



AGENDA

FOR THE

SPECIAL MEETING OF COUNCIL

12 MAY 2022

NOTICE OF MEETING

Dear Council Member,

The next Special Meeting of Council will be held on Thursday, 12 May 2022 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 4:30PM for the purpose of considering:

- NOTICE OF INTENTION TO IMPOSE 2022/23 DIFFERENTIAL RATES

Regards,



S MASTROLEMBO
Chief Executive Officer

12/05/2022

Our Mission

"To deliver affordable and quality Local Government services."

DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions in section 5.25 of the *Local Government Act 1995* establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

Should you require this document in an alternative format please contact us.

SHIRE OF BROOME
SPECIAL MEETING OF COUNCIL
THURSDAY 12 MAY 2022
INDEX – AGENDA

1.	OFFICIAL OPENING	4
2.	ATTENDANCE AND APOLOGIES	4
3.	DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY	4
4.	PUBLIC QUESTION TIME.....	4
5.	REPORTS FROM OFFICERS	4
	5.1 PEOPLE.....	4
	5.2 PLACE	5
	5.3 PROSPERITY	6
	5.3.1 NOTICE OF INTENTION TO IMPOSE 2022/23 DIFFERENTIAL RATES	6
	5.4 PERFORMANCE	28
6.	MEETING CLOSED TO PUBLIC.....	28
7.	MEETING CLOSURE	28

1. OFFICIAL OPENING

2. ATTENDANCE AND APOLOGIES

Attendance:

Leave of Absence:

Apologies:

Officers:

Public Gallery:

3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY

4. PUBLIC QUESTION TIME

5. REPORTS FROM OFFICERS

5.1 PEOPLE

There are no reports in this section.

5.2 PLACE

There are no reports in this section.

5.3 PROSPERITY

5.3.1 NOTICE OF INTENTION TO IMPOSE 2022/23 DIFFERENTIAL RATES

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	ARA12
AUTHOR:	Finance Officer - Rates
CONTRIBUTOR/S:	Coordinator Financial Services
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

As part of the 2022/23 budget process, Council is required to endorse the proposed differential rates for local public notice seeking public comment for not less than 21 days. The local public notice provides an opportunity to consider public submissions before the final adoption of rates.

In summary, the proposed rates for the 2022/23 financial year required a general rate increase of 4% to balance the draft budget for 2022/23. Minimum rates for the UV Mining rating category is proposed to increase by \$20 to \$520 after remaining unchanged for several years. Likewise the Minimum payments on all other properties are proposed to increase by \$48 to \$1,268.

BACKGROUND

Previous Considerations

The purpose of levying rates is to meet Council's budget requirements to deliver services and community infrastructure in each financial year. The rates levied on properties is equal to the applicable property valuation multiplied by the relevant differential rating categories "rate in the dollar". The Minister for Local Government (the Minister) determines the methods of land valuation with property valuations undertaken by the Valuer General's Office (VGO).

The application of differential rates considers section 6.33 of the *Local Government Act 1995* (the Act), enabling the rating of properties differentially, based on zoning and/or land use as determined by the local government.

Section 6.35 of the Act also provides the ability to impose a minimum payment higher than the general rate that would otherwise be payable on that land. The application of differential rating based on land use and/or zoning results in a rate in the dollar and minimum payment amounts for each rating category.

Under section 6.36 of the Act, a local government must give local public notice of its intention to impose general differential rates (including minimum payments).

The application of differential rates and minimum payments maintains equity in the rating of properties across the Shire of Broome (the Shire), enabling Council to provide facilities, infrastructure and services to the entire community and visitors.

This report has been developed to present to Council:

- The 2022/23 budget process to date including revenue required to be raised from rates as per the 2022/23 draft budget;
- The proposed rating categories and corresponding valuations;
- The proposed rate in the dollar for each rating category reflecting a 4% increase from the preceding year;
- The proposed minimum payments for each rating category;
- Details on the impact of 2019 UV Commercial Rural revaluation and subsequent objections affecting the yield in that rating category;
- An illustration of the proposed differential rates and minimum payments required to be raised to balance the 2022/23 budget;
- The statutory requirement to advertise certain rating information through public notice; and
- The statutory requirement to consider submissions received concerning the proposed rates.

Recommendations are also included in this report for Council's consideration.

COMMENT

Summary of the Budget Process to Date and Revenue Required to be Raised from Rates

Several Council presentations and workshops have been held to date, including:

19 November 2021	Finalised Corporate Business Plan and Long Term Financial Plan; 4 Year Balanced Long Term Financial Plan
23 March 2022	Draft Fees and Charges and Operating Budget (including Infrastructure Resource Budgets)
5 April 2022	Capital Budget and Project Briefs, Plant Replacement
9/11 May 2022	Rate Setting including analysis of impact of GRV Revaluations

The Draft Operations Budget was discussed at the 23 March 2022 workshop and identified a deficit of a \$18.4M operating deficit.

Capital and other special projects were discussed at the 5 April 2022 workshop. Council's adopted Corporate Business Plan (CBP), Long Term Financial Plan (LTFP) and Asset Management Plans (AMP's) were considered when developing the capital budget. Several project briefs submitted by staff and Councillors were also tabled with Council for consideration through the above workshops.

Following the Budget Workshop's deliberations and feedback on 5 April 2022, minor amendments were made to the draft budget documents. As part of the budget workshops, which considered both the operating and capital requirements, it was identified that \$24.95M of rate revenue was required to achieve a balanced budget in 2022/23, and this could be achieved through a general 4% rates increase.

