

Objectives and Reasons for the Differential Rates and Minimum Payments for the 2021/22 Financial Year

Under section 6.36 of the Local Government Act 1995, the Objects and Reasons for implementing Differential Rates must be published by Shire of Broome.

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. The Valuer-General provides the property valuations 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 or land use as determined by the Shire of Broome. Properties are grouped according to town planning zonings or predominant land use. Each rating category has a separately calculated rate in the dollar to achieve equity across all sectors.

Council has considered the Key Values contained within the Rating Policy Differential Rates (s.6.33) released by the Department of Local Government, Sport and Cultural Industries, being:

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

A copy of this policy can be obtained from this link:

<https://www.dlgsc.wa.gov.au/department/publications/publication/rating-policy-differential-rates>.

Council determines the required rates yield by reviewing all revenue sources, expenditure and efficiency measures. As part of its budget deliberations, it is assumed that the Shire's operations will return to the same levels before the COVID-19 pandemic. A budget deficiency of \$23.94M has been identified for the financial year 2021/22, and a 1.83% increase in the rate-in-dollar across all rating categories would yield the required rates to fund this deficit. There being no changes to the rating categories, the consistency and equitable distribution of the rates are maintained from one year to the next.

The Shire's Long-Term Financial Plan (LTFP) targeted a 1.85% increase in the 2021/22 financial year rates. The rate yield of \$23.94M is slightly higher (1%) than the revenue projected in Shire's LTFP. It will fund the Capital Works Program as per the Shire's latest Corporate Business Plan.

- Plant Replacement - \$2.1M
- Skate Park Redevelopment - \$1.5M
- Other Road Upgrades & Renewal \$1.0M
- Cable Beach Foreshore Upgrade Detailed Design - \$867K
- Off-Street Carpark and Infrastructure in Frederick Street - \$829K
- Renewal of Various Buildings - \$779K
- Buckley's Road Waste Facility Capping - \$700K
- Renewal and Upgrades of Various Parks and Ovals - \$663K
- Review of ICT Digital Strategy and ICT Renewals - \$559K
- Conti Foreshore Shared Path Development (Connecting the Guy Street and Hamersley Street Shared Paths) - \$472K
- Community Recycling Centre Detailed Design - \$ 420K
- Various Footpath Constructions, Renewals and Upgrades - \$ 366K
- BRAC Parking Improvements \$315K
- Implementation of Cemetery Master Plan \$310K

- Off-Street Carpark and Infrastructure in Port Drive - \$299K
- BRAC Grid Solar Connection - \$231K
- Broome Lighting Upgrades – \$150K
- Various Street Lighting Renewals - \$121K
- Place Activations Plan – \$97K
- Cape Leveque Tourist Bay and Signage - \$92K
- Footbridges – \$84K
- Old Broome and Cable Beach Precinct Plans \$75K
- Sanctuary Road Feasibility Study – \$70K
- Reconciliation Week, Christmas Decorations and Various Community Events - \$66K
- Local Planning Scheme and Local Planning Strategy Review \$65K
- Various Coastal Asset Renewals - \$63K
- Various Improvements in BRAC (WiFi, Self Scanning, Floorball Rink) - \$53K
- Bin Replacement \$50K
- Review of Sport & Recreation Plan and BRAC Master Plan \$50K
- Various Carparks Renewals - \$44K
- Broome Air Raid 80th Anniversary \$35K
- Implement the Youth Plan - \$32K
- New Public Open Space Strategy - \$30K
- New Radar Speed Display Signs - \$30K
- Various Bus Facilities Renewals - \$29K
- Various Drainage Renewals – \$28K
- New Corporate Communications Strategy - \$25K
- Access and Inclusion - \$15K
- Neighbourhood Engagement Program -\$15K

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

Efficiency Measures:

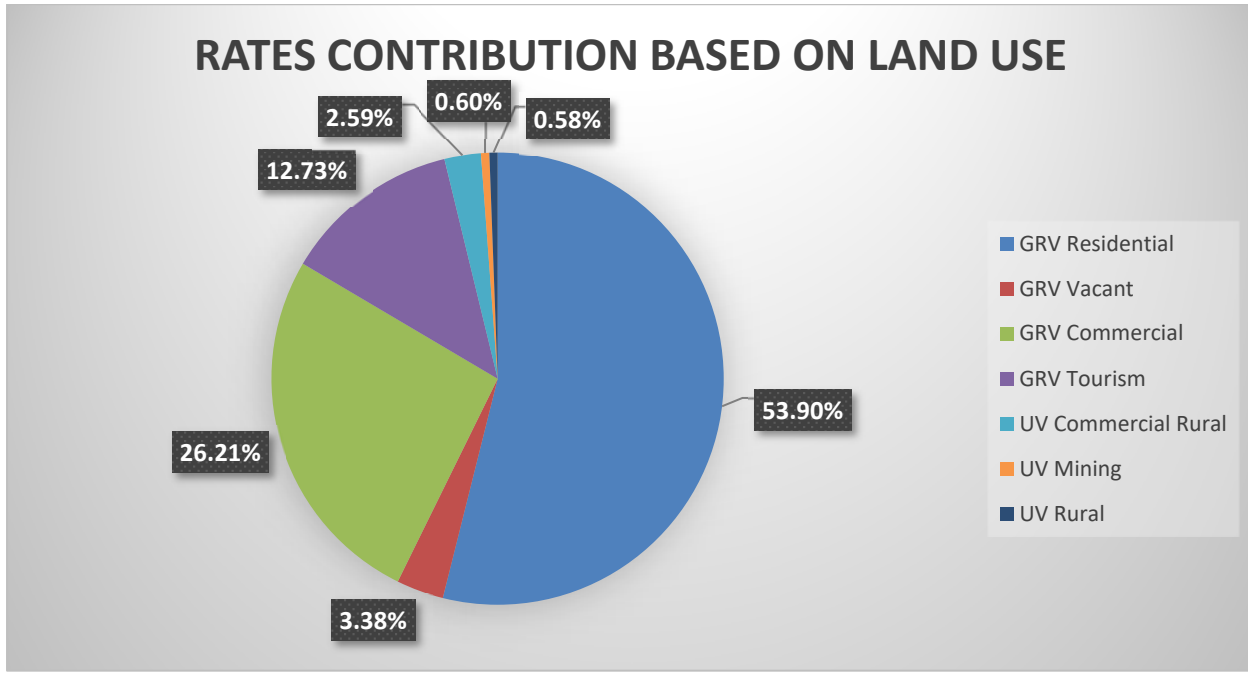
- reviewed position descriptions and remuneration as vacancies arise;
- renewal of Shire assets based on adopted Asset Management Plan;
- encouraged certain staff to take advantage of remote area housing through the Shire leases, therefore, minimising the need for staff housing stock;
- continued use of local suppliers whenever possible and appropriate;
- conduct of three budget reviews each financial year;
- continued to outsource waste collection and recycling education cost-effectively;
- bush fire mitigation strategies and compliance measures were put in place to reduce the scope of recurring work;
- disposal of the under-utilised and maintenance-demanding light fleet and plant;
- installation of LED street lighting and energy-efficient fixtures throughout Shire facilities;
- contractor inductions to reduce exposure to occupational health and safety risks;
- conducted several internal audits of governance and legislative compliance;
- a robust review of insurance services and identify opportunities to self-insure;
- 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
- 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 2021/22

Differential Rate Category	Minimum Payment	Rate in the \$ (Cents)
GRV – Residential	\$1,220	11.0204
GRV – Vacant	\$1,220	20.1729
GRV – Commercial	\$1,220	11.4171

GRV – Tourism	\$1,220	14.9349
UV – Rural	\$1,220	0.7763
UV – Mining	\$500	11.9883
UV – Commercial Rural	\$1,220	3.2458

Rates contribution based on land use:



The 2021/22 Rating Year utilises the most recent general revaluation that took effect on 1 July 2019 due to the general valuations assessed by the Valuer General's office in October 2018.

