

2018-19

OBJECTIVES AND REASONS FOR LEVYING DIFFERENTIAL RATES

The overall objective for differential general rating is an attempt to ensure revenue is collected on an equitable basis, enabling the Shire to provide facilities, infrastructure and services to the entire community.

The Shire of Wiluna provides services to a diverse region consisting of Wiluna townsite, rural/pastoral, mining and exploration & prospecting. All sectors benefit from the services provided by the Shire, though it is inevitable that some sectors may benefit more from any particular service. Persons operating within all sectors have the right to use the services provided and the Shire does not seek to restrict the use of its services by any sector, though some will make greater demands and impose greater costs on the Shire, and some have a greater capacity to contribute to the Shire's revenue than others.

To levy an appropriate minimum rate that more closely reflects the costs of servicing lots within the townsite and the whole Shire area, and to ensure that a minimum contribution is made by all ratepayers for the benefit of the district.

To ensure that properties whose owners/occupiers place disproportionately high administrative burdens and costs upon the Shire make an additional contribution so as not to transfer the burden to other ratepayers.

As a means to maintain a balanced budget position with a reasonable contribution from all rating categories and a reasonable approach by the Council in regard to increases. Unfortunately, this means that a rate increase in excess of the general price index will be forced onto ratepayers due to the continued shift of roles and responsibilities to local governments from the other spheres of government without any corresponding transfer of resources, and the steady withdrawal of funding from state and federal sources.

-) An example of the withdrawal of state funding from local governments is the significant (approximately 43%) reduction in July 2017 of direct roads grants.
-) An example of the reduction of federal funding for local governments is the significant (approximately 47 %) fall in Roads to Recovery funding in 2018-2019 compared to 2017-2018.

The rates imposed are within the rating parameters set in subsection 6.33 of the Local Government Act 1995 and the approval of the Minister is therefore not required. Nevertheless, the Council has had regard to the values set out in the Department of Local Government and Communities' policy on differential rates dated March 2016, namely:

-) Objectivity
-) Fairness and Equity
-) Consistency, and
-) Transparency and administrative efficiency.

The specific objectives related to each differential rating category are set out below:

GRV Town Rates

The object of this rate is to apply a base differential general rate to land within the Wiluna townsite and to act as the Shire's benchmark differential rate by which all other properties are assessed. It

provides for the cost of operating all urban facilities and services that are available to all residents and ratepayers to use, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

The reason for the GRV Town rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

UV Rural Rates

The object of this rate is to apply a base differential general rate to rural land within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads and other rural services upon which rural enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

The reason for the UV Rural rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

UV Exploration and Prospecting Rates

The object of this rate is to apply a base differential general rate to Exploration and Prospecting tenements within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads upon which exploration and prospecting enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

In addition to contributing to the costs of facilities and services available to all residents and ratepayers, the rate recognises the additional administrative burden and costs associated with administering this class of rates and the much higher risks of non-collection. Irrespective of the rates calculated based on the valuation database at the beginning of the year, experience shows that a significantly higher proportion of this class of rates will be irrecoverable due to tenement deaths and deregistration of exploration corporations.

The reason for the UV Exploration and Prospecting rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire, as well as a contribution to the Shire's administrative costs proportionate to the additional risks and burdens imposed upon the Shire by Exploration and Prospecting Ratepayers.

GRV Mining Rates

The object of this rate is to apply a base differential general rate to GRV-Rated mining tenements within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads upon which mining enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

In addition to contributing to the costs of facilities and services available to all residents and ratepayers, the rate recognises the additional administrative burden and costs associated with administering this class of rates such as dealing with applications and additional correspondence on matters such as requests for special treatment (such as waiving of interest on overdue rates).

The reason for the GRV Mining rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire, as well as a contribution to the Shire's administrative costs proportionate to the additional risks and burdens imposed upon the Shire by Mining Ratepayers (including unrecovered litigation costs).

