



STATEMENT OF RATING OBJECTS AND REASONS

FOR THE 2018/19 RATING YEAR

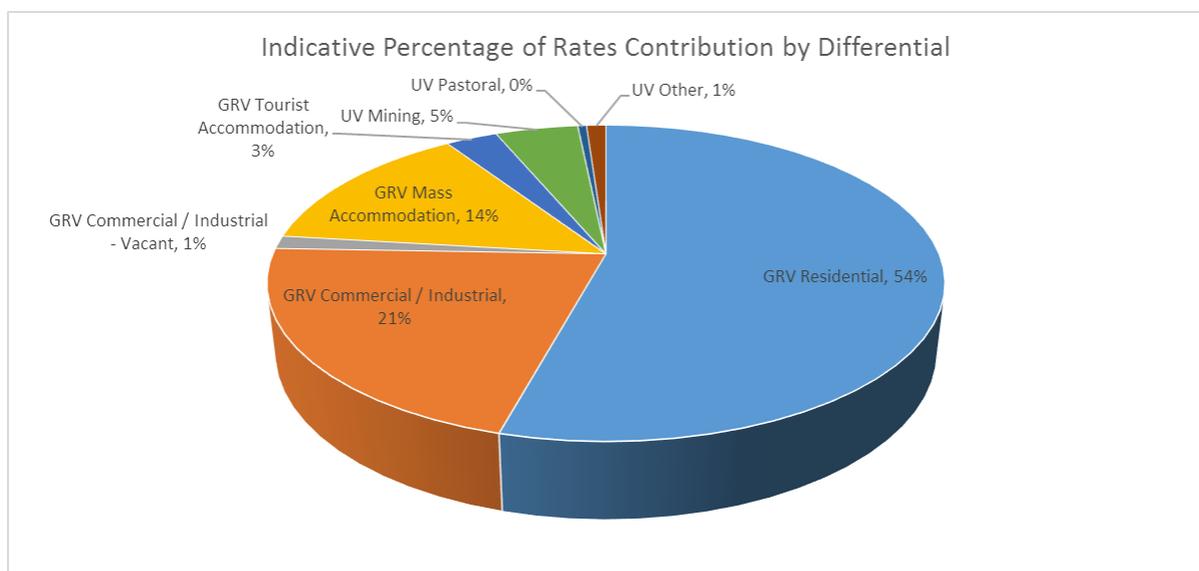
In accordance with section 6.36 of the *Local Government Act 1995*, the Town of Port Hedland is required to publish its Objects and Reasons for implementing Differential Rates.

INTRODUCTION AND OBJECTIVE

Rates are a tax levied on all rateable properties within the boundaries of the Town of Port Hedland Municipality in accordance with the *Local Government Act 1995*. The overall objective of the proposed rates in the 2018/19 Budget is to provide for the net funding requirements of the Town's services, activities, financing costs and the current and future capital requirements of the Town. Council has determined its required rates yield after taking into account all revenue sources, expenditure and efficiency measures as part of budget deliberations.

Property valuations provided by the Valuer-General (Landgate Valuation Services) 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 Town of Port Hedland. The application of differential rates maintains equity in the rating of properties across the Town, with consideration given to the key values contained within the Rating Policy Differentials Rates (s. 6.33) March 2016 released by the Department of Local Government and Communities being:

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



2018/19 BUDGET PROPOSAL

The following table outlines the proposed Differential General Rates and Minimum Payments for the Town of Port Hedland for the 2018/2019 financial year, to be effective from 1 July 2018.

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment	RiD Comparative %
GRV Residential		\$1,350	100%
Differential Minimum Rate – Vacant	11.1577	\$2,000	
GRV Commercial / Industrial	11.1577	\$2,000	100%
GRV Commercial & Industrial – Vacant	21.5924	\$2,000	194%
GRV Mass Accommodation	32.6058	\$2,000	292%
GRV Tourist Accommodation	22.3154	\$2,000	199%
UV Mining	37.1665	\$270	346%
UV Other	21.4200	\$2,000	100%
UV Pastoral	10.7558	\$2,000	199%

The above rate model will yield \$27,852,152 in rate revenue for 2018/2019.

GROSS RENTAL VALUATION (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 Town of Port Hedland every three years. The current general valuation is effective from 1 July 2018. Properties are grouped according to Town Planning Scheme zonings and predominant land use with each having a separately calculated rate in the dollar to achieve greater equity across all sectors.

The GRV is determined by collecting rental evidence to determine the fair rental value for each property. 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.

UNIMPROVED VALUATION (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value (UV). Council has adopted differential rates in its UV area for Mining leases, Pastoral leases and other leases.

Unimproved values are determined annually by the Valuer-General with a valuation roll provided to local governments. The Town has completed rates modelling based on the provisional valuations provided with a date in force of 1 July 2017.

PROPOSED DIFFERENTIAL GENERAL RATES AND GENERAL MINIMUM PAYMENTS

Following are the objects and reasons for each of the differential rates:

GRV RESIDENTIAL

The residential category covers properties that are used for singular and multi-dwellings and are zoned Residential under the Town of Port Hedland Local Planning Scheme.

