoorlie Miner, Saturday 14 May 2022
2. Noticeboard in City's Administration Building Kalgoorlie and Sir William Grundt Memorial Library, Roberts Street, Kalgoorlie

3. City of Kalgoorlie-Boulder website, <https://www.ckb.wa.gov.au/publicnotices/>
Social media post <https://www.facebook.com/CityofKalgoorlieBoulder>



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 \$95m in the forthcoming 2022-23 budget.

Rate revenue constitutes \$28.9M. Of this amount, (\$57M) is allocated to services, (\$1M) to loan and lease repayments, and (\$72M) to capital works and projects. The City supplements its operating revenue with other sources of funds and is planning to deliver a capital works program worth \$73M in 2022-23 financial year.

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, Heritage, Culture and the Arts 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 Thursday 2 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 (UV) and Gross Rental Valuations (GRV)

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 Valuations are provided by the Valuer General and are used in calculating mining tenement rates. These valuations are based on the rent imposed by the Department of Mines, Industry Regulation and Safety (DMIRS). Any increases in the rent, therefore, results in an increase in valuations and in turn an automatic increase in rates. Effective from 1 July 2022, DMIRS increased the rent rate for exploration licences by 3.54%, prospecting licences by 10% and mining leases by 10%.

The City's valuation database shows (post loading the 1 July 2022 valuations) a slight upward movement in valuations for gross rental values (GRV) from \$329,141,652 (2021-22) to \$335,682,292 (2022-23), representing an increase of 1.26% for GRV properties and 9.01% increase in UV properties from when the 2021-22 rates billing was undertaken. The growth is contributed to changes in GRV and UV valuations that occur throughout the financial year. Valuations will change if an interim revaluation is issued due to a change in its land use status (i.e. GRV - new dwelling/addition or demolition of building; UV – new tenement or surrendered tenement). The results are illustrated in tables 2 and 3 below.

Table 2 Differential Rating Categories Valuation Register (with 1 July 2022 values)

Differential Rating Category	2021-22 Rates Budget	2022-23 Valuations	\$ Var LY	% Var LY
GRV Valuation Register	298,180,648	301,931,368	3,750,720	1.26%
UV Valuation Register	30,961,004	33,750,924	2,789,920	9.01%
TOTAL	329,141,652	335,682,292	6,540,640	1.99%

- **\$ Valuation change to LY** **\$6,540,640**
- **%Valuations change to LY** **1.99%**

**Table 3 Differential Rating Categories - GRV and UV Properties**

Rate Code	Rate Code Description	2021-22	2021-22	2022-23	2022-23	% Var LY
		Total Prop	Total Valuations	Total Prop	Total Valuations	
Gross Rental Values (GRV)						
01	All Residential	12157	200,668,567	12165	201,742,542	0.54%
02	Central Business	315	26,077,732	309	28,072,483	7.65%
03	General Industry	358	28,097,572	355	28,371,144	0.97%
04	Mining	13	5,077,520	13	5,077,520	0.00%
08	All Other Properties	658	38,259,257	656	38,667,679	1.07%
Subtotal		13501	298,180,648	13498	301,931,368	1.26%
Unimproved Values (UV)						
05	Pastoral	52	3,009,562	52	2,965,141	-1.48%
09	Mining Operations	743	21,108,312	745	23,185,263	9.84%
10	Exploration / Prospecting	1648	6,602,571	1767	7,337,640	11.13%
11	General Mining Leases	135	240,559	135	262,880	9.28%
Subtotal		2578	30,961,004	2699	33,750,924	9.01%
TOTAL		16079	329,141,652	16197	335,682,292	1.99%

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

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2022-23 Statement of Objects and Reasons



- 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 4 Differential Rating Categories – proposed 2022-23 rates in the dollar

Rating Category (with rate code description)	Current 2021-22 RID (cents)	Proposed 2022-23 RID (cents)	% Var LY RID
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	18.0400	(4.55%)
10 - Exploration / Prospecting	18.8973	18.0400	(4.55%)
11 - General Mining Leases	18.8999	18.0400	(4.55%)

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 5 Differential Rating Categories – proposed 2022-23 minimum payments

Rating Category (with rate code and description)	2021-22 Min Pay \$	Proposed 2022-23 Min Pay \$	% Var LY Min Pay
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 Mining Leases	404	424	5%



Overall Objective

The rates in the dollar (\$) for the various differential rating categories 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.

Effective from 1 July 2022, the Department of Mines, Industry Regulations and Safety (DMIRS) increased the rent rate for exploration licences by 3.54%, prospecting licences by 10% and mining leases by 10%. With Council's proposed five percent (5%) rates in the dollar increase to GRV and UV differential rating categories, the revenue collected from UV rating categories increase was going to be significantly higher than advertised.

For fairness and equity and ensuring no ratepayer is paying more than their share in rates, the proposed rates in the dollar for UV Mining Operations and UV Exploration and Prospecting were reduced. The City of Kalgoorlie-Boulder aim to ensure that rates revenue is collected on an equitable basis for all properties.

Rates Yield

The projected increase to 2022-23 rates revenue from 2021-22 is \$1.6M, an increase of 5.95%. This is still in line with Local Government Cost Index (LGCI) June forecasting of 5.7% (as reported to Council OCM 9 May 2022), but still below the CPI data released by the ABS for the period March 2021 to March 2022 for Perth region of 7.6%. The results are illustrated in tables 4 and 5 below.

