



SHIRE OF WYNDHAM | EAST KIMBERLEY

# AGENDA SPECIAL COUNCIL

1 JUNE 2021

## **DISCLAIMER**

Members of the Public are advised that recommendations to Council contained within this Agenda and decisions arising from the Council meeting can be subject to alteration.

Applicants and other interested parties should refrain from taking any action until such time as written advice is received confirming Council's decision with respect to any particular issue.

An audio and/or video record will be made of these proceedings to assist in the taking of minutes.

Signed on behalf of Council

A handwritten signature in black ink, appearing to read 'V. E. Lawrence', written in a cursive style.

**VERNON LAWRENCE**

**CHIEF EXECUTIVE OFFICER**

### **NOTES**

- 1. Councillors wishing to make alternate motions to officer recommendations are requested to provide notice of such motions electronically to the minute taker prior to the Council Meeting.**
- 2. Councillors needing clarification on reports to Council are requested to seek this from relevant Officers prior to the Council meetings.**

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**SHIRE OF WYNDHAM EAST KIMBERLEY  
SPECIAL COUNCIL MEETING AGENDA  
KUNUNURRA COUNCIL CHAMBERS  
TO BE HELD ON 1 JUNE 2021 AT 5:00PM**

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- 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**
- 2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE  
(PREVIOUSLY APPROVED)**
- 3. DECLARATION OF INTEREST**
  - Financial Interest
  - Impartiality Interest
  - Proximity Interest
- 4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil
- 5. PUBLIC QUESTION TIME**
- 7. PETITIONS**
- 8. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION**
- 9. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS**
- 10. MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

## 11. REPORTS

### 11.1. 2021/22 BUDGET - DIFFERENTIAL GENERAL RATES AND MINIMUM PAYMENTS AND CONSIDERATION OF PUBLIC SUBMISSIONS

<b>DATE:</b>	01 June 2021
<b>AUTHOR:</b>	Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Director Corporate Services
<b>FILE NO:</b>	FM.05.14
<b>DISCLOSURE OF INTERESTS:</b>	NIL

#### VOTING REQUIREMENT 1

Simple Majority

#### OFFICER'S RECOMMENDATION 1

**That Council:**

- 1. Notes the submissions received in relation to the proposed Differential General Rates and Minimum Payments and Strategic Rating Policy, and thanks the respondents for their input;**
- 2. Notes that Budget efficiencies have been identified as part of the 2021/22 Budget process and these efficiencies will be included in the Annual Budget presented to Council for adoption; and**
- 3. Adopt revised Council Policy *CP/FIN-3200 Strategic Rating* as per Attachment 1.**

#### VOTING REQUIREMENT 2

Simple Majority

#### OFFICER'S RECOMMENDATION 2

**That Council:**

- 1. In accordance with Section 6.47 of the *Local Government Act 1995*, endorse Rate Concessions with a total value of \$569,058 under Differential Rating Category UV Pastoral as detailed in Confidential Attachment 2, with the intention of granting them as part of the 2021/22 Budget adoption; and**

2. Endorse that should the 1 July 2021 valuation for any UV Pastoral property be revised down, the concession amount for that property will be recalculated and adjusted for the new valuation so that the revised rates for the 2021/22 financial year will be no greater than 140% of the 2019/20 rates.

### **VOTING REQUIREMENT 3**

Simple Majority

### **OFFICER'S RECOMMENDATION 3**

**That Council:**

1. In accordance with Section 6.47 of the *Local Government Act 1995*, endorse Rate Concessions with a total value of \$782,321 under Differential Rating Category UV Rural Residential as detailed in Confidential Attachment 3, with the intention of granting them as part of the 2021/22 Budget adoption; and
2. Endorse that should the 1 July 2021 valuation for any UV Rural Residential property be revised down, the concession amount for that property will be recalculated and adjusted for the new valuation so that the revised rates for the 2021/22 financial year will be no greater than 101% of the 2020/21 rates.

### **VOTING REQUIREMENT 4**

Simple Majority

### **OFFICER'S RECOMMENDATION 4**

**That Council**

1. Endorse the 2021/22 Rating Model as follows, with the intention of striking the rates as part of the 2021/22 Budget adoption, subject to receiving Ministerial approval where required by legislation.

