



## **OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL RATES AND MINIMUM PAYMENTS FOR THE 2024/2025 FINANCIAL YEAR**

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

### **DIFFERENTIAL RATES**

Differential rating is the method of applying a different rate in the dollar to a different category of property. This is allowed for and controlled by S6.33 of the Local Government Act 1995 and the Shire applies differential rates according to property usage for GRV and UV Rated properties.

Properties in the Shire of Carnarvon are valued with either a Gross Rental Value (GRV) which is used on urban properties around townsites and Unimproved Value (UV) which is predominantly used on rural properties. More information on the different valuation methods can be found on the Valuer Generals website at [www.landgate.wa.gov.au](http://www.landgate.wa.gov.au)

### **OVERALL OBJECTIVE**

The purpose of levying rates is to meet Council's budget requirements each financial year, so it can deliver facilities, services and community infrastructure. Property valuations provided by the Valuer General's Office (VGO) 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 Shire of Carnarvon. The application of differential rating maintains fair and equitable rating of properties across the Shire. Preparation of the annual Budget is informed by two key Council documents, the 10-year Strategic Community Plan and the Long-Term Financial Plan. These documents provide the road map for budget preparation and therefor rates revenue requirements.

### **Anticipated projects for 2024/2025 include:**

- Continued upgrade and maintenance on unsealed country roads through the capital infrastructure and maintenance programs.
- Resealing in main streets and on sealed roads (ongoing yearly commitment, still in progress from 23/24 FY).
- Waste Management Facility improvements.
- Flood preparedness project.
- Fascine and associated waterways upgrade.
- Continued Aquatic Centre maintenance and upgrades (ongoing yearly commitment, still in progress from 23/24 FY).
- Continued progress towards achieving RV-Friendly status for Carnarvon (still in progress from 23/24 FY)
- Project development to expand waste facilities for Carnarvon and Coral Bay (still in progress from 23/24 FY)
- Staged installation of an integrated water supply infrastructure (still in progress from 23/24 FY).

- Continued upgrade to public facilities/amenities for Carnarvon/Coral Bay and surrounds.
- Continued commitment to town revitalization Carnarvon Activation Plan in Carnarvon.
- Development and expansion of safe shared paths around Carnarvon.
- Ongoing commitment to erosion management and control around Carnarvon and Coral Bay.
- Asset replacement program for higher quality delivery of service.

Council has reviewed its expenditure, own source revenue generating capacity and considered efficiency measures. In particular, the following actions have been undertaken:

***Efficiency measures that have been implemented include:***

- Ongoing assessment of the organisational structure
- Review of position descriptions, remuneration and need for the role as vacancies arise
- Consideration of outsourcing and use of short-term contracts for specialised projects and programs
- The continued pursuit and recovery of outstanding debts including unpaid rates
- Ongoing review of levels of service
- Exploring shared service arrangements
- Enhancing partnerships for improve effectiveness and efficiency

## **UV MINING**

### **Proposed Characteristics**

*UV MINING* rate applies to all UV Valued properties in the Shire where the predominant use of the land is for mining related purposes or for other general-purpose leases. These properties are usually a result of a mining tenement with common land uses including explorations, mining and prospecting.

### **Proposed Objects and Reasons**

Historically, the number of mining assessments has been more than pastoral leases while overall valuations have been around one tenth of pastoral valuations. This lower valuation reflects the predominance of low value prospecting and exploration leases rather than higher value mining leases.

The object of this differential category is to apply a differential rate to mining related properties in the Shire in order to raise additional revenue to offset the costs associated with reducing environmental impacts as well as the costs related to the increased maintenance and renewal of assets and infrastructure required by the impact of heavy mining and vehicles.

The reason this category is rated higher than the other two UV rates is to reflect the higher road infrastructure maintenance costs to the Shire as a result of use of extensive lengths of Shire roads throughout the year, and the relatively low total contribution from this sector to the overall total.

The proposed rate in the dollar for this category is 26.6372 cents, with a minimum payment of \$485.00. It will be applied to 65 of the Shire's rateable properties and deliver 7.08% of the proposed overall anticipated rate income for 2024/2025. 17 of these 65 properties will attract the minimum rate whilst the properties whose values are higher, reflecting their increased usage and thereby contributing more to the Shires resources, will attract a higher rate. The proposed total rate revenue of this category is \$491,622.54.

## **UV PASTORAL**

### **Proposed Characteristics**

*UV PASTORAL* rate applies to all UV Valued properties in the Shire where there is a pastoral lease in place and for properties where the predominant use of the land is for a rural purpose.

### **Proposed Objects and Reasons**

The Shire of Carnarvon recognises a high cost for providing services to pastoral and rural purpose properties within the Shire boundaries compared to properties located closer to townsites. The Shire incurs higher costs for infrastructure maintenance and service provision to UV Pastoral properties as a result of extra vehicle movements on the Shire's Road network due to the location and commercial nature of these properties outside of the town site.

The object of this differential category is to apply a differential rate to pastoral and rural purpose properties in the Shire in order to raise additional revenue to offset the cost of providing and maintaining infrastructure and other Shire services. These properties tend to have a higher valuation than UV Mining properties due to the location and size of the properties. By applying the proposed rate in the dollar to this category, Council takes these associated costs and higher valuation levels into consideration.

