



## **OBJECTIVES AND REASONS**

### **PROPOSED DIFFERENTIAL RATES**

### **YEAR ENDING 30 JUNE 2025**

#### **Overview**

The purpose of levying rates is to meet the Shire's annual budget requirements in order to deliver services and community infrastructure in a manner that is deemed to be fair and equitable for Shire ratepayers.

When framing its annual budget, the Council considers the requirements of its community as expressed in the Community Strategic Plan and associated planning documents, the expectations of central governments and the prevailing economic, social, and environmental conditions that may impact on the Shire's budget requirements.

After defining its expenditure requirements and exploring the efficiencies and cost minimisation opportunities available to it, the Council applies the known non-rates revenue sources to that expenditure to arrive at the total amount of rates to be raised from the ratepayers.

Property valuations provided by Landgate – the Valuer General - are used as the basis for the calculation of rates each year.

However, it is recognised that valuations alone do not always produce equitable results in all communities, therefore the *Local Government Act 1995 (the Act)* provides the ability to differentially rate properties based on zoning and/or land use to assist in achieving equitable rating outcomes.

The Act specifies that where land is used for predominately rural purposes the rates levied shall be based on its unimproved value (UV), and where land is used for predominantly non-rural purposes the rates levied shall be on its gross rental value (GRV).

In accordance with the Act, the Shire of Perenjori uses a combination of GRV and UV in its calculation of annual rates. Currently, properties that are assigned as UV are revalued annually and properties assigned as GRV are revalued every five years. All valuations are carried out by the Valuer General.

Interim valuations are provided to the Shire monthly by Landgate for properties where changes have occurred as a result of subdivisions, building construction / additions and property rezoning.

### Differential Rating

Council has the flexibility to raise differential rates from specifically identified properties or groups of properties within the district in order to achieve a more equitable rate burden across the rate base. For this reason, Council will set differential rates for the 2024/2025 financial year in accordance with section 6.33 of the Act:

- (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 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.* In accordance with Section 6.36 of the Act 1995 the Shire is required to publish its Objects and Reasons for implementing Differential Rates.

### OVERALL OBJECTIVE

The Shire of Perenjori imposes differential general rates on properties within the Shire based on the existing land use to achieve a more equitable distribution of the rating effort across the rate base.

### VALUATIONS

The valuations provided by the Valuer General have not yet been received and will have an impact on the rate in the dollar to achieve the advertised Rate Revenue yield required.

Land Category	2023/234 Valuation	2024/25 Valuation as at 30 March 24	\$ Increase	% increase
<b>Unimproved Value</b>				
Rural	155,074,000	155,050,000	24,000	0.02
Mining	2,617,073	2,600,278	16,795	0.64
<b>Gross Rental Value</b>				
Townsites	1,152,323	1,159,333	-7010	-0.61
Mining	3,144,000	3,144,000	0.00	0.00
Exploration	312,913	258,090	54,823	19.20
<b>Minimum Payment</b>				
Rural UV	102,300	102,300	0.00	0.00
Mining UV	2,397	2,800	-403	-15.50
Townsites GRV	27,751	27,601	150	0.54
Mining GRV	20	20	0.00	0.00
Exploration	26,474	20,182	6292	26.97
<b>Total Valuations</b>	<b>162,364,604</b>	<b>162,364,604</b>	<b>94,647</b>	

### Rates in the \$

A global increase of 5% of the yield from rates to be reflected in an adjustment to the rate in the \$, is proposed for all categories of rates and minimum levies. This will enable the Shire to meet its rate revenue requirements whilst maintaining the existing relativities between all rating categories.

Land Category	Proposed rate in the Dollar (cents)	Current number of properties	Proposed 2024/25 rates to be levied	2023/24 rate revenue	Increase
<b>Unimproved Value</b>					
Rural	1.5100	259	2,341,617	2,231,945	109,672
Mining	32.120	39	840,604	800,647	39,957
<b>Gross Rental Value</b>					
Townsites	9.8390	106	113,377	107,973	5,404
Mining	9.6700	1	304,025	289,648	14,377
Exploration	18.870	35	59,047	56,269	2,778
<b>Minimum Payment \$</b>					
Rural UV	408	11	4,488	4,279	209
Mining UV	408	5	2,040	2,723	(683)
Townsites GRV	408	33	13,464	11,281	2,183
Mining GRV	408	1	408	389	19
Exploration	408	28	11,424	9,725	1,699
<b>Total Proposed Rates</b>			<b>3,690,494</b>	<b>3,514,879</b>	<b>175,615</b>

### Minimum Rates

The setting of minimum rates within rating categories ensures that all ratepayers contribute equitably to a basic level of service. A minimum rate of \$408.00 has been set for all rating categories.