Through Council's quarterly budget review process (Finance and Costing Review) Quarter 3, the closing funding position for 2021/22 was identified as a budget deficit of \$356,599, mainly attributable to the objections to valuations of 13 UV Commercial Rural properties

being upheld, and backdated to 1 July 2020. Rates revenue lost from these objections totalled \$288,362, equating to 1.2% of rates revenue for 2022/23.

Following Council workshops the March Quarter financial indicators were released and identified a March 2021 – March 2022 annual CPI increase of 7.6%.

Preparation of the 2022/23 budget was particularly challenging due to the following:

- Employee costs which account for \$17M, are due to increase by 1.8% - 2.5% under relevant Enterprise Bargaining Agreements;
- Superannuation Guarantee Act mandatory super contributions to increase by a further 0.5%, after increasing by 0.5% in 2021-22;
- Continuing low interest rates which will keep return on cash investments at low levels;
- Increased costs of materials due to COVID and other global influences;
- Conservative growth in population and service usage, therefore, minimal growth in most user-paid services;
- Significant increases in Perth Consumer Price Index (CPI, 7.6%) with future forecasts indicating that CPI will remain high; and
- Increasing WA Local Government Cost Index (LGCI, 3%) with future forecasts indicating continuing increases in materials, fuel and other components.

Key achievements in this year's budget include:

- Zero-based budgeting – all operational account budgets start at 0 not based on historical figures;
- Operational revenues, expenses and net results in line with the 2022/23 LTFP;
- A continued focus by officers to leverage Council funds to attract grant funding;
- \$1.56M of revenue generated through commercial leases;
- Significantly reduced Waste Management Facility operating costs following internal review in 2021-22.

These factors have resulted in rates being contained within the general 4% increase across differential rating categories. This 4% increase is higher than the indicative figure of 1.85% included within the Shire's LTFP primarily due to the recognition of several years of lower than CPI rate increases, along with current CPI and LGCI increases.

A minimum rate increase of \$48, to \$1,268, is recommended for all rating categories except for the UV-Mining category, which is recommended to increase by \$20 to \$520, to ensure compliance with section 6.35 of the Act (where no more than half of the properties in a rating category pay the minimum rates).

Despite the general 4% increase in rates, the Shire is aiming to deliver the following critical capital and special projects:

Projects	Amount
Cable Beach Foreshore Redevelopment	\$12.3M
Regional Resource Recovery Park – Stage 1 Community Resource Centre	\$6.3M
Asset Renewal Expenditure as per various Asset Management Plans	\$4.97M
Capital Works Program Upgrades – Stewart Street	\$1.05M
Port Drive – Guy Street Intersection Upgrades (Black Spot)	\$793K
BRAC Dry Side Upgrade Business Case	\$467K

Projects	Amount
Tennis Court Lighting Renewal	\$198K
Bin Replacement	\$153K
Information Communication and Technology Hardware Renewal	\$108K
Streetlight Lighting Upgrades	\$100K
Buckleys Road Waste Facility Rehabilitation and Capping	\$91K
Broome Museum Business Case	\$75K
Precinct Structure Plan	\$75K
Vacuum Excavation Mobile Plant	\$58K
Broome Library Business Case	\$50K
Implement Cemetery Masterplan	\$50K
Kimberley Regional Offices Window Security Screens (lessee co-contribution)	\$45K
Council Chambers Live Streaming and Audio Upgrades	\$35K
Sam Male Lugger restoration	\$30K
Implement the Youth Plan	\$30K
Quarterly Marketing Campaigns	\$30K
Drainage Grate Improvements	\$25K
Shoreline Monitoring	\$22.5K
Home Composting Initiative	\$21K
Conservation of Shire Art Collection	\$20K
Civic Centre Audio Visual Renewal	\$20K
Review of Disability Access and Inclusion Plan	\$20K
Library Management System	\$16K
Disability Access and Inclusion Upgrades	\$15K
Frederick Street – Hamersley Street Intersection Lighting Upgrades (Black Spot)	\$14K
BRAC Water Fountain and Entrance Upgrades	\$12K
Asset Management Plan Review	\$10K

The basis of the proposed rates modelling to achieve these capital projects and operational services are outlined below.

2022/23 Rating Categories and Corresponding Valuation Amounts

Gross Rental Value (GRV)

The Act prescribes that properties with a non-rural purpose be rated using GRV as the basis of calculation of annual rates. The Valuer General's Office (VGO) determines the GRV for all properties within the Shire. As per section 22 of the *Valuation of Land Act 1978*, the VGO determines the frequency of general valuations, although historically, a GRV revaluation has occurred every three to five years. The previous valuation was undertaken in October 2018, effective from 1 July 2019.

In October 2021, the VGO commenced reviewing all GRV properties within the Shire, with revised valuations becoming effective from 1 July 2022.

Given the relationship between GRV and rental potential, property owners and the Shire can be exposed to large variations in property values from one valuation cycle to the next.

For example, as can be seen in the tables below, there is an average increase of 25.86% in total rateable land value between 2019/20 and 2022-23. It is important for both ratepayers and Council to recognise that changes in land values do not automatically drive changes to overall rates.

The 25.86% average increase in GRV is also not uniform for all properties. As can be observed from the tables below, the average change in GRV of residential properties differed from that of commercial, tourism and vacant properties. Additionally, the average change in GRV also varied from one suburb to another.

In seeking to achieve a balanced budget and a single rate in the dollar for each rating category, the Shire amended its rate in the dollar and reviewed the relative rates burden placed on each category. This provided a fair and equitable methodology in achieving a required general rate increase of 4%.

