

The background of the document is a photograph of a river scene. In the foreground, a large, dark tree trunk with green leaves hangs down from the top left. The river flows through the center, reflecting the sky. In the background, a prominent yellow-orange hill, likely a sandstone escarpment, rises above the riverbank. The sky is a pale blue.

Shire of EAST  
**Pilbara**  
THE HEART OF THE PILBARA

**Notice of Intention  
To Levy Differential  
Rates 2023-2024**

**Statement of Objects  
and Reasons**

In accordance with section 6.36 of the *Local Government Act 1995* (the Act), the Shire of East Pilbara (the Shire) is required to publish its Objects and Reasons for implementing Differential Rates.

## 1. Introduction

Rates are a tax levied on all rateable properties within the boundaries of the District of East Pilbara in accordance with the Act. The overall objective of the proposed rates for the drafting of the Shire's 2023 - 2024 Annual Budget is to provide towards the net funding requirements for provision of the Shire's services, activities, financing costs, current and future capital requirements. Consideration of the required rates yield forecast is after taking into account all revenue sources, expenditure and efficiency measures as part of budget deliberations.

The importance of achieving an operating surplus towards the Shire's long-term financial sustainability, is recognised as considered planning for our future community needs and aspirations. The Department of Local Government Sport and Cultural Industries have prescribed guidelines for local governments to achieve. This is the third year of a three year objective to address the Shire's operating budget deficit that was in deficit over previous years.

## 2. Rating Strategy 2021 - 2026

The Shire's rating strategy establishes a framework to address the following key elements:

- a) That the basis of valuation for rating purposes continues to be the independently determined Gross Rental

Value (GRV) and Unimproved Value (UV) method.

*\* Landgate values all properties in the State independently.*

- b) Recognise the individual characteristics of land use as the basis for differentially rating properties within the Shire.

- Residential
- Non-Residential
- Transient Workers Accommodation
- Pastoral
- Mining / Other

*\* The use of differential rating is considered a means to achieve greater uniformity in annual rate revenue apportionment across property types, being subject to fluctuations in their triennial revaluation reviews.*

- c) To maintain transparency and consistency each year in annual rating.

*\* The Shire charges separately for rates, waste and State Emergency Services Levy (ESL).*

- d) That electronic communication methods are more efficient and effective.

*\* Sustainable, cost effective and a digital Shire.*



In response to ratepayer submissions which established a sixth (6<sup>th</sup>) category of differential rating:

- Mining – Prospecting

## **2.1 Overall Objective**

Achieving comparative rating consistency with neighbouring local governments in the short-term will support the Shire's long-term financial sustainability. Following with a gradual and consistent approach towards future increasing rates, avoids the need to raise rates outside of an acceptable range and or comparison over the long-term.

Being the third year of a three year plan towards achieving the objectives of a balanced operating budget and comparative rating parity, it includes lifting minimal rate charges across all existing rating categories, without the use of rating concessions.

## **2.2 Basis of Rating**

The basis for calculating the apportionment of Shire rates is the Gross Rental Values (GRV) and Unimproved Values (UV) provided for each individual property independently by the Valuer General's Office. Properties are grouped according to Town Planning Scheme zonings and predominant land use with each having a separately calculated rate in the dollar and minimum charge to achieve greater equity across all categories.

## **2.3 Key Values**

The key values contained within the Department of Local Government Sport and Cultural Industries Rating Policy Differential Rates (s.6.33) March 2016 are as follows, being:

### - Objectivity

The predominant use of land should determine the basis for an objective assessment of relevant criteria. External parties should be able to understand how and why a determination was made.

### - Fairness & Equity

Rating principles should be applied fairly and equitably. Each property should make a fair contribution to rates based on a method of valuation appropriately reflecting predominant use.

### - Consistency

Rating principles should be applied and determinations should be made in a consistent manner. Similar properties should be treated in a similar manner. *The rating approach taken within neighbouring local governments shall be taken into account.*

### - Transparency and efficiency

Systems and procedures for determining the method of valuation of land should be clearly documented and available for the public to inspect. This is fundamental to the "good government" principle upon which the Act is based. The right to govern accompanies the obligation to do so openly and fairly.

