

Special Council Meeting 5 May 2020 Attachments

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# Statement of Objectives and Reason 2020/2021



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

## OVERALL OBJECTIVE

The purpose of the levying of rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure.

Property valuations provided by the Valuer General are used 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 and/or land use as determined by the Shire Coolgardie. The application of differential rating maintains equity in the rating of properties across the City.

Council has considered the Key Values contained within the Rating Policy Differential Rates (s.6.33) March 2016 released by the Department of Local Government and Communities, being:

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

*A copy of the policy can be obtained from:*

<https://www.dlgsc.wa.gov.au/resources/publications/Pages/ViewPublication.aspx?DocID=558>

Council has determined its required rates yield after reviewing all revenue sources, expenditure and efficiency measures as part of its budget deliberations.

The Rate in the Dollar applied to the valuations to determine property rates reflects a 0% increase for 2020/21. This is estimated to raise a total of \$7.15 million in rates.

The estimated rate yield of \$7.15 million is below the revenue requirements of Council's Long Term Financial Plan (LTFP) of \$7.4 million for the 2020/21 financial year, provides for Capital Works, and Programs which includes:

- Refurbishment of the Coolgardie Post Office
- Road Renewal Programme
- Upgrade of Coolgardie Tip Site
- Completion of Kambalda Transfer Station
- Road reseal/Gravel re-sheeting program
- Playground renewal program
- Coolgardie North Road Renewal
- Ben Prior Park Renewal

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Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. The implementation of the service level review as allowed this to occur for the third year in a row. The most significant impact on the surplus for 2019/20 and the draft budget for 2020/21 is the advent of Covid-19. The unknown potential impacts on the Shire's cashflow is the most significant issue that needs to be dealt with in 2020/21.

During 2019/20 the collection of rates was in excess of 98%. Consequently, the impact on cashflow was extremely positive. With the impact of Covid-19 it is estimated the collection rate could drop anywhere between 10-25%. If so, the ability to sustain operations and complete capital projects may be severely compromised.

In regard to 2020/21, the following actions have been undertaken:

## Efficiency Measures:

- Continued review of the need for and remuneration of each vacant position;
- Review of Shire housing stock for rental to the commercial market;
- Disposal of under-utilised light fleet and plant;
- Continued use of local suppliers whenever possible and appropriate;
- Review of the organisation structure;
- Planning for the implementation of GRV rating for capital improvements under the State's Rating Policy – Valuation of Land – Mining;
- Conduct of two full budget reviews each financial year;
- diversification of Shire revenue base by looking at expansion of Coolgardie Tip Site,
- Implementation of bushfire mitigation firebreaks and strategies

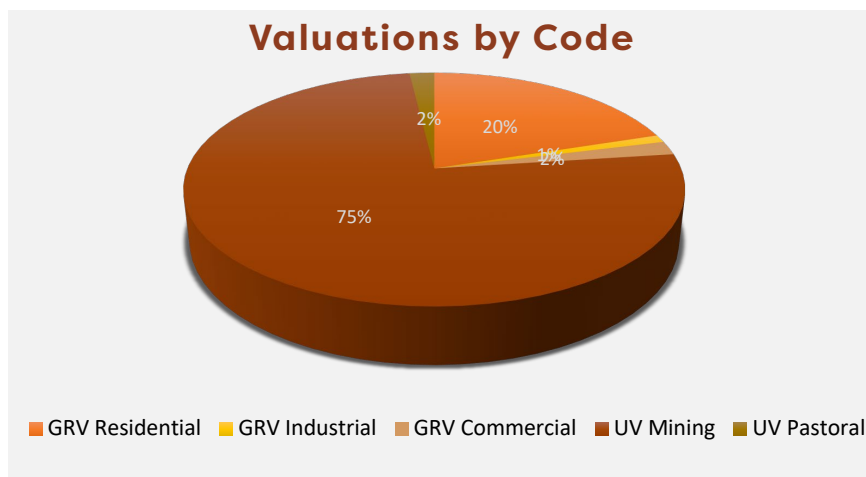
## Service Improvements:

- Completed refurbishment of the Kambalda Aquatic Facility;
- Construction of Class III Cells at Coolgardie Tip Site
- Commenced refurbishment of Coolgardie Community Hub
- Expansion of local road and footpath network and associated infrastructure;
- In-house provision of visitor services aligned to economic development/tourism strategies
- Increase in frequency and areas of road maintenance;
- Conduct of annual community survey to inform services and priorities;
- Review of service levels for Shire verges, parks, ovals and gardens
- Review of service levels for waste services
- Review of service levels for provision of customer service

Table 1 represents the Estimated total 2020/21 rates to be levied by land use / zoning.