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. Under section 22 of the Valuation of Land Act 1978, the Valuer-General also determines the frequency of general valuations. However, historically, the Valuer-General has undertaken a GRV revaluation every three to five years, with the most recent valuation occurring in October 2018 and effective from 1 July 2019. Factors such as age, construction, size, car shelters, pools and location influence the rental value for a house or other GRV property. 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 a 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 96.2% of the total rates as the properties in this category generally have a much higher demand for Shire resources.

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

This rating category consists of properties that have a predominant residential use. This rating category is 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 public ablutions and other building maintenance programs. The rates from this category are expected to meet the community needs and service levels for properties under this category within the Shire of Broome. This category is expected to contribute 53.9% of the total rates to be raised for 2021/22.

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 tourism use. This rating category recognises the impact of commercial properties on infrastructure and the environment within the Shire. This category recognises the more significant share of costs associated with providing 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 3.6% higher than the GRV – Residential base rate. This category is expected to contribute 26.2% of the total rates to be raised for 2021/22.

GRV – Tourism

This rating category consists of properties with operations related to tourism. This category recognises the impact of such properties on infrastructure and the environment within the Shire. This rating category recognises the more significant share of costs associated with the provision of services in addition to the services provided in the GRV Commercial category. Some additional costs contribute to 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 35.5% higher than the GRV – Residential base rate. This category is expected to contribute 12.7% of the total rates to be raised for 2021/22.

GRV – Vacant

This rating category consists of vacant properties zoned Residential, Tourist, Commercial or Industrial under the Shire's Local Planning Scheme. The object of the rate for this category is to signify the Council's preference for land to be developed rather than leaving it vacant. Development is encouraged due to its importance and positive effect on local employment and economic diversity. Further community returns are also expected from population-linked investment in the region by both State and Federal funding bodies. The rate is also higher than the base rate to distribute the rates burden equitably considering the different method used for the valuation of vacant land as compared to other GRV properties. The rate is also intended to discourage land investors from land banking and 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 83.1% higher than the GRV – Residential base rate. This category is expected to contribute 3.4% of the total rates to be raised for 2021/22.

Unimproved Value (UV)

Properties that are predominantly used for rural purposes are assigned an Unimproved Value 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 3.8% of the total rates as the properties in this category generally have a 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. This category is the base rate by which all other UV rated properties are assessed. Other UV rating categories have a higher demand for Shire resources than properties in the UV - Rural rating category. This category is expected to contribute 0.58% of the total rates to be raised for 2021/22.

UV - Commercial Rural

This rating category consists of properties with a commercial use outside of the townsite and inclusive of pearling leases, pastoral leases or other properties with pastoral use.

This category recognises the increased rates required to operate efficiently and provide for rural infrastructure and services. The above services are in addition to the urban services, programs, and infrastructure available to 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, further increasing due to extra vehicle movements and activities associated with these properties. This category is expected to contribute 2.6% of the total rates to be raised for 2021/22.

UV – Mining

This rating category consists of properties for mining, exploration or prospecting purposes. The object of the rate for this category is to reflect the impact on utilisation of rural infrastructure (compared to pastoral) by heavy transport and associated higher traffic volumes. Also, these properties have access to all other services and facilities provided by the Shire. This category is rated higher than UV-Commercial due to the higher road infrastructure maintenance costs to the Shire from frequent heavy vehicle use over extensive lengths of Shire roads throughout the year. This category is expected to contribute 0.60% of the total rates to be raised for 2021/22.

Minimum Payments

Every property, regardless of size, value, and use, receives some minimum level of benefit from the Shire's works and services. Minimum rates ensure that all ratepayers make a reasonable contribution to essential services and infrastructure. A proposed minimum rate of \$1,220 has been applied to all rating categories except for the UV-Mining.

UV of mining tenements ranges from \$198 to \$448,000 and an average UV of \$20,415. The \$500 minimum rate for the UV-Mining category is set at a lower level than the other rating categories to ensure that less than 50% of the properties in this category are on the minimum rate and comply with section 6.35 of the *Local Government Act 1995*. Given the lower valuation figure assigned to small mining tenements, a lower minimum payment will also ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount.

Yours Faithfully,

Sam Mastrolembo
Chief Executive Officer