



STATEMENT OF RATING OBJECTS AND REASONS

FOR THE 2014/15 RATING YEAR

In accordance with section 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to Levy Differential Rates and Minimum Payments", the following information details the objectives and reasons for those proposals.

WHAT ARE RATES?

Rates are 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 2014/15 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, after taking into account all other forms of revenue.

The formulation of a rating system is about achieving a means by which Council can raise sufficient revenue to pay for the services it provides. Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone. For this reason there are refinement options made available, such as differential rating, the Town of Port Hedland has elected to use.

In Western Australia land is valued by Landgate Valuation Services (Valuer General's Office – a state government agency) and those values are forwarded to each Local Government.

Two types of values are calculated - Gross Rental Value (GRV) which generally applies for urban areas; and Unimproved Value which generally applies for rural land.

LOCAL GOVERNMENT ACT 1995 – RATING PROVISIONS

The *Local Government Act 1995* sets out the basis on which differential general rates may be based as follows:

Section 6.32 (1) of the *Local Government Act 1995* states:

- (1) When adopting the annual budget, a local government –
 - a. in order to make up the budget deficiency, is to impose* a general rate on rateable land within its district, which rate may be imposed either –
 - i. uniformly; or

- ii. differentially

DIFFERENTIAL RATES

6.33. Differential general rates

- (1) A local government may impose differential general rates according to any, or a combination, of the following characteristics –
 - a. (a) the purpose for which the land is zoned, whether or not under a local planning scheme in force under the Planning and Development Act 2005;
 - b. a purpose for which the land is held or used as determined by the local government;
 - c. whether or not the land is vacant land; or
 - d. any other characteristic or combination of characteristics prescribed.
- (2) Regulations may –
 - a. specify the characteristics under subsection (1) which a local government is to use; or
 - b. limit the characteristics under subsection (1) which a local government is permitted to use.
- (3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.
- (4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1) (a) applies.
- (5) A differential general rate that a local government purported to impose under this Act before the Local Government Amendment Act 2009 section 39(1) (a) came into operation is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

MINIMUM RATES

6.35. Minimum payment

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than –
 - a. 50 per cent of the total number of separately rated properties in the district; or
 - b. 50 per cent of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.

- (4) A minimum payment is not to be imposed on more than the prescribed percentage of -
- a. the number of separately rated properties in the district;
 - Or
 - b. the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
- a. to land rated on gross rental value;
 - b. to land rated on unimproved value; and
 - c. to each differential rating category where a differential general rate is imposed.

2014/15 BUDGET PROPOSAL

The following are the proposed Differential General Rates and Minimum Payments for the Town of Port Hedland for the 2014/15 financial year, to be effective from 1 July 2014.

Rate Category	Rate in Dollar (expressed as cents in \$)	Minimum Payment
GRV Residential	3.5741	\$1,223
GRV Commercial	3.4453	\$1,223
GRV Industrial	3.4559	\$1,223
GRV Shopping Centre	7.2971	\$1,223
GRV Mass Accommodation	13.0861	\$1,223
GRV Tourist Accommodation	10.4173	\$1,223
UV Mining Improved	43.0073	\$1,223
UV Mining Vacant	35.9826	\$1,223
UV Pastoral	6.7837	\$1,223
UV Other	16.4562	\$1,223
UV Other Vacant	16.2588	\$1,223

GROSS RENTAL VALUATION (GRV)

Council has adopted differential rates in its Gross Rental Valuation area for Residential properties, Commercial properties, Industrial properties, Ex-Gratia properties, Shopping Centres and Mass Accommodation properties to all town site properties utilizing property valuations supplied by the Valuer General.

Properties are grouped according to Town Planning zonings and level of development with each having a separately calculated rate in the dollar to achieve greater equity across all sectors.

The rates in the dollar will be based on the *general valuation* as supplied by the Valuer General (VG) respect of gross rental values (GRV's) effective from 1 July 2012 and as amended by any *interim valuations* received subsequent to that date.

UNIMPROVED VALUATION (UV)

Council has adopted differential rates in its Unimproved Valuation area for improved and vacant mining leases, pastoral leases and improved and vacant UV Other.

PROPOSED DIFFERENTIAL RATES

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 Planning Scheme.

The proposed residential rate is 3.5741 cents per dollar of GRV. The residential rate is relatively low to offset the comparative high gross rental values in Port Hedland.

Proposed Rate in \$:	3.5741 cents
Average Rates per Assessment:	\$2,677

GRV COMMERCIAL

The commercial category covers the town centre, commercial business precincts, tourism, mixed business and the airport.