# Statement of Objectives and Reason 2020/2021

**Table 1: Indicative Percentage Rates Contribution by Land Use / Zoning**



## GROSS RENTAL VALUE PROPERTIES (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 supplies and updates the GRV for all properties within the Shire Coolgardie every three years. The most recent general revaluation was effective from 1 July 2018.

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

Table 2 below summarises the proposed 2020/21 minimum payments and rates in the dollar for GRV:

**Table 2: Proposed differential rates for 2020/21 financial year**

# Statement of Objectives and Reason 2020/2021



Differential Rates 2020/21			
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Change in Average Rate
Gross Rental Value	\$	\$	%
Residential	708.00	0.076110	0%
Commercial	708.00	0.076110	0%
General Industry, Light Industry, Industrial Area, Light Industrial Area	708.00	0.076110	0%
Strategic Industry	708.00	0.076110	0%
Transient Workforce Accommodation / Workforce Accommodation	708.00	0.076110	0%

**Residential** means any land:

- that is predominantly used for residential purposes;
- or**
- which is vacant of any construction and is zoned as residential under the Shire's Planning Scheme.

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 residential and urban areas.

**Commercial** means any land:

- That is predominately used for either:
  - commercial purposes;
  - tourism purposes;
  - a combination of commercial and tourism purposes;
- or**
- Which is vacant of any construction, and is zoned as Commercial, Tourism, Town Centre, or Mixed Business under the Shire's Planning Scheme.
- or**
- That does not have the characteristics of any other GRV differential rate category.

# Statement of Objectives and Reason 2020/20201



This category is a new differential rating category. In the last two community survey the community has emphasised the need for the Council to;

- Improve Community Infrastructure
- Improve maintenance on parks, ovals, verges and footpaths
- Increase funding on road renewal and maintenance
- Attract small and local businesses outside mining,
- Encourage new business developments,
- Provide incentive for businesses to come and stay and stop making it so impossible to start up business.
- Provide childcare facilities so mums can return to work
- Need to keep the town alive, become a ghost town;
- Clean up the town – car bodies and rubbish in the bush, dirty and rundown town, entry into town is an eyesore, derelict houses getting worse,
- Street lighting and footpaths needs to be fixed;
- Improve family friendly services/facilities,
- Improve gravel roads,
- Promote cheap housing, attract more families;
- Establish/fund/encourage clubs and associations;
- Ensure water source for DFES in the event of major bushfire;
- Introduce meals on wheels for elderly;
- Provide more sporting/after work opportunities for all ages
- General environmental awareness (reuse, recycle, reduce) and street rubbish (promote tidy town).

The reason for the rate in the dollar for this category is to recognise the level of rating contribution made to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required. Council is focussed on trying to manage its community and infrastructure assets through the funding of renewal and replacement asset programs. Furthermore to recognise the costs associated with economic development, tourism and marketing, parking, environmental health and regulatory services and amenity.

The rate for this category results in 0% increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$708.00, also a 0% increase, is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

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**General Industry, Light Industry, Industrial Area, Light Industrial Area** means any land:

- That is predominately used for either industrial purposes;  
**or**
- Which is vacant of any construction, and is zoned as Industrial or Mixed Business under the Shire's Planning Scheme.

This category is also a new differential rating category. The reason for the rate in the dollar for this category is to recognise the level of rating contribution made to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required as identified above. Council is focussed on trying to manage its community and infrastructure assets through the funding of renewal and replacement asset programs Furthermore to recognise the costs associated with regulatory services and associated road networks to service industry.

The rate for this category results in 0% increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$708.00, also a 0% increase, is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

**Strategic Industry** means any land that has;

1. A relevant interest as defined in s. 6.29(1) of the Local Government Act to be its gross rental value if the land has on it the following capital improvements:
  - a) Accommodation, recreation or administration facilities and associated buildings, or
  - b) Maintenance workshops existing within 100 metres of facilities listed in (a), provided that the capital improvements have been in place for at least 12 months.
2. A resource interest defined as land not the subject of a "relevant interest" within the meaning of s. 6.29(1) but used for:
  - a) The extraction, processing or refining of minerals as defined in s. 8 of the Mining Act 1978, or
  - b) The extraction, processing or refining of petroleum as defined in s. 5 of the Petroleum and Geothermal Energy Resources Act 1967,to be its gross rental value if the land has on it the following capital improvements:
  - i. accommodation, recreation or administration facilities and associated buildings, or
  - ii. Maintenance workshops existing within 100 metres of facilities listed in (a), provided that the capital improvements have been in place for at least 12 months.

