



**SHIRE OF ASHBURTON
SPECIAL MEETING OF COUNCIL**

**MINUTES
&
ATTACHMENTS
(Public Document)**

**Onslow Multi-Purpose Centre, Cnr
McGrath Rd and Hooley Ave, Onslow
5 June 2015
7.00 pm**

SHIRE OF ASHBURTON
SPECIAL MEETING OF COUNCIL

Dear Councillor

Notice is hereby given that a Special Meeting of Council of the Shire of Ashburton will be held on 5 June 2015 at Onslow Multi-Purpose Centre, Cnr McGrath Rd and Hooley Ave, Onslow commencing at 7:00.pm.

The business to be transacted is shown in the Agenda.

Neil Hartley
CHIEF EXECUTIVE OFFICER

DISCLAIMER

The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

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1. DECLARATION OF OPENING

The Shire President declared the meeting open at 7.10 pm.

2. ANNOUNCEMENT OF VISITORS

3. ATTENDANCE

3.1 PRESENT

Onslow Multi-purpose Centre, Cnr McGrath and Hooley Roads, Onslow

Cr K White Shire President, Onslow Ward

Mr M Sully Executive Manager, Community Development

Council Chambers, Recreation Centre, Central Road, Tom Price

Cr P Foster Tom Price Ward

Cr C Fernandez Tom Price Ward

Mr N Hartley Chief Executive Officer

Mr F Ludovico Executive Manager, Corporate Services

Ms J Smith Executive Officer

Ms J Forward CEO & Councillor Support Officer

Paraburdoo Library, Ashburton Avenue, Paraburdoo

Cr L Rumble Deputy Shire President, Paraburdoo Ward

Cr I Dias Paraburdoo Ward

Pannawonica Library, Pannawonica Drive, Pannawonica

Cr D Wright Pannawonica Ward

3.2 APOLOGIES

Cr A Bloem Tom Price Ward

Cr L Thomas Tableland Ward

3.3 APPROVED LEAVE OF ABSENCE

4. PUBLIC QUESTION TIME

5. ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

6. DECLARATION BY MEMBERS

6.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA

That Councillors White, Rumble, Dias, Wright, Foster, and Fernandez have given due consideration to all matters contained in the Agenda presently before the meeting.

6.2 DECLARATIONS OF INTEREST

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Councillors to Note

A member who has a Financial Interest in any matter to be discussed at a Council or Committee Meeting, that will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting
or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a Financial Interest in a matter.

I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the Local Government Act 1995 but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
 - 6.2 Where the Minister allows the Councillor to participate under s.5.69(3) of the Local Government Act, with or without conditions.

7. BUSINESS

7.1 PROPOSED DIFFERENTIAL RATES 015/16

MINUTE: 25

FILE REFERENCE: RV07

AUTHOR'S NAME AND POSITION: Frank Ludovico
Executive Manager, Corporate Services

NAME OF APPLICANT/RESPONDENT: Not Applicable

DATE REPORT WRITTEN: 27 May 2015

DISCLOSURE OF FINANCIAL INTEREST: The author has no financial interest in the proposal.

PREVIOUS MEETING REFERENCE: Agenda Item 13.4 (Minute No. 11949) – Ordinary Meeting of Council 20 May 2015

Summary

This agenda item discusses setting of Differential Rates for the 2015/16 Financial Year.

Significant changes in valuations, be it from a general GRV revaluations or adjustments to legislation resulting in changed valuation methodology or natural growth creates a complex and difficult mix of factors in order to achieving objectivity, fairness and equity, consistency, transparency and administrative efficiency when determining Council rating in 2015/16.

A number of models have been developed to explore different scenarios, each with their own merit.

The Model supported is the best “middle ground” position albeit requiring the Council to decide on a reduced level of service for the Ashburton community by making complimentary changes to the LTFP.

Even though this model is recommended it will affect Councils 2015/16 and ongoing budgets especially for capital projects as these were predicated on \$23.9m rating income in the Long Term Financial Plan.

Background

Rating income is the principal source of revenue for the Shire of Ashburton. It is determined by multiplying a rate in dollar to the valuation for that property. Valuations are supplied by Landgate on the basis of Gross Rental Value (GRV) and Unimproved Value (UV). The

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application of one rate in the dollar per valuation category would obviously create inequities and so it is proposed to continue to use different rating categories to address this issue.

The Department of Local Government and Communities has introduced a number of Rating Policies and Procedures (incorporating legislative requirements), and these can be found on its website <http://dlg.wa.gov.au/Content/LG/RatingPolicies/Default.aspx>.

These new Rating Policies and Procedures formalised some of the processes for raising Differential Rates including the information required in any notice, how we communicate to ratepayers and the information needed by the Minister in order to make a determination.

A number of matters will impact on rating levels in the 2015/16 budget.

During 2014 a general revaluation of GRV properties occurred with these valuations becoming effective from 1 July 2015. In summary Ashburton's GRV valuations reduced by some \$21.4 million.

The table below shows the effect on a rating code basis.

Differential Rate Category	2014/15	\$ Change	2015/16	% Change
GRV Residential/Community	100,752,484	(19,736,565)	80,977,719	(20%)
GRV Commercial/Industrial/Tourism	24,039,999	(1,621,250)	22,418,749	(7%)
TOTAL	124,792,483	(21,376,015)	103,416,468	-17%

Unfortunately the changes in valuations have not been uniform throughout the Shire and the tables below show the changes in valuation for GRV Residential/Community and GRV Commercial/Industrial/Tourism on a ward basis.

GRV Residential/Community

Ward	Current GRV	Change in GRVs	New GRV	% Change
Ashburton	48,950	10,820	59,770	22.1%
Onslow	11,599,390	5,693,070	17,292,460	49.1%
Pannawonica	7,489,090	(487,680)	7,001,410	(6.5%)
Paraburdoo	17,416,770	(1,538,795)	15,877,975	(8.8%)
Tablelands	20,004	0	20,004	(0.0%)
Tom Price	64,178,280	(23,432,180)	40,746,100	(36.5%)
TOTAL	100,752,484	(19,754,765)	80,977,719	(19.6%)

GRV Commercial/Industrial/Tourism

Ward	Current GRV	Change in GRVs	New GRV	% Change
Ashburton	17,500	(1,750)	15,750	(10%)
Onslow	6,597,084	1,695,451	8,292,535	25.7%
Pannawonica	5,022,000	(487,960)	4,534,040	(9.7%)
Paraburdoo	4,472,530	(1,387,756)	3,084,774	(31%)
Tablelands	434,575	(70,120)	364,455	(16.1%)

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Tom Price	7,496,310	(1,369,115)	6,127,195	(18.2)
TOTAL	24,039,999	(1,621,250)	22,418,749	(6.7%)

Whilst the accuracy of the valuations is not questioned (they are based on sales data), the purpose of this information is to highlight the challenges of achieving of objectivity, fairness and equity, consistency, transparency and administrative efficiency when determining Council rating in 2015/16.

For example a zero rate in the dollar increase for GRV Residential/Community rate will result in a rate increase for ratepayers in Onslow (by virtue of their 49.1% increase in valuations) and a rate decrease in Tom Price (by virtue of their 36.5% decrease in valuations).

Similar scenarios are repeated in all the rating codes associated with GRV valuations.

Similar changes in valuations have also impacted Unimproved Valuations (UV). Overall UV has decreased by \$9.9 million.

Once again this has not been uniform and the tables below show the changes in valuation for UV Pastoral and UV Mining/Commercial/Industrial on a ward basis.