Change in GRV summarised by rating category

Rating Category	Old GRV	Proposed GRV	Change in GRV \$	Change in GRV %
GRV – Commercial	55,332,932	59,726,556	4,393,624	7.94%
GRV – Residential	119,382,495	162,777,808	43,740,913	36.64%
GRV – Tourism	19,164,916	22,380,599	3,215,683	16.78%
GRV – Vacant	3,817,322	4,404,188	207,666	5.44%
Total	197,697,665	249,289,151	51,557,886	26.08%

Change in GRV summarised by suburb

Rating Category	Old GRV	Proposed GRV	Change in GRV \$	Change in GRV %
Bilingurr	19,189,262	24,487,849	5,298,587	27.61%
Broome	61,332,867	75,445,304	14,112,437	23.01%
Cable Beach	63,668,944	83,337,325	19,668,381	30.89%
Dampier Peninsula	384,847	384,847	0	0.00%
Djugun	39,954,484	50,800,585	10,846,101	27.15%
Eighty Mile Beach	417,490	422,570	5,080	1.22%
La Grange	107,900	113,520	5,620	5.21%
Minyirr	9,565,580	10,387,336	821,756	8.59%
Roebuck	2,234,463	2,817,664	583,201	26.10%
Waterbank	841,828	1,092,151	250,323	29.74%
Total	197,697,665	249,289,151	51,591,486	26.10%

Pastoral Property Revaluations

2019 revaluations of the UV Commercial Rural rating category the average pastoral property valuation increased by 327%. Following the revaluation, total property valuations

in the category increased by \$12.66M from \$6.65M to \$19.3M. This change translated to an increased rates yield of \$403K. Council adopted a 5 year concession strategy aimed at reducing the impact on pastoral properties, with an 80% concession applied in year 1, a 60% concession in year two and so on.

Objections were lodged by all pastoral property owners and in late 2021 the Valuer General upheld those objections, consequently reducing the valuations applied to those properties from \$19.3M to \$10.5M (still significantly higher than the original \$6.65M).

Following the revaluation and subsequent reduction in the category, pastoral properties will be required to pay higher rates than in 2019-20, however the impact of this increase will be tempered by the increased "concessional" rates paid in 2020-21 and 2021-22.

Differential Rating Categories

Properties rated based on GRV are categorised as follows:

- **GRV Residential:** This rating category consists of properties located within the townsite boundaries with predominant residential use. This category is the base rate by which all other GRV rated properties are assessed. The reason is that the different GRV rating categories have a higher demand for Shire resources, and vacant land is encouraged to be developed.

The GRV Residential rating category contains 73% of all properties within the Shire and accounts for 58% of total property value.

- **GRV Vacant:** This rating category consists of vacant properties located within the townsite boundaries, including land zoned as Tourist, Commercial or Industrial. The object of the rate for this category is designed to encourage landowners to develop vacant land, discourage land banking and reflect the different methods used for the valuation of vacant land compared to the GRV Residential rate category. The reasons behind the increased rate include:

- Desire to increase residential property development to address aspects of the current housing shortage;
- excessive vacant land leaves subdivisions and various parts of the Shire appearing barren and unsightly to the detriment of the aesthetics of the area.

The GRV Vacant rating category contains 5% of all properties within the Shire and accounts for 2% of total property value.

The rate in the dollar for this category is 112% higher than the GRV-Residential base rate.

- **GRV Commercial:** This rating category consists of properties used for Commercial, Town Centre or Industrial purposes, excluding properties with tourism use. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher level of service provided to properties in this category. The reason is that the Shire incurs higher costs to service these areas, including car park infrastructure, landscaping, and other amenities. Also, extra charges are associated with economic development activities that have a benefit to these ratepayers.

The GRV Commercial rating category contains 8% of all properties within the Shire and accounts for 21% of total property value.

The rate in the dollar for this category is 33% higher than the GRV-Residential base rate.

- **GRV Tourism:** This rating category consists of properties with tourism use. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher reliance on Shire resources and the higher level of service provided to properties in this category. This category is rated higher than the base rate for GRV to

fund costs associated with the more significant use of infrastructure and other Council assets and services and contribution towards tourism promotion activities.

The GRV Tourism rating category contains 12% of all properties within the Shire and accounts for 8% of total property value.

The rate in the dollar for this category is 62% higher than the GRV–Residential base rate.

Unimproved Value (UV) Revaluations

Properties that are predominantly used for rural purposes are assigned a UV valuation. The rate in the dollar set for the UV-Rural category forms the basis for calculating all other UV differential rates.

UV properties are updated and re-valued by the VGO on an annual basis, with the most recent valuations taking effect from 1 July 2021. UV-Rural revaluations have yet to be received from the VGO at the date of this report. However, historically, UV properties did not change significantly, and therefore the rateable value of UV properties in 2022/23 is expected to remain the same as 2021/22.

UV-Mining revaluations had not been received as of the date of this report and expected to be available in late May. Council will be consulted should these valuations affect the rate model as presented. Should the adopted differential rates vary from the advertised due to significant changes in valuations, certain disclosures would be made to comply with the requirements of the *Local Government (Financial Management) Regulations, Reg 23(b)*.