The proposed commercial rate is 3.4453 cents per dollar of GRV. This is similar to the GRV residential rate.

Proposed Rate in \$:	3.4453 cents
Average Rates per Assessment:	\$3,937

GRV INDUSTRIAL

The industrial category covers the Wedgefield Industrial Estate and light industry.

The proposed industrial rate of 3.4559 cents per dollar of GRV is comparative to the residential GRV rate and commercial GRV rate.

Proposed Rate in \$:	3.4559 cents
Average Rates per Assessment:	\$4,365

GRV SHOPPING CENTRE

This rating category applies to two rateable assessments being the shopping centre complexes in Port and South Hedland.

The positive differential rate for these properties is in order to fund the additional costs of servicing these types of properties. The shopping centres generate high volumes of pedestrian and traffic movements and this results in increased road and streetscape maintenance requirements, additional onsite parking needs and the requirement to install additional traffic treatments. The Town is also required to provide additional litter collection services to these areas.

Proposed Rate in \$:	7.2971 cents
Average Rates per Assessment:	\$316,762

GRV EX GRATIA

There are currently no rateable properties under this rate category. This category often refers to arrangements with Co-operative Bulk Handling Limited or land leased from the Crown or a statutory authority and the company has agreed in writing to make a contribution to the local government.

GRV MASS ACCOMMODATION

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

Patrons and employees of these premises are consumers of municipal services but unless they are also property owners within the Town, are not contributing to the costs of services used by them in the Town of Port Hedland. There are 11 rateable assessments in this category.

Proposed Rate in \$:	13.0861 cents
Average Rates per Assessment:	\$239,077

GRV TOURIST ACCOMMODATION

The GRV tourism accommodation rating category covers hotels and motels that provide provide large scale accommodation for visitors to the Town of Port Hedland. This rate category includes six (6) hotels/motels that were previously rated under Mass Accommodation.

Proposed Rate in \$:	10.4173 cents
Average Rates per Assessment:	\$112,601

UV MINING IMPROVED

This rating category covers mining leases that have improvements on the land. All of these mining leases are located in the vicinity of Port Hedland.

The proposed mining rate of 43.0073 cents per dollar of UV is comparatively high to offset the relatively low property valuations (mining leases may be subject to the State Agreement Act) in this rating category.

Proposed Rate in \$:	43.0073 cents
Average Rates per Assessment:	\$7,772

UV MINING VACANT

This rating category covers all other mining tenements including exploration, prospecting and general purpose leases.

The proposed mining vacant rate of 35.9826 cents per dollar of UV is comparatively high to offset the relatively low property valuations in this rating category.

Proposed Rate in \$:	35.9826 cents
Average Rates per Assessment:	\$2,416

UV PASTORAL

This rating category applies to all pastoral leases that have been granted under the repealed *Land Act 1933* and expire on 30 June 2015. Renewal of pastoral leases is administered by the Department of Lands.

The proposed rate of 6.7837 cents per dollar of UV is comparatively low to offset the relatively high property valuations in this rating category.

Proposed Rate in \$:	6.7837 cents
Average Rates per Assessment:	\$11,853

UV OTHER

This rating category applies to crown leases which are assessed as rural.

The proposed rate of 16.4562 cents per dollar of UV is comparatively low to offset the relatively high property valuations in this rating category.

Proposed Rate in \$:	16.4562 cents
Average Rates per Assessment:	\$16,803

UV OTHER VACANT

This rating category applies to nine rateable assessments. Eight of these assessments are held by BHP Billiton Minerals Pty Ltd. These assessments are on the minimum rate payment.

Proposed Rate in \$:	16.2588 cents
Average Rates per Assessment:	\$4,700

MINIMUM RATES

The Town imposes one general minimum rate payment that applies to all rateable properties within the boundaries of the municipality. The minimum payment impacts mainly in the residential category and UV mining category. The rate is imposed to discourage holding undeveloped land within the Town, which reduces the amenity of the area, and thereby encourages its early development. Regarding the UV mining category, the minimum is applied to ensure that the rate burden is distributed equitably between all property owners. Mining and general purpose leases fall under this category and the majority are held by large mining companies.

SUBMISSIONS

Submissions are invited from any Elector or Ratepayer with respect to the proposed differential general rates and minimum payments within 21 days of the date of the notice of intent. All submissions in writing must be received by the Town of Port Hedland no later than close of business on Wednesday 29 May 2013.

M J (MAL) OSBORNE

CHIEF EXECUTIVE OFFICER