

29 May 2018

City of Karratha Administration
Ray McDermott
Manager Financial Services/CFO
Lot 1083 Welcome Road
PO Box 219
Karratha WA 6714

Dear Mr McDermott

Advertised Differential Rates Model 2018/19 – EDL LNG (WA) Pty Ltd submission

We refer to Council's letter dated 9 May 2018 setting out the proposed 2018/19 rates for the property located at L3002 North West Coastal Highway Maitland 6714 (**Property**) owned by EDL LNG (WA) Pty Ltd (**EDL**).

We wish to respond to the Council's invitation to make submissions in relation the proposed Advertised Differential Rates Model 2018/19 (**ADRM**) as it potentially applies to the Property.

EDL submits that it would be unfair and inequitable to set the 2018/19 rates for the Property at a significantly higher differential to other land as proposed given the actual circumstances of the Property. EDL further submits that the 2018/19 rates for the Property should be set based on the unimproved value of the land.

The detailed reasons for EDL's submissions are set out below.

Policy basis of the ADRM is inconsistent with the circumstances of the Property

The Council's published policy is to apply a higher differential rate to Airport / Strategic Industry *'to recognise a greater share of costs associated with economic development, tourism and marketing, parking, and transport infrastructure associated with heavy plant and equipment.'*

However in fact:

- The North West Coastal Highway and the Dampier to Bunbury Natural Gas Pipeline are the only infrastructure crossing / servicing the Property.
- The Landcorp Website states that *"the Maitland SIA (strategic industrial area) is largely undeveloped and unserviced. Proponents requiring significant services will most likely be required to establish those services on-site or extend service infrastructure to the estate."*

Therefore, the Property cannot be said to require a high level of Council constructed and maintained infrastructure assets and services, or much at all.

Comparison with other land uses in the area of Council's responsibility

EDL believes that other land administered by the Council should be higher rated than the Property as other land consistently receives more Council services. In fact, none of the Council's published 2018 'Capital Works and Programs' benefit the Property.

GRV as determinative of value

EDL's view is that:

- Gross Rental Valuation (**GRV**) is an erroneous basis for the calculation of annual rates for the Property; and/or
- the Property has been erroneously categorised as airport/strategic industry land and should be rated differently given the lack of infrastructure servicing the Property.

Your letter states that the value of the Property has decreased by 11%, 5% less than the average property in the same rating category. It is not clear why the value of the Property has declined by less than others in the airport/strategic industry rate category.

EDL believes its rates should decrease in line with the decrease in the value of the Property.

Further, as the Council's capital works or maintenance programs do not benefit the Property, the Property should be re-categorised for rating purposes.

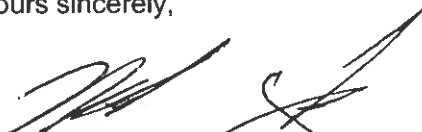
Unimproved land rating more appropriate

EDL believes that the Property should be valued and rated as unimproved land and the differential rates set by reference to its closest use (the 'other' category of 'mining/other') given the LNG plant supports power generation at remote towns.

It is also noted that EDL is the only proponent in the Strategic Industrial Area in Maitland. Therefore, the imposition of higher rates on the basis that the airport/GRV strategic industrial category decreased in value does not accord with the principle of objectivity.

We trust that you will give due weight to EDL's submissions in relation to the Property and I invite you to contact me on: 0417 914 103 to discuss in advance of you making your final determination about this matter and otherwise at any time.

Yours sincerely,



Michael Buzzard
Commercial Manager Remote Energy