The reasons for the category are to recognise a greater share of costs associated with economic development, heavy haulage movements and transport infrastructure associated with heavy plant and equipment. In addition, they also impact on the provision of environmental and strategic planning services as well as access to all

# Statement of Objectives and Reason 2020/2021



other services and facilities provided by Council.

If introduced in the 2020/21 financial year, it is proposed the rate-in-the-dollar would be 0.076110 for the 2020/21 financial year.

***Transient Workforce Accommodation / Workforce Accommodation*** means any land:

- That is predominately used for the purpose of workforce accommodation;
- or**
- That is predominately used for the purpose of transient workforce accommodation;

This category is also a new differential rating category. This differential rate would maintain a proportional share 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 residential and urban areas. These services, programs and facilities are available to FIFO workers in the same manner as they are available to all other residents of the Shire.

Council is focussed 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 of public ablutions and other building maintenance programs. In addition, these properties have access to all other services and facilities provided by Council.

Despite the lower rate per accommodation unit, TWA properties have the potential to have a greater impact on Council services/assets than other properties due to their number of occupants in a relatively small land parcel (i.e. concentrated coach/vehicle movements on local roads). In order to appropriately maintain and manage Council's asset and infrastructure in the longer term, a higher differential rate in the future may be proposed for this category to reflect the greater potential and actual intensity of use of Council assets and infrastructure.

The rate for this category supports Council's preferred option that the operational workforce associated with resource interests be housed in normal residential properties within the town boundaries.

The rate for this category results in 0% increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$708.00, also a 0% increase, is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.



# Statement of Objectives and Reason 2020/2021



## UNIMPROVED VALUE PROPERTIES (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis.

Table 3 below summarises the proposed 2020/21 minimum payments and rates in the dollar for Unimproved Values:

**Table 3: Proposed differential rates for 2020/21 financial year (UV)**

Differential Rates 2020/21			
Differential Rates 2020/21	Differential Rates 2020/21	Differential Rates 2020/21	Differential Rates 2020/21
<b>Unimproved Value</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Pastoral	\$684	0.11051	0%
Mining/Other	\$437	0.22044	0%

**Pastoral** means any land:

- That currently has a pastoral lease granted;  
**and**
- That is used predominantly for the purpose of grazing (including agistment), dairying, pig- farming, poultry farming, fish farming, tree farming, bee-keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of these activities.

This rating category reflects the level of rating required to raise the necessary revenue to operate efficiently and provide for rural infrastructure and services in addition to the urban services, programs and infrastructure which are available to be accessed by the properties in this category.

The rate for this category results in 0% increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$684.00, also a 0% increase, is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

**Mining** means any land that a mining, exploration, prospecting or retention lease and/or license has been granted;

The reasons for this category is to reflect the impact on utilisation of rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes. Consequently, there is a greater impost on the Shire's network requiring increased

# Statement of Objectives and Reason 2020/2021



maintenance to service these users. In addition, these properties have access to all other services and facilities provided by Council.

The rate for the rate for this category results in 0% increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$437.00, also a 0% increase, is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

## The key points for the 2020/21 Rating Strategy:

- Raise sufficient yield to try and maintain current services and future infrastructure renewal to meet community expectations and stimulate the Shire of Coolgardie economy during Covid-19 whilst trying to ensure a balanced budget;
- Review of the number and type of rating differential categories and move towards uniform rating across all differentials;
- Identify the rates burden more objectively
- Uniform rating will improve transparency, administrative efficiency;
- Critical analysis of the yield generated by each differential category as a percentage of the total yield, comparing to the contribution by each category, the valuation % of each category, and the services consumed;
- Provide a level of certainty and consistency for ratepayers with a stable long term rates model;
- Properties are rated according to Town Planning zonings and predominant land use with each having a separate calculated rate in the dollar and established minimums to achieve greater equity across all sectors and ensure a base level contribution.

**Legislative Reference:** Legislative Reference: Local Government Act s6.12, 6.49, 6.64, 6.69, 6.71, 6.74 (and others)

**Relates to:** Delegation 1.19, 1.22,1.25 Sub Delegation 1.19a, 1.22a, 1.25a

**Policy Objective:**

To give effect to our commitment to support the whole community to meet the unprecedented challenges arising from the COVID19 pandemic, the Shire Coolgardie recognises that these challenges will result in financial hardship for our ratepayers.

This Policy is intended to ensure that we offer fair, equitable, consistent and dignified support to ratepayers suffering hardship, while treating all members of the community with respect and understanding at this difficult time.

