



**Rates Objectives and Reasons
Differential Rates and Minimum Payments
2019/2020 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 within Gross Rental Value (GRV) and Unimproved Valuation (UV) categories.

1. Overall Objective

The purpose of the levying of rates is to provide the shortfall in revenue required to make up the budget deficiency to enable the Shire 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. 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 four years and assigns a GRV. The current valuation is effective from 1st July 2019.

The new valuations applied for the 2019/20 financial year as a comparison to the 2018/19 financial year, is detailed below.

2019/20 GRV Valuation Details

GRV Categories	No. of Properties	GRV \$		Change %
		2018/19	2019/20	
Townsites	666	3,022,890	3,097,955	2.5%
Townsites - Motel / Hotel	4	264,420	368,400	39.3%
Mining - Remote improvements	3	1,448,000	1,058,000	-26.9%
Roadhouses	9	937,860	885,820	-5.5%
Non-rateable	29	178,572	285,092	59.7%
Total	711	5,851,742	5,695,267	-2.7%

As evident in the above table, there is a significant variation between valuation movements within the GRV category which will have a significant impact on the rates payable by some of the property owners.

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 / Roadhouses / Service Stations

The proposed rate in the dollar is 15.7038 cents per dollar of GRV, with a minimum rate of \$360.

This rating category applies to properties located within and very close proximity to the townsite boundaries of the Shire of Dundas and the roadhouses and service stations located within the Shire. This category is considered by the Council to be the base rate by which all other GRV rated properties are assessed.

Some of these properties are located at a large distance from the main service centre. However, the Shire has decided to charge the base rate by which properties within the townsite 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.

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 21.5000 cents per dollar of GRV, with a minimum rate of \$360.

The objective of the proposed rate in the dollar is to ensure that the proportion of total rate revenue derived from GRV Mining is consistent with the previous year revenue. The rate mainly reflects the increased cost associated with providing bushfire emergency services for these mining properties generally located a large distance from the main service centre. Further as a contribution towards the upkeep of general amenities within the Shire from a sector of ratepayers that essentially are transitory.

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.

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 – Pastoral

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

The proposed rate of 8.3200 cents per dollar of UV, with a minimum rate of \$360 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 the Council involvement for licences, clearing permits etc.
- Mining removes finite resources from the Shire, which will in turn impact rate revenue in future years.
- Mining imposes greater damage to the environment with clearing, drilling and mining activities.

The Shire has factored in a capacity to pay, in determining the rate in the dollar for pastoral leases with a lowest UV rate in the dollar.

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.

UV – Mining (Including Exploration and Prospecting Leases)

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

The proposed rate for this category is 15.7159 cents per dollar of UV, with a minimum rate of \$360 except for prospecting leases. The Shire encourages prospecting by way of a reduced minimum rate of \$309 as compared with other mining categories. The proposed rate for mining UV is comparatively high compared to the pastoral UV rates due to the reasons mentioned above under “UV – Pastoral” section.

The proposed rate mainly reflects the ongoing cost (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, and the cost associated with bushfire emergency services covering this vast land area. Further as a contribution towards the upkeep of general amenities within the Shire from a sector of ratepayers that essentially are transitory.

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 remains the need to fund maintenance and renewal requirements of this vital infrastructure asset for the benefit of all users.

In determining the 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 the rate in the dollar, the Shire of Dundas remains as one of the shires with the lowest UV rates for mining leases.

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 \$360 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 (\$360) 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 (\$309).

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.