Differential Rating Category	Total Properties	Total Rateable Value of Properties \$	Proposed Minimum Payment \$	Proposed Rate in the Dollar	% of Properties on Minimum Payments	Proposed Concessions	Proposed Rates Revenue Budget 2021/22 \$
GRV - Residential	1,697	32,493,871	1,123	0.1463	1.30%		4,760,031
GRV - Other	126	520,841	1,123	0.2269	77.78%		178,805

Vacant							
GRV - Commercial	188	12,871,625	1,123	0.1443	8.51%		1,863,081
GRV - Industrial	178	7,457,086	1,123	0.1403	5.06%		1,052,089
GRV - Rural Residential	26	272,424	1,123	0.1463	11.54%		41,521
UV - Rural Residential	200	28,935,000	1,123	0.0439	0.00%	782,321	487,926
UV - Pastoral	21	17,364,229	1,123	0.0570	0.00%	569,058	420,703
UV - Commercial/Industrial	68	12,516,580	1,123	0.0078	35.29%		117,912
UV - Agriculture	80	60,935,109	1,123	0.0117	1.25%		713,093
UV - Horticulture	93	27,215,000	1,123	0.0102	0.00%		277,593
UV - Mining	64	1,832,448	1,123	0.2767	43.75%		525,518
UV - Mining Exploration and Prospecting	41	490,179	313	0.1383	24.39%		68,842
UV - Other	5	8,960,000	1,123	0.0066	20.00%		59,368
<b>TOTALS</b>	<b>2,787</b>	<b>*211,84664,39</b> <b>2</b>				<b>1,351,379</b>	
<b>Total Budgeted Net Rates Revenue Raised</b>							<b>10,566,482</b>

\*Agenda amended due to typographical error, republished 4.45 pm 31 May 2021

## **PURPOSE**

For the Council to consider public submissions received in relation to the proposed rates in the dollar and minimum payments in accordance with section 6.36(4) of the *Local Government Act 1995* and to subsequently consider adopting the revised Council Policy *CP/FIN-3200 Strategic Rating*.

For Council to further endorse the proposed 2021/22 rate model following the updating of all unimproved property (UV) valuations to take effect from 1 July 2021 and to endorse the proposal to grant rate concessions to properties in the UV Pastoral and UV Rural Residential rate categories.

## **NATURE OF COUNCIL'S ROLE IN THE MATTER**

Leader - plan and provide direction through policy and practices

Regulator - enforce state legislation and local laws

## **BACKGROUND/ PREVIOUS CONSIDERATIONS BY COUNCIL/ COMMITTEE**

### **Advertising of Proposed Differential Rates and Minimum Payments**

At the 27 April Ordinary Council meeting the Draft revised Council Policy CP/FIN-3200 Strategic Rating and the proposed Differential Rates and Minimum Payments for the 2021/22 financial year were adopted for advertising. Advertising commenced from 1 May 2021 with the closing date for public submissions being 4.00pm on Friday 28 May 2021.

Since the April Ordinary Council meeting the annual Unimproved Value (UV) valuation rolls have been received from Landgate and loaded into the Shire's rates model for 2021/22. These include valuation adjustments for properties in the UV Pastoral rate category and significant reductions in values for the UV Rural Residential category. The financial and other implications of these adjustments are detailed in the financial and comments sections of this report.

At the Ordinary Council Meeting on 27 April 2021 Council resolved the following:

### **Council Decision**

**Minute Number: 118424 - 27/04/2021**

**Moved: Cr M McKittrick**

**Seconded: Cr G Lodge**

**That Council:**

- 1. Endorse the revised Council Policy CP/FIN-3200 Strategic Rating;**
- 2. Endorse the 2020/21 Rating Model as follows, with the intention of seeking public submissions thereon and thereafter reporting to Council before striking the rates as part of the 2021/22 Budget adoption, subject to receiving Ministerial approval where required by legislation;**

Differential Rating Category	Total Properties	Total Rateable Value of Properties \$	Proposed Minimum Payment \$	Proposed Rate in the Dollar	% of Properties on Minimum Payments	Proposed Rates Revenue Budget 2021/22 \$
GRV - Residential	1,697	32,481,391	1,123	0.1463	1.30%	4,758,205



GRV - Other Vacant	124	514,841	1,123	0.2269	78.23%	176,922
GRV - Commercial	188	12,864,449	1,123	0.1443	8.51%	1,862,045
GRV - Industrial	178	7,457,086	1,123	0.1403	5.06%	1,052,089
GRV - Rural Residential	26	272,424	1,123	0.1463	11.54%	41,521
UV - Rural Residential	200	43,920,000	1,123	0.0111	0.00%	487,512
UV - Pastoral	21	21,053,985	1,123	0.0570	0.00%	425,932*
UV - Commercial/ Industrial	68	13,550,080	1,123	0.0078	30.88%	125,549
UV - Agriculture	81	60,726,109	1,123	0.0117	1.23%	711,501
UV - Horticulture	93	28,651,000	1,123	0.0102	0.00%	292,240
UV - Mining	64	1,815,307	1,123	0.2767	43.75%	520,933
UV - Mining Exploration and Prospecting	45	524,542	313	0.1383	24.44%	73,861
UV - Other	5	8,975,000	1,123	0.0066	20.00%	59,368
<b>TOTALS</b>	<b>2790</b>	<b>232,806,214</b>				<b>10,587,678</b>

