

Objectives and Reasons of the Differential Rates and Minimum Payments for the 2018/19 Financial Year

In accordance with Section 6.36 of the Local Government Act 1995, the Shire of Broome is required to publish its Objects and Reasons for implementing Differential Rates.

Overall Objective

The purpose of the levying of rates is to meet the Shire's budget requirements each financial year 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 Broome. Properties are grouped according to town planning zonings and/or predominant land use with each having a separately calculated rate in the dollar to achieve greater equity across all sectors.

Council has considered the Key Values contained within the Rating Policy Differential Rates (s.6.33) March 2016 released by the then Department of Local Government and Communities, being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and administrative efficiency

A copy of this policy can be obtained from <https://www.dlqc.wa.gov.au/Publications/Pages/Rating-Policy-Differential-Rates.aspx>.

Council has determined its required rates yield after reviewing all revenue sources, expenditure and efficiency measures as part of its budget deliberations. After reviewing budgeted sources of revenue and expenditure for the financial year 2018/19, a budget deficiency of \$22.4M has been identified. To fund this deficit, the rate-in-dollar is proposed to be increased by 1.78% across all rating categories based on current valuations to reflect Council's objective of raising a total of \$22.4M in rates. This will ensure an equitable distribution of the required rates yield from one year to the next consistent with Shire's approach in previous years.

The rate yield of \$22.4M is in line with the revenue requirements of the Shire's Long Term Financial Plan (LTFP) of \$22.4M for the 2018/19 financial year and provides for Capital Works and Programs which includes:

- Plant Replacement - \$967K (key items include replacement of heavy machinery and fleet vehicles)
- Renewal of various buildings - \$495K
- Various footpath constructions, renewals and upgrades - \$898K
- Furniture, equipment, capital ICT hardware and software projects- \$410K
- Renewal and upgrades of various parks, ovals and public open spaces - \$525K
- Drainage survey and renewal - \$33K
- Urban roads reseal program - \$666K
- Hamersley Street extension - \$821K
- Hunter Street reconstruction stage 2 - \$653K
- Other road upgrades- \$144K

- Various bus facilities renewal and upgrade - \$64K
- Rubbish services - bin replacement - \$50K
- Various street lighting - \$223K
- Buckley's Road Waste Facility capping & other rehabilitation works - \$71K
- Youth Bike Recreation Precinct Stage 2- \$256K
- Surf Life Saving Club building upgrades - \$170K
- BRAC retractable shade sail replacement - \$62K
- Carparks and bus bays - \$66K
- Various warning signage upgrades - \$32K
- Cable Beach Foreshore Masterplan implementation - \$120K
- Town Beach boat ramp, trailer parking and ablution block at Catalinas - \$611K
- Implementation of arts, culture, heritage, youth framework and community safety plan - \$105K
- Various business efficiency and effectiveness improvement projects - \$310K
- Australia Day, Reconciliation Week, Chinatown Christmas decorations and various community events - \$125K
- Reviews of municipal inventory, heritage list, local planning scheme, Broome townsite shorelines - \$84K
- Strategy and action plan to address homelessness in Broome - \$70K

Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. In particular, the following actions have been undertaken:

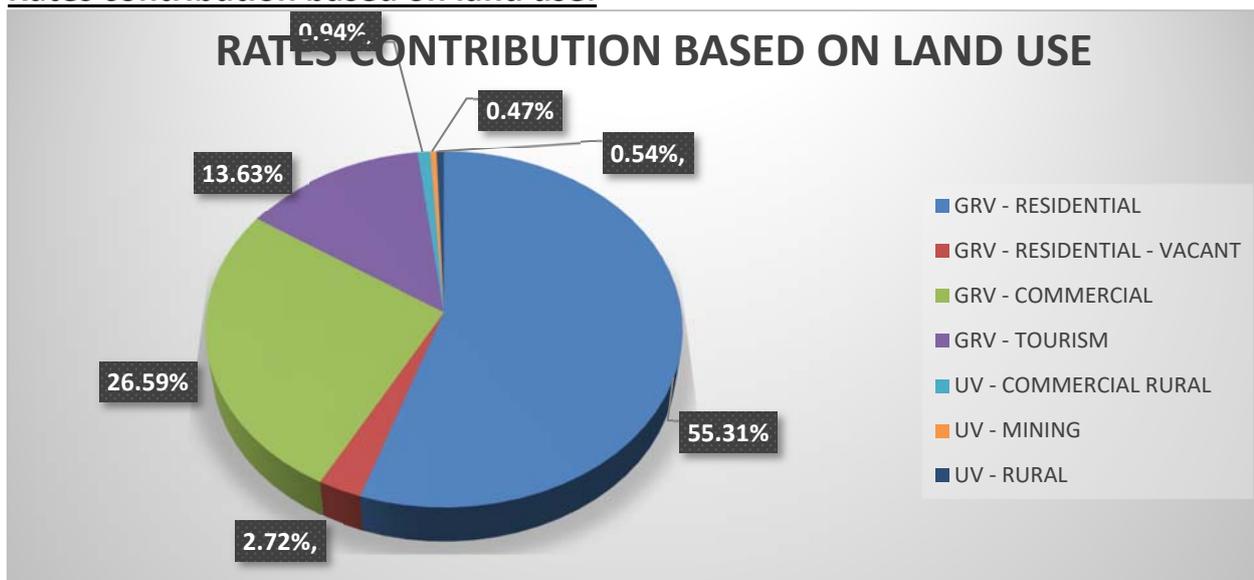
Efficiency Measures:

- Reviewed Inside Staff Enterprise Bargaining Agreement;
- reviewed position descriptions and remuneration as vacancies arise;
- renewal of Shire assets based on recently adopted Asset Management Plan;
- encouraged certain staff to take advantage of remote area housing through Shire leases therefore minimising need for staff housing stock;
- continued to outsource waste collection and domestic recycling education in cost effective manner;
- started provision of surveying services to other local governments on a fee for service basis;
- bush fire mitigation strategies and compliance measures were put in place to reduce scope of recurring work;
- disposal of under-utilised and maintenance-demanding light fleet and plant;
- installation of LED streetlighting and energy efficient fixtures;
- contractor inductions to reduce exposure to occupational health and safety risks
- conducted several internal audits of governance and legislative compliance;
- robust review of insurance services;
- changed the provision of pre-cyclone clean-up activities to become less resource intensive but still responsive to safety objectives of pre-cyclone preparations;
- revisiting the resourcing of GIS services;
- reduced some facility opening hours in line with service review findings regarding usage patterns; and
- installed after hours shut-off switch at Administration Building to limit unnecessary air-conditioning when the building is not occupied.

Below is a summary of the proposed minimum payments and rates in the dollar for 2018/19

Differential Rate Category	Minimum Payment	Rate in the \$ (Cents)
GRV – Residential	\$1,220	9.9283
GRV – Residential Vacant	\$1,220	16.0727
GRV – Commercial/Industrial	\$1,220	10.9568
GRV – Tourism	\$1,220	15.2390
UV – Rural	\$1,220	0.6687
UV – Mining	\$500	12.5464
UV – Commercial Rural	\$1,220	3.1327

Rates contribution based on land use:



The 2018/19 Rating Year utilises the most recent general revaluation effective 1 July 2015, with valuations assessed as at September 2014 by the Valuer General's office.

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 Broome. The current valuation is effective from 1 July 2015 and the next GRV valuation is expected to take effect from 1 July 2019. The rental value for a house or other GRV property is influenced by factors such as age, construction, size, car shelters, pools and locations. Interim valuations are provided fortnightly 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 properties contribute about 98% of the total rates as the properties in this category generally have much higher demand on Shire resources.

GRV – Residential (The Base Rate for Gross Rental Value)

This rating category consists of properties which have a predominant residential use. The object of the rate for this category is to be the base rate by which all other GRV rated properties are assessed. The reason for the rate in the dollar for this category is to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas.

Council is focused on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing of public ablutions and other building maintenance programs. The rates to be raised from this category are expected to be sufficient to meet the community needs and service levels for properties under this category within the Shire of Broome. This category is expected to contribute 55.31% of the total rates to be raised for 2018/19.