Differential Rate Category	2014/15	\$ Change	2015/16	% Change
UV Pastoral	7,280,775	(1,995,843)	5,284,932	(27.4%)
UV Mining/Commercial/Industrial	57,989,519	(10,221,714)	47,767,805	(17.6%)
UV Tourism	345,000		345,000	0%
UV Residential		2,250,000	2,250,000	
TOTAL	65,615,294	(9,967,557)	55,647,737	(15.2%)

UV Pastoral

Ward	Current UV	Change in UVs	New UV	% Change
Ashburton	5,272,693	(1,228,905)	4,043,788	(23.3%)
Onslow	8,200	0	8,200	0%
Tablelands	1,999,882	(766,938)	1,232,944	(38.3%)
TOTAL	7,280,775	(1,995,834)	5,284,932	(27.4%)

UV Mining/Commercial/Industrial

Ward	Current UV	Change in UVs	New UV	% Change
Ashburton	49,539,060	(8,360,990)	41,178,070	(16.9%)
Onslow	67,969	0	67,969	0
Tablelands	6,195,731	(1,781,130)	4,414,601	(28.7%)
Tom Price	2,186,759	(79,594)	2,107,165	(3.6%)
TOTAL	57,989,519	(10,221,714)	47,767,805	(17.6%)

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The UV Mining/Commercial/Industrial table above shows the effect of recent changes to the rating methodology for mining tenements and petroleum exploration licences announced by the WA Government in March 2015.

In this regard, valuations for these tenements have reduced to \$5,915,000 compared to previous valuations of \$11,282,000. When the VGO advised us of changes they indicated in their letter of 11 March 2015 there would only be a "minimal" effect on valuations. When we queried this statement in the light of the significant (47%) decrease in valuations for these assessments, we were reminded, that in the context of our total UV valuations (totalling over \$57 million) the effect was "minimal".

The effect of these UV changes means Council will suffer a significant reduction in income if no changes occur in the rate in the dollar.

A number of other issues impact on the determination of the 2015/16 Differential Rates.

At its March 2015 meeting Council were made aware that a number of the residential lots currently being develop at Barrarda Estate in Onslow fell outside the Onslow Townsite boundary and as such would be rated UV. In order to ensure all urban and Mixed Business development that occurs within the townsite is treated consistently Council agreed to adjust the Onslow townsite boundary to incorporate this land. This matter is still in progress however a valuation has been received for a parcel of land in this area on a UV basis.

This land is zoned Urban Development and could not be considered Commercial or Industrial and so a new differential rate called UV Residential has been created.

In addition, recent advice has been received regarding the State Administrative Tribunal appeal brought by Chevron for its Barrow Island leases. Once again valuations have decreased from previous advice and in addition refunds will also be required. This is the third time these valuations have been altered for these assessments.

Rating in 2014/15 was very turbulent, valuations were received, appealed, refunds made, appealed again and further refunds are progressing.

These valuations relate to various activities associated with development in the ANSIA and other associate mining/petroleum projects. These new assessments could be considered in a similar manner to a new shopping centre or a new suburb coming online in Perth. This is natural growth occurring within our district.

However the dramatic and skewed valuations received (as previously highlighted) make it difficult to calculate a natural growth factor.

Detailed below is a table showing the rating income received in 2014/15 and a calculation of rates for 2015/16 using the revised valuations and incorporating the rating principles adopted at Council's May 2015 meeting. Note this will result in a 9.5% reduction in income.

Differential Rate Category	Estimated 14/15 Actual	Proposed 2014/15 Valuation	2015/16 Rates using 2014/15 Rates/\$	% Inc
GRV Residential/Community	3,810,619	80,997,719	3,102,010	(19%)

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GRV Commercial/Tourism/Industrial	1,113,433	22,418,749	1,077,327	(3%)
UV Pastoral	233,203	5,284,932	281,008	(20%)
UV Industrial/Mining	18,370,516	47,767,805	16,748,230	(9%)
UV Tourism	52,830	345,000	52,829	0%
UV Residential		2,250,000	84,906	
TOTAL	23,580,602	159,064,205	21,346,312	(9.5%)

As already pointed out this reduction in income will not be uniform, the table describes the effects of the model.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$855	\$0	\$12,247
Tom Price	(\$675)	(\$2,041)	\$971
GRV Commercial/Industrial/Tourism			
Onslow	\$1,296	(\$1,292)	\$19,631
Paraburdoo	(\$1,454)	(\$71,554)	\$1,721
UV Mining/Commercial/Industrial			
Ashburton Ward	(\$832)	(\$2,336,830)	\$1,777,307
Tablelands Ward	(\$4,799)	(\$299,019)	\$176

Unfortunately the LGA precludes differential rating on the basis of location (except in the case of Council determining a "lesser minimum") and so this methodology cannot be developed to "smooth" the distribution of rating across the district.

Schedule 6.1 LGA does allow for the phasing in of GRV revaluations that have increased, however no such provision exists for decreasing valuations, were these are expected to be passed immediately. Adopting such a strategy will negatively affect Council's potential income.

In short there is no reasonable avenue to adjust rating to "smooth" out the large increases and decreases that will accompany any differential rate determination (caused in the main, by the new valuations).

Staff have attempted to model all this detail into a coherent rationale for our 2015/16 rates.

All Differential Rates need to be advertised for public comment, but only the proposed UV rating codes that cross the threshold of more than twice the lowest differential rate will require ministerial approval before they are levied.

Comment

The local Ashburton economy is presently "two speed", with the iron ore portion of our Shire in cost cutting mode to accommodate lower global iron ore prices (thus generally resulting in lower land values) whilst at the same time the gas portion of our Shire is still in a

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relatively buoyant phase (resulting in higher land values). This simultaneous valuation growth/decline within the same local government, causes unwelcome and unavoidable consequences as the LGA requires the Shire to propose only one shire-wide rate in the dollar for each differential rating category.

It is inevitable therefore, that rates will trend up in areas where valuations go up, and rates will trend down in area where valuations go down (in Ashburton's case, Onslow rates will generally increase, and rates in Tom Price, Paraburdoo and Pannawonica will generally decrease). Valuation variations occur almost every time revaluations are undertaken, but we have in Ashburton presently, what could be described as "the perfect storm" of valuation variations, causing extremes in valuation trends that are rarely experienced elsewhere.

It should be noted that whilst valuations have decreased, our costs continue to rise and community demand for services does not diminish. The WA State Government is also endeavouring to address it's and the mining industry's financial affairs and has introduced several initiatives to do so. It has imposed above CPI increases for services such as street lighting and changed the way royalties for regions are distributed. It has also created other ways to generate income such as imposing a 0.6% "loan guarantee fee" on WA Treasury Corporation borrowings which is estimated to cost Council approximately \$45,000 in 2015/16. It also changed the way valuations were calculated for Mining and Exploration licenses, which has lowered Shire rate collections in that area by over \$1m/annum.

The above is occurring at a time the Shire is experiencing additional financial pressures arising from the heightened levels of activities in the Shire. The unprecedented influx of infrastructure funding has increased workloads in many areas and has necessitated the employment and accommodation of more, and more highly skilled staff/consultants/contractors. It has also meant in several projects, that the Shire has to make proportionate financial contributions to enable projects to proceed, including for the Paraburdoo CHUB, where Council has decided that a slightly higher rate increase was justified to secure this infrastructure item. Most of these projects are linked to supply/funder agreements and all reality, cannot be abandoned at this late stage of their development.

Once these new facilities have been created additional maintenance and running costs will also be incurred (the continued development of the Asset Management Plan, Workforce Plan and Long Term Financial Plan will highlight these issues) and which will immediately lift operational expenses.

In addition to the annual rate reduction possible, the approximately \$10m carried forward sum proposed in our Long Term Financial Plan has dropped considerably as a result of the rate refunds referred to earlier. Some projects, particularly Shire initiated projects, will therefore need to be deferred until it is financially possible to commence them.