**Policy Scope:**

This policy applies to:

1. Outstanding rates and service charges as at the date of adoption of this policy; and
2. Rates and service charges levied for the 2020/21 financial year.

It is a reasonable community expectation, as we deal with the effects of the pandemic that those with the capacity to pay rates will continue to do so. For this reason, the Policy is not intended to provide rate relief to ratepayers who are not able to evidence financial hardship and the statutory provisions of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 will apply.

**Policy Statement:**

**1. Payment difficulties, hardship and vulnerability**

Payment difficulties, or short-term financial hardship, occur where a change in a person's circumstances result in an inability to pay a rates or service charge debt.

Financial hardship occurs where a person is unable to pay rates and service charges without affecting their ability to meet their basic living needs, or the basic living needs of their dependents. The Shire Coolgardie recognises the likelihood that COVID19 will increase the occurrence of payment difficulties, financial hardship and vulnerability in our community. This policy is intended to apply to all ratepayers experiencing financial hardship regardless of their status, be they a property owner, tenant, business owner who have a legal responsibility to pay rates and service charges.

**2. Anticipated Financial Hardship due to COVID19**

We recognise that many ratepayers are already experiencing financial hardship due to COVID-19. We respect and anticipate the probability that additional financial difficulties will arise when their rates are received.

If a ratepayer's account falls into arrears, eligible ratepayers can apply for hardship consideration in accordance with the terms of this policy. Where possible and appropriate, we will also provide contact information of the details of relevant support services.

### **3. Financial Hardship Criteria**

While evidence of hardship will be required, we recognise that not all circumstances are alike. We will take a flexible approach to a range of individual circumstances including, but not limited to, the following situations:

- Recent unemployment or under-employment
- Sickness or recovery from sickness
- Low income or loss of income
- Unanticipated circumstances such as caring for and supporting extended family

The following conditions are all required to be met for a write off of interest on outstanding rates:

1. the ratepayer is experiencing extreme and genuine financial hardship;
2. the ratepayer had either no outstanding rates from a previous financial year or the ratepayer has an approved payment arrangement and continues to adhere to the terms of that agreement;
3. the ratepayer's circumstances are supported by an original hardship letter from a qualified financial body (e.g. a fully accredited member of Financial Counsellors Association of Western Australia, CPA/ICA Accounting firm or Bank);
4. where the ratepayer is not a corporation or trustee that:
  - the applicant is authorised to make the application; and
  - the company or trustee is not insolvent or subject to administration
5. where the ratepayer is an individual that:
  - they are not bankrupt or subject to a bankruptcy petition; and
  - no revenue is being derived from the property the subject of the application,
6. the maximum interest amount to be written off is \$1,000,
7. write-offs are applicable to interest on the ratepayer's principal place of residence or business only, AND
8. the applicant must be the owner and/or occupier of the property and liable for payment of rates and charges.

### **4. Payment Arrangements**

Payment arrangements facilitated in accordance with Section 6.49 of the Act are of an agreed frequency and amount. These arrangements will consider the following:

- That a ratepayer has made genuine effort to meet rate and service charge obligations in the past;
- The payment arrangement will establish a known end date that is realistic and achievable;
- The ratepayer will be responsible for informing the Shire of any change in circumstance that jeopardises the agreed payment schedule.

In the case of severe financial hardship, the Shire reserves the right to consider waiving additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

#### **5. Interest Charges**

A ratepayer that meets the Financial Hardship Criteria and enters into a payment arrangement may request a suspension or waiver of interest charges. Applications will be assessed on a case by case basis.

#### **6. Deferment of Rates**

Deferment of rates may apply for ratepayers who have a Pensioner Card, State Concession Card or Seniors Card and Commonwealth Seniors Health Care Card registered on their property. The deferred rates balance:

- remains as a debt on the property until paid;
- becomes payable in full upon the passing of the pensioner or if the property is sold or if the pensioner ceases to reside in the property;
- may be paid at any time, BUT the concession will not apply when the rates debt is subsequently paid (deferral forfeits the right to any concession entitlement); and
- does not incur penalty interest charges.

#### **7. Debt recovery**

We will suspend our debt recovery processes whilst negotiating a suitable payment arrangement with a debtor. Where a debtor is unable to make payments in accordance with the agreed payment plan and the debtor advises us and makes an alternative plan before defaulting on the 3rd due payment, then we will continue to suspend debt recovery processes.