### 3. Revenue Requirements

Council has reviewed its available revenues and expenditure requirements and considered efficiency measures as part of its budget deliberations. The key points for the drafting of the 2023 - 2024 annual budget being to:

- Raise sufficient rates income to maintain current services and future infrastructure renewal to meet community expectations as per the revised Strategic Community Plan considered and to be adopted;
- Reduce reliance on year end surpluses to fund the following year's budgets, instead transferring these to the surplus;
- Progress towards achieving an operational surplus, to then
- Fund new capital works without fully relying on debt and reserves, and
- Ensure a balanced budget.

In particular, to improve efficiency and reduce expenditure the Shire undertakes on a continuous basis, to:

- Review the need for and remuneration of each position as vacancies arise;
- Review capital expenditure and deferred as appropriate;
- Continue to install energy efficient fixtures and equipment;
- Review light fleet and plant; and
- Undertake reviews of public amenity usage and service levels.

It is recognised the need to accommodate within the drafting of the 2023-2024 annual Shire budget:

- Workforce labour market demand and competition
- Cost Price Index (CPI) increases already experienced and forecast
- Increased demand for trades and continuing supply issues driving up prices
- Need to accumulate reserve funding for future capital works and obligations

Therefore the short-term measure, in addition to seeking greater external funding sources, which most effectively closes the Shire's operating deficit, comes from a further uplift in rating income to make up the Shire's current budget deficiency and future long term sustainability.

Having considered the forecast rates yield required after reviewing all revenue sources, expenditure and continued efficiency measures, as part of its budget deliberations. The table below details the total intended yield to be derived from each differential category as proposed:

The table below details the rate in the dollar and minimum amounts of the recommended 2023 – 2024 rating model as proposed:

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Rate Category	Rate in Dollar charge 2023 - 2024	Minimum rate charge 2023 - 2024	Rate in Dollar charge 2022 - 2023	Minimum rate charge 2022 - 2023
GRV Residential	\$0.0652	\$1,100	\$0.0600	\$1,000
GRV Non-Residential	\$0.0652	\$1,300	\$0.0600	\$1,200
GRV Transient Workforce Accommodation	\$0.1304	\$1,300	\$0.1200	\$1,200
UV Pastoral / Special Lease	\$0.1629	\$1,300	\$0.1500	\$1,200
UV Mining / Other	\$0.3258	\$1,300	\$0.3000	\$1,200
UV Mining Prospecting	\$0.2971	\$ 850	\$0.2829	\$715

## 4. Differential Rating

Section 6.33 of the Act provides local governments with the option of implementing differential rates. The Shire's 2023 – 2024 rating will be based on land use, being;

- GRV - Residential
- GRV - Non-residential
- GRV - Transient workforce accommodation
- UV - Pastoral / Special Lease
- UV - Mining / Other
- UV – Mining / Prospecting

The objects and reasons for differential rate charges are as follows;

### 4.1 GRV - Residential

This incorporates residential single dwellings, duplex, multi-unit and strata improved properties.

*\* To ensure that the proportion of total rate revenue derived from residential properties remains essentially consistent with previous years and also includes the ongoing maintenance and service provision of Shire assets and services primarily used by residential ratepayers. This will ensure a reasonable contribution to the cost of local government services and facilities available to residents.*

### 4.2 GRV – Non-residential

This incorporates all light industry, general industry, commercial including hotel/motel and mixed use properties.

*\* To ensure that the proportion of total rate revenue derived from non-residential properties remains essentially consistent with previous years and to recognise the additional costs of servicing these types of properties. Non-residential properties generate higher volumes of pedestrian and traffic movements than residential properties which results in increased road and streetscape maintenance requirements, additional on street parking needs and the requirement to install additional traffic treatments. Due to the increased presence of litter surrounding non-residential land the Shire is also required to*

*provide additional litter collection services to these areas. Patrons and employees of commercial and industrial premises are consumers of Shire services but unless they are also property owners within the Shire, are not contributing to the cost of services which they use. No concessions are intended.*

#### **4.3 GRV – Transient Workforce Accommodation (TWA)**

This incorporates all mass accommodation facilities provided for a workforce that is not permanently located within the district.

