

## 16.3 DRAFT DIFFERENTIAL RATES MODEL – 2014/15 FINANCIAL YEAR

<b>File No:</b>	<b>RV.10</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Manager Financial Services / CFO</b>
<b>Date of Report:</b>	<b>14 March 2014</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s)</b>	<b>Nil</b>

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### **PURPOSE**

To consider the draft differential rates model for 2014/15 financial year for the purpose of advertising and seeking public submissions as required by the *Local Government Act 1995*.

### **BACKGROUND**

In line with Council's annual budget cycle, Council Officer's seek endorsement by Council of the differential rates for the purpose of advertising and seeking public submissions.

Before Council can impose a differential rating model across the Shire, Council must advertise the proposed differential rate for a minimum period of 21 days. This period of advertising allows rate payers the ability to consider the proposed rates in the dollar and make any submissions prior to Council adopting the proposed rate as part of the budget process. The advertising process does not prohibit Council amending the rate model at Budget Adoption.

Additionally, under the *Local Government Act 1995*, Council must seek approval from the Minister of Local Government to raise the differential rate where the highest differential rate is more than twice the lowest differential rate (Residential rate for GRV and Pastoral rate for UV properties in the Roebourne Shire).

Councillors participated in a strategic planning workshop in February 2014, where all projects, activities and initiatives were considered for the Long Term Financial Plan and 2014/15 Budget.

Subsequently the Executive Management Team has sought to implement the workshop outcomes that are applicable to the differential rates model in 2014/15 which was further workshopped with Councillors at the 14 March 2014 Agenda Briefing Session. Workshop outcomes are shown in the table following:

**Table 1**

Issue	Scale	Estimated Impact	Outcome
UV valuations (excluding Pastoral) anticipated to reduce effective 1 July 2014	15% Reduction	(\$400k)	Increase rate in \$ to achieve average 6% increase to negate financial impact
Pastoral Concession scheduled to be fully removed in 2014/15	Final 1/3 reduction	(\$61k)	Defer implementation of final 1/3 reduction in pastoral concession
Minimum Rates	13/14 1900 properties (Mainly Roebourne / Wickham / Vacant Land)	\$42k	\$1,400
Workforce Accommodation	Align 11 Workforce Accommodation properties with TWA properties	\$118k	Rate all Workforce Accommodation properties based on 4x Residential Rate in \$
Consideration of an additional UV Category – Mining/ Other	Rate in \$ 2x Pastoral	(\$46k)	Create new UV Category Mining/Other

In arriving at the proposed rates in the dollar Council has attempted to balance the need for revenue to fund essential services and facilities with the desire to limit any increase on the ratepayer to affordable levels.

Table 2 provides a comparison of the proposed GRV and UV differential rates in comparison to those adopted for 2013/14.

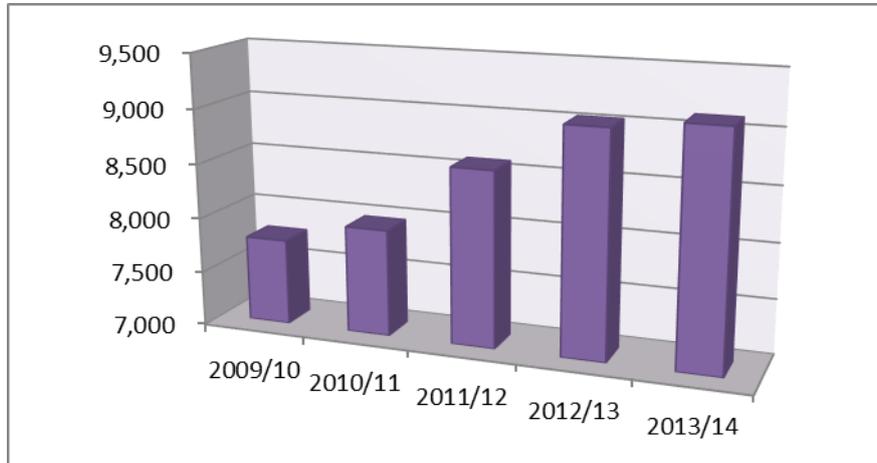
**Table 2**

GRV/UV	Differential Rates Categories	Current Rate in \$	Proposed Rate in \$
GRV	Residential	0.027723	0.029386
GRV	Commercial / Tourism / Town Centre / Industry / Mixed Business	0.055446	0.058772
GRV	Airport / <i>Workforce Accommodation*</i> / GRV (Strategic Industry)	0.097030	0.102851
GRV	<b>Transient Workforce Accommodation* / Workforce Accommodation</b>	0.110892	0.117544
UV	UV (Pastoral)	0.063383	0.076693
UV	UV (Mining/Other)	0.126766	0.153386
UV	UV (Strategic Industry)	0.158457	0.191732

In 2014/15 the land use for *Workforce Accommodation\** is proposed to move from its existing differential rate category grouping, Airport / *Workforce Accommodation\** / GRV (Strategic Industry) to **GRV Transient Workforce Accommodation / Workforce Accommodation**. In addition it is proposed to expand the UV (Mining) category to include properties that are currently rated UV (Strategic Industry) that are not consistent with other properties in this category.

