

ATTACHMENTS

Item 8.1.1

Under Separate Cover

Special Council Meeting
Wednesday, 4 May 2022

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Statement of Objects and Reasons 2022/2023

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

Introduction and Objective

Rates are levied on all rateable properties within the boundaries of the Town of Port Hedland Municipality in accordance with the Act. The overall objective of the proposed rates in the 2022/23 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 considering all revenue sources, expenditure, and efficiency measures as part of budget deliberations.

Property Gross Rental valuations (GRV) and UV unimproved valuations provided by the Valuer-General (Landgate Valuation Services) are used as the basis for the calculation of rates in the dollar each year. Section 6.33 of the Act provides the ability to differentially rate properties based on zoning and/or land use as determined by the Town. 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, Sport and Cultural Industries being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and Administrative Efficiency

2022/23 Budget

The following are the proposed Differential General Rates and Minimum Payments for the Town of Port Hedland for the 2022/23 financial year, to be effective from 1 July 2022.

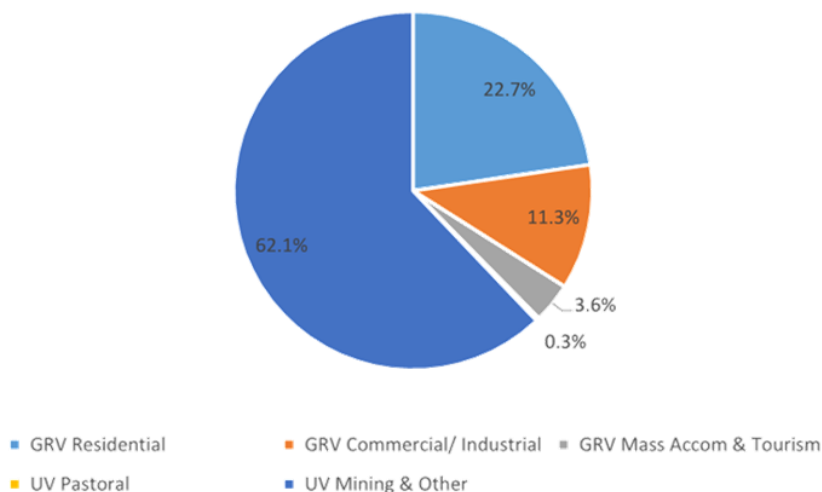
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Rate Category	21/22 Rate in the Dollar	22/23 Proposed Rate in the Dollar	Minimums	Percentage of Revenue
	\$	\$	\$	%
GRV Residential	0.098215	0.07062	1,300	22.7
GRV Commercial/ Industrial	0.098215	0.11688	1,900	11.3
GRV Mass Accom & Tourism	0.195935	0.19006	1,900	3.6
UV Pastoral	0.113001	0.10961	1,900	0.3
UV Mining & Other	0.201463	0.18738	200	62.1

The above rate model will yield \$62,261,347.00 in rate revenue before concessions and other doubtful debt and risk considerations are applied.

Percentage of Rates contribution by differential rates.



GROSS RENTAL VALUATION (GRV)

The Act determines that properties of a non-rural purpose within a Townsite boundary 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 2022. 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.

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The GRV is determined by collecting rental evidence to determine the fair rental value for each property. Interim valuations are provided regularly to Council by the Valuer-General for properties where changes occur (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.

In addition, section 6.28 (1) (2) of the Act allows the Minister to determine valuation of land to be used for the basis of rating. Section 6.29(3) allows for where capital improvements on any land located under UV rating, the Minister under application from the Town of Port Hedland can determine UV amendment to GRV rating.

The current gross rental valuation is effective from 1 July 2022.

UNIMPROVED VALUATION (UV)

Council has adopted differential rates, the basis of UV is upon land that is predominantly of a rural purpose or land used for strategic industry, mining, mining resource specific, resource processing, stockpiling, salt mining in all instances located both inside and outside the Townsite boundary. Covering but not limited to Mining leases, State Agreements, Mining tenements, Pastoral leases, along with all other leasing and licences as described by the Mining Act and also the Port Hedland Port Authority leased land and privately owned land.