OBJECT: The object of this differential is to be the base rate by which all other GRV rated properties are assessed.

REASONS (why the rate differs from other categories): Revenue derived from this category assists funding the service levels expected of the community, achieving the Strategic Community Plan and minimum standards of performance to which the Council will be measured by the State Government and others.

GRV COMMERCIAL / INDUSTRIAL

All properties rated under this category are zoned either commercial or industrial under the Town of Port Hedland Local Planning Scheme.

The commercial category covers the town centre, commercial business precincts, mixed business, shopping centres and the airport. The industrial category covers the Wedgefield Industrial Estate and strategic, industrial, transport and light industry uses.

OBJECT: The object of this differential rate is to apply rates to all income producing facilities, raising revenue to fund costs associated with the service provided to these properties and the variations of valuations.

REASONS (why the rate differs from other categories): Costs associated with the provision and maintenance of infrastructure used by commercial or industrial businesses including road structure, lighting and drainage, car parking, landscaping and higher costs in relation to infrastructure and regulatory services. Economic normalisation in the Town provides for a uniform rate in dollar (RiD) with Residential to ensure equity, fairness and consistency in the application of rates, using the property valuations from the Valuer-General to determine ability to pay.

GRV COMMERCIAL & INDUSTRIAL - VACANT

The Commercial and Industrial – Vacant category covers all land identified as vacant/undeveloped for properties zoned as commercial or industrial under the Town of Port Hedland Local Planning Scheme.

OBJECT: The object of this differential rate is to encourage commercial and industrial land owners to develop vacant land.

REASONS (why the rate differs from other categories): The reason is vacant land is often unsightly and unkempt, and is at risk of being used for illegal dumping of rubbish and other illegal purposes which can be a burden on the residents of the Town. Town of Port Hedland considers the development of vacant commercial and industrial land to be in the best interests of the community as it will improve

local amenity and service offering, increase the vibrancy of town centres, and encourage local businesses further improving and strengthening the economy.

GRV MASS ACCOMMODATION

The GRV mass accommodation rating category covers approved transient workforce accommodation facilities.

OBJECT: The object of this differential rate is to ensure that rates are distributed equitably between residents and non-residential workers who spend a significant portion of the year in Port Hedland to contribute to services and facilities within the community.

REASONS (why the rate differs from other categories): Patrons and employees of these premises are consumers of services and facilities, however unless they are also property owners within the Town, they are not contributing to the costs of providing the services and facilities. Mass Accommodation properties have the potential to have a greater impact on Council services/assets than other properties due to the number of occupants on a relatively small land parcel.

This differential rate is intended to maintain relativity comparative to residential rates and provides an average rate per accommodation unit of less than Council's proposed minimum payment for GRV Residential differential. It is estimated that there are 5,249 TWA beds that are utilised by FIFO workers annually, all of whom are entitled to utilise the Town's facilities and services. The average rates per accommodation unit (\$557) remain less than the minimum rate applicable to a residential property by more than half (\$1,350). The argument for the large discount available to a TWA room, compared to a minimum 'house', is submitted on the basis that whilst occupants may only spend a portion of their time in Port Hedland as a FIFO, (albeit that rooms can be occupied 100% of the time) they still enjoy and have access to all of the amenity, rights and benefits of the Town of Port Hedland's facilities and services. This includes roads, footpaths, foreshores, parks, and sporting facilities for which the Town generates little or no revenue.

Although not submitted as rationale for the basis of the above rate in the dollar, nor rates proposed to be levied, it should be noted that Council remains committed to a philosophy that the operational workforce associated with resource interests centralised around mining, construction, maintenance and access to the Port, should be housed in normal residential properties within the town boundaries.

An integrated and normalised residential workforce provides the Town with community and society benefits through greater participation in community activities, including sporting and cultural bodies, and higher participation rates in volunteerism and sport.

GRV TOURIST ACCOMMODATION

The GRV tourism accommodation rating category covers hotels, motels and caravan parks that provide large scale accommodation for visitors to the Town. This category applies to all properties exceeding 80sqm within the district boundaries, approved and predominantly used for the following activities as identified in the Town of Port Hedland Local Planning Scheme: Holiday Accommodation, Hotel, Lodge, Motel, Tourist Development and Tourism Resort.

OBJECT: The object of this differential rate is to raise additional revenue to fund the costs associated with tourism and economic development activities, as well as the use of these properties predominately for business travel.

REASONS (why the rate differs from other categories): Heavier use of infrastructure and other Council assets and services in addition to contribution toward tourism promotion activities. The additional income from this rate in the dollar (above residential) will be utilised to support the Town of Port Hedland's investment into tourism infrastructure and visitor facilities. The rate for this differential has been reduced in line with the normalisation of the economic circumstances of the Town and the reduced reliance on these facilities as Transient Workforce Accommodation.