We have been blessed though, with having large private developments occur (in Onslow generally) that have cushioned the valuation reduction in other parts of the Shire and two obvious choices present themselves for Council's consideration. Namely, find a methodology to fairly rate the district to secure the funds required and outlined in the Shire's Long Term Financial Plan (vis. \$23.9m) or agree to suffer what is hoped to be a short term "dip" in local economic activity (and therefore a "dip" in rates revenues) and re-evaluate projects and timelines accordingly. It would seem appropriate as a minimum, for the rate in dollar for each rating category to be increased by the Local Government Cost Index (LGCI).

Consultation

CEO

Executive Managers

Department of Local Government

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Statutory Environment

The following sections in Local Government Act 1995 apply:

- Section 6.32 of the *Local Government Act* 1995 provides Council with the power to apply rates to property;
- Section 6.33 of the *Local Government Act* 1995 provides Council with the power to apply differential general rates although Ministerial approval is required where a differential rate is more than the lowest differential rate to be imposed;
- Section 6.35 of the *Local Government Act* 1995 provides Council with the power to apply a minimum payment which is greater than the general rate which would otherwise be payable on that land and a lesser minimum in respect of any portion of the district.
- Section 6.36 of the *Local Government Act* 1995 requires Council to give public notice of its intention to impose differential rates, inviting submissions within 21 days (or more is desired). Council is also required to consider any submissions received prior to imposing the proposed rate or minimum payment.
- Section 5.63 (1)(b) LGA specifically excludes the need for Elected Members to “Declare a Financial Interest” in imposing a rate, charge or fee.

Part 5 of the *Local Government (Financial Management) Regulations* 1996.

Department of Local Government and Communities Rating Policies (Ministerial Circular No 06-2013 and Ministerial Circular 13-2014):

- Valuation of Land
- Differential Rates
- Minimum Payments
- Rateable Land
- Giving Notice
- Valuation of Land – Mining

The proposed differential rate schedule must be advertised for a minimum of 21 days. This period allows ratepayers the ability to consider the proposed rates and make any submissions prior to Council adopting the rates in the dollar as part of the budget adoption process. It is also necessary to obtain the Minister for Local Government’s approval due to highest UV differential rate being more than twice the lowest differential rate to be imposed.

The first day it is possible to publically advertise the proposed rates in dollar, is Saturday 7 June 2014 and allowing for 21 days, the advertising would be completed on 1 July 2014. After allowing time for Ministerial approval this would allow Council to adopt the 2015/16 Budget at a Special Meeting of Council in late July 2013.

Financial Implications

The rate level set by Council will underpin its ability to provide services and facilities for the 2015/16 Financial Year and into the future.

Staff have developed three models for Council consideration.

- All models have the following features:
- all GRV revaluations have been included

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- the proposed adjustments in valuations to mining/petroleum licences have been included (although it is not anticipated to receive final confirmation until mid-July 2015)
- the valuation adjustments concerning State Administrative Tribunal determinations have been included (although it is not anticipated to receive final confirmation until mid-June 2015)

In addition the recommendations adopted by Council when it considered the Rating Strategy in May 2015, including a phasing in of a new minimum rate methodology, phasing in of rating for pastoral properties to bring them to the average for the Pilbara/Kimberly region, discounting of minimum rates for Wittenoom residents (Lesser Minimum for GRV Residential/Community) and the creation of a different minimum rate for GRV commercial/industrial properties have also been included.

Each of the characteristics of each model is described below:

- **Model A.** Model A calculates the level of rating described in Council's Long Term Financial Plan.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology.

- **Model B.** Proposes a flat 3% rate in the dollar increase for all differential rates categories. This increase is based on the Local Government Cost Index prepared by WALGA in May 2015 which is calculated as 2.2%. Additional costs such as freight are associated with operating in the Northwest and so the figure has been rounded to 3%.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

- **Model C.** Proposes a 3% rate in the dollar increase for GRV differential rates categories and a 4.5% rate in the dollar increase differential rates categories. The slightly higher increase for UV Industrial/Mining recognises that natural resource projects have significant impacts on town sites, even when located some distance away. This occurs as a result of additional demands being made on Shire services, either directly as a result of activities generated by the facilities themselves, or indirectly as a result of the needs of town based supporting businesses. Also, these ratepayers can generally claim tax deductibility for their rates.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

Rates Income				
Differential Rate Category	Estimated 2014/15 Actual	Model A	Model B	Model C
GRV Residential/Community	3,810,619	3,475,942	3,193,030	3,193,030
GRV Commercial/Tourism/Industrial	1,113,433	1,206,318	1,108,719	1,108,719
UV Pastoral	233,203	281,008	281,008	281,008

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UV Industrial/Mining	18,370,516	18,782,078	17,243,253	17,490,809
UV Tourism	52,830	59,285	54,415	55,207
UV Residential		95,369	87,453	87,453
Total	23,580,602	23,900,000	21,967,879	22,216,227

Percentage Variation from estimated 2014/15 Actual			
	Model A	Model B	Model C
GRV Residential/Community	(8.8%)	(16.2%)	(16.2%)
GRV Commercial/Tourism/Industrial	8.3%	(0.4%)	(0.4%)
UV Pastoral	20.5%	20.5%	20.5%
UV Industrial/Mining	2.2%	(6.1%)	(4.8%)
UV Tourism	12.2%	3.0%	4.5%
UV Residential			
Total	1.4%	(6.8%)	(5.8%)

Attachments give greater detail to these figures.

ATTACHMENT 7.1A

As highlighted previously the changes in valuations be it from a general GRV revaluations or adjustments to legislation resulting in changed valuation methodology or natural growth creates a complex and difficult mix of factors in order to achieving objectivity, fairness and equity, consistency, transparency and administrative efficiency when determining Council rating in 2015/16.

Model A. In order to achieve the \$23.9m described in the LTFP all rates in the dollar (except Pastoral) will need to increase by 12.3%.

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$1,140	\$37	\$14,568
Tom Price	(\$529)	(\$1,547)	\$1,159
GRV Commercial/Industrial/Tourism			
Onslow	\$1,960	(\$937)	\$27,792
Paraburdoo	(\$1,053)	(\$62,309)	\$3,479
UV Mining/Commercial/Industrial			
Ashburton Ward	\$869	(\$2,144,012)	\$2,018,329
Tablelands Ward	(\$3,306)	(\$185,900)	\$21,882

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Whilst the revenue increase is modest in real terms (1.4%) of \$319,398, different communities will be severely affect by such an increase.

This Model is not supported on the basis of its effect on all our ratepayers.

Discounting this Model though, will negatively affect Council's 2015/16 Budget, especially for capital projects as these were predicated on \$23.9m of rating income in the Long Term Financial Plan.

Model B

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$924	\$36	\$12,812
Tom Price	(\$639)	(\$1,921)	\$1,016
GRV Commercial/Industrial/Tourism			
Onslow	\$1,458	(\$1,205)	\$21,617
Paraburdoo	(\$1,356)	(\$69,303)	\$2,149
UV Mining/Commercial/Industrial			
Ashburton Ward	(\$418)	(\$2,289,891)	\$1,835,981
Tablelands Ward	(\$4,436)	(\$271,482)	\$5,327

This model reflects a decrease of 6.8% or \$1,612,723 on 2014/15 income.

This Model is not supported on the basis it will not allow sufficient community services and facilities to be satisfactorily maintained/progressed.

Discounting this Model will affect Councils 2015/16 Budget especially for capital projects as these were predicated on the rating income in the Long Term Financial Plan.

