



Ordinary Council Meeting

23 June 2021

NEW BUSINESS OF AN URGENT NATURE

REPORT & ATTACHMENTS

ITEM NO

SUBJECT

14.2.1

SUBMISSIONS ON 2021-22 DIFFERENTIAL RATES AND MINIMUM PAYMENTS

14.2.1 SUBMISSIONS ON 2021-22 DIFFERENTIAL RATES AND MINIMUM PAYMENTS

LOCATION/ADDRESS	Shire of Augusta Margaret River
APPLICANT/LANDOWNER	Shire of Augusta Margaret River
FILE REFERENCE	FIN/11
REPORT AUTHOR	Andrew Ross, Manager Corporate Services
AUTHORISING OFFICER	James Shepherd, Director Corporate and Community Services

IN BRIEF

- Council approved the advertising of the proposed 2021-22 differential rating categories, rate in the dollar and minimum payments for the year ending 30 June 2022 at the Ordinary Meeting of 12 May 2021.
- Differential rates were advertised for a minimum period of 21 days with the closing time and date for submissions of 4.00 pm Monday 14 June 2021.
- Advertisements were placed in the local newspaper for 4 consecutive weeks from and including Friday 21 May 2021.
- One submission objecting to the proposed differential rates were received as of 4pm Monday 14 June 2021.
- The Shire requires Ministerial approval to levy minimum payments for the differential rating category of Residential Vacant as the number of properties to be levied the minimum exceeds the 50% parameter specified in Section 6.35 (4) of the *Local Government Act 1995* (LG Act).
- Department of Local Government, Sport and Cultural Industries (DLGSC) Rating Policy Minimum Payments (s.6.35) March 2016 requires Council to consider submissions received prior to Ministerial approval being considered.

RECOMMENDATION

That Council:

1. Notes the submission received objecting to the differential rates and minimum payments proposed for 2021-22;
 2. Advises the submitter that no change is proposed to be made to the differential rates; and
 3. Approves an application be made to the Minister for Local Government, Heritage, Culture and the Arts to seek approval in accordance with Section 6.35 of the Local Government Act 1995 to impose a minimum payment on more than 50% of the properties in the Residential Vacant land category.
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LOCATION PLAN

Nil

TABLED ITEMS

Nil

BACKGROUND

Council considered the proposed differential rates and minimum payments for the 2021-22 financial year at the Ordinary Meeting of 12 May 2021 and approved their advertising in accordance with the LG Act.

CONSULTATION AND ADVICE

External Consultation

Ratepayers and Electors

The proposed differential rating categories, rates in the dollar and minimum payments were advertised in the Augusta Margaret River Times on Friday 21 May, Friday 28 May, Friday 4 June and Friday 11 June. Ratepayers and electors were provided with a minimum of 21 days to lodge a submission.

Closing date for submissions was 4pm Monday 14 June 2021. At the closing date, one submission had been received.

Internal Consultation

Coordinator Revenue and Customer Services

DISCUSSION / OFFICER COMMENTS

One submission was received objecting to the proposed 2021-22 differential rates. A copy of this submission is attached. The following table outlines the submissions received and the staff response to the issues raised in the submission.

Submission Date	Summary of Submission Issues	Staff Comment
17/5/21	<p>Received from: McMahon Mining Title Services Pty Ltd</p> <p>Note this company provided a submission on 9 June 2017 relating to the 2017-18 advertised rates, on 29 May 2018 relating to the 2018-19 advertised rates and on 5 June 2019 relating to the 2019-20 advertised rates.</p> <p>This submission is similar and requested the Shire consider not increasing rates so the cost of doing business in the State is reduced.</p> <p>“We note that valuations provided by the Valuer General are used in calculating mining tenement rates, and these valuations are based on the rent imposed by the Department of Mines, Industry Regulation and Safety. Any increases in the rent therefore result in an increase in valuations and in turn an automatic increase in rates.</p> <p>Effective from 1 July 2020, the Department increased the rent rate for exploration licences by 2.17%, prospecting licences by 3.45% and mining leases by 1.01%. With the Shire proposing an increase in the UV Mining rate in the dollar for 2021-22 from 0.4705 to 0.4799, a significant increase in the actual rates levied will occur as illustrated in the table below. Note: table not reproduced.</p> <p>The exploration and mining industry is one of the most significant contributors to the State’s economy. It has played an integral role in the development and strength of this State, creating jobs and opportunities across the State but particularly in remote and regional parts of Australia. The industry will undoubtedly be critical to the future economic recovery of the State and</p>	<p>The following comment is similar to that previously provided as the issues raised by the submitter have not changed.</p> <p>Mining tenements are normally measured in hectares and may cover one, many or part of a property. The holder of an exploration licence or mining tenement is unable to use the property for rural purposes as the licence/tenement is a right that overlays the property or properties.</p> <p>As they overlay rural properties the basis of rating is their unimproved value (UV). The UV of a mining tenement or exploration lease is calculated by the Department of Mines, Industry Regulation and Safety and provided to Landgate. Typically, their valuation is low, despite the increased rent rates applied, which results in the minimum payment being levied.</p> <p>The properties subject to mining or exploration licences are usually rural land and are categorised as UV Rural for rating purposes by the Shire. The characteristics of these properties are they are zoned priority agriculture, general agriculture, cluster farm and the predominant land use is rural.</p> <p>The Shire’s Local Planning Scheme number 1 (LPS1) does not make any distinction in land use for exploration licences or mining tenements as these activities fall outside of the jurisdiction of the planning legislation.</p> <p>The Shire’s property rating database has 2 exploration licence, 8 mining tenements and 1 Petroleum Exploration Permit. All of these assessments are charged the minimum UV Rural payment as the highest unimproved value of a licence/tenement is \$51,447. These</p>