\* includes proposed concession subject to Council approval

**3. Endorse for advertising for a minimum of twenty-one (21) days and seek public submissions on:**

- a. **Council Policy CP/FIN-3200 Strategic Rating (Attachment 1) that outlines the principles which underpin the proposed 2021/22 rating model, including the Object of and Reasons for Differential Rates;**
- b. **The 2021/22 Rating Model (Attachment 3) which incorporates the Object of and Reasons for Differential Rates, along with the proposed differential rates and minimum payments to be applied from 1 July 2021 for the 2021/22 financial year in accordance with section 6.36 of the Local Government Act 1995.**

**4. Hold a Special Council Meeting on 1 June 2021 to:**

- a. **Consider Public Submissions received in relation to the Proposed Differential General Rates and Minimum Payments and Strategic Rating Policy;**
- b. **Endorse Council Policy CP/FIN-3200 Strategic Rating Including the 2021/22 Rating Model, with the intention of striking rates as part of the 2021/22 Budget adoption;**
- c. **Request the CEO, or their delegate to seek Ministerial approval where required by legislation.**

**Carried: 9/0**

*Previous changes to pastoral valuations*

Pastoral rents in Western Australia are independently determined every five years by the Valuer General with rents based on land values, the economic state of the pastoral industry and the rate of return. The Valuer General's Office then multiply the annual rent by a factor of 20 to determine the rateable value of the property.

In the 2019 review, pastoral rents in the Kimberley increased by between 18% and 400% with an average increase of 325%. This had a direct impact on the rateable value of properties in the Shire of Wyndham East Kimberley (the Shire) UV Pastoral rate category for the 2020/21 Financial Year.

In order to reduce the impact of the valuation increases, at the Special Council meeting on 9 June 2020 Council resolved, in accordance with Section 6.47 of the *Local Government Act 1995*, to grant Rate Concessions for the Differential Rating Category UV Pastoral whereby the rates increase for the 2020/21 year for individual properties would be no more than 120% of the 2019/20 rates (service charges, waste charges, and ESL excluded).

**Council Decision**

**Minute Number: 09/06/2020 - 118236 - in part**

**Moved: Cr T Chafer**

**Seconded: Cr J Farquhar**

**That Council:**

- 3. In accordance with Section 6.47 of the Local Government Act 1995, endorse the following Rate Concessions under Differential Rating Category UV Pastoral with the intention of granting them as part of the 2020/21 Budget adoption;**
- 4. Endorse that should the 1 July 2020 valuation for any UV Pastoral property be revised down, the concession amount for that property will be recalculated and adjusted for the new valuation so that the revised rates for the 2020/21 financial year will be no greater than 120% of the 2019/20 rates;  
(Table with details of rates concessions is included in the minutes)**

**9/0**

Strategic Rating principles and policy

Rates revenue is a substantial source of discretionary revenue for the Shire of Wyndham East Kimberley, accounting for approximately 54% of the total operating revenue in the adopted 2020/21 Budget. The *Local Government Act 1995* empowers local governments to impose differential general rates and minimum payments on rateable land.

The Shire of Wyndham East Kimberley has adopted a differential general rate and general minimum payments for a number of years. The objects of and reasons for the differential rates are detailed in Council Policy CP/FIN-3200 Strategic Rating (refer attachment 1)

The Council adopted a revised Council Policy CP/FIN-3200 Strategic Rating during 2014/15 which utilises five (5) principles (these continued to be applied in the current planning considerations) in the development of the rating methodology being:

1. Equity
2. Incentive
3. Administrative Efficiency
4. Compliance
5. Sustainability.

The differential rates applied ensure greater equity and contribution of rates according to land use, zoning or a combination of these. The 2014/15 financial year was the first year that the differential rating model (including minimum payments) attempted to align with the Town Planning Scheme No. 7 Kununurra and Environs (TPS7) and the Town Planning Scheme No. 6 Wyndham Townsite (TPS6) in an effort to ensure greater equity across the rating differential categories. The Shire of Wyndham East Kimberley Local Planning Scheme No. 9 (LPS9) was gazetted on 19 February 2019 and Council Policy CP/FIN-3200 Strategic Rating was amended in April 2019 to incorporate changes to ensure continued alignment of the rating model with the Local Planning Scheme LPS9.

Rates are calculated by multiplying the valuation (either GRV or UV), provided by Landgate (the Valuer General), with a rate in the dollar, imposed by the Council. When Landgate perform a general revaluation of properties, the Shire can adjust the rate in the dollar to offset significant fluctuations in valuation in order to maintain the overall rate yield (amount of rates collected) and preserve the rate yield per category. It is customary to preserve the ratios between the different rate categories by increasing the yield from each category uniformly on an annual basis to maintain the service levels provided by the Shire. This is the “rate increase” and is subject to much community comment. Please note that this does not mean that the rate in the dollar will increase uniformly.