Model C

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$924	\$36	\$12,812
Tom Price	(\$639)	(\$1,921)	\$1,016
GRV Commercial/Industrial/Tourism			
Onslow	\$1,458	(\$1,205)	\$21,617
Paraburdoo	(\$1,356)	(\$69,303)	\$2,149
UV Mining/Commercial/Industrial			
Ashburton Ward	(\$211)	(\$2,266,421)	\$1,865,318
Tablelands Ward	(\$4,254)	(\$257,713)	\$7,990

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This model reflects a decrease of 5.8% or \$1,364,375 on 2014/15 income.

This Model is considered a responsible alternative on the basis that it reflects some of the changes in valuations but recognises that there is a cost in maintaining our communities. This Model is supported as the best "middle ground" position albeit requiring the Council to decide on a reduced level of service for the Ashburton community by making complimentary changes to the LTFP.

Even though this model is recommended it will affect Councils 2015/16 and ongoing budgets especially for capital projects as these were predicated on \$23.9m rating income in the Long Term Financial Plan.

The Objects and Reasons for each Differential Rate have been developed and are attached.

ATTACHMENT 7.1B

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2012-2022
Goal 5 - Inspiring Governance
Objective 4 - Exemplary Team and Work Environment.

Risk Management

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered "High". As a high risk matter, the Executive Manager of Corporate Services will monitor progress.

The proposed Differential Rating will help to underpin Council's long term financial sustainability. The major risk in not adopting the recommended Rating Strategy is in limiting our ability to provide services and facilities into the future.

Policy Implications

Council policy FIN10 Wittenoom Townsite, Wittenoom Gorge and Yampire Gorge Rates and Services Policy applies. In addition to stating it will cease providing all physical services and promotion to Wittenoom and Yampire Gorge, it also states Council is to cease waving rates for Wittenoom properties.

The policy also states "Council will rate or properties in Wittenoom. This is an acknowledgement that local government rates do not pertain specifically to property but also relate to a range of services provided to the community on a non-geographic basis such as sporting facilities, libraries, roads, governance and economic development."

Council Policy ELM10 Financial Sustainability Policy also applies This policy establishes the financial sustainability framework for the Council. The policy is based on the Council's desire to plan for on-going financial sustainability to provide appropriate services and infrastructure for the community now and into the future.

The CEO explained that additional valuation changes had been received and further worked had been undertaken in an effort to refine modelling options for 2015/16 differential rates. Additional models (D to H) had been prepared for Council consideration and in light of that work, officers were now proposing an alternative recommendation (i.e. Model "H"). These are attached as Attachment 7.1C.

ATTACHMENT 7.1C

The CEO then explained the different modelling parameters for each new Model to Council and suggested Model H to be the superior option (with assistance from Council being required to propose the most appropriate UV Mining/Industrial rate in the dollar).

Voting Requirement

Absolute Majority Required

Council Decision

MOVED: Cr D Dias

SECONDED: Cr L Rumble

That Council:

- 1. Advertise its intention, in accordance with section 6.36 of the Local Government Act 1995, to adopt the following rates in the dollar and minimum rates for the differential rating categories specified for the 2015/16 Financial Year:**

Rate Code Description	Rate in the \$	General Minimum Payment \$	Lesser* Minimum Payment \$
GRV Residential/Community	0.038868	\$614.00	\$460.50
GRV Commercial/Tourism/Industrial	0.048585	\$767.50	
UV Pastoral	0.052635	\$614.00	
UV Industrial/Mining	0.363343		
UV Tourism	0.160021	\$614.00	
UV Residential	0.038868	\$614.00	

- 2. If no submissions objecting to the proposed Differential Rates are received, authorise applying to the Minister of Local Government and Communities for approval for Council to imposing the Schedule of Rates outlined in point 1 above.**

- 3. If submissions are received convene a Special Meeting of Council at Onslow Multi-Purpose Centre, corner of McGrath Rd and Hooley Rd Onslow on**

8 July 2015

commencing at 7.00 pm for the purpose of determining the 2015/16 Annual Budget and its components; and

- 4. Approve the use of instantaneous communications for the Special Meeting in the following locations:**

Location	Councillors
Onslow Multi-Purpose Centre, corner of McGrath Rd and Hooley Rd Onslow	Cr K White
Tom Price Council Chambers, Central Rd, Tom Price	Cr C Fernandez Cr P Foster Cr A Bloem Cr L Thomas
Ashburton Hall, Ashburton Ave, Paraburdoo	Cr L Rumble Cr D Dias
Pannawonica Library, Pannawonica Drive, Pannawonica	Cr D Wright

5. **Acknowledge that the recently adopted Shire of Ashburton Long Term Financial Plan will as part of its next review, require a proportionately valued amount of services/projects/costs to be deferred.**

CARRIED BY ABSOLUTE MAJORITY 5/1
Crs White, Fernandez, Dias, Wright and Foster voted for the motion
Cr Rumble voted against the motion

Reason for Change of Recommendation: Model H was adopted as recommended by officers, with a 1.9% increase in yield from 2014/15 for UV Mining/Industrial. This model was seen to be the most equitable, acknowledging the changes in valuations from the General revaluation of GRV properties in different communities, changes in mining valuations made by the WA State government, growth in ratepayer assessments, the general economic climate and community needs.

8. NEXT MEETING

The next Ordinary Meeting of Council will be held on Wednesday 17 June 2015, at the Ashburton Hall, Ashburton Avenue, Paraburdoo, commencing at 1.00 pm.

9. CLOSURE OF MEETING

The Shire President declared the meeting closed at 7.40 pm.

Shire of Ashburton

2015/2016 Rates Modelling Statistics

Model A

Increase to achieve LTFP Rate
income of \$23.9m

All recommendations included

Rate Code Description	Proposed Rate in \$	Estimated 14/15 Actual	Proposed 2014/15			% Increase	Average	Minimum	Maximum	Total Assess	Assess Above Average		Assess Below Average		No of Mins	% of Min Assess
			Valuation	Rates	Total						No	%	No	%		
GRV Residential/Community	0.042386	3,810,619	80,997,719.00	3,475,942.01	1,373.89	-8.8%	460.50	21,159.28	2530	755	30%	1775	70%	17	1%	
GRV Commercial/Industrial/Tourism	0.052983	1,113,433	22,418,749.00	1,206,317.96	6,154.68	8.3%	767.50	84,266.25	196	40	20%	156	80%	38	19%	
UV Pastoral	0.052635	233,203	5,284,932.00	281,008.19	6,690.67	20.5%	614.00	51,839.96	42	13	31%	29	69%	10	24%	
UV Industrial/Mining	0.390545	18,370,516	47,767,805.00	18,782,077.70	16,149.68	2.2%	614.00	2,630,322.77	1163	113	10%	1050	90%	393	34%	
UV Tourism	0.171840	52,830	345,000.00	59,284.78	14,821.20	12.2%	3,436.80	34,367.99	4	2	50%	2	50%	2	50%	
UV Residential	0.042386		2,250,000.00	95,369.36	95,369.36		95,369.36	95,369.36	1	0	0%	0	0%	2	200%	
TOTAL		23,580,614	159,064,205	23,900,000					3,936	923		3,012		462		
		23,580,614	159,064,205	23,900,000		1.4%										
			Change	319,386												

Shire of Ashburton
2015/2016 Rates Modelling Statistics

Model B

Rate in \$ + 3%
Increase Min (phased 5Yr)
UV Pastoral Phased in
All recommendations included

