



STATEMENT OF RATING OBJECTS AND REASONS

FOR THE 2016/17 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 2016/17 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 2016/17 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 (UV) 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 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.

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.

2016/2017 BUDGET PROPOSAL

The Shire of Exmouth proposes to impose differential general rates based on the following categories for 2016/17 financial year:

Rate Category	Rate in Dollar \$	Minimum Payment \$
GRV General	0.0750	900.00
GRV Marina Developed	0.1002	900.00
GRV Holiday Homes	0.1011	900.00
GRV Vacant Land	0.1205	900.00
UV Mining	0.1552	900.00
UV Rural	0.0776	900.00
GRV Specified Area Rate	0.0130	\$66.00

An overall increase of approximately 4.8% has been applied 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.

The proposed 2016/17 differential rating categories, rate in the dollar amount and minimum payment amount have been simplified, providing fairness and equity by ensuring that all properties pay a consistent minimum payment.

To achieve this, Council has combined 11 differential rate codes that were levied in 2015/16, into 6 codes. To minimise any significant increases to those properties, it is recommended to phase in the changes over a number of years by way of a concession to the affected rating zones and categories:

Concessions for Properties levied Differential General Rate

% concession	Previous Rating Category	New Rating Category
2.32%	Residential	GRV General
23.36%	Special Rural	GRV General
3.97%	Commercial-Industrial Vacant Land	GRV Vacant Land
64.84%	Special Rural Vacant Land	GRV Vacant Land

Concessions for Properties levied Minimum Payment

\$ Concession	Previous Rating Category	Reason	New Rating Category
\$470	Residential Development Vacant Land	Properties are subject to flooding and can only be used for recreational purposes	GRV Vacant Land
\$400	Mining	By standardising the minimum payment, this rating category would have a significant increase	Mining

Above all, this will see our rate modelling continue as a strategic step in establishing a sustainable rating structure.

Included in the 2016/17 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.

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 General

This rating category consists of properties zoned as:

- Industrial
- Light Industrial
- Mixed Use
- Strategic Industrial
- Tourist
- Town Centre
- Composite Development
- Residential
- Residential Development
- Special Rural

The proposed rate is 0.0750 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$900 are approximately 64% 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 rated properties are assessed. It excludes vacant land, Holiday Homes and properties developed in the Marina as these categories have a higher demand on Shire resources.

GRV Marina Developed

This rating category consists of developed properties zoned as:

- Marina

The proposed rate is 10.02 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$900 are approximately 8% 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 amenities and services provided to this area including, but not limited to landscaping, road sweeping, maintenance of street furniture, canal drainage and footbridge lighting.

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 10.11 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$900 are approximately 5% of the total rate requirements of Council. The object of the rate for this category

is to reflect the additional costs associated with holiday use properties including handling noise complaints, ranger call outs and contributions towards tourism infrastructure maintenance. It excludes registration, which is charged annually via Town Planning approval processes.

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

GRV Vacant Land

This rating category consists of vacant properties zoned as:

- Industrial
- Light Industrial
- Mixed Use
- Strategic Industrial
- Tourist
- Town Centre
- Composite Development
- Special Rural
- Marina
- Residential
- Residential Development

The proposed rate is 12.05 cents in the dollar of GRV Value. Rates provided by this category, including minimum rates at \$900 are approximately 17% 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. Additionally it includes the development of tourist related services and infrastructure.

UV Mining

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

The proposed rate is 15.52 cents in the dollar of UV Value. Rates provided by this category, including minimum rates at \$900 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 Pastoral.

The proposed rate is 7.76 cents in the dollar of UV Value. Rates provided by this category, including minimum rates at \$900 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 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 1.30 cents in the dollar of GRV Value. Specified Rates provided by this category, including minimum rates at \$66 are to fund 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 Wednesday 27 July 2016.

BILL PRICE
CHIEF EXECUTIVE OFFICER