UV Mining Rates

The object of this rate is to apply a base differential general rate to UV-Rated mining tenements within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads upon which mining enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

In addition to contributing to the costs of facilities and services available to all residents and ratepayers, the rate recognises the additional administrative burden and costs associated with administering this class of rates and the risks of non-collection due to tenement deaths and deregistration of mining companies, additional wear and tear on Shire assets due to use of oversize and overweight vehicles and aircraft, additional compliance burdens and costs, and unrecovered legal expenses due to litigation initiated by mining companies.

The reason for the UV Mining rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire, as well as a contribution to the Shire's administrative costs proportionate to the additional risks and burdens imposed upon the Shire by Mining Ratepayers (including those described in the immediately preceding paragraph).

The Council has also observed a disparity between UV Mining Rates and UV Exploration and Prospecting Rates, with the latter rates being significantly higher in 2016/2017. Although the Exploration and Prospecting rates have a high administrative cost and a high risk burden, the higher than UV Mining rate is recognised as anomalous in that other costs associated with the mining sector (compliance, wear and tear, litigation, etc) are not as high in respect of exploration and prospecting companies as is the case for mining companies.

It is intended to remove this disparity over a number of years, starting with an additional increase in UV Mining rates imposed in 2017-2018. Although an alternative course of action would be to

eliminate the anomaly in a single year, this is considered to be too disruptive to the sector and may even result in further litigation of the type that has increased the Shire's costs in 2016/2017.

GRV Town Minimum Rates

The object of this rate is to apply a minimum rate to land within the Wiluna townsite and to act as the Shire's benchmark differential rate by which all other properties are assessed. It provides for the cost of operating all urban facilities and services that are available to all residents and ratepayers to use, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

The reason for the GRV Town minimum rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

UV Rural Minimum Rates

The object of this rate is to apply a minimum rate to rural land within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads and other rural services upon which rural enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

The reason for the UV Rural minimum rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

UV Exploration and Prospecting Minimum Rates

The object of this rate is to apply a minimum rate to Exploration and Prospecting tenements within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads upon which exploration and prospecting enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

In addition to contributing to the costs of facilities and services available to all residents and ratepayers, the rate recognises the additional administrative burden and costs associated with administering this class of rates and the much higher risks of non-collection. Irrespective of the rates calculated based on the valuation database at the beginning of the year, experience shows that a significantly higher proportion of this class of rates will be irrecoverable due to tenement deaths and deregistration of exploration corporations.

The reason for the UV Exploration and Prospecting minimum rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire, as well as a contribution to the Shire's administrative costs proportionate to the additional risks and burdens imposed upon the Shire by Exploration and Prospecting Ratepayers.

GRV Mining Minimum Rates

The object of this rate is to apply a minimum rate to GRV-Rated mining tenements within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads upon which mining enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

In addition to contributing to the costs of facilities and services available to all residents and ratepayers, the rate recognises the additional administrative burden and costs associated with administering this class of rates and the high costs of operating the Wiluna Aerodrome due to damage caused by larger aircraft chartered to mining companies.

The reason for the GRV Mining minimum rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire, as well as a contribution to the Shire's administrative costs proportionate to the additional risks and burdens imposed upon the Shire by Mining Ratepayers.

UV Mining Minimum Rates

The object of this rate is to apply a minimum rate to UV-Rated mining tenements within the Wiluna district and provide for the cost of operating all the facilities and services that are available to all residents and ratepayers to use including rural roads upon which mining enterprises rely, other than those services and facilities for which separate fees and charges are levied on a full cost-recovery basis.

It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees/charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that all ratepayers make a fair contribution.

In addition to contributing to the costs of facilities and services available to all residents and ratepayers, the rate recognises the additional administrative burden and costs associated with administering this class of rates and the risks of non-collection due to tenement deaths and deregistration of mining companies, additional wear and tear on Shire assets due to use of oversize and overweight vehicles and aircraft, additional compliance burdens and costs.

The reason for the GRV Mining minimum rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire, as well as a contribution to the Shire's administrative costs proportionate to the additional risks and burdens imposed upon the Shire by Mining Ratepayers (including those described in the immediately preceding paragraph).