UV MINING

This rating category covers all Mining Leases, Exploration Licenses, Prospecting Licenses, Retention Licenses, General Purpose Leases, Special Prospecting Licenses for Gold and Miscellaneous Licenses as defined under the *Mining Act 1978*.

OBJECT: The object of this differential rate is to raise additional revenue to fund cost impacts to the Town of the mining sector.

REASONS (why the rate differs from other categories): Supports the large investment that the Town of Port Hedland makes in road and road drainage infrastructure to service remote mining activities on rural roads throughout the municipality. It reflects the extra maintenance, impacts and frequency that is required to ensure a minimum level of serviceability above that normally required to meet the needs of pastoralists (UV Pastoral). Additional costs associated with monitoring of environmental impacts of clearing, noise, dust and smell are also considered here.

UV PASTORAL

This rating category applies to all pastoral leases that have been granted under the repealed *Land Act 1933*. Renewal of pastoral leases is administered by the Department of Lands.

OBJECT: The object of this differential rate is to be the base rate by which all other UV rated properties are assessed.

REASONS (why the rate differs from other categories): Raise revenue to provide for rural infrastructure and services in addition to the Town services, facilities and infrastructure which are available to be accessed by the properties in this category. The Town has a continuing focus on development and diversification of pastoral properties in the region, encouraging development of tourism and rangeland activities in conjunction with the reforms being introduced by the State Government, and to support the opportunity for live cattle trade and associated activities from the Port to further diversify the local economy from the effects of the downturns associated with mining activity.

UV OTHER

This rating category applies to crown leases located outside of the Town's boundaries and are assessed as rural pursuant to the *Local Government Act 1995*.

OBJECT: The object of this differential rate is to recognise a lower servicing cost requirement for rural properties which are not classified as Mining.

REASONS (why the rate differs from other categories): Crown land has a lower cost associated compared to Mining.

TOWN'S RATING STRATEGY

The key points for the 2018/19 Rating Strategy:

- Raise sufficient yield to maintain current services and future infrastructure renewal to meet community expectations, as outlined in the Strategic Community Plan 2018 – 2028.
- Review of the number and type of rating categories and move towards uniform rating across the GRV categories of Residential, Industrial and Commercial to ensure fairness and equity;
- Reduce the Rate in the Dollar comparative percentage by increasing the base rate and applying more uniform rating;
- Spread the rates burden more equitably across the rating differential categories to more effectively reflect and equitable contribution to the maintenance and improvement of Council resources, services and infrastructure;
- Establish a new differential minimum for Residential vacant land;

Reduction from prior year rate reductions as well as significant decreases in available grant funding has had a flow on effect to how the Town continues to meet ongoing asset renewal and maintaining service levels. The below movement in the total yield derived from each differential category aim to reflect a more equitable rate burden per category, reflecting that Port Hedland is an industrial port town (noting the current inability to levy rates on the Port).

Rate Category	Proposed Yield	% Increase/(Decrease) in Yield	Burden %
GRV Residential	\$15,107,562	(7%)	54%
GRV Commercial / Industrial	\$5,940,570	77%	21%
GRV Commercial / Industrial - Vacant	\$370,151	23%	1%
GRV Mass Accommodation	\$3,854,527	(3%)	14%
GRV Tourist Accommodation	\$820,877	(12%)	3%
UV Mining	\$1,312,223	11%	5%
UV Other	\$138,429	(1%)	0%
UV Pastoral	\$307,812	2%	1%

The above rate model will yield \$27,852,152 in rate revenue. Rate increases strengthen relativity between the zoning and land use categories, and continue to reflect an equitable distribution of the rate burden while ensuring the Town can continue to deliver services and asset renewal.

The Town of Port Hedland will also be continuing its review of all rateable properties in the 2018/19 financial year to ensure that all rateable properties are captured with an emphasis on the following:

- Industrial and Commercial properties;
- All assessments covered by State Agreement Acts to determine foregone revenue attributable to State Agreement Acts; and
- GRV spot rating for in-situ infrastructure on resource projects.

MINIMUM RATES

The Town imposes a consistent minimum rates across the rating categories excluding GRV Residential and UV Mining, ensuring all properties contribute an equitable rate amount to non-exclusive services. The minimum rate recognises that all ratepayers have an equal opportunity to enjoy the facilities and services provided by Council, regardless of the value of their property.

Regarding the UV Mining category, the lower minimum is applied to ensure that the rate burden is distributed equitably between all property owners. A lesser minimum of \$270 has been applied for all categories of Mining Tenements to reflect recent State Government amendment to the *Valuation of Land Act 1978* with the objective of providing some minor rate relief to small tenement owners.

SUBMISSIONS

Submissions are invited from any elector or ratepayer with respect to the proposed rates, and any related matter, within a minimum 21 days of the date of this notice. Submissions should be addressed to the Chief Executive Officer, Town of Port Hedland, PO Box 41, Port Hedland WA 6721 and clearly marked Submission – Differential Rating 2018/19.

All submissions should be received no later than 12.00pm on 24 May 2018.

DAVID PENTZ
CHIEF EXECUTIVE OFFICER