



STATEMENT OF RATING OBJECTS AND REASONS

FOR THE 2019/20 FINANCIAL YEAR

In accordance with Section 6.36 of the Local Government Act 1995 and the Notice of the Council's intention to Levy Differential Rates for the 2019/20 Financial Year on certain properties within the Shire, the Shire is required to publish its Objects and Reasons for implementing differential rates.

Property valuations are provided by the Valuer General of WA for two types of values; Gross Rental Value (GRV) which generally applies for urban areas; and Unimproved Value (UV) which generally applies for rural land.

The 2019/20 Shire of Exmouth rating proposal has been heavily influenced by a revaluation¹ which has negatively impacted the majority of Gross Rental Valuations (GRV) for residential properties located outside the Exmouth Marina.

As a result the Shire has stepped away from its long term financial strategy, which aimed to increase rates revenue by between \$60,000 - \$70,000 in 2019/20 as it would have resulted in significant increases in rates in the dollar. Instead it has implemented a strategy that will see overall rates revenue increase by just \$4,318.78, (0.13%) this financial year.

In effect, this means that while the applied rate in the dollar has increased, the overwhelming majority of Exmouth home owners will actually pay lower rates in 2019/20.

Property owners in general GRV will pay an average of 0.1% less and vacant land owners will pay an average of 12.15% less.

For properties that increased in value, including commercial, developed marina, marina holiday homes, mining and rural properties the rate in the dollar will increase by 2%.

2019/20 rates schedule

The Shire of Exmouth proposes to impose differential general rates based on the following categories for 2019/20 financial year:

Rate Category	Rate in Dollar \$	Minimum Payment \$
GRV General	0.0751	930.00
GRV Marina Developed	0.1013	930.00
GRV Holiday Homes	0.1041	910.00
GRV Vacant Land	0.1501	735.00
UV Mining	0.1586	230.00
UV Rural	0.0800	735.00

¹ GRV's for all properties are revalued as part of a four to five year cycle of revaluations. For properties on UV, the values are set annually. Interim valuations are issued for properties where changes have occurred such as subdivisions, construction, additions etc. A full valuation of all GRV properties in the Shire of Exmouth has been completed for 1/07/2019. These valuations are used as the basis for the calculation of rates each year.

The proposed 2019/20 differential rating categories, rate in the dollar amount and minimum payment amount continue to provide fairness and equity by ensuring that all properties pay a consistent minimum payment. These funds continue to deliver our community expectations and needs as outlined in our Strategic Community Plan and Corporate Business Plan.

Marina Specified Area Rate

Included in the 2019/20 Differential Rating proposal is a Specified Area Rate to be applied to properties zoned Marina that have canal frontage in the Exmouth Marina Precinct. As in previous years, these funds are used for environmental monitoring costs, periodic dredging, clearing and maintenance of the canal waterways.

Specified Area Rate	Basis of Valuation	Rate in \$	Minimum Payment
Marina Specified Area	GRV Marina Developed	0.1339	N/A

OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL AND MINIMUM RATES

Following are the objects and reasons for each of the differential rates for properties zoned and whether the land is vacant in accordance with Shire of Exmouth Town Planning Scheme No.4:

GROSS RENTAL VALUE

GRV General

This rating category consists of properties zoned as:

- Industrial
- Mixed Use
- Strategic Industrial
- Tourist
- Town Centre
- Composite Development
- Residential
- Residential Development
- Urban Residential (Preston Street)
- Properties within Wilderness Estate

The proposed rate is 0.0751 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$930 are approximately 67% of the total rate requirements of Council. Revenue derived from this category assists funding to operate efficiently the service levels expected by the community as outlined in our Strategic Plan and Corporate Business Plan. The rate for this category is to be the base rate by which all other GRV rated properties are assessed. It excludes all vacant land, Holiday Homes and properties developed in the Marina as these categories have a higher demand on Shire resources.

OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL AND MINIMUM RATES (cont.)

GRV Marina Developed

This rating category consists of developed properties zoned as:

- Marina

The proposed rate is 0.1013 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$930 are approximately 11% of the total rate requirements of Council. The object of the rate for this category is to reflect the additional revenue required to fund the costs associated with the higher level of maintenance provided to these properties including maintaining the seawall to the north of the marina, maintain public jetties, canal footbridge, beach stabilisation, landscaping, road sweeping, and maintenance of street furniture, canal drainage and footbridge lighting. Also responsible for boat ramps and associated with cost within the area and maintenance of water way adjoining public open space.