The overall objective of a rating model is to provide for the net funding requirements of the Shire’s services, activities, financing costs and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan, Long Term Financial Plan and Corporate Business Plan. Asset management is a significant challenge for all local governments and any rating model must also support asset renewal and replacement requirements in line with defined service levels.

## **STATUTORY IMPLICATIONS**

In accordance with the *Local Government Act 1995*, the Minister for Local Government is authorised to approve the following in relation to rates:

- The imposition of a differential general rate which is twice the lowest differential general rate imposed by a local government;
- A minimum payment on vacant land that does not comply with legislative provisions;
- Changes in the method of valuation of land; and
- Land exempt from rates.

As part of the State Government's response to the economic impacts of the COVID-19 pandemic, the Department of Local Government, Sport and Cultural Industries (DLGSC) encouraged all Councils to keep their rate in the dollar for the 2020/21 financial year the same as the 2019/20 financial year. Amendments were made to the *Local Government Act 1995* to facilitate this by reducing local public notice requirements and the need to obtain Ministerial approval for differential rates and minimum payments where the rate in the dollar had not changed and ministerial approval was obtained for the 2019/20 financial year. Shire Officers prepared the rating model incorporated in the 2020/21 budget in accordance with these requirements and Council adopted a 0% increase in rates for the 2020/21 financial year.

For the 2020/21 financial year additional measures to protect ratepayers suffering financial hardship as a result of the COVID-19 pandemic were also introduced including provisions relating to interest on money owing and options for payment with the maximum rate of interest reduced from 11% to 8%. The DLGSC has advised that the financial hardship provisions will be extended to the 2021/22 financial year with the maximum rate of interest to be reduced further to 7% (pending Gazettal).

The DLGSC has advised that for all other provisions, local governments should be preparing their 2021/22 budget in accordance with the ordinary provisions of the *Local Government Act 1995* including the requirement to seek Ministerial approval under section 6.33(3) and/or impose minimum payments under section 6.35, that require Ministerial approval, will need to obtain such approval prior to adopting the budget.

### ***Local Government Act 1995***

#### ***Part 5***

#### ***Division 6 – Disclosure of financial interests***

##### **5.63. Some interests need not be disclosed**

- (1) *Sections 5.65, 5.70 and 5.71 do not apply to a relevant person who has any of the following interests in a matter —*
- (a) an interest common to a significant number of electors or ratepayers; or*
  - (b) an interest in the imposition of any rate, charge or fee by the local government; or*

- (c) *an interest relating to a fee, reimbursement of an expense or an allowance to which section 5.98, 5.98A, 5.99, 5.99A, 5.100 or 5.101(2) refers...*

**Local Government Act 1995**

**Part 6**

**Division 6 – Rates and service charges**

**6.33. Differential general rates**

- (1) *A local government may impose differential general rates according to any, or a combination, of the following characteristics —*
- (a) *the purpose for which the land is zoned under a local planning scheme in force under the Planning and Development Act 2005;*
  - (b) *the predominant purpose for which the land is held or used as determined by the local government;*
  - (c) *whether or not the land is vacant land; or*
  - (d) *any other characteristic or combination of characteristics prescribed.*
- (2) *Regulations may —*
- (a) *specify the characteristics under subsection (1) which a local government is to use; or*
  - (b) *limit the characteristics under subsection (1) which a local government is permitted to use.*
- (3) *In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.*
- (4) *If during the financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.*

**Local Government (Financial Management) Regulations 1996**

**52A. Differential general rates — s. 6.33(1)(d)**

- 6.33 (1)(d) *For the purposes of section 6.33(1)(d), the following are prescribed characteristics —*
- (a) *whether or not the land is situated in a townsite as defined in the Land Administration Act 1997 section 3(1);*
  
  - (b) *whether or not the land is situated in a particular part of the district of the local government.*

**Local Government Act 1995**

**Part 6**

**Division 6 – Rates and service charges**

**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;*
  - (b) *to land rated on unimproved value; and*
  - (c) *to each differential rating category where a differential general rate is imposed.*

#### 6.36. Local government to give notice of certain rates

- (1) *Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.*
- (2) *A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).*
- (3) *A notice referred to in subsection (1)*
  - (a) *may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency;*
  - (b) *is to contain -*
    - (i) *details of each rate or minimum payment the local government intends to impose;*
    - (ii) *an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and*

- (iii) any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and
- (c) 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.
- (4) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.
- (5) Where a local government -
  - (a) in an emergency, proposes to impose a supplementary general rate or specified area rate under section 6.32(3)(a); or
  - (b) proposes to modify the proposed rates or minimum payments after considering any submissions under subsection (4), it is not required to give local public notice of that proposed supplementary general rate, specified area rate, modified rate or minimum payment.