Rate Code Description	Proposed Rate in \$	Estimated 14/15 Actual	Proposed 2014/15			% Increase			Total Assess	Assess Above Average		Assess Below Average		No of Mins	% of Min Assess
			Valuation	Rates	Total	Average	Minimum	Maximum		No	%	No	%		
GRV Residential/Community	0.038868	3,810,619	80,997,719.00	3,193,030.47	1,262.07	19,402.95	-16.2%	755	30%	1775	70%	17	1%		
GRV Commercial/Industrial/Tourism	0.048585	1,113,433	22,418,749.00	1,108,719.08	5,656.73	77,271.69	-0.4%	40	20%	156	80%	44	22%		
UV Pastoral	0.052635	233,203	5,284,932.00	281,008.19	6,690.67	51,839.96	20.5%	13	31%	29	69%	10	24%		
UV Industrial/Mining	0.358128	18,370,516	47,767,805.00	17,243,253.28	14,826.53	2,411,991.47	-6.1%	112	10%	1051	90%	400	34%		
UV Tourism	0.157724	52,830	345,000.00	54,414.75	13,603.69	31,544.78	3.0%	4	50%	2	50%	2	50%		
UV Residential	0.038868		2,250,000.00	87,453.18	87,453.18	87,453.18		1	0%	0	0%	2	200%		
TOTAL		23,580,614	159,064,205	21,967,879				3,936		922		3,013	475		
		23,580,614	159,064,205	21,967,879			-6.8%								
			Change	(1,612,735)											

Shire of Ashburton
2015/2016 Rates Modelling Statistics

Model C

Rate in \$ + 3% GRV & +4.5% UV
Increase Min (phased 5Yr)
All recommendations included

Rate Code Description	Proposed Rate in \$	Estimated 14/15 Actual	Proposed 2014/15			%			Total Assess	Assess Above Average		Assess Below Average		No of Mins	% of Min Assess
			Valuation	Total Rates	Increase	Average	Minimum	Maximum		No	%	No	%		
GRV Residential/Community	0.038868	3,810,619	80,997,719.00	3,193,030.47	-16.2%	1,262.07	460.50	19,402.95	2530	755	30%	1775	70%	17	1%
GRV Commercial/Industrial/Tourism	0.048585	1,113,433	22,418,749.00	1,108,719.08	-0.4%	5,656.73	767.50	77,271.69	196	40	20%	156	80%	44	22%
UV Pastoral	0.052635	233,203	5,284,932.00	281,008.19	20.5%	6,690.67	614.00	51,839.96	42	13	31%	29	69%	10	24%
UV Industrial/Mining	0.363343	18,370,516	47,767,805.00	17,490,809.27	-4.8%	15,039.39	614.00	2,447,117.56	1163	112	10%	1051	90%	399	34%
UV Tourism	0.160021	52,830	345,000.00	55,207.19	4.5%	13,801.80	3,200.42	32,004.17	4	2	50%	2	50%	2	50%
UV Residential	0.038868	52,830	2,250,000.00	87,453.18		87,453.18	87,453.18	87,453.18	1	0	0%	0	0%	2	200%
TOTAL		23,580,614	159,064,205	22,216,227					3,936	922		3,013		474	
		23,580,614	159,064,205	22,216,227	-5.8%										
			Change	(1,364,386)											



NOTICE OF INTENTION OF LEVY DIFFERENTIAL RATES 2015/16
INCLUDING STATEMENT OF RATING INFORMATION
JUNE 2015

SHIRE OF ASHBURTON**NOTICE OF INTENTION TO LEVY DIFFERENTIAL RATES 2015/16**

In accordance with section 6.36 of the Local Government Act 1995, the Shire of Ashburton hereby gives notice of its intention to impose the following differential rates and minimum payment.

Differential Rate Category	Rate in the \$	General Minimum Payment \$	Lesser Minimum Payment \$
GRV Commercial/Industrial	0.048585	767.50	
GRV Residential/Community	0.038868	614.00	460.50
UV Mining/Industrial	0.363343	614.00	
UV Tourism	0.160021	614.00	
UV Pastoral	0.052635	614.00	
UV Residential	0.038868	614.00	

Submissions are invited from electors and ratepayers in respect of the proposed rates, minimum payment and any related matters by 4:00pm Tuesday 30 June 2015.

Submissions are to be addressed to the Chief Executive Officer, PO Box 567, Tom Price WA 6751 or via email soa@ashburton.wa.gov.au.

Electors and ratepayers may view a document describing the objects and reasons for each proposed rate and the minimum payment at the Shire of Ashburton offices during normal working hours or at www.ashburton.com.au

Neil Hartley
Chief Executive Officer

SUPPORTING STATEMENT OF RATING INFORMATION 2015/16***(Including Objects and Reasons for the Rating Structure)***

This Statement is published by the Shire of Ashburton in accordance with Section 6.36 of the Local Government Act 1995 to advise the public of its objectives and reasons for implementing differential rates.

The purpose of levying of property rates is to meet Council's budget requirements in each financial year and in future periods, to deliver services, facilities and community infrastructure to the district as a whole. Property valuations provided by the Valuer General (Landgate) are used as the basis for the calculation of rates each year.

Section 6.36 of the Local Government Act provides the ability to differentially rate properties based on certain characteristics. The application of differential rating maintains equity in the rating of properties across the Shire, enabling the Council to provide facilities, services and infrastructure to the entire community and visitors to the area.

Powers to Rate Property

There are two property valuation methods available under Section 6.28 of the Act, Gross Rental Value (GRV) and Unimproved Value (UV).

GRV is 'the gross annual rental that the land might reasonably be expected to realise if let on a tenancy from year to year upon condition that the landlord is liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land'.¹

UV land is 'valued as if it has had no improvements (as though) it remains in its original, natural state, any land degradation is taken into account'.¹

As a default, a local government sets a single general rate in the dollar for each valuation type (GRV and UV). This is termed a uniform general rate in the valuation dollar and applied to all properties within a valuation type regardless of their land use.

Rather than adopting a single uniform general rate, a local government may apply different rates in the dollar within either valuation category (GRV or UV). A differential rate can be applied using the following characteristics, or combination thereof:

- The zoning of the land;
- The predominant use (as determined by the local government);
- If the land is vacant or not.

Location can only be used as a characteristic in setting a differential rate in very limited circumstances (namely a Lesser minimum rate). Unfortunately, in Ashburton with its geography, this can present some challenges when properties with the same land use or zoning and as a consequence the same rate in the valuation dollar, may have vastly different levels of access to services.

¹ Landgate, Rating and Taxing Valuations Publication, April 2008

SUPPORTING STATEMENT OF RATING INFORMATION 2015/16 (Continued)

Powers to Rate Property (continued)

The Local Government Act provides for rural use properties used for mining, exploration or prospecting purposes are assigned an Unimproved Value as supplied by the Valuer General. It refers to all land for which a mining tenement has been issued by the Department of Mines and Petroleum (DMP), and valued as such by the Valuer General's Office.

The valuation determined by the Valuer General for mining tenements is calculated by multiplying the following factors.

- Rental cost of the tenement type (mining lease, prospecting lease, exploration license, petroleum producing licence etc);
- UV basis as determined by the DMP, and
- Tenement/license area

The valuation of mining tenements is not reviewed each year, as occurs with other UV properties and changes when the tenement rental is amended.

Objections and Appeals to a Valuation

Objections to valuations must be lodged with the Valuer General's Office within 60 days after issue of the rates notice. Rates are still required to be paid before the due date if an objection is lodged with a refund paid if the objection is successful. Forms are available from the Shire Office or on the Shire website.

Under the provisions of the Local Government Act 1995, a property owner is able to lodge an objection to rates imposed by a Council on the following grounds:

- There is an error on the rate assessment, either in respect to the owners or property details; or
- The characteristics of the land differ from that used in the differential rating system.

The objection is to be received within 60 days of the issue of the rate notice. Please contact Shire staff if you would like to discuss this matter further.