The proposed rate in the dollar for this category is 12.7344 cents, with a minimum payment of \$1,322.00. It will be applied to 40 of the Shire's rateable properties, with 8 properties attracting the minimum rate. It will deliver 6.11% of the proposed overall anticipated rate income for 2024/2025 with a proposed total rate revenue of \$424,102.75.

### **UV INTENSIVE HORTICULTURE (PLANTATIONS)**

#### **Proposed Characteristics**

*UV Intensive Horticulture (Plantation)* rating applies to all plantation properties on unimproved land use.

#### **Proposed Objects and Reasons**

The Shire of Carnarvon recognises the higher costs incurred for infrastructure maintenance and service provision to UV Intensive Horticultural properties as a result of extra vehicle movements on the Shire's Road network due to the location and commercial nature of these properties outside the town site. This places additional pressure on Shire infrastructure assets.

The object of this differential category is to apply a differential rate to intensive horticulture related properties in the Shire in order to raise additional revenue to offset the costs associated with the Shire managing the above issues. Valuations applied to the intensive horticulture properties tend to be higher than those within the other UV rated categories, and in order to ensure equity in rates contribution across all categories, Council takes these associated costs and valuation levels into consideration by applying a lower rate in the dollar.

The proposed rate in the dollar for this category is 2.6491, with a minimum payment of \$1,322.00. It will be applied to 170 of the Shire's rateable properties and deliver 9.47% of the proposed overall anticipated rate income for 2024/2025. The minimum rate will not apply as no properties fall within the minimum rates thresholds. The proposed total rate revenue of this category is \$656,923.88.

### **GRV RESIDENTIAL**

#### **Proposed Characteristics**

*GRV RESIDENTIAL* rate applies to all GRV Valued properties in the Shire where the property is designated Residential during the Landgate valuation process and for properties where the predominant use of the land is for housing.

#### **Proposed Objects and Reasons**

The Shire of Carnarvon recognises a cost for providing services to the 1,684 residential properties in the Shire is based on the Uniform General Rate. The Uniform General Rate is calculated on the requirements for the Rate Revenue needed to finance the operations of the Shire and is supported by the anticipated projects for 2024/25 and the efficiency measures that have been implemented along with the identified direction provided by the Strategic Community Plan and the Corporate Business

Plan. The application of differential rating to maintain equity on the rating of properties across the Shire also influences the Uniform General Rate.

The proposed rate in the dollar for this category is 9.8174 cents, with a minimum payment of \$1,322.00. 260 properties will attract the minimum payment. It will deliver 45.50% of the proposed overall anticipated rate income for 2024/2025. The proposed total rate revenue of this category is \$3,157,249.93.

## **GRV SPECIAL USE/RURAL**

### **Proposed Characteristics**

*GRV SPECIAL USE/RURAL* rate applies to all GRV Valued properties in the Shire where the property is designated Special use/Rural during the Landgate valuation process and for properties where the predominant use of the larger blocks of land is for minor rural pursuits, including stock, horses, etc. and contained within the greater townsite.

### **Proposed Objects and Reasons**

The Shire of Carnarvon recognises a cost for providing services to the 104 special use/rural properties in the Shire is based on the Uniform General Rate. The Uniform General Rate is calculated on the requirements for the Rate Revenue needed to finance the operations of the Shire and is supported by the anticipated projects for 2024/2025 and the efficiency measures that have been implemented along with the identified direction provided by the Strategic Community Plan and the Corporate Business Plan. The application of differential rating to maintain equity on the rating of properties across the Shire also influences the Uniform General Rate.

The proposed rate in the dollar for this category is 11.0600 cents, with a minimum payment of \$1,322.00. 30 properties will be on the minimum payment. The Special Use/Rural category will deliver 4.02% of the proposed overall anticipated rate income for 2024/2025. The proposed total rate revenue of this category is \$278,918.98.

## **GRV COMMERCIAL/INDUSTRIAL**

### **Proposed Characteristics**

*GRV COMMERCIAL/INDUSTRIAL* rate applies to all GRV Valued properties in the Shire where the property is designated Commercial/Industrial as opposed to GRV Residential or GRV Special Use/Rural during the Landgate valuation process and for properties where the predominant use of the land is for a commercial or industrial purpose.

### **Proposed Objects and Reasons**

The Shire of Carnarvon recognises a cost for providing services to 334 commercial or industrial purpose properties within the Shire boundaries compared to properties classified as Residential or Special Use/Rural located within the townsites. The Council endeavours to provide an incentive to encourage business expansion, development and support within the scope of the rating system. A boost to commercial and industrial properties can have a flow on effect to the wider community.

The object of this differential rate is to ensure that the proportion of total rate revenue derived from GRV Commercial/Industrial remains essentially consistent with previous years. The nexus between GRV Commercial/Industrial and GRV Residential and Special Use/rural is deemed appropriate. The rate reflects the cost of servicing commercial activity and other amenities. These properties tend to have a higher valuation than other GRV properties due to the location and size of the properties. Council takes these impacts and higher valuation levels into consideration.

The proposed rate for this category is 11.1138 cents in the dollar with a minimum payment of \$1,322.00 and 56 properties on the minimum payment. It will deliver 27.82% of the proposed overall anticipated rate income for 2024/2025 with a proposed total rate revenue of \$1,930,468.67.