Where a ratepayer has not reasonably adhered to the agreed payment plan, then for any Rates and Service Charge debts that remain outstanding on 1 July 2021, we will offer the ratepayer one further opportunity of adhering to a payment plan that will clear the total debt by the end of the 2021/2022 financial year.

Rates and service charge debts that remain outstanding at the end of the 2021/22 financial year, will then be subject to the rates debt recovery procedures prescribed in the Local Government Act 1995.

#### **8. Review**

Under this policy the initial determination will be made by the Director of Operations. Any 'appeals or objections' will be determined by the CEO.

## 9. Communication and Confidentiality

We will maintain confidential communications at all times, and we undertake to communicate with a nominated support person or other third party at your request.

We will advise ratepayers of this policy and its application, when communicating in any format (i.e. verbal or written) with a ratepayer that has an outstanding rates or service charge debt.

We recognise that applicants for hardship consideration are experiencing additional stressors and may have complex needs. We will provide additional time to respond to communication and will communicate in alternative formats where appropriate. We will ensure all communication with applicants is clear and respectful.

Responsible Department: Executive

Responsible Officer: CEO

Delegation link (if any):

Date First Adopted:

Review dates:

THE CEO  
MR. J. TRAIL  
SHIRE OF COOLGARDIE

MRS J. McLEOD  
WIDGIEMOOLTHA via  
NORSEMAN WA 6443  
16-4-20

Re: INTENTION TO BORROW FUNDS  
ADVERTISED 28-3-20 "THE KALGOORLIE MINER"  
SUBMISSIONS CLOSE 30-4-20

Dear James,

I wish to OBJECT to the borrowing of  
\$1,000,000 for the purposes of combatting the COVID-19 pandemic.

OBJECTION 1) Council has \$3,256,316 OUTSTANDING in loans.

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STATEMENT OF  
FINANCIAL ACTIVITY  
FEB 29, 2020.

This has increased from \$2,948,893 due to the  
repurposing of LOAN 115, (\$950,000), DEC. 2019.

p. 25, 45 BUDGET  
REVIEW JAN 31  
2020

This total does not include any interest repayments.

Hence another loan of \$1,000,000 is too large an  
IMPOST on the ratepayers of the Shire of Coolgardie.

OBJECTION 2) Since the INTENTION TO BORROW FUNDS was a  
CONFIDENTIAL ITEM and no comment was available,  
I can only take the comment from the BUDGET  
REVIEW which states,

p. 42 AGENDA  
COUNCIL MEETING-  
24 MAR. 2020

"there will undoubtedly be additional costs...  
still very much unknown... difficult to estimate..."

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Council at this meeting approved Budget Amendments  
of \$200,000 to be put toward operating costs (\$80,000)

and capital costs (\$120,000). Hence I believe that the LOAN is UNNECESSARY due to

- i) these funds being made available,
- ii) the vagueness of potential costs.

OBJECTION 3 : Since both the State and Federal Governments are providing financial relief, taxes, fees and charges will substantially increase once the economy improves. To then repay another loan on a LOCAL GOVERNMENT level will also mean an increase in rates, fees and charges and another financial burden on the ratepayer.

OBJECTION 4 : statements and queries concerning dot points in notice :-

- i) staff could be redeployed to undertake "additional functions" since face-to-face Shire activities have ceased.
- ii) additional insurance expenditure? please explain
- iii) equipment costs? please give examples.  
Anybody with any signs or symptoms must go to EMERGENCY at Kalgoorlie Regional Hospital.
- iv) support ongoing community services can be balanced by those which now cannot be undertaken.
- v) stockpiling? We, the people, have been told NOT to stockpile, so why is the Shire?
- vi) provision of generators / fuel tanks. What is the purpose of these intended purchases in relation to COVID-19?



vii) additional funding to St John's. WHY?

Telehealth is already operating and any person with symptoms relating to COVID-19 must go to EMERGENCY at K.R.H.

Also any COVID-19 testing which may come to the region would be logically based at K.R.H., and funded/operated by the State Government.

OBJECTION 5) : Council had a TERM DEPOSIT which matured on 11 March, 2020, value \$2,987,412.89. No mention of this was made at the March Council Meeting and so could a portion of this have been utilised, as interest rates are so low? Please give reasons.

OBJECTION 6) : SUBSTANTIAL SAVINGS will be made from flights, accomodation and meals that consultants and staff would have incurred. This could be redirected to staff as needed.

Also the State and Federal Governments are keeping the public informed and already operate the necessary procedures relating to the COVID-19 pandemic.

Since explanations, justification and the exploration of other funding options have not been addressed by Council, this LOAN should NOT be progressed.

Yours sincerely,

J. McLeod

16-4-20