

## **Proposed Differential Rates 2018/19**

### **Objects and Reasons:**

The current Community Strategic Plan adopted in 2017 makes it clear that the community have high expectations that the improvements in community facilities achieved by the Council in the past few years should continue.

The major expenditures for 2018/19 and future budgets are significant upgrades to the Hotham River foreshore area, improvements in the Ranford Pool area, playground equipment including nature play areas and facilities for older youth and funding for economic development initiatives to ensure the continued diversification of the local economy away from mining.

To achieve substantial improvements in facilities while at the same time keeping rate increases for the average ratepayer modest is also one of the driving reasons behind the consideration of differential rating.

The differential rates in the dollar proposed, are an attempt to balance the need for revenue required to fund essential services, facilities and infrastructure and an equitable distribution of rates. Thus, the objective for all of council's rates is to meet the shortfall between planned expenditures and expected revenues in order to achieve a balanced budget.

Council is proposing to introduce a new category for activities of a non-rural nature in this budget.

In relation to continued differential mining rate in the UV category, Council is satisfied that UVs generally form a proper and equitable basis for differentiation amongst these properties.

In relation to continued differential mining rate in the GRV category, Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

In relation to the introduction of a differential Non-Rural rate in the UV category, Council is satisfied that UVs generally form a proper and equitable basis for differentiation amongst these properties.

## **Proposed Differential Rating Categories**

### **GRV Mining**

This rating category covers all Mining Leases, Exploration Licences, Prospecting Licences, Retention Licences, General Purpose Leases, Special Prospecting Licences for Gold and Miscellaneous Licences as defined under the Mining Act with a GRV valuation. It also includes properties with a GRV valuation that are held by or leased by a company whose primary activities involve mining. It does not include properties with a GRV valuation that comprise a single dwelling in the township of Boddington.

The proposed rate is 0.05865 cents in the dollar GRV Mining. Rates provided by this category, including minimum rates at \$999 are approximately 33% of the total rate requirements of council. There are three properties in this category which are effectively controlled by one ratepayer.

This sector comprises mining properties subjected to GRV Rating and Council considers that the sector has been contributing to the services and infrastructure of the shire in a fair manner. The imposition of GRV General rate to these properties in addition to the rates the sector pays from UV Mining rated properties which it holds would cause the sector to contribute at a level which would not be fair. For this reason, the GRV Mining rate is lower than the GRV General rate.

### **GRV General**

This rating category covers all properties with a GRV valuation not categorised as GRV Mining. The proposed rate is 0.08568 cents in the dollar GRV General. Rates provided by this category, including minimum rates at \$999 are approximately 20% of the total rate requirements of council. This sector comprises the residential and commercial properties in the town area and Council considers that this sector has been contributing to the services and infrastructure of the shire in a fair manner.

### **UV Mining**

This rating category covers all Mining Leases, Exploration Licences, Prospecting Licences, Retention Licences, General Purpose Leases, Special Prospecting Licences for Gold and Miscellaneous Licences as defined under the Mining Act with a UV valuation. It also includes properties with a UV valuation that are held by or leased by a company whose primary activities involve mining.

The proposed rate is 0.03259 cents in the dollar UV Mining. Rates provided by this category, including minimum rates at \$999 are approximately 27% of the total rate requirements of council.

This sector comprises properties outside the town area which are not used for rural purposes. Council considers that this sector has not been contributing to the services and infrastructure of the shire in a fair manner.

The object of the rate for this category is to rate properties at a higher than the UV General differential rate to improve fairness and equity outcomes by:

