



# STATEMENT OF RATING OBJECTS AND REASONS

FOR THE 2014/15 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 2014/15 Financial Year on certain properties within the Shire, the Shire is required to publish its Objects and Reasons for implementing differential rates.

## **Overall Objective**

The overall objective of the proposed rates and charges in the 2014/15 Budget is to provide for the net funding requirement of Council's Operational and Capital activities after taking into account all other forms of revenue.

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 which generally applies for rural land.

GRV's for all properties are revalued as part of a four 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.

These valuations are used as the basis for the calculation of rates each year.

## **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 operation<sup>1</sup> 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.

#### 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.

## 2014/15 BUDGET PROPOSAL

The Shire of Exmouth proposes to impose differential general rates based on the following categories for 2014/15 financial year:

<b>Rate Category</b>	<b>Rate In Dollar \$</b>	<b>Minimum Payment</b>
GRV Commercial-Industrial	0.0686	\$700
GRV Commercial-Industrial Vacant Land	0.0995	\$700
GRV Marina	0.0942	\$1,440
GRV Marina Vacant Land	0.1068	\$1,440
GRV Residential	0.0658	\$700
GRV Residential Development	0.0573	\$700
GRV Residential Development Vacant Land	0.0573	\$400
GRV Special Rural	0.0534	\$800
GRV Special Rural Vacant Land	0.0642	\$800
UV Rural	0.0730	\$750
UV Mining	0.1405	\$320
GRV Specified Area Rate	0.012863	\$64.60

The rate in the dollar for each of the differential category has been increased by CPI (March 2014) to reflect an increase in the rates required to meet our community expectations and needs as outlined in our Strategic Community Plan and Corporate Business Plan.

2014-15 is a revaluation year and due to the revaluation, not all properties will receive a uniform 2.9% increase. The increase for some properties will be more than 2.9% due to their valuation increasing by a factor greater than the average increase and for others, it will be less than 2.9% due to their valuation either not changing or it has decreased by a factor less than the average increase.

Ministerial approval will be sought to impose a general minimum for Marina Vacant Land and Residential Development Vacant Land as the number of properties in each of these categories are 50% more than the total number of properties.

### **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.3:

## **GROSS RENTAL VALUE**

### **GRV Commercial-Industrial**

This rating category consists of properties zoned as:

- Industrial
- Light Industrial
- Mixed Use
- Strategic Industrial
- Tourist
- Town Centre
- Composite Development

The proposed rate is 6.86 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$700 are approximately 27% of the total rate requirements of Council. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher level of service provided to properties in this category, including but not limited to upgrade and renewal of the street network, roadside sweeping and flood mitigation measures.

### **GRV Commercial-Industrial Vacant Land**

This rating category consists of vacant properties zoned as:

- Industrial
- Light Industrial
- Mixed Use
- Strategic Industrial
- Tourist
- Town Centre
- Composite Development

The proposed rate is 9.95 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$700 are approximately 4% of the total rate requirements of Council. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher level of service provided to properties in this category, including but not limited to dust control management, drainage and street sweeping.

### **GRV Marina**

This rating category consists of properties zoned Marina.

The proposed rate is 9.42 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$1,440 are approximately 10% of the total rate requirements of Council. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher level of amenities and services provided to this area including but not limited to landscaping, road sweeping and canal drainage.

### **GRV Marina Vacant Land**

This rating category consists of vacant properties zoned Marina.

The proposed rate is 10.68 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$1,440 are approximately 16% of the total rate requirements of Council. The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher level of service provided to properties in this category, including but not limited to dust control management, drainage and street sweeping.

**GRV Residential**

This rating category consists of properties zoned Residential.

The proposed rate is 6.58 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$700 are approximately 39% of the total rate requirements of Council. The object of the rate for this category is to be the base rate by which all other GRV rate properties are assessed and includes vacant residential land which is the result of infill development and don't require additional works. For that reason other GRV rating categories have a higher demand on Council resources.

**GRV Residential Development**

This rating category consists of properties zoned Residential Development.

The proposed rate is 5.73 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$700 are approximately 0.04% of the total rate requirements of Council. The object of the rate for this category although the zoning states residential development, the land is subject to flooding and can only be used for recreational purposes, however 1 residential house had been constructed quite some time ago.

**GRV Residential Development Vacant Land**

This rating category consists of vacant properties zoned Residential Development.

The proposed rate is 5.73 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$400 are approximately 0.13% of the total rate requirements of Council. The object of the rate for this category although the zoning states residential development, the land is subject to flooding and can only be used for recreational purposes, hence why a lower minimum rate is applied.

**GRV Special Rural**

This rating category consists of properties zoned:

- Special Rural
- Special Use

The proposed rate is 5.34 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$800 are approximately 1% of the total rate requirements of Council. The object of the rate for this category is to encourage an alternative lifestyle to residential which provides larger lots for recreational purposes.

**GRV Special Rural Vacant Land**

This rating category consists of vacant properties zoned:

- Special Rural
- Special Use

The proposed rate is 6.42 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$800 are approximately 0.83% of the total rate requirements of Council. The object of the rate for this category is to encourage an alternative lifestyle to residential which provides larger lots for recreational purposes.

## **UNIMPROVED VALUE**

### **UV Rural**

This rating category consists of properties zoned Pastoral.

The proposed rate is 7.30 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$750 are approximately 1% of the total rate requirements of Council. 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 are large extensive parcels of land with little commercial activities.

### **UV Mining**

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

The proposed rate is 14.05 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$320 are approximately 1% of the total rate requirements of Council. The object of the rate for this category is to raise revenue to fund the additional costs to Council. The reason is to reflect the higher road infrastructure maintenance costs to Council as a result of frequent heavy vehicle use over extensive lengths of shire roads throughout the year.

## **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 1.2863 cents in the dollar of GRV Value. Specified Rates provided by this category, including minimum rates at \$64.60 are to fund for the annual water monitoring costs, including periodic dredging, clearing and maintenance of the canal waterways.

## **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 on Thursday 31 July 2014.

BILL PRICE  
CHIEF EXECUTIVE OFFICER