With an expanding shire, the costs associated in providing additional services to meet the needs of the community continue to increase. This is reflected in Table 3 below where over a five year period the number of rateable properties has increased from 7,784 to 9,115.

**Table 3 Rateable Properties**



The current preferred draft differential rate model will see an increase in rates levied of \$6 million based on levied rates (excluding interim rates) for the current financial year 2013/14.

#### **LEVEL OF SIGNIFICANCE**

In accordance with Council Policy *CE-8 Significant Decision Making Policy*, this matter is considered to be of high significance in terms of Council's ability achieve infrastructure projects and operational services identified in the Strategic and Operational Plans.

#### **COUNCILLOR/OFFICER CONSULTATION**

Consultation has taken place with Councillors and Executive Management Team via budget workshops and strategic planning sessions.

#### **COMMUNITY CONSULTATION**

Crucial to the process is the advertising and public submission period which provides the community with the opportunity to comment in accordance with Section 6.36 of the *Local Government Act 1995*. This will commence subject to Council endorsement of the 2014/15 Draft Differential Rates model. Once Council has considered public submissions it may adopt and impose the rates after receiving Ministerial Approval.

#### **STATUTORY IMPLICATIONS**

*Local Government Act 1995:*

Section 6.33 - Differential Rates

Section 6.35 - Minimum Payment

Section 6.36 - Local Government to give notice of certain rates

#### **POLICY IMPLICATIONS**

Council Policy CE8 – Significant Decision Making Policy and CF-10 Rating Equity Policy.

#### **FINANCIAL IMPLICATIONS**

The financial implications resulting from the preferred differential rates model, based on rating information as of 28 February 2014, currently project rates to be levied in the 2014/15 financial year of \$38.3 million comparative to rates levied for 2013/14 of \$32.3 million.

The differential rates model as endorsed by Council for advertising will directly influence Council's ability to fund expenditure requirements proposed to be included in the 2013/14 budget.

### **STRATEGIC IMPLICATIONS**

This item is relevant to Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2013-2014 provided for this activity:

Our Program:	4.d.1.1	Maximise opportunities for long term financial sustainability and equitable rating structure.
Our Services:	4.d.1.1	Monitor and maintain rates property database.

### **RISK MANAGEMENT CONSIDERATIONS**

The greatest risk to Council is achieving the infrastructure and operation outcomes contained within Council's Strategic Plan.

### **IMPACT ON CAPACITY**

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

### **RELEVANT PRECEDENTS**

Annually the Shire of Roebourne applies for Ministerial Approval in order to impose differential rating for all Gross Rental Value properties and Unimproved Value properties.

### **VOTING REQUIREMENTS**

Simple Majority

### **OPTIONS:**

#### Option 1

As per Officer's recommendation.

#### Option 2

That Council by SIMPLE Majority pursuant to Section 6.36 of the *Local Government Act 1995* RESOLVES for the purpose of public advertisement and consultation of its intended Differential Rates Model for the 2014/15 Financial Year to ENDORSE the following differential rates\_\_\_\_\_.

### **CONCLUSION**

The 2014/15 Annual Budget will contain expenditure considerations driven by the Strategic Community Plan and Corporate Business Plan in line with Community priorities and the State Government's Pilbara Cities vision.

In order for priority projects to be incorporated and funded in Council's LTFP, it is imperative that the continued expansion of Council's community infrastructure footprint be considered in Council's setting of its differential rates model. The differential rates model presented to Council for its endorsement for advertising meets the revenue requirements of the LTFP for 2014/15.

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**OFFICER'S RECOMMENDATION**

That Council by SIMPLE Majority pursuant to Section 6.36 of the *Local Government Act 1995* RESOLVES to:

1. **ENDORSE** the advertising of the Council's intention to levy the following differential rates in 2014/15:

<b>GRV/UV</b>	<b>Differential Rates Categories 2014/15</b>	<b>Proposed Rate in \$</b>	<b>Minimum Rate</b>
<b>GRV</b>	<b>Residential</b>	<b>0.029386</b>	<b>\$1,400</b>
<b>GRV</b>	<b>Commercial / Tourism / Town Centre / Industry / Mixed Business</b>	<b>0.058772</b>	<b>\$1,400</b>
<b>GRV</b>	<b>Airport / GRV (Strategic Industry)</b>	<b>0.102851</b>	<b>\$1,400</b>
<b>GRV</b>	<b>Transient Workforce Accommodation / Workforce Accommodation</b>	<b>0.117544</b>	<b>\$1,400</b>
<b>UV</b>	<b>UV (Pastoral)</b>	<b>0.076693</b>	<b>\$1,400</b>
<b>UV</b>	<b>UV (Mining/Other)</b>	<b>0.153386</b>	<b>\$318</b>
<b>UV</b>	<b>UV (Strategic Industry)</b>	<b>0.191732</b>	<b>\$1,400</b>

2. **SEEK** submissions from property owners of non-minimum rated properties whose individual property rate for 2014/15 will increase by greater than the predominant 6% increase contained within the proposed Differential Rates Model 2014/15.