



Objects and Reasons for Rating in the Shire of Menzies 2022/2023

INTRODUCTION

The objective of Council's rates is to provide for the net funding requirements of Council's Operational and Capital Budget in order to achieve a balanced budget.

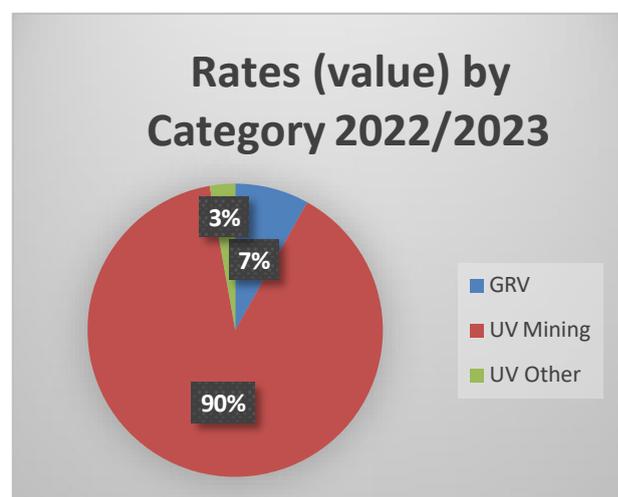
In arriving at the proposed rate in the dollar and minimum payments, Council has taken into consideration many factors and attempted to balance the need for revenue to fund essential services, facilities and infrastructure to the entire community. Given the funding variability from grants and other income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

The declared pandemic has caused Council to consider the current economic situation in Australia and Western Australia in formulating its 2022/2023 budget. The cost of fuel, increased wage costs, and the general rise in business costs all affect local government. The latest WA Treasury Corporation advice puts the annual trimmed mean CPI inflation rate at 3.5% but this analysis was prepared prior to the economic stimulus packages implemented by the State and Federal Governments in recent budgets.

Local governments have an obligation to consider the economic and social effects of macro and micro economic events on businesses and individuals. As the economy, community, and CPI return to pre COVID-19 levels, commensurate increases in differential rates and minimums is consider appropriate at this time as ratepayers and businesses recover from a long period of instability and uncertainty resulting from COVID-19. For these reason Council has chosen to increase the rate in the dollar on all ratepayers, both business and individuals. This is in line with the *Long-Term Financial Plan* .

RATES – INCOME AND EXPENDITURES

The balance and contribution by each of the categories of ratepayers for the 2022/2023 budget is materially the same as in 2021/2022. Once again, the Minimum for GRV Other has remained at \$200 to encourage owners of vacant lots in town to retain ownership and not surrender the blocks to the shire. The variance in all sectors reflects the changes to the rate in the dollar and the property valuation as set by the Valuer General.



Rates Increase for 2022/2023.

For 2022/2023 Council has agreed to increase the overall rate yield by at least 3.5% (in accordance with forecast CPI growth of 3.5%).

Basis of Rating

Property rates are calculated using the Gross Rental Value (GRV) and Unimproved Value (UV) provided for individual properties by the Valuer General's Office. A property's GRV represents the amount of the gross rental income the land might obtain if it is let on a tenancy from year to year. A property's UV represents the amount the land may reasonably be expected to obtain if it was sold and assuming no improvements to the land.

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 2022/2023 is to increase the rate in the dollar by 3.5%, including the Minimum Rates, excepting the GRV Vacant Land minimum which will remain at \$200.

GRV Vacant Land	8.94c	minimum \$200
GRV improved Land	8.92c	minimum \$328
UV Mining Lease	17.13c	minimum \$328
UV Exploration Lease	15.53c	minimum \$290
UV Prospecting Lease	15.29c	minimum \$257
UV Other (includes Pastoral and Kookynie Townsite)	8.58c	minimum \$328

Objects and Reasons for Differential Rates.

GROSS RENTAL VALUE (GRV).

GRV covers properties within the townsite of Menzies and one mining camp. The average townsite non-vacant property rate is \$550 (excludes mining camp). Of the 39 properties in Menzies townsite, only five attract rates in excess of \$500 - three are commercial premises and two are multi residential.

The majority of the properties rated GRV are vacant lots. The minimum of \$200 has been set for these vacant lots. This represents a contribution to the community of \$3.85 per week, which although below expectation is considered to be fair to encourage owners of vacant blocks in town to retain ownership and not hand the blocks back into the Shire.

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).

The Council resolves to apply a minimum of \$200 per property to the 200 properties rated as GRV Vacant to recognize the difficulty of developing land in Menzies. A more onerous rating position may result in properties being surrendered.

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.

As per previous years, 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.