Pensioner's Discount

Eligible Pensioners are entitled to receive a discount on their rates from the WA State Government. The Shire will determine the nature and extent of entitlement from details as at 1 July, in relation to ownership and occupation. Also a pro-rata rebate amount will be paid if a person becomes the holder of an eligible card type during the financial year which is effective from the date of registration. A deferral arrangement is also possible.

If the circumstances of a Pensioner, who is already claiming the rebate, have changed during the previous year, they will need to update their details (ie. card number, etc) with the Shire.

Please contact Shire staff if you believe you may be eligible for the rebate.

Exemptions, Instalments, Concessions and Waivers

The Shire requires organisations seeking exemption from rates in accordance with section 6.26 of the Act to make application to the Council for determination.

SUPPORTING STATEMENT OF RATING INFORMATION 2015/16 (Continued)

Exemptions, Instalments, Concessions and Waivers (Continued)

The Shire will provide concessions to Pensioners in accordance with the requirements of the Rates and Charges (Rebates and Deferments) Act 1992.

The Council will offer three rate payment options as follows:

- Payment in full 35 days after the date of service appearing on the rate notice;
- Two instalments; and
- Four Instalments.

Interest on overdue rates not paid in accordance with the three payment options will be subject to an overdue interest rate set by the Council at the time of adoption the annual budget.

Ratepayers with unpaid and overdue rates may be offered a scheme of arrangement for payment subject to the approval of the Chief Executive Officer.

GROSS RENTAL VALUES (GRV)

The Local Government Act 1995, provides that properties of a non-rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. Property values are independently assessed for all GRV properties every three years.

The base GRV valuation is effective from 1 July 2015. Interim valuations are provided to the Shire regularly by the Valuer General if changes, such as subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning occur during the year. In such instances, the Shire amends the valuation on record and recalculates the rates for the affected properties for the purpose of issuing an interim rate notice.

The next full revaluation of GRV properties is scheduled to be applicable from 1 July 2015.

GRV – Differential Rates

The Council intends to adopt differential rating principles for GRV category properties based upon the land use as follows:

<i>Differential Rate Category</i>	<i>Rate in the \$</i>	<i>General Minimum Payment \$</i>
GRV Commercial/Industrial	0.048585	767.50

This rate is applicable to properties that have a predominant land use of commercial or industrial, including Hotels, Shops, Restaurants and Offices and land is used for providing a tourism service, including Roadhouses, Tourist Centres, Caravan Parks, Workers Accommodation, and Holiday Accommodation.

SUPPORTING STATEMENT OF RATING INFORMATION 2015/16 (Continued)**Objects and Reasons - GRV Commercial/Industrial Differential Rate**

The reason a higher rate has been applied to the GRV Commercial/Industrial category land is to reflect the additional financial impact these activities have on Shire infrastructure and services.

The objective is to raise additional revenue to contribute toward higher costs associated including, but not limited to, rubbish collection in relevant areas, higher town planning control costs, health inspections and administration costs, added complexity in building control, higher traffic volumes and vehicle mass due to commercial and industrial activity, parking facilities, traffic management, pedestrian access, commercial and industrial signage, visitor servicing and street furniture.

The rate is set at approximately 25% above the Residential/Community rate.

<i>Differential Rate Category</i>	<i>Rate in the \$</i>	<i>General Minimum Payment \$</i>	<i>Lesser Minimum Payment \$</i>
GRV Residential/Community	0.038868	614.00	460.50

This rate is applicable to properties that have a predominant land use of residential, or used by organisations involved in activities for community benefit including Arts and Craft facilities, Youth Centres, Day Care Centres, Sporting Grounds/Clubs (that do not run a commercial business/kitchen) and health & emergency service facilities.

Objects and Reasons - GRV Residential/Community Differential Rate

The reason the GRV Residential/Community rate has been applied at a lower rate than GRV Commercial/Industrial rate is to reflect the additional financial impact commercial and industrial activities have on the Shire's infrastructure and services (as set out above) and to further the Shire's strategic goals to encourage and support residential development in the town sites and organisations that contribute toward a safe, healthy, cohesive and vibrant community.

UNIMPROVED VALUES (UV)

The Council intends to adopt differential rating principles for UV category properties based upon the land use of each property as follows:

<i>Differential Rate Category</i>	<i>Rate in the \$</i>	<i>General Minimum Payment \$</i>
UV Mining/Industrial	0.363343	614.00

This rate is applicable to properties with a land use associated with mining tenements (including Exploration Licences, General Purpose Leases, Mineral Leases, Mining Leases, Petroleum Exploration Permits, Petroleum Production Licences) and for Commercial/Industrial properties with a mining purpose/mining infrastructure predominate use (including crown leases).

SUPPORTING STATEMENT OF RATING INFORMATION 2015/16 (Continued)**Objects and Reasons - UV Mining/Industrial Differential Rate**

The reason a higher rate has been applied to the UV Mining/Industrial category land is to reflect the additional financial impact mining and related industries have on Shire infrastructure and services relevant to Pastoral and remote Tourism properties.

The objective is to raise a higher level of rate revenue from mining and related infrastructure properties than from other UV category properties to contribute toward current and future costs associated with the provision of civil infrastructure for services and facilities including, but not limited to, transport, recreation, community and leisure facilities, waste management and planning and development costs.

<i>Differential Rate Category</i>	<i>Rate in the \$</i>	<i>General Minimum Payment \$</i>
UV Tourism	0.160021	614.00

This rate is applicable to tourism ventures located within the Shire issued with an unimproved valuation. The land is predominately used for providing a tourism service, including Caravan Parks and Holiday Accommodation.

Objects and Reasons - UV Tourism Differential Rate

The reason for a lower rate applied to the UV Tourism category, as compared to UV Mining/Industrial, is to reflect the lower level of impact these activities have on general infrastructure and facilities including road infrastructure, recreation facilities and the permanent nature of the business activity relevant to mining and related industry.

The reason for a higher rate applied to the UV Tourism category as compared to UV Pastoral is to achieve an average rate yield more comparable to other Tourism properties with a GRV valuation.

The objective is to raise less revenue from UV Tourism properties than Mining/Industrial properties but more than UV Pastoral properties.

<i>Differential Rate Category</i>	<i>Rate in the \$</i>	<i>General Minimum Payment \$</i>
UV Pastoral	0.52635	614.00

This rate is applicable to properties issued with pastoral leases granted by the State Government.

Objects and Reasons - UV Pastoral Differential Rate

The reason for the lower rate applied to the UV Pastoral category is to:

- Recognise the impact of fluctuations in climatic conditions have on the financial capacity to pay;
- The lower level of impact pastoral activities generally have on infrastructure and facilities such as road infrastructure and recreation facilities; and
- The permanent nature of the business activity relevant to mining and related industries.

The objective is to recognise the above matters and raise less rate revenue from properties used for Pastoral activities than other UV category properties.

SUPPORTING STATEMENT OF RATING INFORMATION 2015/16 (Continued)

<i>Differential Rate Category</i>	<i>Rate in the \$</i>	<i>General Minimum Payment \$</i>
UV Residential	0.038868	614.00

This rate is applicable to properties that are zone Urban Development but fall outside a townsite.

Objects and Reasons - UV Residential Differential Rate

This land is zoned Urban Development and could not be considered Commercial or Industrial or Mining and therefore does not suit to that category so a new differential rate called UV Residential has been created.

The reason the UV Residential rate has been applied at a similar rate as GRV Residential on the basis the land is urban and destined for urban develop and exhibits all the characteristics GRV Residential land but exits in a UV area.

Minimum Payments

Applying a minimum payment seeks to ensure all ratepayers contribute to basic services and facilities and Council has determined two levels of General minimums and one Lesser minimum.

