

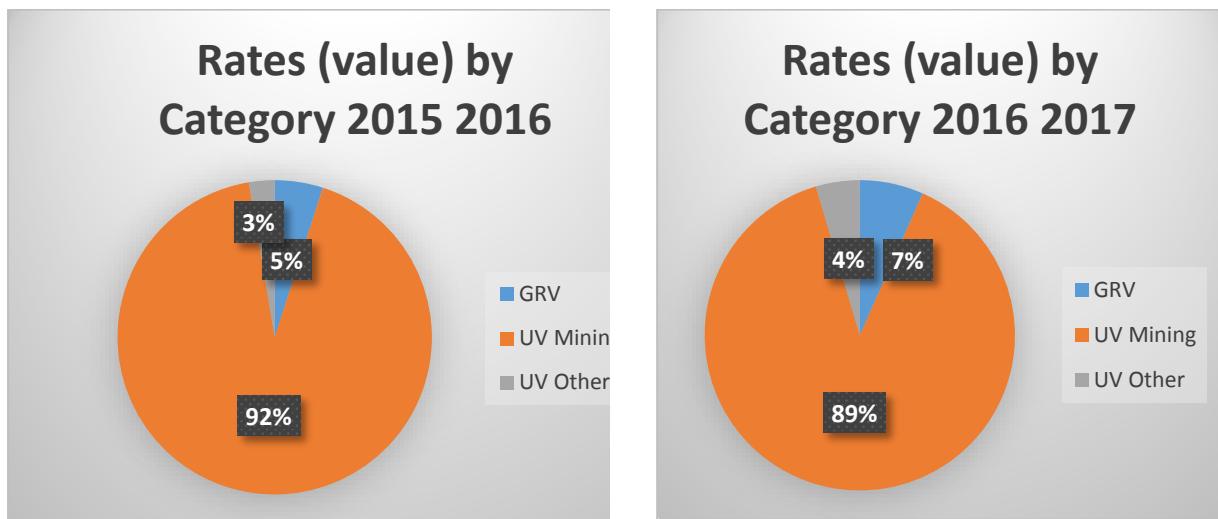


Objects and Reasons for Rating in the Shire of Menzies

The objective for all Council's rates is to meet the shortfall between planned expenditures and expected revenues in order to achieve a balanced budget.

In arriving at the proposed rate in the dollar and minimum payments, Council has taken into consideration many factors and attempted to balance the need for revenue to fund essential services, facilities and infrastructure to the entire community, given the funding variability from grants and other income sources, the shire looks to mining to be able to ensure funds are available.

The balance and contribution by each of the categories of ratepayers is proposed to shift a little. The increase in the GRV sector is attributed to the revaluation of the mining camp rated using GRV. The increase in the UV Other reflects the changes to the rate in the dollar of this sector.



Rates Increase for 2016 2017.

For the 2016 2017 Council has agreed to increase the overall rate yield by at least 1.9% on top of growth.

Basis of Rating

The basis for calculating property rates are the Gross Rental Value (GRV) and Unimproved Value (UV) provided for individual properties by Landgate's Property and Valuations area. A property's GRV represents the amount of the gross rental the land might obtain if it is let on a tenancy from year to year. A property's UV means the amount the land may reasonably be expected to obtain if it was sold and assuming no improvements to the land had been made.

Updated Valuations

Updated unimproved values for rural properties are provided every year and updated gross rental values for residential, commercial and special rural properties are provided every five years.

Council's approach for 2016 2017 is to apply a 1.9% increase to the rate in the dollar for the following categories

GRV Vacant Land from 7.8870c to 8.18 c, minimum from \$300 to \$306
GRV improved Land from 7.999c to 8.20c minimum from \$300 to \$305
UV Mining Lease from 14.411c to 15.70c minimum from \$300 to \$306
UV Prospecting Lease from 13.999c to 14.26c minimum from \$235 to \$240
UV Exploration Lease from 14.205c to 14.475c minimum from \$265 to \$270

The following categories will increase from a very low base to a level which better reflects fairness across the Shire.

UV Pastoral from 3.747c to 10.0c minimum from \$300 to \$306
UV Other from 2.685c to 8.0c minimum from \$300 to \$306

Objects and Reasons for Differential Rates.

GROSS RENTAL VALUE (GRV).

Covers properties within the Townsite of Menzies and one mining camp. The average Townsite non vacant property rate is \$538. Of the 38 properties in this category, only six attract rates in excess of \$500. Four of the six are commercial premises, and two are multi residential.

The majority of the properties rates GRV are vacant lots. The minimum of \$305 has been set for these. This represents a contribution to the community of \$5.86 per week, which is considered to be fair, and certainly not onerous.

The reason for differentially rating this category is to meet the criteria of the Local Government Act 1995, which does not allow for a minimum rate exceeding \$200 per lot where the number of lots which attract the minimum rate is greater than 50% of the properties in the category (being GRV). It is understood that the Minister cannot approve a general minimum where that general minimum effects more than 50% of the rateable properties unless differential rating is applied.

Were Council to apply a minimum of \$200 per property to the 255 properties rated as GRV, the loss of income to the Shire would be \$24,668.

UNIMPROVED VALUATIONS (UV)

Mining, Exploration and Prospecting Leases are rated differentially to reflect the nature of the lease. Prospecting leases attract a lower minimum and rate in the dollar (RID) to acknowledge that these leases are not, for the most part, income producing.

Also considered is the higher traffic volumes and subsequent higher road infrastructure maintenance costs to the shire once production commences. Exploration, prospecting and operations have different levels of impact on the Shire's road infrastructure, although, there

remains the need to fund the maintenance and renewal of this vital community while recognising the Shire's goal to encourage mining in the district.

The differential rate for UV Pastoral and Other has been set taking into account issues of rating equity including capacity to pay. The Pastoral and Other sector are increasingly taking the opportunities afforded to them to diversify, and it is believed that the capacity to pay for this sector has improved.

Objects and Reasons for Minimum Rates

The setting of minimum rates within rating categories is an important method of ensuring that all properties contribute an equitable rate amount. A minimum rate for UV Mining Exploration and UV Mining Prospecting categories has been set lower than other rating categories to reflect the Shire's goal to encourage mining in the district.