*\* To ensure rates are distributed equitably across property used for residential and non-residential workers. Temporary workers are consumers of Shire services but unless they are also property owners within the Shire, are not contributing to the cost of services which they use. Mass accommodation properties have the potential to have a greater impact on Shire services and assets than other property types due to their number of occupants in a relatively small land parcel.*

#### **4.4 UV – Pastoral**

This incorporates all properties issued with pastoral leases granted by the State Government.

OR Does not have the characteristics of any other UV differential rate category.

*\* To ensure rates are reflective of the level of service utilized by ratepayers in this category and further reflects the additional costs associated with gravel road maintenance albeit to a lesser extent than that of mining. No concessions are intended.*

#### **4.5 UV – Mining / Other**

This incorporates mining tenements, permits, drilling reservations, leases or licenses held, extracting, stock piling, processing or refining of minerals and the extraction, processing or refining of fuel sources, and any other land use, not including prospecting tenements.

*\* To ensure rates are reflective of the ongoing costs involved in maintaining the road network across broad Shire boundaries, and towards supporting regional communities.*

#### **4.6 UV – Mining Prospecting**

This incorporates all mining prospecting tenements, as defined under the Mining Act 1978 s.40 to 56 as prospecting land use.

*\* The rate in the dollar and minimum charge are comparatively lower than UV Mining / Other, due to having a lesser impact upon the road network, and their operations may not be intended as commercially income-producing.*

### **5 The Application of a Minimum Rate**

The Act allows councils to impose a minimum rate, which may not apply to more than 50% of rateable properties within a rating category. The effect is to increase the rates payable by lower valued properties so that every ratepayer makes a minimum contribution considered equitable to the cost of the services and infrastructure provided, commensurate with other local governments.

*It is proposed to increase minimum rates across rating categories to support the three year plan to achieve an operating surplus and parity in comparative rating.*

## **6 Other Fees and Charges**

With reference to the Shire's Rating Strategy 2021-2026:

### 1.5 Waste Service Fee

A waste service which includes the removal of rubbish and recycling, as well as the need to provide waste services to public areas, is required to be funded by residential ratepayers throughout the Shire. It is considered appropriate to separately identify this charge. The annual 2023 – 2024 charge is proposed to be \$446 and increase of \$2.23 per week / \$ annually towards meeting all operational and capital expenditure requirements and any surplus or deficit to be taken to reserve at year end.

### 1.7.1 Property Surveillance and Security Service Charge

A property surveillance and security service is provided at some locations throughout the Shire. It is considered appropriate to separately identify this charge to ratepayers receiving this service at an annual charge of \$62 could meet operational and capital expenditure requirements with any surplus or deficit to be taken to reserve at year end.

### 4 Rates Notifications

The Shire has implemented a cost recovery fee of \$5 for postage and handling of its rate instalment notices. The fee would be waived for pensioners and all ratepayers receiving the rates notice by email or online banking.

## **7 Submissions Invited**

Whilst the weekly and annual dollar increase are considered reasonable, it is recognized that the percentage increases are considered high

Submissions are invited from all electors, ratepayers and our community with respect to the proposed rates and any related matter, within a minimum 21 days of the date of this notice.

Submissions should be addressed to the Chief Executive Officer, Shire of East Pilbara, PMB 22, NEWMAN WA 6753 or emailed to [admin@eastpilbara.wa.gov.au](mailto:admin@eastpilbara.wa.gov.au) and clearly marked Submission – Differential Rating 2023 - 2024.

All submissions should be received no later than 4.00pm on 24 May 2023.

**Steven Harding**

**Chief Executive Officer**