General Minimum Payments

A General minimum of \$614 has been applied to properties in the GRV Residential/Community, UV Pastoral, UV Mining/Industrial, UV Tourism areas.

This represents the first stage of a 5 years phasing process after Council adopted a minimum rate calculation methodology.

Another General minimum of \$767.50 has been set for GRV Commercial/Industrial to raise additional revenue to contribute toward higher costs associated including, but not limited to, rubbish collection in relevant areas, higher town planning control costs, health inspections and administration costs, added complexity in building control, higher traffic volumes and vehicle mass due to commercial and industrial activity, parking facilities, traffic management, pedestrian access, commercial and industrial signage, visitor servicing and street furniture.

This is at a 25% premium to GRV Residential/Community rate.

Lesser Minimum Payment

A Lesser minimum of \$460.50 has been set for Wittenoom properties to reflect some of special circumstances attributable to Wittenoom properties to do with the status of the townsite (i.e. degazetteal). This is at a 25% discount to GRV Residential/Community rate.

Agenda Item 7.1 Supplementary Options and Information

Since the publication of the Special Meeting agenda a number of significant valuation changes have occurred (mainly in the UV Mining/Industrial area) and so our spreadsheets have been recalculated to reflect these changes.

Additionally staff have attempted to identify other models as we try to achieve objectivity, fairness and equity, consistency, transparency and administrative efficiency when determining Council rating in 2015/16.

Differential Rate Category	Estimated 14/15 Actual	Proposed 2014/15 Valuation	2015/16 Rates using 2014/15 Rates/\$	% Inc
GRV Residential/Community	3,810,619	80,997,719	3,102,010	(18.6%)
GRV Commercial/Tourism/Industrial	1,113,433	22,418,749	1,077,388	(3.2%)
UV Pastoral	233,203	5,284,932	281,008	20.5%
UV Industrial/Mining	18,370,516	47,011,995	16,485,878	(10.3%)
UV Tourism	52,830	340,000	52,064	(1.4%)
UV Residential		2,250,000	84,906	
TOTAL	23,580,601	158,303,395	21,083,254	(10.6%)

As already pointed out this reduction in income will not be uniform, the table describes the effects of the model.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$855	\$0	\$12,247
Tom Price	(\$675)	(\$2,041)	\$971
GRV Commercial/Industrial/Tourism			
Onslow	\$1,296	(\$1,292)	\$19,631
Paraburdoo	(\$1,452)	(\$71,554)	\$1,721
UV Mining/Commercial/Industrial			
Ashburton Ward	(\$945)	(\$2,336,830)	\$1,668,652
Tablelands Ward	(\$4,799)	(\$299,019)	\$176

Agenda Item 7.1 Supplementary Options and Information

Each of the characteristics of each model is described below:

- **Model A.** Model A calculates the level of rating described in Council's Long Term Financial Plan.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology.

- **Model B.** Proposes a flat 3% rate in the dollar increase for all differential rates categories. This increase is based on the Local Government Cost Index prepared by WALGA in May 2015 which is calculated as 2.2%. Additional costs such as freight are associated with operating in the Northwest and so the figure has been rounded to 3%.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

- **Model C.** Proposes a 3% rate in the dollar increase for GRV differential rates categories and a 4.5% rate in the dollar increase differential rates categories. The slightly higher increase for UV Industrial/Mining recognises that natural resource projects have significant impacts on town sites, even when located some distance away. This occurs as a result of additional demands being made on Shire services, either directly as a result of activities generated by the facilities themselves, or indirectly as a result of the needs of town based supporting businesses. Also, these ratepayers can generally claim tax deductibility for their rates.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

- **Model D.** Proposes a flat 5% rate in the dollar increase for all differential rates categories.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 5%.

- **Model E.** Proposes a 5% rate in the dollar increase for GRV differential rates categories and a 7.5% rate in the dollar increase differential rates categories. The slightly higher increase for UV Industrial/Mining recognises that natural resource projects have significant impacts on town sites, even when located some distance away. This occurs as a result of additional demands being made on Shire services, either directly as a result of activities generated by the facilities themselves, or indirectly as a result of the needs of town based supporting businesses. Also, these ratepayers can generally claim tax deductibility for their rates.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

- **Model F.** Proposes a maximum increase of 10% in yield from 2014/15 for Onslow GRV Residential/Community ratepayers. Note GRV Commercial/industrial affected because it is 125% of GRV Residential/Community rate in the dollar and UV Residential because it has the same rate in the dollar as GRV Residential/Community.

UV Mining increased to bring overall yield for rating income to LTFP Level (ie \$23.9m). Note UV Tourism affected because it is 44% of UV Mining rate in the dollar.

Agenda Item 7.1 Supplementary Options and Information

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

- **Model G.** Proposes a 0% change in yield for UV Mining/Industrial from 2014/15. Note UV Tourism affected because it is 44% of UV Mining rate in the dollar.

GRV Residential/Community increase for properties with significant valuation increases has been kept to a minimum, noting that the total GRV Residential yield has decreased by 22%, with the decreases relating to housing in the mining towns of Tom Price, Paraburdoo and Pannawonica.

Note GRV Commercial/industrial affected because it is 125% of GRV Residential/Community rate in the dollar and UV Residential because it has the same rate in the dollar as GRV Residential/Community.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

- **Model H.** Proposes a 0% change in yield for UV Mining/Industrial from 2014/15. 3% change in yield for UV Tourism from 2014/15.

GRV Residential/Community increase for properties with significant valuation increases has been kept to a minimum, noting that the total GRV Residential yield has decreased by 24.3%, with the decreases relating to housing in the mining towns of Tom Price, Paraburdoo and Pannawonica.

Proposes a 3% CPI increase for GRV Commercial/Tourism yield.

Note the UV Pastoral differential has been calculated using a 5 year phasing in methodology and so the rate in the dollar increase is higher than 3%.

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Summary analysis of different models:

Rates Income									
Differential Rate Category	Estimated 2014/15 Actual	Model A	Model B	Model C	Model D	Model E	Model F	Model G	Model H
GRV Residential/Community	3,810,619	3,519,778	3,193,030	3,193,030	3,253,711	3,253,711	2,230,822	2,967,577	2,885,311
GRV Commercial/Tourism/Industrial	1,113,433	1,221,467	1,108,719	1,108,719	1,129,619	1,129,619	777,769	1,031,168	1,146,836
UV Pastoral	233,203	281,008	281,008	281,008	281,008	281,008	281,008	281,008	281,008
UV Industrial/Mining	18,370,516	18,721,974	16,973,012	17,216,623	17,297,827	17,703,856	20,485,197	18,370,516	18,370,523
UV Tourism	52,830	59,177	53,626	54,407	54,667	55,969	64,880	58,106	54,415
UV Residential		96,596	87,453	87,453	89,151	89,151	60,325	81,144	78,841
Total	23,580,602	23,900,000	21,696,848	21,941,240	22,105,983	22,513,314	23,900,001	22,789,519	22,816,934

Percentage Variation from estimated 2014/15 Actual

	Model A	Model B	Model C	Model D	Model E	Model F	Model G	Model H
GRV Residential/Community	(7.6%)	(16.2%)	(16.2%)	(14.6%)	(14.6%)	(41.5%)	(22.1%)	(24.3%)
GRV Commercial/Tourism/Industrial	9.7%	(0.4%)	(0.4%)	1.5%	1.5%	(30.1%)	(7.4%)	3.0%
UV Pastoral	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
UV Industrial/Mining	1.9%	(7.6%)	(6.3%)	(5.8%)	(3.6%)	11.5%	0.0%	0.0%
UV Tourism	12.0%	1.5%	3.0%	3.5%	5.9%	22.8%	10%	3.0%
UV Residential								
Total % Variation	1.4%	(8.0%)	(7.0%)	(6.3%)	(4.5%)	1.4%	(3.4%)	(3.2%)
Total \$ Variation	\$319,399	(\$1,883,753)	(\$1,639,361)	(\$1,474,618)	(\$1,067,286)	\$319,400	(\$791,082)	(\$763,667)

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Detailed analysis of each model

Model A. In order to achieve the \$23.9m described in the LTFP all rates in the dollar (except Pastoral) will need to increase by 13.8%.

