

Objectives and Reasons for the Differential Rates and Minimum Payments for the 2023/24 Financial Year

Under section 6.36 of the Local Government Act 1995, the Objects and Reasons for implementing Differential Rates must be published by the 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, and for the 2023/24 financial year a budget deficiency of \$26.5M has been identified. To achieve a balanced budget the rate-in-dollar is proposed to be increased by 5% across all rating categories. A recommendation from the March Ordinary Council Meeting (Minute C/0323/034) recognised Council's support of the Inter Regional Flight Network, and requested an increase to the GRV Commercial category as part of the budget process, which equates to a 1.88% increase to the GRV Commercial category above the general rate increase, for the 2023/24 financial year.

A change from the 2022/23 objectives and reasons is to specify un-hosted holiday houses within the GRV Tourism category, where owners have been granted Shire planning approval to operate as tourism accommodation.

The general rate-in-dollar increase is consistent with the Shire's Long-Term Financial Plan (LTFF) which targeted a 5% increase in the 2023/24 financial year rates.

The 2023/24 rates raised will fund the Capital Works Program as per the Shire's latest Corporate Business Plan.

Projects	Amount	External Grants & Contributions
Cable Beach Stage 1 Redevelopment	\$12.04M	\$8.68M
Asset Renewal Expenditure as per various Asset Management Plans	\$2.12M	-
Plant Replacement Program	\$1.02M	\$283K
Town Beach Café Redevelopment	\$590K	-
BRAC Dry Side Upgrade Business Case	\$467K	-
Sanctuary Road Detailed Design	\$400K	\$400K
De Marchi Road Upgrades (Black Spot)	\$340K	\$226K
Cable Beach Waterpark Detailed Design	\$300K	\$300K
Tennis Court Surface Renewal	\$298K	\$100K
Buckleys Road Waste Facility Rehabilitation and Capping	\$212K	-
Subdivisional Footpaths	\$210K	\$210K
McMahon Estate Structure Planning	\$200K	\$200K
Bin Replacement	\$197K	-
Catalina's Boat Ramp Retaining Wall	\$182K	-
Contaminated Site Investigation & Rehabilitation	\$165K	-
Waste Management Facility - Tip Face Excavator	\$97K	-
Place Activation	\$80K	\$10K
Road Visual Condition Survey	\$80K	-
Provision of Security Services to the Shire of Broome Precinct, including Broome Public Library	\$58K	-
Kimberley Regional Offices 1 & 2 - Corporate Sign	\$40K	-
Broome Civic Centre - Asset Renewal	\$35K	-
Waste Management Facility - Sea Container & Dome Work Area Shade	\$34K	-
Review of CHRMAP	\$30K	\$15K
Quarterly marketing campaigns	\$20K	-
Intramaps SaaS Migration	\$18K	-
Portable Traffic Lights	\$16K	-

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:

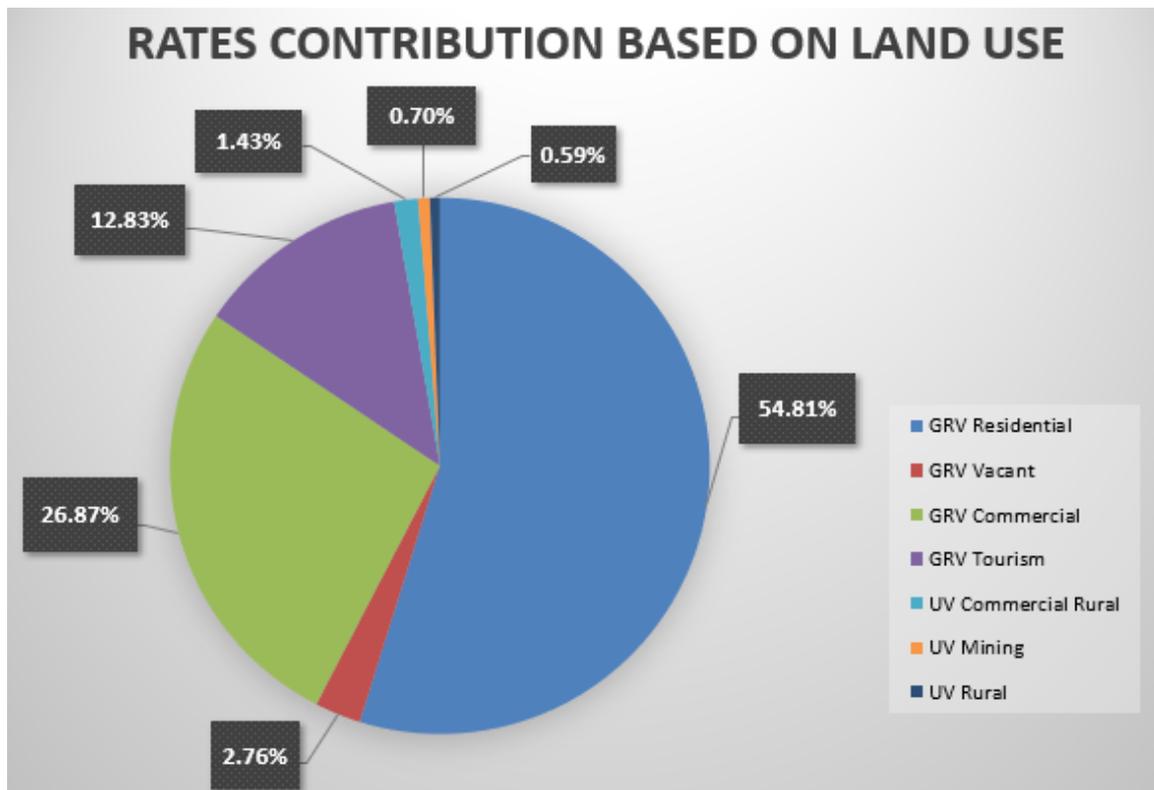
- reviewed position descriptions and remuneration as vacancies arise;
- introduction of a cloud-based expense management system for Credit Cards;
- introduction of a Travel Management System to increase time and cost efficiencies;
- installation of a lighting management system for field lights;
- installation of solar grid connection at BRAC;
- 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;
- review of property and building valuations to improve accuracy of depreciation and insurance costs;
- 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;
- contracting life saving services on Cable Beach to reduce costs and overheads;
- 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 2023/24

Differential Rate Category	Minimum Payment	Rate in the \$ (Cents)
GRV – Residential	\$1,268	8.7268
GRV – Vacant	\$1,268	18.4795
GRV – Commercial	\$1,268	11.8501
GRV – Tourism	\$1,268	14.1405
UV – Commercial Rural	\$1,268	3.5580
UV – Mining	\$520	14.3945
UV – Rural	\$1,268	0.8510

Rates Contribution Based on Land Use:

In September 2021, the Valuer General’s Office commenced reviewing all GRV properties within the Shire, with revised valuations becoming effective from 1 July 2022.



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. The Valuer-General undertakes a GRV revaluation every three to five years, with the most recent valuation occurring in October 2021 and effective from 1 July 2022. 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 97.27% 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 contains 73% of all properties within the Shire,

accounting for 59% of total property value, and generating 54.81% of the rates revenue raised in 2023/24.

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 total rate in the dollar has increase 6.88% in this category. The rate in the dollar for this category is 36% higher than the GRV – Residential base rate. This category contains 8% of all properties within the Shire, accounting for 21% of total property value and is expected to contribute 26.87% of the total rates to be raised for 2023/24.

GRV – Tourism

This rating category consists of properties with operations related to tourism inclusive of un-hosted Holiday Homes. 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 62% higher than the GRV – Residential base rate. This category contains 11.8% of all properties within the Shire, accounting for 8% of total property value, and is expected to contribute 12.83% of the total rates to be raised for 2023/24.

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 112% higher than the GRV – Residential base rate. This category contains 4.5% of all properties within the Shire, accounting for 1.3% of total property value, and is expected to contribute 2.76% of the total rates to be raised for 2023/24.

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 2.73% 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 contains 0.8% of all properties within the Shire, accounting for 6.4% of total property value, and is expected to contribute 0.59% of the total rates to be raised for 2023/24.

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. The rate in the dollar for this category is 318% higher than the UV–Rural base rate. This category contains 0.3% of all properties within the Shire, accounting for 3.8% of total property value, and is expected to contribute 1.43% of the total rates to be raised for 2023/24.

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. The rate in the dollar for this category is 1591% higher than the UV–Rural base rate. This category contains 0.8% of all properties within the Shire, accounting for 0.4% of total property value, and is expected to contribute 0.71% of the total rates to be raised for 2023/24.

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 \$1,268 has been applied to all rating categories except for the UV Mining.

UV of mining tenements ranges from \$220 to \$498,300 and an average UV of \$21,175. The \$520 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