	<p>country which has been severely impacted by the Covid-19 crisis.</p> <p>To encourage the continued contributions made by the resources sector to the State economy it is critical that all government fees are set so as to reduce the cost of doing business in the State in the face of significant international competition wherever possible, and increase and incentivise investment in local exploration to discover vital new resources for the whole of the State.”</p>	<p>licences/tenements range in size from 4 hectares to 514 hectares.</p> <p>Consistent with other local governments the Shire rates the individual property owners and also rates the holder of the exploration licence or mining tenement.</p> <p>As the holder of an exploration licence or mining tenement operates on rural land, but is limited to certain activities, the granting of a lesser minimum payment than the amount of \$1,528 proposed for 2021-22 could be considered in accordance with Section 6.35(2) of the <i>Local Government Act 1995</i>. The Shire currently applies a lesser minimum payment to the 37 properties in the UV Strata Title Vineyard category and this lesser minimum would also have to apply for mining tenements. The lesser minimum amount proposed for 2021-22 is \$897 per property.</p> <p>The financial impact of a lesser minimum payment would be to reduce the proposed rates levied for the 8 mining tenements from \$12,224 to \$7,176. The reduction in rate income would be \$5,048.</p> <p>However, a lesser minimum payment is not supported for mining tenements for a number of reasons including:</p> <ul style="list-style-type: none"> • Mining tenements do confer a land use and although the impact may be minimal, it is appropriate holders of tenements (and exploration licences) provide a contribution to the operation of the Shire. • As the activities occur on rural land, rating on the basis of the rural category is appropriate and necessary as the absence of a specific land use in LPS1 prevents a specific differential rating category being created. • The holder of a mining tenement has the option to relinquish their right and surrender the tenement. • The high value the community of the Shire of Augusta Margaret River place in the natural environment as outlined in the Community Strategic Plan 2036.
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Ministerial Approval

DLGC Rating Policy Minimum Payments (s.6.35) March 2016 requires local governments requesting approval of differential rates to complete a formal Application Form with the following attachments:

1. Copy of the minutes where Council reviewed and considered budget efficiency measures;
2. Copy of the Statement of Objects and Reasons;
3. Copy of the minutes where Council adopted the Statement of Objects and Reasons;
4. Copy of letters to ratepayers where there are less than 30 in a category;
5. Copy of any submissions received;
6. Copy of the response to submissions;
7. Copy of the public notice;
8. Copy of the Council agenda and minutes where submissions were considered; and
9. Copy of the minutes where Council resolved to make an application to the Minister;

It is proposed to lodge the Application Form and its attachments with the DLGSC on Thursday 24 June 2021. This should allow sufficient time for the DLGSC to consider the Shire's request and allow Council to formally adopt the rates for 2021-22 at the Ordinary Meeting on 28 July 2021.

STATUTORY ENVIRONMENT / LEGAL IMPLICATIONS

Part VI of the LG Act deals with the levying of differential rates.