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$1,174	\$37	\$14,840
Tom Price	(\$512)	(\$1,490)	\$1,181
GRV Commercial/Industrial/Tourism			
Onslow	\$2,038	(\$896)	\$28,749
Paraburdoo	(\$1,055)	(\$61,225)	\$3,685
UV Mining/Commercial/Industrial			
Ashburton Ward	\$940	(\$2,121,410)	\$1,922,966
Tablelands Ward	(\$3,131)	(\$172,640)	\$24,447

Whilst the revenue increase is modest in real terms (1.4%) of \$319,399 different communities will be severely affect by such an increase.

This Model is not supported on the basis of its effect on all our ratepayers.

Discounting this Model though, will negatively affect Council's 2015/16 Budget, especially for capital projects as these were predicated on \$23.9m of rating income in the Long Term Financial Plan.

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Model B

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$924	\$36	\$12,812
Tom Price	(\$639)	(\$1,921)	\$1,016
GRV Commercial/Industrial/Tourism			
Onslow	\$1,458	(\$1,205)	\$21,617
Paraburdoo	(\$1,356)	(\$69,303)	\$2,149
UV Mining/Commercial/Industrial			
Ashburton Ward	(\$535)	(\$2,289,891)	\$1,724,066
Tablelands Ward	(\$4,436)	(\$271,482)	\$5,327

This model reflects a decrease of 8.0% or \$1,883,753 on 2014/15 income.

This Model is not supported on the basis it will not allow sufficient community services and facilities to be satisfactorily maintained/progressed.

Discounting this Model will affect Councils 2015/16 Budget especially for capital projects as these were predicated on the rating income in the Long Term Financial Plan.

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Model C

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$924	\$36	\$12,812
Tom Price	(\$639)	(\$1,921)	\$1,016
GRV Commercial/Industrial/Tourism			
Onslow	\$1,458	(\$1,205)	\$21,617
Paraburdoo	(\$1,356)	(\$69,303)	\$2,149
UV Mining/Commercial/Industrial			
Ashburton Ward	(\$329)	(\$2,266,421)	\$1,751,773
Tablelands Ward	(\$4,254)	(\$257,713)	\$7,990

This model reflects a decrease of 7% or \$1,639,361 on 2014/15 income.

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Model D

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$971	\$37	\$13,188
Tom Price	(\$616)	(\$1,841)	\$1,047
GRV Commercial/Industrial/Tourism			
Onslow	\$1,565	(\$1,148)	\$22,942
Paraburdoo	(\$1,291)	(\$67,803)	\$2,434
UV Mining/Commercial/Industrial			
Ashburton Ward	(\$261)	(\$2,258,598)	\$1,761,009
Tablelands Ward	(\$4,193)	(\$253,123)	\$8,878

This model reflects a decrease of 6.3% or \$1,474,618 on 2014/15 income.

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Model E

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$971	\$37	\$13,188
Tom Price	(\$616)	(\$1,841)	\$1,047
GRV Commercial/Industrial/Tourism			
Onslow	\$1,565	(\$1,148)	\$22,942
Paraburdoo	(\$1,291)	(\$67,803)	\$2,434
UV Mining/Commercial/Industrial			
Ashburton Ward	\$81	(\$2,219,482)	\$1,807,187
Tablelands Ward	(\$3,890)	(\$230,175)	\$13,317

This model reflects a decrease of 4.5% or \$1,067,286 on 2014/15 income.

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Model F

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$184	(\$352)	\$6,793
Tom Price	(\$1,017)	(\$3,200)	\$527
GRV Commercial/Industrial/Tourism			
Onslow	(\$249)	(\$9,612)	\$6,636
Paraburdoo	(\$2,378)	(\$93,273)	\$311
UV Mining/Commercial/Industrial			
Ashburton Ward	\$2,427	(\$1,951,696)	\$2,123,324
Tablelands Ward	(\$1,816)	(\$73,074)	\$43,706

This model reflects an increase of 1.4% or \$319,400 on 2014/15 income.

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Model G

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$752	(\$54)	\$11,412
Tom Price	(\$727)	(\$2,218)	\$903
GRV Commercial/Industrial/Tourism			
Onslow	\$1,058	(\$1,419)	\$16,696
Paraburdoo	(\$1,595)	(\$74,878)	\$1,089
UV Mining/Commercial/Industrial			
Ashburton Ward	\$644	(\$2,155,263)	\$1,883,002
Tablelands Ward	(\$3,393)	(\$192,500)	\$20,605

This model reflects a decrease of 3.4% or \$791,082 on 2014/15 income

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Model H

The table describes the effects of the model on a selected survey of categories.

	Average per Assessment	Minimum Change	Maximum Change
GRV Residential/Community			
Onslow	\$689	(\$87)	\$10,901
Tom Price	(\$759)	(\$2,327)	\$861
GRV Commercial/Industrial/Tourism			
Onslow	\$1,654	(\$1,101)	\$24,032
Paraburdoo	(\$1,238)	(\$66,567)	\$2,669
UV Mining/Commercial/Industrial			
Ashburton Ward	\$644	(\$2,155,262)	\$1,883,003
Tablelands Ward	(\$3,393)	(\$192,500)	\$20,605

This model reflects a decrease of 3.2% or \$763,667 on 2014/15 income

Shire of Ashburton
2015/2016 Rates Modelling Statistics

Council H

#UV Tourism + 3% on yeild.
#GRV Commercial/Industrial 3% on yeild.
#UV Industrial/Mining 1.9% on yeild.
#Rating Strategy recommendations included.

Rating Code	Rate Code Description	Proposed Rate in \$	Proposed 2014/15							Total Assess	Assess Above Average		Assess Below Average		No of Mins	% of Min Assess
			Estimated 14/15 Actual	Valuation	Total Rates	% Increase	Average	Minimum	Maximum		No	%	No	%		
B	GRV Commercial/Industrial/Tourism	0.050305	1,113,433	22,418,749.00	1,146,836.00	3.0%	5,851.20	767.50	80,007.35	196	40	20%	156	80%	40	20%
A	GRV Residential/Community	0.035040	3,810,619	80,997,719.00	2,885,311.00	-24.3%	1,140.44	460.50 ⁽¹⁾ 614.00	17,492.15	2530	755	30%	1775	70%	17 100	1% 4%
AB	UV Mining/Industrial	0.395516	18,370,516	47,011,995.00	18,719,555.94	1.9%	16,095.92	614.00	2,663,801.85	1163	116	10%	1047	90%	393	34%
AC	UV Tourism	0.160044	52,830	340,000.00	54,414.90	3.0%	13,603.73	3,200.88	32,008.76	4	2	50%	2	50%	2	50%
AA	UV Pastoral	0.052635	233,203	5,284,932.00	281,008.19	20.5%	6,690.67	614.00	51,839.96	42	13	31%	29	69%	9	21%
AD	UV Residential	0.035040		2,250,000.00	78,840.84		78,840.84	78,840.84	78,840.84	1	0	0%	0	0%	1	100%
TOTAL			23,580,614	158,303,395	23,165,967					3,936	926		3,009		562	

23,580,614 160,165,124 23,165,967 -1.8% ⁽¹⁾ Lesser Minimum
Change (414,647)