



## SHIRE OF WESTONIA 2021/2022 DIFFERENTIAL RATE MODEL STATEMENT OF OBJECTS AND REASONS

### **Objects and Reasons for implementing a Differential Rate**

In accordance with Section 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to impose Differential Rates", the following information details the objectives and reasons for those proposals.

### **What are Rates?**

The raising of rates is the primary source of revenue for all Councils throughout Australia. The purpose of levying rates is to meet Council's proposed budget requirements each year in a manner that is fair and equitable to the ratepayers of the community.

In Western Australia land is valued by Landgate Valuation Services (Valuer General's Office - a state government agency) and those values are forwarded to each Local Government.

Two types of values are calculated:

- Gross Rental Value (GRV) for urban areas; and
- Unimproved Value (UV) for rural land.

To calculate the rate account, councils multiply a rate in the dollar by the supplied value. The rate in the dollar is determined by the level of revenue the council wishes to raise and is dependent on their proposed budget.

Apart from the need to ensure sufficient revenue to meet its expenditure needs Council must be mindful of the impact and affordability of rates to the community.

### **Differential Rating**

Local Governments, under section 6.33 of the Local Government Act, have the power to implement differential rating in order to take into account certain characteristics of the rateable land. These characteristics include:

- ◆ The purpose for which the land is zoned under the town planning scheme in force;
- ◆ The predominant use for which the land is held or used as determined by the local government; and

Differential rates may be applied according to any, or a combination of the above characteristics. However, local governments are constrained in the range of differential rates that they may impose. That is, a local government may not impose a differential rate which is more than twice the lowest differential rate applied by that local government unless approval from the Minister is sought.

The Shire of Westonia proposes to Differentially Rate all Gross Rental Value (GRV) Mining rates to the Gold Mine as the land has an improved classification. The minimum payments proposed for all rate categories have been set at \$355, which are considered to be the maximum for the long term, with the exception of UV Mining which is set at \$200.00.

The following are estimated Differential Rates and Minimum Payments for the Shire of Westonia for the 2021/2022 financial year.

	<i>Rate in the Dollar (Cents)</i>	<i>Minimum \$</i>
GRV – Residential	7.2217	\$355.00
GRV - Mining	20.5362	\$355.00

### **GRV – Residential**

The object of the GRV rates and minimum payments is to ensure a fair contribution to the revenue requirements of the Shire, while not imposing additional financial pressure on town residents. The minimum payments proposed for all rate categories have been set at \$355, which are considered to be the maximum for the long term. The proposed rate in dollar for GRV Residential is 7.2217 cents in the dollar.

### **GRV – Mining**

The object of the GRV rates associated with the Gold Mine is to ensure the mine contributes to the maintenance of the Shire's assets and services to the extent that the mining operators and their connections use them. The population of the 160 man mining camp situated in the Westonia townsite almost triples that of the general population of the town and creates a massive burden on the Council's resources. The minimum payments proposed for all rate categories have been set at \$355, which are considered to be the maximum for the long term. The proposed rate in dollar for GRV Mining is 20.5362 cents in the dollar.

### **UV – Rural**

The object of the UV Rural rate is to permit the imposition of rates on Rural Properties that is reasonably proportional to the financial resources of those who will bear the burden of the rates and striking a reasonable balance between the capacity to pay and the fairness of the requirement. The minimum payments proposed for all rate categories have been set at \$355, which are considered to be the maximum for the long term. The proposed rate in dollar for UV Rural is 1.5922 cents in the dollar.

### **UV – Mining**

The object of the UV Mining rate is to ensure a fair contribution to the revenue requirements of the Shire and to permit the imposition of rates on mining tenements that is reasonably proportional to the financial resources of those who will bear the burden of the rates and striking a reasonable balance between the capacity to pay and the fairness of the requirement. The minimum payments proposed for all rate categories have been set at \$200, *as per section 6.35 (4) of the Local Government Act 1995 and Regulation 53 of the Local Government (Financial Management) Regulations 1996* which are considered to be the maximum for the long term, subject to section 6.33 of the Local Government Act. The proposed rate in dollar for UV Mining is 1.5922 cents in the dollar.

### **GRV Differential Rate - Mining**

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 Westonia every five years and assigns a GRV.

The current valuation is effective from 1 July 2019. Interim valuations are provided monthly to Council 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 Council recalculates the rates for the affected properties and issues interim rates notices.

It refers to all land for which a mining tenement has been issued by the Department of Mines and Petroleum (DMP), and valued as such by the Valuer General's Office. The valuation determined by the Valuer General for mining tenements is calculated by multiplying the following factors.

- Rental cost of the tenement type (mining lease, prospecting lease, exploration license, petroleum producing licence etc);
- GRV basis as determined by the DMP, and
- Tenement/license area

#### Objects and Reasons for GRV Mining Differential Rate

Land used for Mining is rated higher than the UV-Rural differential rate to improve fairness and equity outcomes by:

- Ensuring mining rates payable are no less than the average rates payable, per property, in

Policy Area C (General Farming), in part to;

- compensate for the different method and comparatively lower valuation level;
  - to recognise the often short term tenure of mining projects in the region; and
  - to maintain comparability with other commercial operations in the rural sector.
- Applying a percentage premium above the average rates payable, per property, in Policy

Area C (General Farming), at a level determined by the Council, to reflect the following:

- the impacts of higher road infrastructure maintenance costs to Council as a result of frequent very heavy vehicle use over extensive lengths of roads throughout the year;
- additional emergency service arrangements that have to be put in place;
- the monitoring of environmental impacts of clearing, noise, dust and smell;
- planning, building and health assessment cost; and
- additional costs of amenities and services provided to cater for the employees of the mining operations, such as recreation, parking and law, order and public safety.

#### Minimum Payments

The setting of general minimum payment level within all rating categories is an important method of ensuring all properties contribute an equitable rate amount to non-exclusive services.

Submissions are invited from any Elector or Ratepayer with respect to the proposed differential rate within 21 days of the date of the notice of intent.

All submissions in writing should be forwarded to the Shire of Westonia no later than 4.00pm on Wednesday 27<sup>th</sup> May 2021.

Jamie Criddle  
Chief Executive Officer  
Shire of Westonia

5 May 2021