



## **Objectives and Reasons Proposed Differential Rates and Minimum Payments 2017/2018 Financial Year**

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

### **1. Overall Objective**

The purpose of the levying of rates is to meet Shires 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 of Dundas.

The application of differential rating maintains the status quo in terms of equity in the rating of properties across the Shire, enabling the Council to provide facilities, infrastructure and services to the entire community and visitors.

### **2. 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 Dundas every five years and assigns a GRV. The current valuation is effective from 1<sup>st</sup> July 2014.

Interim valuations are provided monthly to the Shire 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 the Shire recalculates the rates for the affected properties and issues interim rates notices.

#### **GRV – Townsites**

This rating category applies to properties located within the town site boundaries of the Shire of Dundas. This category is considered by the Council to be the base rate by which all other GRV rated properties are assessed. The proposed Townsites rate is 15.8624 cents per dollar of GRV, with a minimum rate of \$349.

#### **GRV – Roadhouses / Service Stations**

This rating category applies to the Roadhouses and Service Stations located within the Shire.

The proposed Roadhouses / Service Stations rate is 15.8624 cents per dollar of GRV, with a minimum rate of \$349. The rate reflects the cost of providing health inspection services, emergency services and other amenities. Most of these stations are generally located a large distance from the main service centre. However, the Shire has decided to charge the base rate by which properties within the town site are assessed. It is noted that rate levies paid by commercial property owners are generally tax deductible.

#### **GRV – Mining**

This rating category covers mining leases that have improvements on the land and are located within the Shire boundaries.

The proposed Mining rate for this category is 23.4967 cents per dollar of GRV, with a minimum rate of \$349.

The rate reflects the cost of servicing mining activities that are generally located a large distance from the main service centre. It is noted that rate levies paid by mining property owners are generally tax deductible.

### **3. Unimproved Value (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.

Council has adopted differential rates in its Unimproved Valuation area for improved and vacant mining leases, exploration, prospecting, pastoral leases and improved and vacant UV land.

## **UV – Mining / Exploration / Prospecting Leases**

These rating categories cover mining, exploration and prospecting leases located within the Shire of Dundas.

The proposed rate for these categories is 14.9590 cents per dollar of UV, with a minimum rate of \$349 except for prospecting category. The Shire encourages prospecting by way of a reduced minimum rate of \$290 as compared with other mining categories.

The proposed rate mainly reflects the ongoing costs (increased cost) involved in maintaining the road network that services these land use as the Shire's local authority boundaries extend all the way to the WA/SA state boundary.

The mining operations result in the Shire's road network and infrastructure requiring continual ongoing maintenance and renewal work to service these users. The Shire acknowledges the fact that exploration, prospecting and mining have different levels of impact on the Shire's road network. However, there remain the need to fund the maintenance and renewal requirement of this vital infrastructure asset for the benefit of all users.

In determining proposed rate in the dollar of these categories, consideration was given to the comparable rate in the dollar of the neighbouring shires (with significant mining operations) which provide similar services for mining activities. Even after this proposed increase in rate in the dollar, the Shire of Dundas remains as one of the shires with lowest UV rates for mining leases. It is noted that rates paid by mining operators are generally tax deductible.

## **UV – Pastoral**

This rating category applies to all pastoral leases that have been granted under the repealed *Land Act 1933*.

The proposed rate of 5.000 cents per dollar of UV, with a minimum rate of \$349 is proposed for this category.

The proposed rate is comparatively low compared to the mining UV rates due to the following:

- The minimal impact on or requirement that the pastoral industry has on or for Shire services and infrastructure.
- To encourage a diversification of land use other than mining related activities.
- Mining activities have and require a higher level of governance for licences, clearing permits etc
- Mining imposes greater damage to the environment with clearing, drilling and mining activities.

However, the proposed rate will help the Shire to gradually minimise the large disparity between the Pastoral UV and the Mining UV to ensure fairness across these categories.

## **4. Minimum Rates**

The setting of minimum rates within rating categories is an important method of ensuring that all properties contribute an equitable rate amount.

A minimum rate of \$349 has been set for all GRV rating categories. The Shire imposes one general minimum rate payment that applies to all GRV rateable properties within the boundaries of the town site. The rate is imposed to discourage holding undeveloped land with the Shire, which reduces the amenity of the area, and thereby encourages its early development.

Not more than 50% of all properties with a GRV rating are on the minimum rate to ensure compliance with Section 6.35 of the Local Government Act 1995.

The UV minimums (\$349) are applied to ensure that the rate burden is distributed equitably between all property owners. Mining, Pastoral, Exploration and Prospecting leases fall under this category and the majority are held by large mining companies.

The Shire does offer a reduced minimum rate for Prospecting Leases (\$290).

## **5. Summary**

In arriving at the proposed rates in the dollar the Shire has attempted to balance the need for revenue to fund essential services and facilities with the consideration of the rate payer's capacity to pay.