



OBJECTIVES AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2019

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, urban farmland 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 revenue sources and expenditure
- A review of the corporate business plan taking into consideration the Shire's strategic community plan and long term financial plan
- Consideration and introduction of the following efficiency measures:
 - ongoing monitoring and review of the Bridgetown Leisure Centre operations and services
 - as part of the 18/19 budget process Council commenced a review of programming at the Bridgetown Leisure Centre and a review of pool opening hours
 - first stage of the parks and gardens service level review has been completed
 - a commitment in the corporate business plan to progressively review service levels
 - implementation of a Senior Management Group budget monitoring process

- operational procedures developed to ensure compliance including purchasing
- financial ratios report with improvement action plan
- contract grader driver engaged that includes mentoring of junior staff
- mid-year brief on building maintenance and capital works

The estimated budget deficiency of \$4.53m will result in an increase to the total rate yield of 3.5% from the 2017/18 rate yield (adjusted for natural growth).

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 2018/19 financial year Council will maintain its existing differential rating categories of rural and mining land in an attempt to ensure that the rates revenue from these classes is collected on an equitable basis, taking into consideration the cost of delivering services to each of the respective land classes in the district. Council will maintain existing relativities between all rating categories to those that applied in 2017/18 (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)

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 one general GRV rate in the dollar to all such properties. 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.

General Gross Rental Value (GRV) Rate

	<u>Rate in the \$</u>	<u>Minimum Rate</u>
Gross Rental Value (GRV)	9.0434 cents	\$897.00

Unimproved Value (UV)

The Local Government Act 1995 indicates that where the land is used predominantly for rural or for mining 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 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 UV – Consists of mining 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 substantially greater burden on the Shire’s internal road network caused by heavy haulage mining vehicles;
- 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 (UV)	0.6222 cents
Mining (UV)	7.8450 cents

Differential Minimum Payment (UV)

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

	<u>Minimum Rate</u>
Rural (UV)	\$1,112
Mining (UV)	\$534

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 Friday, 20 July 2018.