#### **6.47. Concessions**

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

*\* Absolute majority required.*

### **POLICY IMPLICATIONS**

Council Policy *CP/FIN-3200 Strategic Rating* has been revised and is attached to this report at Attachment 1.

The proposed differential general rates and minimum payments in the rate model are based on the Council's revised Policy *CP/FIN-3200 Strategic Rating* that aligns the rating model closely to the LPS9 in terms of land use.

If there are modifications to the differential general rates or minimum payments from those proposed, then Council Policy *CP/FIN-3200 Strategic Rating* may need to also be amended to reflect the modifications.

### **FINANCIAL IMPLICATIONS**

The differential general rates, minimum payments, and proposed concessions as per the rating model outlined below and in Attachment 5 are expected to yield gross rate revenue of \$11,917,861 before proposed concessions of \$1,351,379 are applied resulting in a net total rate revenue of \$10,566,482. This is an overall increase of \$148,221 or 1.42% over the 2020/21 Budgeted revenue. The rate revenue generated is based on natural growth of 0.19% and an average rate in the dollar increase of 1.0% across all Rate Categories with the exception of UV Rural Residential and UV Pastoral (further detail relating to these rate categories is provided in the comments section below).

The proposed rate concessions of \$1,351,379 as outlined in the rating model are made up of totals of \$569,058 for the UV Pastoral rate category as detailed in Confidential Attachment 2 and \$782,321 for the UV Rural Residential rating category detailed in Confidential Attachment 3.

The impact of 0% rate increases in the 2018/19, 2019/20 and 2020/21 financial years rather than ones reflective of the increase in costs has resulted in a cumulative reduction in rate revenue of approximately \$850,000 over 3 years. This has required Shire officers, as part of the budget process, to critically evaluate the expenditure estimates for efficiencies and possible savings, and to prioritise expenditure. The process of identifying efficiency gains is ongoing and Shire Officers aim to continue to seek to provide better value for money for the rates the community pays. The 2021/22 budget will reflect these efficiency gains once finalised. In addition to this the ongoing financial impacts of the Covid-19 Pandemic are being considered as part of the 2021/22 budget process.

## **STRATEGIC IMPLICATIONS**

### *Strategic Community Plan 2017-2027*

Focus Area 4: PERFORMANCE - Civic Leadership.

Goal 4.4: Sustainably maintain the Shire's financial viability.

Strategy 4.4.3: Adequately plan for and fund asset maintenance and renewal to deliver planned services.

Strategy 4.4.4: Apply best practice financial management to ensure long term sustainability.

## **RISK IMPLICATIONS**

Risk: Failure to adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

Control: Implementation of LTFP and Annual Budget.

Policies updated in accordance with schedule and operational requirements.

## **COMMUNITY ENGAGEMENT**

Engagement took place in accordance with the Shire's Community Engagement Guidelines. Local public notice of the proposed rates in the dollar was given for a period of 21 days in accordance with Section 6.36 or the *Local Government Act 1995*.

Public notification included the following:

- Local public notice in the Kimberley Echo on 6 May 2021;
- A copy of the Notice to Impose Differential General Rates and Minimum Payments for 2021/22 placed on the Coles Kununurra noticeboard on 1 May 2021;
- A copy of the Notice to Impose Differential General Rates and Minimum Payments



- for 2021/22 placed on the IGA noticeboard on 1 May 2021;
- A copy of the Notice to Impose Differential General Rates and Minimum Payments for 2021/22 placed on the Wyndham Post Office noticeboard on 1 May 2021;
  - Notice placed on the Shire's Facebook page on 1 May 2021;
  - Media Release on 1 May 2021;
  - A copy of the Notice to Impose Differential General Rates and Minimum Payments for 2021/22, including Council Policy *CP/FIN-3200 Strategic Rating* placed on the Shire's website on 1 May 2021;
  - A copy of the Notice to Impose Differential General Rates and Minimum Payments for 2021/22, placed on the public notice boards at the Libraries in both Kununurra and Wyndham on 1 May 2021;
  - A copy of the Notice to Impose Differential General Rates and Minimum Payments for 2021/22 sent by mail to all ratepayers in rate categories with less than thirty (30) ratepayers.