- **UV Rural:** This rating category consists of properties that are exclusively for rural use. This category is the base rate by which all other UV rated properties are assessed. The reason is that the different UV rating categories have a higher demand for Shire resources.
- **UV Commercial Rural:** This rating category consists of properties with commercial use outside of the townsite and inclusive of:
 - i. Pearling Leases;
 - ii. Pastoral leases or Pastoral use;

This category raises revenue to fund the additional costs of servicing these properties. The reason is that the Shire incurs higher costs in infrastructure maintenance due to extra vehicle movements on the Shire's road network due to the activities associated with these properties.

- **UV Mining:** This rating category consists of properties used for mining, exploration or prospecting purposes. This category raises additional revenue to fund the other cost impacts to the Shire. This category is rated higher than UV-Commercial to reflect the higher road infrastructure maintenance costs to Council as a result of frequent heavy vehicle use over extensive lengths of Shire roads throughout the year.

The Proposed Rate in the Dollar

The draft budget documents reflect a 4% general rate rise for all differential rating categories. Rates modelling has been undertaken, and adjustments in the proposed general rates in the dollar and minimum payments have been made with consideration to achieving a minimal rate increase given the current economic climate.

Differential Rate Category	Minimum Payment Proposed	Rate in the \$ (Cents) Proposed
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GRV – Residential	\$1,268	8.3113
GRV – Vacant	\$1,268	17.5995
GRV – Commercial/Industrial	\$1,268	11.0873
GRV – Tourism	\$1,268	13.4671
UV – Rural	\$1,268	0.8105
UV – Mining	\$520	13.7090
UV – Commercial Rural	\$1,268	3.3886

The proposed rate in the dollar for each rating category is summarised in the table above and reflects a general 4% change from the preceding year.

Proposed Minimum Payments

As part of the annual budget process, the Council must determine the minimum payment for differential rating categories in the 2022/23 financial year.

The setting of minimum rates within rating categories recognises that every property receives some minimum level of benefit from the Shire's works and services, which is shared by all properties regardless of size, value, and use. A proposed minimum rate of \$1,268 has been applied to all rating categories except for the UV-Mining category, set at \$520. This represents an increase of \$48 and \$20 respectively which has been applied in recognition of minimum rates having no increase for several years.

UV of the 57 mining tenements ranges from \$200 to \$453,000 with an average UV of \$19,936.32. The minimum rate for the UV-Mining category is set at a lower level than the other rating categories to ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount. A lower minimum payment will also ensure that less than 50% of the properties in this category are on the minimum rate and comply with section 6.35 of the Act.

Rates from Proposed Differential Rates and Minimum Payments Making up the 2022/23 Budget Deficiency

Applying the rate in the dollar to the rateable value of the various properties within each rating category, plus a conservative estimate of interim rates of \$100,000, results in an estimated total rate of \$24.95M, which is 100% of the \$24.95M budget deficiency. This percentage satisfies the requirements of section 6.34 of the Act.

Detailed calculations illustrating the resulting rates for all differential rating categories and associated minimum payments are summarised in Attachment 3 of this report.

The proposed objects and reasons for Differential Rating for 2022/23 are found in Attachment 2.

From a statutory perspective, it is important to note that section 6.35 of the Act requires a local government to ensure that the general rate is imposed on not less than 50% of the number of separately rated properties, or 50% of the number of properties in a differential general rate category. This requirement has been achieved in all categories.

In line with previous years, Ministerial approval must be sought under section 6.33 of the Act for the proposed UV Mining and UV Commercial differential general rates as these are more than twice the lowest UV general rate.

It is acknowledged that the UV Mining revaluations will require analysis upon receipt. However, it is intended to ensure a comparable rate yield from each UV category, thus not impacting the proposed total revenue.

Council will need to consider these valuations before formally adopting differential rates and adjust the UV rates accordingly. To progress the timely adoption of the budget, it is proposed to seek public comments on the proposed UV differential rates indicating a general 4% rate increase subject to review upon receipt of UV Mining valuations.

The Required Public Notice of Certain Rates

Section 6.36 of the Act requires Council to give local public notice of its intention to impose general differential rates or a minimum payment applying to a differential rate category. This allows the ratepayers to see how properties are rated across the district.

As per section 1.7 and 6.36 of the Act, the local public notice of differential rates must:

- be published at least once in a newspaper circulating generally in the district;
- be displayed on a notice board at the local government's offices;
- be displayed on a notice board at each local government library;
- contain details of each rate or minimum payment the Council proposes to impose;
- advise where a document can be inspected that provides the objects of and reasons for each proposed rate and minimum payment;
- contain an invitation for electors or ratepayers to lodge submissions on any of the proposals within 21 days from the date of the notice (i.e. the 21-day submission period excludes the first day of publishing); and
- be published within two months before 1 July 2022 (i.e. not earlier than 1 May).

Council must then consider any submissions received before seeking the Minister's approval (should this be required) before formally adopting the differential rates and minimum payments as part of the annual budget process.

CONSULTATION

Department of Local Government, Sport and Cultural Industries
Moore Australia

STATUTORY ENVIRONMENT

Local Government Act 1995

1.7 Local public notice

(1) *Where under this Act local public notice of a matter is required to be given, a notice of the matter is to be —*

(a) *published in a newspaper circulating generally throughout the district; and*

- (b) exhibited to the public on a notice board at the local government's offices; and
 - (c) exhibited to the public on a notice board at every local government library in the district.
- (2) Unless expressly stated otherwise it is sufficient if the notice is —
- (a) published under subsection (1)(a) on at least one occasion; and
 - (b) exhibited under subsection (1)(b) and (c) for a reasonable time, being not less than —
 - (i) the time prescribed for this paragraph; or
 - (ii) if no time is prescribed, 7 days.

