



Rates Objectives and Reasons Differential Rates and Minimum Payments 2018/2019 Financial Year

In accordance with Section 6.36 of the Local Government Act 1995, the Shire of Dundas is required to publish its Objectives 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.

2. 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.

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.

UV – Mining (Including Exploration and Prospecting Leases)

This rating category cover mining, exploration and prospecting leases located within the Shire of Dundas.

The proposed rate for this category is 15.2582 cents per dollar of UV, with a minimum rate of \$349 except for prospecting leases. The Shire encourages prospecting by way of a reduced minimum rate of \$300 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 maintenance and renewal requirements 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 focus) 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.

UV – Pastoral

This rating category applies to all pastoral leases that have been granted under the repealed *Land Act 1933*.

The proposed rate of 8.0000 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.

The Shire has factored in capacity to pay in determining the rate in the dollar for pastoral leases with a lowest UV rate in the dollar. However, the Shire need to ensure a minimum of 2:1 ratio between the Pastoral UV and the Mining UV to ensure fairness across these categories. The proposed rate will help the Shire to gradually minimise the large disparity between the Pastoral UV and the Mining UV categories.

This rate reflects the cost of providing building inspection services, emergency services and other amenities for those properties. Most of these properties are located a large distance from the main service centre. However, the cost of servicing the communities within the boundaries of the Shire should be borne by all residents and property owners.

3. 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 1st 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.

The four categories of GRV properties, dependent on land use and zoning are;

- Residential
- Commercial
- Industrial
- Vacant Land

It is proposed that all properties using GRV as the basis for rating will attract the same rate in the dollar and minimum rates.

Some of these properties are 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. This rate reflects the cost of providing health and building inspection services, emergency services and other amenities for those properties. The cost of servicing the communities within the boundaries of the Shire should be borne by all residents and property owners.

The proposed rate in the dollar is 15.8624 cents per dollar of GRV, with a minimum rate of \$349.

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.

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 (\$300).

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.