## **COMMENTS**

### Submissions received

Six (6) Rates Submissions were received in relation to the advertised Proposed Differential Rates and Minimum Payments for 2021/22 prior to the closing time of 4.00pm, Friday 28 May 2021. One (1) late submission was received and has been included in the following list of submissions for Council consideration:

<b>Submission No.</b>	<b>Date Received</b>	<b>Name</b>	<b>Summary of Submission</b>
1	12 May 2021	Maxine Middap	Submits that GRV Rural Residential rate should be lower than GRV Residential rate as the same level of service is not provided.
2	14 May 2021	Sarah McKay	Opposes proposed RID increase on the basis that a nil rate increase will assist ratepayers doing it tough for the past couple of years.
3	17 May 2021	McMahon Mining Title Services Pty Ltd	Submits that the proposed 1% RID increase results in a higher effective increase in rates on the basis that rents for prospecting licences and mining leases on which rating valuations have increased.
4	20 May 2021	Beverley Courtice	Objection to proposed increase in RID on the basis that rates have increased every year except 2020 and additional services have not been provided to warrant this.
5	26 May 2021	Mark Northover	Objection to proposed increases to RID and Minimum payments on the basis that the proposal is "unfair, inequitable and dishonest and disparaging to certain community sectors ". Various additional comments and reasons given.
6	28 May 2021	Simone Rushby	Objection to proposed increase in RID on the basis that the increase is unrealistic, unaffordable, that rates should decrease not increase, and that this should be achieved

			through increases in efficiency and more appropriate spending of ratepayers funds.
7	28 May 2021 (received after submission period closed).	Renee Leaver	Objection to proposed increase in RID on the basis that there has been no improvement to services provided to the community generally and specifically for elderly residents, and that ratepayers in other jurisdictions pay lower rates for better services.

Copies of all submissions received are included in Confidential Attachment 4 to this report.

Rate setting process

The rate setting process is governed by the Council Policy *CP/FIN-3200 Strategic Rating*. The rate setting formula is essentially a simple one whereby the amount of rates a property pays is determined by applying a rate in the dollar to the value assigned to the property. However, both parts of this equation have variable aspects to them and these are laid out in the Policy. The Policy allows for the rate in the dollar to be determined on a differential basis. The Shire rates different land uses differently and employs the use of minimum rates.

In determining the rate yield (amount of rates collected) “natural growth” is one of the first components considered. It is determined by applying the prior year rate in the dollar to the rates base as amended before any general revaluation is factored in. The Shire has had natural growth of 0.19% for the 2020/21 year.

Determining a proposed rate in the dollar

While a proposed increase in the rate in the dollar is generally subject to the most scrutiny, there are other aspects of setting the rate in the dollar that need to be highlighted. It is critical to note that the change to the actual rate in the dollar is only one factor of the rate setting process. Other factors comprise of changes to the rates base. This can be changes to the total number of rateable properties, the mix between each rating category and the change in values placed on properties within each rating category.

The changes in property values can happen on an incremental basis or on a periodic basis as part of a general revaluation of municipal properties. It is the combination of these factors that will have to be taken into account in assessing their impact on the rate in the dollar before assessing what increase to apply. The Shire attempts to ensure that the actual dollar value that a ratepayer pays increases as close to the increase percentage as possible.

In deciding what increase to apply to the rate in the dollar there are a number of indicators that can be used in order to ensure objectivity in the process. The most popular one is the Consumer Price Index (CPI). The CPI is an index determined by the Australian Bureau of Statistics that is the rate of change in prices on a basket of goods measured on a quarterly basis. This basket of goods does not generally reflect the components of costs that the Shire incur in delivering our services. This index does however give the Shire an indication of the impact rising prices have on household income and the state of the economy in broad terms.

The impact of the COVID-19 Pandemic has meant that the calculation of the CPI has been confounded due to the inclusion of government stimulus and support packages and changes

in spending habits resulting in a re-weighting of the components of the CPI to a greater degree than normally occurs. The Perth CPI for the 12 months to March 2021 was 1.0. The Perth CPI for the 2020/21 Financial Year is forecast to increase by 1.5% and then at an average of 1.83% per annum between 2021-22 and 2023-24.

A more accurate measure of the Shire's cost profile is the Local Government Cost Index (LGCI). This index is based on the 'bundle of goods' relating to local government incorporating ten cost components which provide an accurate indicator of cost movements affecting local governments. The LGCI therefore provides an indication of those changes in costs that relate more closely to the function of local government.

The Shire utilises the LGCI forecasts in the WALGA Local Government Economic Briefings. The forecast for the remainder of the 2020/21 year is 1.3%. The Shire raised rates by 0% in relation to this in the 2020/21 budget. This means that on average the purchasing power of funds available for the Shire to continue to maintain current service levels has decreased by an estimated 1.3% for the 2020/21 year. This is on top of a 1.2% decrease in 2019/20 and a 1.7% decrease in the 2018/19 year due to the 0% rate increases adopted in these years and represents a cumulative decrease of 4.2% over three years. The forecast increase in the LGCI for the 2021/22 financial year is 1.4% and 2.0% for 2022/23. These increases reflect an expected increase in wage, construction and machinery and equipment costs as the economic recovery gathers pace. Where the Shire sets a rate yield increase of less than the LGCI, it will have to find operational savings to ensure current service levels are maintained.