## Schedule 2

- Applying a premium to compensate for the different valuation method and comparatively lower valuation level compared to equivalent properties in built-up areas.
- Applying a premium to reflect the following key points:
  1. Mining areas and known mineral resources cover a considerable portion of the district with the most extensive resource being bauxite.
  2. Other than the Shire of Collie, the Shire of Boddington is the local government that is most impacted by mining operations in the South-West Land Division (generally the area from Geraldton to Esperance).
  3. The Shire receives a number of enquiries from landowners and other stakeholders regarding the planning implications of living and investing in the vicinity of bauxite mining operations.
  4. A mining buffer was originally identified in 2007 to assist in accommodating bauxite and gold mining and to reduce land use conflict. The mining buffer protects mining operations from sensitive land uses and development which could prejudice the extraction (now and in the future) of mineral and basic raw material resources.
  5. The mining buffer covers a significant portion of the district including parts of the Boddington townsite, various rural residential and rural smallholding estates and many freehold rural properties. There is a mining buffer of 1200 metres for bauxite mining surrounding known bauxite resources.
  6. The mining buffer has been proposed to be considerably expanded in recent years based on advice from South32 and State Government agencies including the Department of Mines and Petroleum.
  7. The Shire has spent considerable time and funds to review the *Shire of Boddington Local Planning Strategy* which was endorsed by the Western Australian Planning Commission (WAPC) in 2018. A key driver of this review was the modified mining buffer. The Shire's efforts have included raising awareness and liaising with landowners, the community and stakeholders.
  8. The Shire will spend an increasing amount of time and funds to assist in protecting and accommodating bauxite mining through the *Shire of Boddington Local Planning Scheme No. 3* (LPS3). This included the WAPC requirement to give statutory weight to the mining buffer through a Mining Buffer Special Control Area to be introduced into LPS3. LPS3 also includes provisions to control development within the Mining Buffer Special Control Area. Some of the implications will include:
    - (i) The Shire being required to liaise with landowners and stakeholders and to discourage sensitive land uses (such as residential development) in close proximity to basic raw material and mineral extraction operations.
    - (ii) Increased planning and administrative resources as most forms of development and changes of land use in the mining buffer will require a Development Application.
    - (iii) While recognising the need to limit or prevent 'sensitive' development, there are competing legal issues including a generally accepted right to construct a single dwelling on a lot. Many rural lots in the mining buffer currently do not have a dwelling.
    - (iv) Anticipated reviews being submitted to the State Administrative Tribunal due to the Shire refusing Development Applications based on incompatibility with bauxite mining.
    - (v) There will be considerable liaising with South32, the Department of Mines and Petroleum, the Department of State Development, WAPC and other agencies on Development Applications, other planning proposals and land administrative matters as they may affect basic raw materials and mineral resources.
  9. South32 operations have resource implications on other Shire services and assets including environmental health, emergency management, administration and roads. Examples of this include the haul road crossing on Morts Rd, the proposed haul road crossing on Lower Hotham Rd and the significant restoration works on Lower Hotham Rd on three recent occasions when a dam burst on South32 property.

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### **UV Rural**

This rating category covers all properties with a UV valuation and predominant usage that involves agricultural production or horticultural production activities and lifestyle properties. The proposed rate is 0.006617 cents in the dollar UV General. Rates provided by this category, including minimum rates at \$999 are approximately 19% of the total rate requirements of council. This sector comprises the rural properties outside the town area and Council considers that this sector has been contributing to the services and infrastructure of the shire in a fair manner.

### **UV Non-Rural**

This rating category covers all properties with a UV valuation with any intensive usage which is significantly different from agricultural or horticultural production. Examples could be landfill or other industrial activities. The proposed rate is 0.03259 cents in the dollar UV General. Rates provided by this category, including minimum rates at \$999 are approximately 0.5% of the total rate requirements of council. This sector comprises the rural properties outside the town area and Council considers that this sector has not been contributing to the services and infrastructure of the shire in a fair manner.

The object of the rate for this category is to rate properties at a higher than the UV Rural differential rate to improve fairness and equity outcomes by:

- Applying a premium to compensate for the different valuation method and comparatively lower valuation level compared to equivalent properties held for intensive usage in built-up areas i.e. industrial areas.
- Applying a premium to reflect the following key points:
  1. The Shire receives a number of enquiries and complaints from landowners and other stakeholders regarding property in this category. This involves considerable officer time and Councillor consideration.
  2. The Shire incurs additional costs relating to monitoring of land use & the environmental impact.