GRV – Residential Vacant

This rating category consists of properties which are vacant of any construction and zoned as residential under the Shire's Local Planning Scheme and excludes vacant land zoned as Tourist, Commercial or Industrial. The object of the rate for this category is to signify Council's preference for residential land to be developed rather than leaving it vacant. The encouragement of development is strategically important as it has a positive effect on local employment, economic diversity and further community returns from population-linked investment in the region by both State and Federal funding bodies. Another reason for the rate being higher than the base rate is to distribute the rates burden equitably considering the different method used for the valuation of vacant residential land as compared to the GRV-Residential category. This is also intended to discourage land investors from land banking and to discourage excessive vacant land leaving subdivisions barren and aesthetically unappealing which may provide prospects for potential antisocial behaviour. The rate in the dollar for this category is 62% higher than the GRV – Residential base rate. This category is expected to contribute 2.72% of the total rates to be raised for 2018/19.

GRV – Commercial

This rating category covers the town centre, commercial business, shopping centres, telecom tower sites and the airport. All properties rated under this category are zoned Commercial under the Town Planning Scheme, excluding properties with a tourism use. The purpose of this rating category is to recognise the impact of commercial properties on infrastructure and environment within the Shire. The object of the rate for this category is to recognise the greater share of costs associated with the provision of additional services like economic development, maintaining car park infrastructure, landscaping, environmental health, light industrial area infrastructure and other amenities. The rate in the dollar for this category is 10% higher than the GRV –Residential base rate. This category is expected to contribute 26.59% of the total rates to be raised for 2018/19.

GRV – Tourism

This rating category consists of properties with operations related to tourism. The purpose of this rating category is to recognise the impact of such properties on infrastructure and environment within the Shire. The object of the rate for this category is to recognise the greater share of costs associated with the provision of services in addition to the services provided in GRV Commercial category. Some additional costs are contribution towards economic development, tourism promotion, marketing activities, environmental health, public safety and law enforcement during the tourist season. The rate in the dollar for this category is 53% higher than the GRV –Residential base rate. This category is expected to contribute 13.63% of the total rates to be raised for 2018/19.

Unimproved Value (UV)

Properties that are predominantly used for rural purposes are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis. The rate in the dollar set for the UV-Rural category forms the basis for calculating all other UV differential rates.

UV properties contribute about 2% of the total rates as the properties in this category generally have much lower demand on Shire resources.

UV - Rural (The Base Rate for Unimproved Value)

This rating category consists of properties that are exclusively for rural use. The object of the rate for this category is to be the base rate by which all other UV rated properties are assessed. Other UV rating categories have a higher demand on Shire resources as compared to properties in the UV - Rural rating category. This category is expected to contribute 0.54% of the total rates to be raised for 2018/19.

UV - Commercial Rural

This rating category consists of properties that are outside of the townsite that have a commercial use inclusive of:

- Pearling Leases;
- Pastoral leases or Pastoral use;

The object of the rate for this category is to recognise the level of rating required to be raised to operate efficiently and provide for rural infrastructure and services in addition to the urban services, programs and infrastructure which are available to be accessed by the properties in this category. The Shire incurs higher costs of infrastructure maintenance and renewal of the rural road network due to its vulnerability to extreme weather conditions which is further increased by extra vehicle movements and activities associated with these properties. This category is expected to contribute 0.94% of the total rates to be raised for 2018/19.

UV – Mining

This rating category consists of properties that are used for mining, exploration or prospecting purposes. The object of the rate for this category is to reflect the impact on utilisation of rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes. In addition, these properties have access to all other services and facilities provided by the Shire. The reason this category is rated higher than UV-Commercial is to reflect the higher road infrastructure maintenance costs to the Shire because of frequent heavy vehicle use over extensive lengths of Shire roads throughout the year. This category is expected to contribute 0.47% of the total rates to be raised for 2018/19.

Minimum Payments

The setting of minimum rates within rating categories recognises that every property receives some minimum level of benefit from the works and services provided by the Shire which is shared by all properties regardless of size, value and use. A proposed minimum rate of \$1,220 has been applied to all rating categories except for the UV-Mining category.

UV of mining tenements ranges from \$10 to \$70,000 and an average UV of \$11,557. The minimum rate for the UV-Mining category is set at a lower level compared to the other rating categories in order to ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount. This also ensures that less than 50% of the properties in this category are on the minimum rate to ensure compliance with section 6.35 of the *Local Government Act 1995*.

Yours Faithfully,

Sam Mastrolembo
Chief Executive Officer