Shire Officers also need to consider surrounding circumstances such as the state of the local economy and neighbouring districts when considering their rate in the dollar and any proposed increase. Rates levied across other Kimberley Shire's have also been regarded and with all things considered Officers consider the Shire's rating levels to be fair and reasonable.

#### Economic impacts of COVID-19

COVID-19 has had a major impact on the local economy during the 2020/21 financial year and subsequently the 2021/22 budget deliberations. The local economy continues to feel the effects of the pandemic, however, should one of the key regional projects such as the airport infrastructure upgrades and/or the cotton gin become a reality there will be a considerable increase in confidence in the economy. The March 2021 WALGA Economic Briefing forecasts that while the WA economy is recovering well, the recovery is still fragile with a high degree of uncertainty remaining. Possible future impacts include increases in the cost of infrastructure projects as a result of increases in construction activity and labour costs and capacity constraints affecting other sectors of the economy.

#### Other Factors

Shire Officers recognise that the Shire does have relatively high rates. Some of the factors that lead to having higher rates are unavoidable, however the Shire needs to continue to address the cost of service delivery aspects of the operation thoroughly to ensure that rate increases continue to be moderate. Matters that continue to be addressed include Officers compiling detailed forward capital works programs to determine the timing and extent of funds needed to renew the Shire's asset base and how those works are delivered. The Shire

also needs to establish and document the services that the community value, the service levels required and the ongoing cost of providing those services. The financial strategies as set out in the Long Term Financial Plan are being implemented to ensure that the Shire progresses to a sustainable and consistently moderately rated Shire.

### **Impact of the 2021 UV Valuation Roll**

All properties valued on an Unimproved Valuation basis are revalued annually by the Valuer General's Office (VGO). These revaluations are usually conducted in August each year with the new valuations taking effect from 1 July of the following year. Council usually adopts the rate in the dollar for advertising in March or April each year prior to the new valuation roll being received. Normally there are no large variations in valuations on an annual basis and when the valuation roll is received in May the new valuations are incorporated into the final rate model for adoption by Council with the annual budget in June. Any changes to the rate in the dollar required to ensure the budgeted yield from each rating category is maintained are generally minor and are implemented following the public submission period.

The 2021 UV Valuation roll valuation was received from the VGO on 26 May 2021. This was later than the roll is usually received and meant that at the time of preparing the rate model for advertising estimates of anticipated changes to valuations were used based on preliminary advice provided by the VGO. The UV Valuation roll has since been loaded into the rates database and an updated rate model run. Significant changes to valuations occurred in the UV Pastoral and UV Rural Residential rating categories the details and impacts of which are outlined below.

### **UV Pastoral valuations**

Following the 2019 review of pastoral rents which resulted in significant increases to pastoral rating values, many pastoral lease holders lodged objections to the rent increases with the Pastoral Lands Board and to the rating valuations with the Valuer General's Office. On 13 May 2021 the Shire was advised that the Valuer General had allowed the objections to the valuations. As a result of this decision the rateable values of properties in the Shire's UV Pastoral Rating Category have reduced significantly with the average increase in valuations across the Kimberley being reduced from 325% to 104%. It is anticipated that this will not have a significant impact on the 2020/21 rates as the concession amounts will be revised in accordance with Council Resolution 09/06/2020 - 118236.

The 2021/22 UV Valuation roll includes adjusted valuations for all Pastoral properties for which an objection had been lodged and allowed at the time the roll was issued. It is anticipated that there will be additional objections lodged and that these will also be allowed.

At the time of adopting the rates for 2020/21 at the 6 June 2020 Special Council Meeting it was determined that after taking into account the principles outlined in Council's Strategic Rating policy, the preferred option for applying the increases to UV Pastoral valuations was to phase the increases in by applying concessions that resulted in the 2020/21 rates being no greater than 120% of the 2019/20 rates for individual properties (service charges, waste charges, and ESL excluded). By applying concessions in this manner it reduced the financial impact on the ratepayers allowing time for them to consider the additional costs into their future cash-flows.

The proposal at that time was that concessions would be applied for the 2021/22 financial year that resulted in the 2021/22 rates being no greater than 140% of the 2019/20 rates. With the average increase in pastoral valuations reduced from 325% to 104% Officers consider that this is still the best option for implementing the increases to the UV Pastoral valuations. The result will be that the proposed concession amount will be less than initially anticipated for the 2021/22 financial year and the increases in the pastoral rates will remain consistent. The rate model outlined in this report, incorporates a proposed concession on the UV Pastoral rating category whereby the rate increase for individual properties is no more than 140% of the 2019/20 rates (service charges, waste charges, and ESL excluded).