### Gross Rental Value

The Shire seeks to establish GRV rates for Townsites and Mining but does not seek to establish a differential in these categories.

### GRV Townsites

The object of the GRV rates is to require a fair contribution to the revenue requirements of the Shire, while not risking additional financial pressure on the users in those areas that affect their long-term viability.

The reasons for the level of rates set for Gross Rental Values is that this allows for a fair contribution to the revenue requirements of the Shire at the highest sustainable level.

The minimum payment proposed for the GRV category reflects a reasonable cost for a basic level of service.

### GRV Mining

The object of the GRV Mining rates is to require a fair contribution to the revenue requirements of the Shire, from the improved land use and facilities in GRV rated areas of mining activities.

The reasons for the level of rates set for GRV Mining is that this allows for a fair contribution to the revenue requirements, acknowledging the potential for additional impact on Council service and infrastructure costs.

The minimum payment proposed for the GRV category reflects a reasonable cost for a basic level of service.

The Shire applies the GRV rates equally in both townsites and mining and does not seek to differentiate between them.

## **Unimproved Value**

The Shire seeks to impose a differential rate on Unimproved Value properties in the Rural, Mining and Exploration categories, with both UV Mining and UV Exploration being more than twice that proposed for UV Rural.

UV Rural properties are the most significant contributors to the Shire's rate revenue, and this has been the case throughout the history of the Shire. Hence the UV Rural sector has made a significant contribution to the infrastructure and services provided by the Shire.

By comparison the UV Mining and UV Exploration sectors are relatively new and have paid a lesser contribution though they use the Shire's infrastructure extensively - the road network. The proposed rates for UV Mining and UV Exploration are consistent with the rates imposed in previous years.

## **UV Rural**

The object of the UV Rural rate is to obtain a fair contribution to the revenue requirements of the Shire, while not risking additional financial pressure on ratepayers in those areas and impact their long-term viability.

The reasons for the level of rates set for UV Rural is that this allows for a fair contribution to the revenue requirements of the Shire at a sustainable level. Whilst Council cannot control the rural sector's vulnerability to external forces, it attempts to ensure that the industry is not adversely affected by excessive rates.

The minimum payment proposed for the UV Rural category reflects the present financial vulnerability of ratepayers in the category due to factors such as adverse weather, cyclones, bushfires, drought, world demand for product and fluctuations in export prices.

## **UV Mining**

The object of the UV Mining rate is to ensure that mining contributes reasonably to the maintenance of the Shire's assets and services. Every effort is made to establish rates and minimum payments at the fairest possible levels, acknowledging that the industry does not need to be specifically nurtured, nor is it affected by the same vulnerabilities as broad acre farming. In reaching its rating decisions, Council has considered that there are external forces, such as fluctuating commodity prices, which impact on resource projects and is sensitive to these issues.

The reasons for the level of rates set for the UV Mining rate by the Council is to attain equity amongst those who will bear the burden of the rates and obtain a reasonable contribution from the mining sector for the general level of infrastructure and services provided by the Council. Striking a reasonable balance between all ratepayers in the production of the rate revenue is important in achieving equity, whilst at the same time the fairness of the expenditures by the Shire on the mining sector is also considered.

The maintenance of Shire assets and services for the benefit of all users, long term, and short term, is a burden which to a significant extent fall upon the long-term ratepayers, justifying a differential contribution from the mining sector. The minimum payment proposed for the UV Mining category reflects a reasonable cost for a base level of service.

## **UV Exploration**

The object of the UV Exploration rate is to ensure the reasonable contribution of these ratepayers to Council's expenditure profile.

The reasons for the level of rates set for the UV Exploration rate by the Council is to attain equity amongst those who will bear the burden of the rates and obtain a reasonable contribution from the Exploration sector for the general level of infrastructure, services and tenement administration provided by the Council.

Exploration and prospecting ratepayers require a higher level of governance for licensing, clearance permits, etc, and impose greater environmental damage to the environment through activities such as clearing, drilling and associated undertakings.

Striking a reasonable balance between all in the production of the rate income is important in achieving balance and equity between ratepayers, whilst at the same time the fairness of the expenditures by the

Shire on the Exploration sector is also considered.

The minimum payment proposed for the UV Exploration category reflects a reasonable cost for a base level of service.

### **Submissions**

Submissions regarding the proposed differential rates and minimum levies may be made via:

- Email: [ea@perenjori.wa.gov.au](mailto:ea@perenjori.wa.gov.au)
- In writing to:

CEO  
Shire of Perenjori  
PO BOX 22  
Perenjori, WA 6620

**Submissions must be received before 4.00pm, Thursday 23<sup>rd</sup> May 2024.**