Unimproved values are determined annually by the Valuer-General with a valuation roll provided to local governments. Interim valuations are provided monthly to Council by the Valuer-General (Landgate) for properties where changes have occurred. For example, but not limited to - Mining Tenements and changes to Land Leased or Licences. In such instances, Council recalculates the rates for the affected properties and issues interim rates notices.

The current unimproved rental valuation is effective from 1 July 2022.

Differential General Rates and General Minimum Payments

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

GRV RESIDENTIAL

Means any land that is predominately used for:

- singular and multi-dwellings and is zoned Residential/Rural Residential approved by the Town of Port Hedland planning department under the Town of Port Hedland Local Planning Scheme 7;

OR

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- Which is vacant of any construction and is zoned Residential/Rural Residential under the Town of Port Hedland Local Planning Scheme 7.

OBJECTS: The Object of this differential rate is to apply a base differential rate to residential properties for non-business purposes.

REASONS: The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the financial impact and costs incurred in providing community services and activities, maintaining Town infrastructure, furthering the Town's strategic goals and encouraging and supporting residential development within the town sites.

GRV COMMERCIAL / INDUSTRIAL

Means any land:

Identified as land being used for either commercial or industrial operations identified in the Town of Port Hedland Local Planning Scheme 7. This includes but is not limited to; the town centre, commercial business precincts, mixed business, shopping centres, Airports and Aerodromes, Wedgefield Industrial Estate and Strategic Industry zones, industrial, transport and light industry uses, the West End precinct and Port Hedland Port Authority leased land inside and outside Township boundary and privately owned land.

OBJECTS:: The object of this differential rate is to apply council rates to all income producing facilities, raising revenue to fund costs associated with the service provided to these properties, or locations,

REASONS: The differential acknowledges 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

In maintaining fairness and equity & ensuring consistency with previous years, the Council encourages local businesses to continue with growth and further improving and strengthening the economy at the same time also minimising and preventing land banking.

The Council also recognises the additional cost of servicing some areas of the business sector within the Town, associated with maintenance to footpaths and roads, this differential also acknowledges the higher volumes of pedestrians and traffic movement than residential.

GRV MASS ACCOMMODATION and TOURIST ACCOMMODATION

Means any land:

- whereby any approved transient workforce accommodation facilities are located;

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OR

- Approved and predominantly used for providing large scale accommodation for visitors to the Town as identified in the Town of Port Hedland Local Planning Scheme 7: Holiday Accommodation, Hotel, Lodge, Motel, Tourist Development and Tourism Resort.

OBJECTS: 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.

REASONS: Patrons and employees of these premises are consumers of the Town's services and facilities. Mass Accommodation properties have the potential to have a greater impact on Council services and assets than other properties due to their number of occupant's on a relatively small land parcel.

Although not submitted as rationale for the basis of the above rate in the dollar, nor rates proposed to be levied, it should be stated that Council remains committed to a philosophy that the operational workforce(s) 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. It is only through this that the town benefits from an integrated and normalised residential workforce and thereafter the community and society benefit from greater participation in community activities, including sporting and cultural bodies, and higher participation rates in volunteerism and sport.

Furthermore, this differential recognises the costs associated with tourism and economic development activities, as well as the use of these properties predominately for business travel.

UV MINING and OTHER

This rating category covers:

- Mining Leases and Licences, Exploration Licences, Prospecting Licences, Retention Licences, General Purpose Leases, Special Prospecting Licences for Gold and Miscellaneous Licences (all approved uses) defined under the Mining Act 1978 that have been granted by Department of Mines Industry and Regulation & Safety and determined as rateable.

OR

- predominately used for the purpose of resource processing;

OR

- Processing or refining of fuel sources

OR

- predominately used for the purpose of stock piling;

OR

- does not have the characteristics of any other UV differential rate category.

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OBJECTS: The object of this differential rate is to reflect and raise revenue to manage the impact on the Town by mining and resource sectors.

REASONS: The impact on utilisation of urban and rural infrastructure by heavier transport and higher traffic volumes associated with resource sector operations supports the large investment that the Town of Port Hedland makes to road and road drainage infrastructure. This services remote mining activities on rural roads throughout the municipality and reflects the extra maintenance, impacts and frequency that is required to ensure a minimum level of serviceability is achieved. Along with additional costs associated with monitoring and managing the effects of environmental impacts relating to dust, noise, air pollution and smell, and community complaints to such events which are all considered here.