### UV Rural Residential

The 2021 UV Valuation Roll includes significant valuation changes for properties in the UV Rural Residential rate code with large variations in valuation across the rating category due to the sale of large number of properties in the Valentine Falls Estate in 2020. Valuations have decreased in this rate category by an average of approximately 35% with decreases for individual properties varying from 0 to 75%. This has meant that the usual method of adjusting the rate in the dollar to achieve the desired total rate yield whilst maintaining equitable rates across the rate category can not be applied as doing this would result in some individual ratepayers receiving rate increases of up to \$1,300 while others received decreases of up to \$2,600.

There are currently 200 properties within the UV Rural Residential rating category that are zoned Rural Residential or Rural Small Holding. Officers have investigated options to determine the best way to address the variations in valuation changes across this category.

One option considered was to create a separate differential rating category for Valentine Falls Estate on the basis that this would allow Council to set a rate in the dollar that would maintain equitable total rates for all properties zoned Rural Residential or Rural Small Holding. Officers have however received advice that this option is not possible as the properties concerned do not meet the required characteristics that allow the imposition of a separate differential rating category under Section 6.33 of the *Local Government Act 1995*.

Officers consider that the most equitable option to achieve the desired outcome of a 1.0% overall average rate increase is through the use of rate concessions. This allows the Shire to keep total rates payable for all ratepayers within the UV Rural Residential rate category approximately the same as in 2020/21 plus the 1.0% increase. This has been achieved by applying a rate in the dollar that results in the rates for the property with the greatest decrease in valuation being equal to their 2020/21 rates plus 1.0% and applying concessions to all other UV Rural Residential properties so that their rates are equal to their 2020/21 rates plus 1.0%. The rate model at Attachment 5 incorporates this option.

Under s6.47 of the *Local Government Act 1995*, Council may grant a concession in relation to a rate or service charge. The power to grant concessions is a discretionary power of Council and must be done at the time of imposing the rate or service charge. Any concessions endorsed as part of this report will also need to be adopted as part of the budget adoption process.

Officers consider that the use of concessions is appropriate in this instance as the variations in valuations within the UV Rural Residential rating category are due to unusual market conditions caused by the sale of a large number of properties in the Valentine Falls Estate. It is considered likely that there will be a correction in the market and that future valuations will be more in line with the true market value of rural residential properties and that the current variations will even out over time. The use of concessions will allow the Shire to mitigate the impact of these short term fluctuations to ensure the most fair and equitable outcome for individual ratepayers as well as for all ratepayers across the Shire.

Rating Model

The table below is an excerpt from the rating model which reflects the average weekly increase of the proposed 1.0% increase in the rate in the dollar (excluding UV Pastoral). The full model demonstrating a 1.0% increase in the rate in the dollar is provided in Attachment 5.

The full model shows that natural growth will result in a 0.19% increase in total rate revenue and that a 1.0% increase in the rate in the dollar will result in an additional 1.23% increase in total rate revenue. This will result in an increase of 1.42 % against the 2020/21 budget.

Differential Rating Category	Proposed Rates Revenue 2021/22 \$	Average Rates Payable 2021/22 (exclu minimum payments) \$	Average weekly increase/decrease compared to 2020/21 \$
GRV - Residential	4,760,031	2,827.06	0.51
GRV - Other Vacant	178,805	2,455.39	- 0.65
GRV - Commercial	1,863,081	10,727.40	2.08
GRV - Industrial	1,052,089	6,165.57	0.79
GRV - Rural Residential	41,521	1,658.78	0.31
UV - Rural Residential	487,926	2,439.63	0.44
UV - Pastoral	420,703	20,033.48	46.95
UV - Commercial/ Industrial	117,912	2,067.27	- 1.43
UV - Agriculture	713,093	9,012.28	4.01
UV - Horticulture	277,593	2,984.87	- 2.44
UV - Mining	525,518	13,724.28	5.00
UV - Mining Exploration and Prospecting	68,842	2,119.74	4.09
UV - Other	59,368	14,561.25	4.24

<b>TOTALS</b>	<b>10,566,482</b>		
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### Summary

The rating model outlined above and in Attachment 5 considers a range of factors in determining the rate in the dollar. The revenue that the proposed rate in the dollar would raise will be sufficient for the Shire to meet its statutory obligations and maintain Shire services at current service levels. Shire Officers further consider that an average rate increase of 1.0% is consistent and reasonable in the circumstances.

### **ATTACHMENTS**

Attachment 1 - Council Policy CP/FIN-3200 Strategic Rating

Confidential Attachment 2 - UV Pastoral Concessions (provided under separate cover)

Confidential Attachment 3 - UV Rural Residential Concessions (provided under separate cover)

Confidential Attachment 4 - Rates Submissions (provided under separate cover)

Attachment 5 - Rating Model 2021/22

**12. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

**13. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

**14. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY  
DECISION**

**15. MATTERS BEHIND CLOSED DOORS**

**16. CLOSURE**