



OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2021

In accordance with Section 6.36 of the *Local Government Act 1995*, the City of Karratha is required to publish its Objects and Reasons for implementing Differential Rates.

OVERALL OBJECTIVE

The purpose of the levying of rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure.

Property valuations provided by the Valuer General 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 City of Karratha. The application of differential rating maintains equity in the rating of properties across the City.

Council has considered the Key Values contained within the Rating Policy Differential 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

A copy of the policy can be obtained from

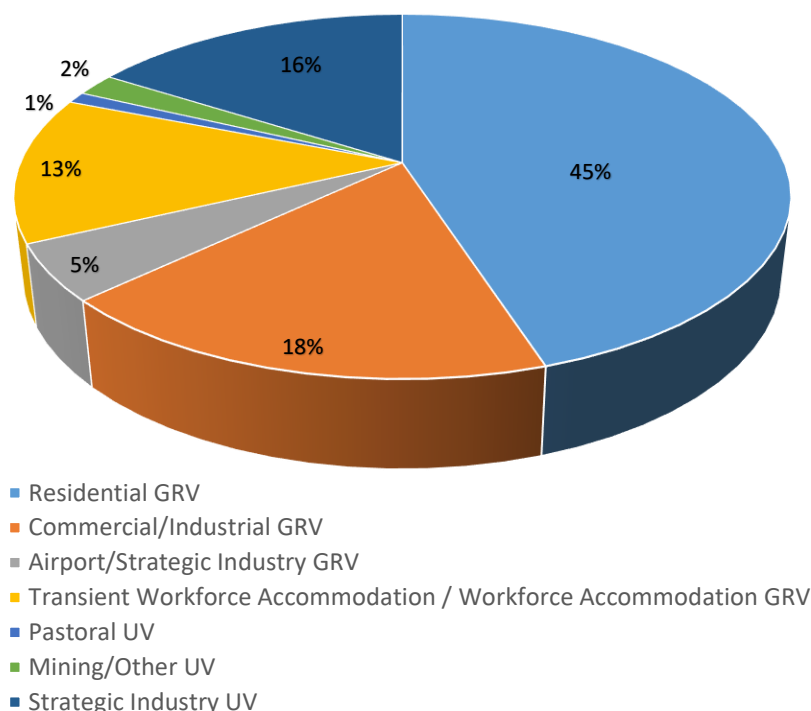
<https://www.dlgsc.wa.gov.au/departments/publications/publication/rating-policy-differential-rates>.

At the Special Council Meeting held on Monday 30 March Council resolved to commit to a 0% increase in rates for the 2020/21 financial year. This was one of a range of business support initiatives to assist local businesses in crisis due to the impact of the COVID-19 pandemic. Other initiatives are:

- Offering business support access
- Modifying the City's Financial Hardship (Rates Relief) Policy to provide increased access to financial relief
- 0% increase on the City's fees and charges for 2020/21
- Deferral of rates collection whereby rate collection from ratepayers (excluding scheduled ratepayers) is not due until November 2020
- 'Double Down' Strategy that seeds and implements opportunities to spend additional City resources on local suppliers and contractors over and above what is currently scheduled
- Social Media Campaign that encourages and supports spending on local businesses
- Lease fee waivers for small business and not for profit tenants of the City's properties for up to six months to match the State Government offer
- Debtor leniency

Table 1 represents the total 2020/21 rates to be levied by land use / zoning.

Table 1: Indicative Percentage Rates Contribution by Land Use / Zoning



GROSS RENTAL VALUE PROPERTIES (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 supplies and updates the GRV for all properties within the City of Karratha every three years. The most recent general revaluation was effective from 1 July 2018.

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.

Table 2 below summarises the proposed 2020/21 minimum payments and rates in the dollar for GRV:

Table 2: Proposed differential rates for 2020/21 financial year (GRV)

Including average rate per assessment

Differential Rates 2020/21				
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Proposed Average Rate per Property	Change in Average Rate
Gross Rental Value	\$	\$	\$	%
Residential	1,549.00	0.117479	2,254	0.0%
Commercial / Industrial	1,549.00	0.100770	6,978	0.0%
Airport / Strategic Industry (GRV)	1,549.00	0.156459	72,985	0.0%
Transient Workforce Accommodation / Workforce Accommodation	1,549.00	0.387044	231,759	0.0%

Residential – means any land:

- that is predominantly used for residential purposes;
- or**
- which is vacant of any construction, and is zoned as residential under the City's Planning Scheme.

The reason for the rate in the dollar for this category is to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas.

Council is focussed on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing of public ablutions and other building maintenance programs.

The rate for this category maintains a minimal increase to the average rate with no increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$1,549 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Commercial / Industrial – means any land:

- that is predominately used for either:
 - commercial purposes;
 - tourism purposes;
 - industrial purposes;
 - a combination of industrial, commercial and tourism purposes;
- or**
- which is vacant of any construction, and is zoned as Commercial, Tourism, Town Centre, Industrial or Mixed Business under the City's Planning Scheme.
- or**
- that does not have the characteristics of any other GRV differential rate category.

The reason for the rate in the dollar for this category is to recognise a greater share of costs associated with economic development, tourism and marketing, parking, LIA infrastructure, environmental health and regulatory services, and CBD infrastructure and amenity.

Council is focussed on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads (including reconstruction of major distributor roads within the LIA such as Mooligunn Road) and replacement and development of footpaths.