In addition, these properties have access to all other service facilities provided by Council. Properties with a land use UV often have a State or Regional significance, some of which are subject to legacy State Agreements that limit the methods of valuation to UV restrictive formulae for calculation of valuation. The differential rate for this category is considered to levy a proportional comparative with their impact on local community (ie: Heavy haulage vehicle movement, environmental health and strategic planning).

UV PASTORAL

Means any land:

- that has been granted a pastoral lease under the repealed *Land Act 1933*;
- OR
- renewal of pastoral leases (administered by the Department of Lands);
- OR
- land predominately used for pastoral activities as defined in the *Land Administration Act 1997*.

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

REASONS: 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 reforms being introduced by the State Government, to support the opportunity for live cattle trade (Strategic Community Plan 2018/2028), and associated activities from the Port to further diversify the local economy.

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TOWN'S RATING STRATEGY

The key points for the 2022/23 Rating Strategy:

- Raise sufficient yield to maintain current services and future infrastructure renewal to meet community expectations, as outlined in the adopted Strategic Community Plan 2018/2028 and ensuring a balanced budget;
- Improve transparency, administrative efficiency and reduce compliance costs;
- Critical analysis of the yield generated by each differential category as a percentage of the total yield, comparing to the contribution by each category, the valuation % of each category, and the services consumed;
- Properties are rated according to predominant land use or the Town Planning Scheme 7 with each having a separate calculated rate in the dollar and established minimums to achieve greater equity across all sectors and ensure a base level contribution.
- West End Improvement Scheme No. 1: On 18 September 2020, the West End Improvement Scheme No. 1 was gazetted by the Western Australian Planning Commission which changed the zoning of properties west of Taplin Street from various residential, commercial, business and industrial zones to "West End Zone". The Town will keep the current Zoning categories unchanged for 2022/23 Rates billing.
- Impacts from rate reductions in prior years, as well as significant decreases in available grant funding has had a flow on effect to how the Town continues to meet ongoing asset management and service levels. The table below shows the total yield derived from each differential category aims to reflect a more equitable rate burden per category, reflecting that Port Hedland is an industrial port town.

2022/23 will see a significant increase in its tri annual revaluation process and below is the 'preliminary indications of overall valuation increases'.

- Residential changes – the residential sector has seen strong growth and the approximate level of increase is 52%
- Vacant Land – there has been a variation in the level of increase in vacant land values ranging from 5% to 125% with a median of 115%.
- Industrial – the market is strong with an increase of approximately 35%
- Commercial – a more conservative increase of approximately 10%

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Rate Category	Yield	Burden %
GRV Residential	\$14,112,533	22.7%
GRV Commercial/ Industrial	\$7,047,203	11.3%
GRV Mass Accom & Tourism	\$2,262,160	3.6%
UV Pastoral	\$184,211	0.3%
UV Mining & Other	\$38,655,240	62.1%
TOTAL	\$62,261,347	100.0%

The above rate model will yield \$62,261,347.00 in rate revenue, this continues to reflect an equitable distribution of the rate burden reflecting the Towns Rating Strategy and ensuring the Town can continue to deliver services and asset renewal for the Towns suburbs.

The Town of Port Hedland will also be continuing its review of all rateable properties in the 2022/23 financial year to ensure that all rateable properties are captured with an emphasis on the following:

- Industrial and Commercial properties;
- All assessments covered by lease & miscellaneous licence
- GRV spot rating for in-situ infrastructure on resource projects.
- Railway Corridors
- Aerodromes

MINIMUM RATES

The Town imposes consistent minimum rates across the rating categories, excluding GRV Residential and UV Mining and Other, 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 and Other differential, the lower minimum is applied to ensure that the rate burden is distributed equitably between all property owners. A lesser minimum of \$200 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 be clearly marked Submission – Differential Rating 2022/23.

Alternatively, submissions can be emailed to council@porthedland.wa.gov.au.

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All submissions should be received no later than 12pm on 28 May 2022 in order to be considered as part of the final rating strategy.

CARL ASKEW

CHIEF EXECUTIVE OFFICER