6.28 Basis of Rates

- 1). The Minister is to -
- (a) determine the method of valuation of land to be used by a local government as the basis for a rate; and
 - (b) publish a notice of the determination in the government gazette.
- 2). In determining the method of valuation of land to be used by a local government the Minister is to have regard to the general principle that the basis for a rate on any land is to be -
- (a) where the land is used predominantly for rural purposes, the unimproved value of the land, and
 - (b) where the land is used predominantly for non-rural purposes, the gross rental value of the land.

6.32 Rates and service charges

- (1) When adopting the annual budget, a local government —
- (a) to make up the budget deficiency, is to impose* a general rate on rateable land within its district, which rate may be imposed either —
 - (i) uniformly; or
 - (ii) differentially; and
 - (b) may impose* on rateable land within its district —
 - (i) a specified area rate; or
 - (ii) a minimum payment; and
 - (c) may impose* a service charge on land within its district.
- * Absolute majority required.
- (2) Where a local government resolves to impose a rate it is required to —
- (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
 - (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

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.

6.34 Limit on revenue or income from general rates

Unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

- (a) be more than 110% of the amount of the budget deficiency; or
- (b) be less than 90% of the amount of the budget deficiency.

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.

[Section 6.35 amended by No. 49 of 2004 s. 61.]

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; and
 - (b) is to contain —
 - (i) details of each rate or minimum payment the local government intends to impose; and

- (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

Rating Policy

Tourism Administration Policy

FINANCIAL IMPLICATIONS

The proposed differential rates and minimum payments for the 2022/23 financial year will raise estimated rates revenue of \$24.95M. A detailed rates model is in **Attachment 3**.

RISK

Decisions on this matter impact the rates levied on the ratepayers of the district.

There is a possible moderate risk of non-compliance with the Act, potential moderate level public embarrassment and almost certain significant financial implications to Council. It is advised that the Council support the recommendations of this report to mitigate these risks.

STRATEGIC IMPLICATIONS

People – We will continue to enjoy Broome-time, our special way of life. It's laid-back but bursting with energy, inclusive, safe and healthy, for everyone:

Affordable services and initiatives to satisfy community need

Place – We will grow and develop responsibly, caring for our natural, cultural and built heritage, for everyone:

Core asset management to optimise the Shire’s infrastructure whilst minimising life cycle costs.

Prosperity – Together, we will build a strong, diversified and growing economy with work opportunities for everyone:

Affordable and equitable services and infrastructure

Affordable land for residential, industrial, commercial and community use

Performance - We will deliver excellent governance, service and value, for everyone.:

Sustainable and integrated strategic and operational plans

Responsible resource allocation

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION:

That Council:

1. Publishes a local public notice proposing the 2022/23 differential general rates and minimum payments set out in the table below and invites electors or ratepayers to lodge submissions about this proposal within 21 days from the date of notice:

DIFFERENTIAL RATE CATEGORY	RATE IN THE DOLLAR (cents)	MINIMUM PAYMENT
Residential (GRV)	8.31127	\$1,268
Vacant (GRV)	17.5995	\$1,268
Commercial (GRV)	11.0873	\$1,268
Tourism (GRV)	13.4671	\$1,268
Mining (UV)	13.709	\$520
Rural (UV)	0.81052	\$1,268
Commercial Rural (UV)	3.38859	\$1,268

2. Adopts the Objects and Reasons presented in Attachment 2 for each of the proposed differential general rates and minimum payments in point 1 above; and
3. Following the close of the public submission period, requests the Chief Executive Officer to report back to Council, presenting any submissions for formal consideration before seeking Minister’s Approval under section 6.33(3) of the Local Government Act 1995 to impose differential rates which are more than twice the lowest differential rate.

Attachments

1. Attachment 1 - 2022-23 Advert - Intention to Impose Differential Rates
2. Attachment 2 - 2022-23 Objects and Reasons
3. Attachment 3 - 2022-23 Rates Model for Budget Adoption

Shire of Broome Notice of Intention to Impose Differential Rates

Under section 6.36 of the Local Government Act 1995, in its budget for the year ending **30 June 2023**, the Shire of Broome intends imposing the following differential rates and minimum payments.

DIFFERENTIAL RATE CATEGORY	RATE IN THE DOLLAR
GROSS RENTAL VALUED PROPERTIES	
GRV – Residential	8.31127
GRV – Vacant	17.5995
GRV – Commercial	11.0873
GRV – Tourism	13.4671
UNIMPROVED VALUED PROPERTIES	
UV – Rural	0.81052
UV – Mining	13.70900
UV – Commercial Rural	3.38859

A minimum payment of \$1,268 is proposed for all categories except UV – Mining category for which a minimum payment of \$520 is proposed.

The figures shown above are estimates and may change as part of the Council's deliberations after considering any submissions received.

A statement of the objects and reasons for the proposed differential rates is available at Council's offices, corner Weld and Haas Streets, Broome Monday to Friday 8am to 4pm and on the Shire of Broome website www.broome.wa.gov.au.

Written submissions from electors and ratepayers on the proposed rates and the minimum payments are to be addressed to the Chief Executive Officer, Shire of Broome, PO Box 44, Broome WA 6725 or emailed to shire@broome.wa.gov.au. No submissions will be considered after **4pm, 6 June 2022**.

For further details contact the Manager Financial Services, Libby French, on 08 9191 3456.