- Sections 6.32 and 6.33 state that Council may impose differential rates based on differential categories.
- Section 6.35 states that Council may impose a minimum payment for each category.
- Section 6.35(4) limits local governments from imposing a minimum payment on more than 50% of the properties in a category.
- Section 6.35(5) states a local government may seek the approval of the Minister to impose a minimum payment on vacant land that applies to more than 50% of the properties in the category.
- Section 6.36 requires the local government to give the appropriate notice of its intention to impose differential rates and minimum payments in respect to each differential rate category.

STRATEGIC PLAN / POLICY IMPLICATIONS

Community Strategic Plan 2036 (CSP)

Corporate Business Plan 2020-2024

Key Result Area 5:	Effective Leadership and Governance.
Community Outcome 2:	Effective and integrated strategy, planning, financial and asset management.
Strategic 3:	Develop long term Informing Strategy including asset and financial management aligned to the Community Strategic Plan.
Service level strategy/plan:	Prepare the Shire's Annual Budget in accordance with the Long Term Financial Plan and Corporate Plan.

Policy

Policy CCSP2 Shire Rating endorsed by Council on 24 November 2017 (OM2017/296) outlines the administrative processes in applying differential rates.

PLANNING FRAMEWORK

Nil

FINANCIAL IMPLICATIONS

Rate revenue is the main source of funding for the Shire and Ministerial approval will ensure the 2021-22 rates are able to be adopted by Council at the Ordinary Meeting of 28 July 2021. The level of rate increase is required to reduce the shortfall between operating expenditure and operating revenue as well as contributing funds for the renewal of the Shire's asset base.

SUSTAINABILITY IMPLICATIONS

Environmental

Rate revenue is used to carry out works on parks, reserves, beaches, foreshores and all other land owned and managed by the Shire which has an impact on the environment. There is continued demand for these activities.

Social

Rate revenue is used by the Shire to carry out a range of community oriented activities which impact on the social fabric of the community.

Economic

Rate revenue allows the Shire to undertake a wide range of services and activities, many of which directly result in an economic benefit for the community of the Shire.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That Council:

1. Notes the submission received objecting to the differential rates and minimum payments proposed for 2021-22;
2. Advises the submitter that no change is proposed to be made to the differential rates; and
3. Approves an application be made to the Minister for Local Government, Heritage, Culture and the Arts to seek approval in accordance with Section 6.35 of the Local Government Act 1995 to impose a minimum payment on more than 50% of the properties in the Residential Vacant land category.

ADVICE TO APPLICANT / PROPONENT

Nil

ATTACHMENTS

1. Copy of submission

17 May 2021

Ms Stephanie Addison-Brown
Chief Executive Officer
Shire of Augusta Margaret River
PO Box 61
Margaret River WA 6285

By email: amrshire@amrshire.wa.gov.au

Dear Sir

SUBMISSION - DIFFERENTIAL RATING 2021-2022

Thank you for the opportunity to make a submission regarding the proposed rates for 2021-22.

We note that valuations provided by the Valuer General are used in calculating mining tenement rates, and these valuations are based on the rent imposed by the Department of Mines, Industry Regulation and Safety. Any increases in the rent therefore result in an increase in valuations and in turn an automatic increase in rates.

Effective from 1 July 2020, the Department increased the rent rate for exploration licences by 2.17%, prospecting licences by 3.45% and mining leases by 1.01%. With the Shire proposing an increase in the UV Mining rate in the dollar for 2021-22 from 0.4705 to 0.4799, a significant increase in the actual rates levied will occur as illustrated in the table below.

2020/21 RID	0.4705	2021/22 Proposed RID		0.4799
	2020 Rates	2021 Rates - no change in RID	2021 Rates - proposed increase to RID	Actual percentage increase in rates
P (200Ha)	\$1,364.45	\$1,411.50	\$1,439.70	5.5%
E (10sbk)	\$1,623.23	\$1,658.51	\$1,691.65	4.2%
M (100Ha)	\$4,657.95	\$4,705.00	\$4,799.00	3.0%

The exploration and mining industry is one of the most significant contributors to the State's economy. It has played an integral role in the development and strength of this State, creating jobs and opportunities across the State but particularly in remote and regional parts of Australia. The industry will undoubtedly be critical to the future economic recovery of the State and country which has been severely impacted by the Covid-19 crisis.

To encourage the continued contributions made by the resources sector to the State economy it is critical that all government fees are set so as to reduce the cost of doing business in the State in the face of significant international competition wherever possible, and increase and incentivise investment in local exploration to discover vital new resources which benefit the whole of the State.

I would be happy to discuss this matter further on (08) 6467 7997.

Yours faithfully,



Shannon McMahan
Director
McMahan Mining Title Services