

OBJECTIVES AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2023

In accordance with Section 6.36 of the Local Government Act 1995, the Shire of Bridgetown-Greenbushes 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. The Shire of Bridgetown-Greenbushes maintains facilities for and provides services to a diverse and changing district comprising of residential, commercial, industrial, rural and mining land.

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 of Bridgetown-Greenbushes. The application of differential rating maintains equity in the rating of properties across the Shire, enabling the Council to provide facilities, infrastructure and services to the entire community.

As part of its budget deliberations Council has determined the budget deficiency by:

- Reviewing all operational revenue sources and expenditure
- Assessing the current Corporate Business Plan taking into consideration the Shire's Strategic Community Plan and Long Term Financial Plan
- Reviewed the forward capital works plans for Road Infrastructure and Buildings
- Reviewed the Plant Replacement Program
- Consideration and introduction of the following efficiency measures:
 - financial ratios report and improvement action plan with a focus on asset renewal expenditure
 - review of service levels for the aquatic facility
 - developed a draft policy for exemption of various developments from having to require approval
 - a strategic review of current plant and equipment items (to be completed in 2022/23)
 - continuation of investigations into outsourcing of Visitor Centre management

- two resource sharing opportunities have been entered into with neighbouring local governments, being the Environmental Health Officer and Bushfire Risk Management Coordinator positions

The estimated budget deficiency of \$5.135m will result in an increase to the rate yield of 5.85% from the 2021/22 rate yield (adjusted for natural growth). In addition to the 5.85% general rate increase Council will generate a further \$75,000 in rate revenue from the Greenbushes mine site property. This amount is to be transferred to Reserve to fund the future renewal of roads used by heavy haulage trucks to and from the mine site.

In setting the rates in the dollar Council has considered its existing differential rating categories in line with 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

For the 2022/23 financial year Council will maintain its existing differential rating category for general gross rental valued properties and the two unimproved value categories for rural land and mining exploration tenements. One new category is to be introduced in 2022/23 for gross rental valued mine sites. These categories ensure that rate revenue is collected on an equitable basis, taking into consideration the cost of delivering services to each of the respective land classes in the district.

With exception of the additional rate revenue to be raised from the Mining Gross Rental Value category Council will maintain existing relativities between all other rating categories to those that applied in 2020/21 (adjusted for natural growth). This will ensure an equitable distribution of the required rates yield from one year to the next.

RATING CATEGORIES

Gross Rental Value (GRV) Properties

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 Shire of Bridgetown-Greenbushes applies the following differential Gross Rental Value rating categories:

General Gross Rental Value (GRV) – Consists of properties that are used for residential, commercial and industrial purposes and is considered to be the base rate by which all other GRV rated properties are assessed. The rate in the dollar applied ensures this rating category will pay a particular percentage of the overall rate yield to reflect the level of services provided.

Mining Gross Rental Value (GRV) – This category applies to mining leases with improvements on the land. These improvements include offices, workshops and processing facilities.

The object of this differential rate is to raise additional revenue to contribute towards higher road maintenance and renewal costs associated with mine site activity specifically the high volume of heavy haulage traffic on Council roads.

Differential Gross Rental Value (GRV) Rates

	<u>Rate in the \$</u>	<u>Minimum Payment</u>
General Gross Rental Value (GRV)	9.5823 cents	\$1,037
Mining Gross Rental Value (GRV)	18.7286 cents	\$1,037

Unimproved Value (UV)

The Local Government Act 1995 indicates that where the land is used predominantly for rural purposes, the unimproved value of the land will be used as the basis for the rates. Unimproved value (UV) means the capital amount that an estate of fee simple in the land might reasonably be expected to realise upon sale, assuming that any improvements to the land had not been made. Unimproved values are supplied and updated by the Valuer General on an annual basis. Council applies the following differential unimproved value rating categories:

Rural Unimproved Value (UV) – Consists of properties that are exclusively for rural use and is considered to be the base rate by which all other UV rated properties are assessed. The rate in the dollar applied ensures this rating category will pay a particular percentage of the overall rate yield to reflect the level of services provided.

Mining Unimproved Value (UV) – Consists of mining prospecting and exploration tenements located in the district. The higher rate applied to this category reflects the Shire's experience that mining activities associated with these tenements impact as follows:

- there is greater burden on the Shire's internal road network caused by heavy haulage mining vehicles e.g. trucks, drill rigs and excavators;
- disturbance to the landscape on and adjacent to tenements requires Shire oversight and input with noxious weed mitigation and management; and
- administration and oversight of the application and approvals process for new tenement areas noting that these applications do not attract a fee to the Shire.

Differential Unimproved Value (UV) Rates

	<u>Rate in the \$</u>
Rural Unimproved Value (UV)	0.5845 cents
Mining Unimproved Value (UV)	7.7130 cents

Differential Minimum Payments (UV)

A reduced minimum payment will apply to Mining (UV) properties. This will ensure not more than 50% of properties within this category are on the minimum payment as required by Section 6.35 of the Local Government Act 1995.

	<u>Minimum Payment</u>
Rural Unimproved Value (UV)	\$1,286.00
Mining Unimproved Value (UV)	\$489.00

SUMMARY

In arriving at the proposed rates in the dollar the Council has attempted to balance the need for revenue to fund essential services and facilities with the desire to limit any increase on ratepayers to an affordable level in an equitable manner.

Submissions addressed to the Chief Executive Officer, Shire of Bridgetown-Greenbushes, P.O. Box 271, Bridgetown WA 6255, by electors or ratepayers in respect of the proposed Differential Rates shall be lodged and received at the Shire Offices by close of business Thursday, 23 June 2022.