S MASTROLEMBO
CHIEF EXECUTIVE OFFICER

WAMA ADVERTISING ORDER			
Purchase Order Number:			
Contact Name:		Gareth McKnight	
Phone No.:		08 9191 3483	
Email:		Gareth.McKnight@broome.wa.gov.au	
Publications	Size and Style	Section or Classification	Insertion Date/s
Broome Advertiser	Lineage	Public Notices	
West Australian	Lineage	Local Govt Notices	14 May 2022
Authorised By:	Darren Kennedy	Date:	



Objectives and Reasons for the Differential Rates and Minimum Payments for the 2022/23 Financial Year

Under section 6.36 of the Local Government Act 1995, the Objects and Reasons for implementing Differential Rates must be published by the Shire of Broome.

Overall Objective

The purpose of the levying of rates is to meet the Shire's budget requirements each financial year to deliver services and community infrastructure. The Valuer-General provides the property valuations as the basis for the calculation of rates each year. Section 6.33 of the *Local Government Act 1995* provides the ability to differentially rate properties based on zoning or land use as determined by the Shire of Broome. Properties are grouped according to town planning zonings or predominant land use. Each rating category has a separately calculated rate in the dollar to achieve equity across all sectors.

Council has considered the Key Values contained within the Rating Policy Differential Rates (s.6.33) released by the Department of Local Government, Sport and Cultural Industries, being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and administrative efficiency

A copy of this policy can be obtained from this link:

<https://www.dlgsc.wa.gov.au/departments/publications/publication/rating-policy-differential-rates>.

Council determines the required rates yield by reviewing all revenue sources, expenditure and efficiency measures. As part of its budget deliberations, it is assumed that the Shire's operations will return to the same levels before the COVID-19 pandemic. A budget deficiency of \$24.7M has been identified for the financial year 2022/23, and a general 3% increase in the rate-in-dollar would yield the required rates to fund this deficit. There being no changes to the rating categories, the consistency and equitable distribution of the rates are maintained from one year to the next.

The Shire's Long-Term Financial Plan (LTFP) targeted a 1.85% increase in the 2022/23 financial year rates. The rate yield of \$24.95M is higher (2.15%) than the revenue projected in Shire's LTFP. It will fund the Capital Works Program as per the Shire's latest Corporate Business Plan.

- Plant Replacement - \$1.725M
- Parks and Gardens - \$876K
- Renewal of Various Buildings - \$827K
- Road Upgrades - \$1.69M

- Cable Beach Foreshore Upgrades Stage 1 – \$12.35M
- BRAC Gym and Fitness Facility - Detailed Design / Tender Package - \$467K
- Capital Works Program Projects - Upgrade - Black Spot & DAIP - \$794K
- Broome Lighting Upgrades – 100K
- Place Activation Plan - \$90K
- ICT Hardware Renewal – \$108K
- Broome Museum Business Case - \$75K
- Precinct Structure Plan - \$75K
- Tennis Court Lighting Renewal - \$198K
- Broome Public Library Feasibility – \$50K
- Various Footpath Upgrades - \$311K
- Carpark Upgrades - \$43K
- Quarterly Marketing Campaigns - \$30K
- Drainage Improvements - \$29K
- Implement the Youth Plan – \$22K
- Civic Center AV Renewal (ICT Strategic Hardware) - \$20K
- Conservation of Shire Art Collection - \$20K
- Review and development of a Disability Access and Inclusion plan - \$20K
- Library Management System (ICT Strategic Software) - \$16K
- Taiji Sister City visit – \$12K
- Brac Water Fountain and Entrance - \$11K
- Asset Management Plan Review – \$10K

Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. In particular, the following actions have been undertaken:

Efficiency Measures:

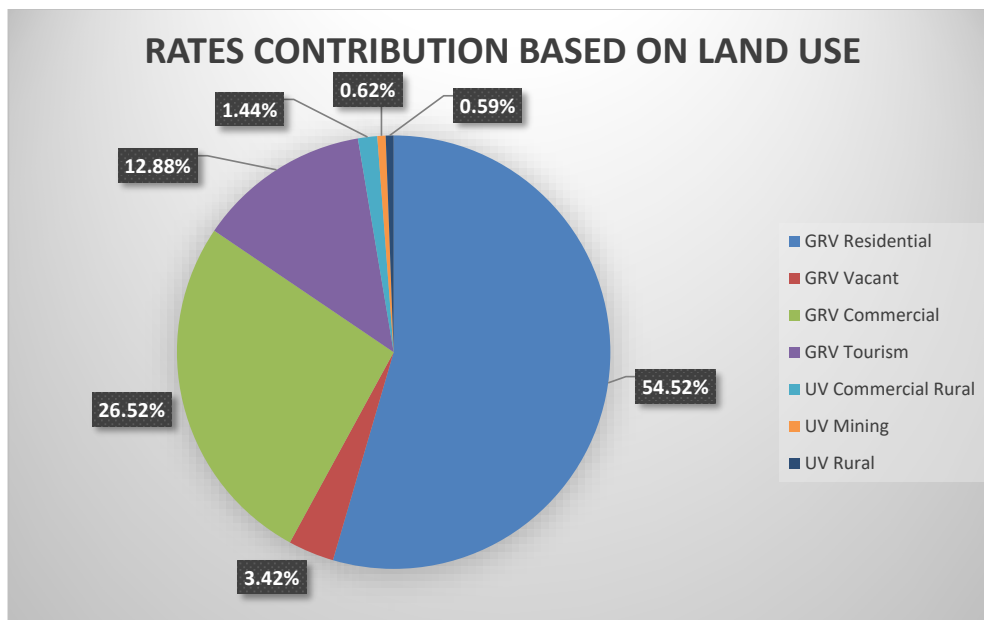
- reviewed position descriptions and remuneration as vacancies arise;
- renewal of Shire assets based on adopted Asset Management Plan;
- encouraged certain staff to take advantage of remote area housing through the Shire leases, therefore, minimising the need for staff housing stock;
- continued use of local suppliers whenever possible and appropriate;
- conduct of three budget reviews each financial year;
- continued to outsource waste collection and recycling education cost-effectively;
- bush fire mitigation strategies and compliance measures were put in place to reduce the scope of recurring work;
- disposal of the under-utilised and maintenance-demanding light fleet and plant;
- installation of LED street lighting and energy-efficient fixtures throughout Shire facilities;
- review of property and building valuations to improve accuracy of depreciation and insurance costs;
- contractor inductions to reduce exposure to occupational health and safety risks;
- conducted several internal audits of governance and legislative compliance;
- a robust review of insurance services and identify opportunities to self-insure;
- changed the provision of pre-cyclone clean-up activities to become less resource-intensive but still responsive to safety objectives of pre-cyclone preparations;
- revisiting the resourcing of GIS services;
- contracting life saving services on Cable Beach to reduce costs and overheads;
- reduced some facility opening hours in line with service review findings regarding usage patterns; and
- after hours shut-off switch at Administration Building to limit unnecessary air-conditioning when the building is not occupied.