Table 4

Differential Rating Category	2021-22 Rates Budget	2022-23 Valuations	\$ Var LY	% Var LY
Gross Rental Values	\$21,637,925	\$22,969,841	\$1,331,916	6.16%
Unimproved Values	\$5,656,804	\$5,948,730	\$291,926	5.16%
TOTAL	\$27,294,729	\$28,918,571	\$1,623,842	5.95%

- **\$ Revenue Yield to LY** **\$1,623,842**
- **%Revenue Yield to LY** **5.95%**

Rate Categories	Total Prop	Total Valuations	RID (cents)	Min Pay \$	RID Prop Count	Min Prop Count	Actual Rates to Raise
Gross Rental Values							
All Residential	12165	201,742,542	7.0078	980	7175	4990	15,276,776
Central Business	309	28,072,483	7.3577	980	249	60	2,084,282
General Industry	355	28,371,144	7.9447	980	345	10	2,258,487
Mining	13	5,077,520	5.052	980	7	6	262,143
All Other Properties	656	38,667,679	7.8475	980	560	96	3,088,153
Subtotal	13,498	301,931,368			8336	5162	22,969,841



Unimproved Values							
Pastoral	52	2,965,141	8.3217	305	45	7	248,494
Mining Operations	745	23,185,263	18.0400	424	531	214	4,238,345
Explor/Prospecting	1767	7,337,640	18.0400	305	1354	413	1,381,918
General Mining Leases	135	262,880	18.0400	305	10	125	79,974
Subtotal	2,699	33,750,924			1940	759	5,948,730
TOTAL	16,197	335,682,292			10,276	5,921	28,918,571

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.

Rate Code 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.

Rate Code 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.

Rate Code 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.

Rate Code 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.

Rate Code 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.

Rate Code 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.

Rate Codes 09 and 11 - UV Mining Operations (Mining Operations & General Purpose Mining Leases)

The objective of the proposed rate in the dollar of \$0.180400 (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 operations and general purpose mining 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 18.0400 cents in the dollar, with a minimum payment of \$424.

Rate Code 10 - UV Exploration/Prospecting

The objective of the proposed rate in the dollar of \$0.180400 (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 an equal rate in the dollar of 18.0400 (cents) compared with 18.0400 (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 18.0400 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.

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Actual total revenue	2021/22 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
(i) Differential general rates or general rates									
Gross rental valuations									
GRV Residential	0.070078	7,175	148,214,501	10,386,576	(100,333)	22,306	10,308,549	9,908,998	9,809,238
GRV Central Business	0.073577	249	27,528,739	2,025,482	247,459	1,276	2,274,217	1,800,932	1,800,932
GRV General Industry	0.079447	345	28,304,244	2,248,687	21,211	283	2,270,181	2,128,913	2,128,913
GRV Mining	0.050520	7	5,072,500	256,263	0	0	256,263	244,058	244,058
GRV Other Properties	0.078475	560	38,153,208	2,994,073	16,214	(14,446)	2,995,841	2,827,658	2,827,658
Unimproved valuations									
UV Pastoral	0.083217	45	2,960,441	246,359	(3,521)	0	242,838	218,147	218,147
UV Mining Operations	0.180400	541	23,140,700	4,174,582	(4,479)	0	4,170,103	4,033,951	4,033,951
UV Exploration / Prospecting	0.180400	1354	6,962,043	1,255,953	25,684	4,569	1,286,206	1,236,276	1,236,276
Sub-Total		8,381	280,336,378	23,587,975	202,236	13,988	23,804,199	22,398,933	22,299,173
Minimum payment									
Gross rental valuations									
GRV Residential	980	4,990	53,528,041	4,890,200	0	0	4,890,200	4,702,320	4,702,320
GRV Central Business	980	60	543,744	58,800	0	0	58,800	62,511	62,511
GRV General Industry	980	10	66,900	9,800	0	0	9,800	9,330	9,330
GRV Mining	980	6	5,020	5,880	0	0	5,880	5,598	5,598
GRV Other Properties	980	96	514,471	94,080	0	0	94,080	92,367	92,367
Unimproved valuations									
UV Pastoral	305	7	4,700	2,135	0	0	2,135	2,030	2,030
UV Mining Operations	424	339	307,443	143,736	0	0	143,736	137,360	137,360
UV Exploration / Prospecting	305	413	375,597	125,965	0	0	125,965	109,040	109,040
Sub-Total		5,921	55,345,914	5,330,596	0	0	5,330,596	5,120,556	5,120,556
		14,302	335,682,292	28,918,571	202,236	13,988	29,134,795	27,519,489	27,419,729
Discounts on general rates (Refer note 2(h))									
Concessions on general rates (Refer note 2(i))							0	0	0
Total amount raised from general rates							29,134,795	27,519,489	27,419,729
Total rates							29,134,795	27,519,489	27,419,729

The City did not raise specified area rates for the year ended 30th June 2023.

All land (other than exempt land) in the City of Kalgoorlie Boulder is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the City of Kalgoorlie Boulder.

The general rates detailed for the 2022/23 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

- 15.2 Development and Growth**
- 15.3 Community Development**
- 15.4 Infrastructure**
- 15.5 Corporate and Commercial**