The rate for this category maintains a minimal increase to the average rate with no increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$1,549 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Airport / Strategic Industry – means any land:

- which is located within Karratha Airport (Reserve #30948);
- or**
- that is predominately used for the purpose of resource processing.

The reasons for the category are to recognise a greater share of costs associated with economic development, tourism and marketing, parking, and transport infrastructure associated with heavy plant and equipment.

In order to ensure that Council can maintain and sustain these infrastructure assets and services, a higher differential rate is proposed to be struck.

Strategic Industry – properties with a land use of Strategic Industry have State or Regional significance which utilise a proportionately high level of infrastructure assets due to heavy haulage vehicle movements. In addition, they also impact on the provision of environmental and strategic planning services as well as access to all other services and facilities provided by Council.

Airport - properties located in the Karratha Airport Precinct (second busiest airport in Western Australia) receive direct benefit from significant Airport Infrastructure and services more so than any other

ratepayer. In addition, these properties have access to all other services and facilities provided by Council.

Karratha Airport is a strategic asset of Council and the services afforded to Airport properties are of significant benefit. Operating costs of circa \$8.6m (excludes non cash and recoverable costs) for 2019/20 were incurred with similar operating costs anticipated for 2020/21.

Council's significant terminal (2015) and forecourt & carpark (2017) redevelopment projects provide a higher amenity and service to airport properties.

The rate for this category maintains no increase to the average rate with no increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$1,549 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Transient Workforce Accommodation / Workforce Accommodation – means any land:

- that is predominately used for the purpose of workforce accommodation;
or
- that is predominately used for the purpose of transient workforce accommodation;
or
- that has been zoned as Transient Workforce.

The rate in the dollar for the Transient Workforce Accommodation / Workforce Accommodation (TWA) category is proposed to be three point two nine times (x3.29) the Residential rate category which equates to three point eight four times (x3.84) the lowest GRV rate in the dollar being Commercial / Industrial.

This differential rate maintains a proportional share of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas. These services, programs and facilities are available to FIFO workers in the same manner as they are available to all other residents of the City and the contribution from this category has been set at a level that reflects this fact.

Council is focussed on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing of public ablutions and other building maintenance programs. In addition, these properties have access to all other services and facilities provided by Council.

The rates per TWA accommodation unit are less than the equivalent rate per residential accommodation unit and are significantly less than the minimum rate of \$1,549 for a single bedroom residence. Despite the lower rate per accommodation unit, TWA properties have the potential to have a greater impact on Council services/assets than other properties due to their number of occupants in a relatively small land parcel (i.e. concentrated coach/vehicle movements on local roads). In order to appropriately maintain and manage Council's asset and infrastructure in the longer term, a higher differential rate is proposed for this category to reflect the greater potential and actual intensity of use of Council assets and infrastructure.

The rate for this category supports Council's preferred option that the operational workforce associated with resource interests be housed in normal residential properties within the town boundaries.

The rate for this category maintains no increase to the average rate for TWA's with no increase in the rate-in-the-dollar for the 2020/21 financial year. The minimum rate of \$1,549 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

UNIMPROVED VALUE PROPERTIES (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis.

Table 3 below summarises the proposed 2020/21 minimum payments and rates in the dollar for Unimproved Values:

**Table 3: Proposed differential rates for 2020/21 financial year (UV)
Including average rate per assessment**

Differential Rates 2020/21				
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Proposed Average Rate per Property	Change in Average Rate
Unimproved Value	\$	\$	\$	%
Pastoral	\$325	0.103638	18,719	0%
Mining/Other	\$325	0.132900	2,276	0%
Strategic Industry (UV)	\$325	0.184880	153,791	0%

Pastoral – means any land:

- that currently has a pastoral lease granted;
and
- that is used predominantly for the purpose of grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee-keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of these activities.

This rating category reflects the level of rating required to raise the necessary revenue to operate efficiently and provide for rural infrastructure and services in addition to the urban services, programs and infrastructure which are available to be accessed by the properties in this category.

The rate for this category maintains no increase to the average rate for Pastoral Stations with no increase in the rate-in-the-dollar for the 2020/21 financial year. The UV minimum rate of \$325 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Mining / Other – means any land:

- that a mining, exploration, prospecting or retention lease and/or license has been granted;
or
- that does not have the characteristics of any other UV differential rate category.

The reasons for this category is to reflect the impact on utilisation of rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes. In addition, these properties have access to all other services and facilities provided by Council.

The rate for this category maintains a minimal increase to the average rate for Mining/Other properties with no increase in the rate-in-the-dollar for the 2020/21 financial year. The UV minimum rate of \$325 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Strategic Industry – means any land:

- that is predominately used for industrial purposes;
or
- that is predominately used for the purpose of resource processing;
or
- that is predominately used for the purpose of supporting a transient workforce.

The reasons for this category are to reflect the impact on utilisation of urban and rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes by operations associated with State Agreements and/or significant resource sector operations. In addition, these properties have access to all other services and facilities provided by Council.

Properties with a land use of Strategic Industry have State or Regional significance, many of which are subject to legacy State Agreement Acts that limit the method of valuation to UV with restrictive formulae for the calculation of the valuation. The higher differential rate for this category is proposed in order to levy a somewhat commensurate rate comparative with their impact on the local community (i.e. heavy haulage vehicle movements, environmental health, strategic planning).

The rate for this category maintains a minimal increase to the average rate for UV Strategic Industry properties with no increase in the rate-in-the-dollar for the 2020/21 financial year. The UV minimum rate of \$325 is to ensure that all ratepayers make a minimum contribution for basic services and infrastructure.