Below is a summary of the proposed minimum payments and rates in the dollar for 2022/23

Differential Rate Category	Minimum Payment	Rate in the \$ (Cents)
GRV – Residential	\$1,268	8.31127
GRV – Vacant	\$1,268	17.5995
GRV – Commercial	\$1,268	11.0873
GRV – Tourism	\$1,268	13.4671
UV – Rural	\$1,268	0.81052
UV – Mining	\$520	13.709
UV – Commercial Rural	\$1,268	3.38859

Rates contribution based on land use:

The 2022/23 Rating Year utilises the most recent general revaluation, taking effect on 1 July 2022 due to the general valuations assessed by the Valuer General's office in October 2021.



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. The Valuer-General determines the GRV for all properties within the Shire of Broome. Under section 22 of the Valuation of Land Act 1978, the Valuer-General also determines the frequency of general valuations. The Valuer-General undertakes a GRV revaluation every three to five years, with the most recent valuation occurring in October 2021 and effective from 1 July 2022. Factors such as age, construction, size, car shelters, pools and location influence the rental value for a house or other GRV property. Interim valuations are provided fortnightly to the Shire by the Valuer-General for properties where changes have occurred (i.e.

subdivisions or strata title of a property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances, the Shire recalculates the rates for the affected properties and issues interim rates notices.

GRV properties contribute about 97.36% of the total rates as the properties in this category generally have a much higher demand for Shire resources.

GRV – Residential (The Base Rate for Gross Rental Value)

This rating category consists of properties that have a predominant residential use. This rating category is the base rate by which all other GRV rated properties are assessed. The reason for the rate in the dollar for this category is to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas.

Council is focused on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing public ablutions and other building maintenance programs. The rates from this category are expected to meet the community needs and service levels for properties under this category within the Shire of Broome. This category is expected to contribute 54.52% of the total rates to be raised for 2022/23.

GRV – Commercial

This rating category covers the town centre, commercial business, shopping centres, telecom tower sites and the airport. All properties rated under this category are zoned Commercial under the Town Planning Scheme, excluding properties with tourism use. This rating category recognises the impact of commercial properties on infrastructure and the environment within the Shire. This category recognises the more significant share of costs associated with providing additional services like economic development, maintaining car park infrastructure, landscaping, environmental health, light industrial area infrastructure and other amenities. The rate in the dollar for this category is 33.4% higher than the GRV – Residential base rate. This category is expected to contribute 26.52% of the total rates to be raised for 2022/23.

GRV – Tourism

This rating category consists of properties with operations related to tourism. This category recognises the impact of such properties on infrastructure and the environment within the Shire. This rating category recognises the more significant share of costs associated with the provision of services in addition to the services provided in the GRV Commercial category. Some additional costs contribute to economic development, tourism promotion, marketing activities, environmental health, public safety and law enforcement during the tourist season. The rate in the dollar for this category is 62.03% higher than the GRV – Residential base rate. This category is expected to contribute 12.88% of the total rates to be raised for 2022/23.

GRV – Vacant

This rating category consists of vacant properties zoned Residential, Tourist, Commercial or Industrial under the Shire's Local Planning Scheme. The object of the rate for this category is to signify the Council's preference for land to be developed rather than leaving it vacant. Development is encouraged due to its importance and positive effect on local employment

and economic diversity. Further community returns are also expected from population-linked investment in the region by both State and Federal funding bodies. The rate is also higher than the base rate to distribute the rates burden equitably considering the different method used for the valuation of vacant land as compared to other GRV properties. The rate is also intended to discourage land investors from land banking and discourage excessive vacant land leaving subdivisions barren and aesthetically unappealing which may provide prospects for potential antisocial behaviour. The rate in the dollar for this category is 111.75% higher than the GRV – Residential base rate. This category is expected to contribute 3.42% of the total rates to be raised for 2022/23.

Unimproved Value (UV)

Properties that are predominantly used for rural purposes are assigned an Unimproved Value supplied and updated by the Valuer-General on an annual basis. The rate in the dollar set for the UV-Rural category forms the basis for calculating all other UV differential rates.

UV properties contribute about 2.64% of the total rates as the properties in this category generally have a much lower demand on Shire resources.