GRV Holiday Homes

This rating category consists of residential properties that have received Town Planning approval to operate as short term holiday accommodation.

The proposed rate is 0.1041 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$930 are approximately 5% of the total rate requirements of Council. This category is rated higher than the GRV General Rate to assist with contribution to tourism, marketing and related projects throughout the district. Additionally it includes the development of tourist related services and infrastructure.

GRV Vacant Land

This rating category consists of all vacant land within Town site boundaries.

The proposed rate is 0.1501 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$735 are approximately 14% of the total rate requirements of Council. The object of the rate for this category is to reflect the additional revenue required to fund the costs associated with the higher level of service provided to properties in this category, including but not limited to firebreaks maintenance, upgrade and renewal of the street network, roadside sweeping, CBD car parking, landscaping, dust control management, drainage, footbridge lighting, street furniture and other amenities.

UV Mining

This rating category consists of properties used for mining, exploration or prospecting purposes.

The proposed rate is 0.1599 cents in the dollar of UV Value. Rates provided by this category, including minimum rates at \$230 are approximately 2% of the total rate requirements of Council. The object of the rate for this category is to raise revenue to fund additional costs to Council including, but not limited to frequent heavy vehicle use over extensive lengths of Shire roads throughout the year.

UV Rural

This rating category consists of properties zoned Rural.

The proposed rate is 0.0800 cents in the dollar of UV Value. Rates provided by this category, including minimum rates at \$735 are approximately 1% of the total rate requirements of Council. This rate is required to meet our community expectations and needs in our Strategic Community and Corporate Business Plans. The object of the rate for this category is to be the base rate by which all other UV rated properties are assessed. The reason is these properties are large extensive parcels of land with little commercial activity.

SPECIFIED AREA RATE

GRV Specified Area Rate

This Specified Area Rate applies to properties zoned Marina that have canal frontage in the Exmouth Marina Precinct.

The proposed rate is 0.01339 cents in the dollar of GRV Value. Specified Rates provided by this category, including minimum rates at \$134. The proceeds of these funds are applied in full on environmental monitoring and maintenance of the canal waterway, dredging and entrance channel navigation including both onshore & offshore, cost of clearing the sand traps, maintaining the main breakwaters including all breakwaters and groynes surrounding and protecting the outer harbour and other preservation works in accordance with the Exmouth Marina Village Agreement between the Minister for Transport, Landcorp & Shire of Exmouth.

Rating Provisions

The Local Government Act 1995 sets out the basis on which differential general rates may be based as follows: Section 6.32 (1) and 6.33 of the Local Government Act 1995 States:

- (1) When adopting the annual budget, a local government —
 - (a) in order to make up the budget deficiency, is to impose* a general rate on rateable land within its district, which rate may be imposed either —
 - (i) uniformly; or
 - (ii) differentially;

- 6.33. Differential general rates
 - (1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —
 - (a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*; or
 - (b) a purpose for which the land is held or used as determined by the local government; or
 - (c) whether or not the land is vacant land; or
 - (d) any other characteristic or combination of characteristics prescribed.

 - (2) Regulations may —
 - (a) specify the characteristics under subsection (1) which a local government is to use; or
 - (b) limit the characteristics under subsection (1) which a local government is permitted to use.

 - (3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

 - (4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.

 - (5) A differential general rate that a local government purported to impose under this Act before the *Local Government Amendment Act 2009* section 39(1)(a) came into operation¹ is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

Rating Provisions (cont.)

6.35. Minimum payment

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
 - (a) 50% of the total number of separately rated properties in the district; or
 - (b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
 - (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
 - (a) to land rated on gross rental value; and
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

SUBMISSIONS

All submissions are required to be made in writing to the Chief Executive Officer with respect to the proposed differential general rates, minimum payments and specified area rate within 21 days of the date of the notice of intent. Submissions must be received by the Shire of Exmouth no later than 4pm Wednesday 26th June 2019.

CAMERON WOODS
CHIEF EXECUTIVE OFFICER