UV - Rural (The Base Rate for Unimproved Value)

This rating category consists of properties that are exclusively for rural use. This category is the base rate by which all other UV rated properties are assessed. Other UV rating categories have a higher demand for Shire resources than properties in the UV - Rural rating category. This category is expected to contribute 0.59% of the total rates to be raised for 2022/23.

UV - Commercial Rural

This rating category consists of properties with a commercial use outside of the townsite and inclusive of pearling leases, pastoral leases or other properties with pastoral use.

This category recognises the increased rates required to operate efficiently and provide for rural infrastructure and services. The above services are in addition to the urban services, programs, and infrastructure available to the properties in this category. The Shire incurs higher costs of infrastructure maintenance and renewal of the rural road network due to its vulnerability to extreme weather conditions, further increasing due to extra vehicle movements and activities associated with these properties. This category is expected to contribute 1.44% of the total rates to be raised for 2022/23.

UV – Mining

This rating category consists of properties for mining, exploration or prospecting purposes. The object of the rate for this category is to reflect the impact on utilisation of rural infrastructure (compared to pastoral) by heavy transport and associated higher traffic volumes. Also, these properties have access to all other services and facilities provided by the Shire. This category is rated higher than UV-Commercial due to the higher road infrastructure maintenance costs to the Shire from frequent heavy vehicle use over extensive lengths of Shire roads throughout the year. This category is expected to contribute 0.62% of the total rates to be raised for 2022/23.

Minimum Payments

Every property, regardless of size, value, and use, receives some minimum level of benefit from the Shire's works and services. Minimum rates ensure that all ratepayers make a reasonable contribution to essential services and infrastructure. A proposed minimum rate of \$1,268 has been applied to all rating categories except for the UV-Mining.

UV of mining tenements ranges from \$200 to \$453,000 and an average UV of \$19,936. The \$520 minimum rate for the UV-Mining category is set at a lower level than the other rating categories to ensure that less than 50% of the properties in this category are on the minimum rate and comply with section 6.35 of the *Local Government Act 1995*. Given the lower valuation figure assigned to small mining tenements, a lower minimum payment will also ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount.

Yours Faithfully,

Sam Mastrolembo
Chief Executive Officer

SHIRE OF BROOME
 PROPOSED RATES MODEL
 30 JUNE 2023

RATE TYPE	2022/23							2021/22							
	Rate in \$	Number of Properties	Rateable Value New	2022/23 Budgeted Rate Revenue \$	2022/23 Budgeted Interim Rates \$	2022/23 Budgeted Back Rates \$	2022/23 Budgeted Total Revenue	Rate in \$	Number of Properties	Rateable Value New	2021/22 Budgeted Rate Revenue \$	2021/22 Budgeted Interim Rates \$	2021/22 Budgeted Back Rates \$	2021/22 Budgeted Total Revenue	
	as cents							as cents							
Differential general rate or general rate															
<u>Gross Rental Valuations</u>															
GRV Residential	8.3113	5,008	162,054,298	13,466,487	100,000		13,566,487	11.0204	4,942	116,990,601	12,892,832	100,000		12,992,832	
GRV Vacant	17.5995	189	3,552,630	625,245			625,245	20.1729	187	2,909,900	587,011			587,011	
GRV Commercial	11.0873	554	59,572,694	6,605,003			6,605,003	11.4171	555	55,404,596	6,325,598			6,325,598	
GRV Tourism	13.4671	564	21,476,995	2,892,328			2,892,328	14.9349	454	17,635,596	2,633,859			2,633,859	
<u>Unimproved Value Valuations</u>															
UV Commercial Rural	3.3886	21	10,523,860	356,610			356,610	3.2458	21	13,230,120	429,423			429,423	
UV Mining	13.7090	33	1,048,204	143,698			143,698	11.9883	32	1,135,382	136,113			136,113	
UV Rural	0.8105	54	17,509,000	141,914			141,914	0.7763	54	17,509,000	135,922			135,922	
Sub-Totals		6,423	275,737,681	24,231,287	100,000	0	24,331,287		6,245	224,815,195	23,140,758	100,000	0	23,240,758	
Minimum payment	Minimum \$							Minimum \$							
<u>Gross Rental Valuations</u>															
GRV Residential	1268	54	723,510	68,472			68,472	1220	61	585,654	74,420			74,420	
GRV Vacant	1268	182	851,558	230,776			230,776	1220	191	869,842	233,020			233,020	
GRV Commercial	1268	22	153,862	27,896			27,896	1220	23	170,490	28,060			28,060	
GRV Tourism	1268	260	903,604	329,680			329,680	1220	371	1,599,000	452,620			452,620	
<u>Unimproved Value Valuations</u>															
UV Commercial Rural	1268	2	13,300	2,536			2,536	1220	2	13,300	2,440			2,440	
UV Mining	520	22	39,161	11,440			11,440	500	25	48,318	12,500			12,500	
UV Rural	1268	4	141,300	5,072			5,072	1220	4	141,300	4,880			4,880	
Sub-Totals		546	2,826,295	675,872	0	0	675,872		677	3,427,904	807,940	0	0	807,940	
Total amount raised from general rates		6,969	278,563,976	24,907,159			25,007,159		6,922	228,243,099	23,948,698			24,048,698	
Discounts							(54,910)							(56,151)	
Total Rates		6,969	278,563,976	24,907,159			24,952,249		6,922	228,243,099	23,948,698			23,992,547	

5.4 PERFORMANCE

There are no reports in this section.

6. MEETING CLOSED TO PUBLIC

7. MEETING CLOSURE