



2022/2023 Differential Rates and Minimum Payments

OBJECTS AND REASONS

The Shire of Halls Creek provides facilities and services to residents and visitors to the Shire. The revenue collected through rates makes up the short fall between the cost of these services and the income received from user charges, grants and other income.

The Shire of Halls Creek applies differential rates and minimum rates payments and has used the principles of fairness and equity, consistency, transparency, and administrative efficiency to determine the level and structure of rates levied.

Differential rates are a rate-in-the dollar amount that is multiplied by a rating property valuation as provided by the Valuer General's Office. Shire's use different rate-in-the-dollar amounts to fairly apply rates across all sectors within its district. This is because different sector's values are calculated differently, and some sectors are identified as consuming more service than other sectors. The rating structure in place at the Shire of Halls Creek is:

Unimproved Value

- Rural/Pastoral
- Mining Leases
- Exploration and Prospecting Leases

Gross Rental Value

- GRV Improved
- GRV Vacant

Other considerations made in determining the rates required and the rate-in-the-dollar includes:

- Corporate Plan
- Long Term Financial Plan
- Review of expected revenue
- Review of expenditure, including efficiency and effectiveness
- Local Government Cost Index
- Consideration of alternative sources of funding
- Amount to be raised from rates
- Economic conditions – impact on different categories of ratepayers

Council has determined its required rates yield after reviewing all revenue sources, expenditure and efficiency measures as part of its budget process. Below are the objects and reasons for each proposed rate and minimum:

Unimproved Values (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General.

The table below summarises the proposed 2022/23 rates-in-the-dollar and minimum payments for Unimproved Values:

Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Total No. of Properties	Proposed 2022/23 Rate Revenue	Proposed Average Rate Per Property
Unimproved					
Rural/Pastoral	\$ 921.00	0.04614	47	\$ 749,900.00	\$ 15,955.32
Mining	\$ 880.00	0.38478	39	\$ 833,577.00	\$ 21,373.77
Prospecting/Exploration	\$ 548.00	0.23285	254	\$ 614,255.00	\$ 2,418.33

Rural/Pastoral

The rating in this category reflects the level of rating required to raise the necessary revenue to operate efficiently and provide for rural infrastructure and services in addition to town services, programs and infrastructure which are available to be accessed by the properties in this category.

In 2020/2021 the Rural/Pastoral differential was significantly reduced to offset the impact of the significant increase in the valuation of UV Rural Pastoral properties by the Valuer General's Office and to avoid a consequent significant increase in rates during the height of the COVID 19 pandemic. The differential was increased in 2021/22, but lower valuations resulting from the determination of objections by the Valuer General and consequent rates credits lowered the initially anticipated rates revenue from this sector.

The Shire proposes a rates differential of 0.04614. This brings the Sector's contribution into line with other sectors such as Mining and assists in meeting the anticipated increases in road construction cost in 2022/23 (as indicated by the increase in the Local Government Cost Index). The proposed rate-in-the-dollar increases the rates from this sector by a total \$240,936 compared to 2021/22. The percentage increase of 49.1% reflects the lower-than-expected rates take from this Sector in 2021/22.

The UV minimum of \$921.00 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Mining

The Shire has imposed a higher rate in the dollar for the mining sector in considering the potential impact and cost that mining activities have on the Shire's road network, specifically in relation to heavy traffic. Road construction and maintenance within the Shire, an area of 143,000 km², is one of the major activities and costs in the budget. Excluding the Great Northern Highway, all roads that are not within the township are unsealed and require significant work after each wet season and the roads servicing heavy traffic need frequent grading through the dry season.

The Duncan and Tanami Roads, where the majority of the transport funds are to be spent, are highly utilised by the mining and pastoral sectors as well as first nations people. The higher rate differential on mining operators is the only mechanism the Council has to make the sector contribute to the damage it does to these, and other roads within the district and offset their impact on first nation people.

Mining also has an increased demand on health and environmental inspections and monitoring throughout the process.

The proposed increase in the rate in the dollar along with an increase in underlying valuation results in a rates increase of 16.2% compared to 2021/22. This reflects increased construction costs resulting from inflation along with the investment the Council is making in Transport. The draft 2022/23 budget anticipates \$11.3M expenditure in Transport which equates to 54.2% of the proposed total expenditure. This is significantly more than the total anticipated rates revenue of \$3.3M. The UV minimum rate of \$880 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Exploration and Prospecting

The Shire seeks to encourage exploration and prospecting and recognises the reduced activity compared to mining in relation to the road network and environmental inspections and monitoring.

While the proposed rate-in-the-dollar is increased by 2.5% per cent, reflecting a contribution towards a 5.7% increase in the Local Government Cost Index the total rates from this sector is forecast to increase by 14.5 % due to an increase in underlying valuation. This is considered appropriate given the \$11.3M expenditure in Transport. The lower minimum for this category (\$548) reflects the reduced use of services, while ensuring all ratepayers make a reasonable contribution for basic services and infrastructure.

Gross Rental Values

The Local Government Act 1995 determines that properties of non-rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates.

The table below summarises the proposed 2022/23 rates-in-the-dollar and minimum payments for Gross Rental Values:

Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Total No. of Properties	Proposed 2022/23 Rate Revenue	Proposed Average Rate Per Property
Gross Rental Value					
Town	\$ 851.00	0.08640	341	\$ 1,113,557.00	\$ 3,265.56
Town-Vacant	\$ 1,093.00	0.15490	15	\$ 18,564.00	\$ 1,237.60

Town

The reason for the rate in the dollar for this category is to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide

the diverse range of services and programs and associated infrastructure/facilities required within the town of Halls Creek.

The proposed increase in the rate-in-the-dollar for this category is 2.0 per cent. Combined with a minor increase in rateable values this results in a 3.4 per cent increase in rates from this sector. The GRV minimum of \$851 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

GRV Vacant

The higher differential for vacant properties (0.15490) is to encourage growth and development in Halls Creek and discourage the purchasing of vacant land for purely speculative purposes that does not lead to development. Encouraging development of vacant land is important given the shortage of suitable housing. This applies to the rate in the dollar and the minimum payment.

Rates Model - 2022/23 proposed differential rates and minimum payments

Rate Type	2021/22 Rate in \$	2022/23 Proposed Rate in \$	% Change to Rate in \$	No. Properties	Rateable Value	Proposed 2022/23 Rate Revenue	2021/22 Budgeted Revenue	Increase	Percent Increase
Differential General Rate									
Gross rental valuations									
GRV Town	0.08471	0.08640	2.0%	338	\$ 12,858,848	\$ 1,111,004	\$ 1,074,744	\$ 36,260	3.4%
GRV Town Vacant	0.15190	0.15490	2.0%	1	\$ 21,060	\$ 3,262	\$ 3,317	-\$ 55	-1.7%
UV - Rural/Pastoral	0.04365	0.04614	5.7%	27	\$ 15,853,500	\$ 731,480	\$ 490,544	\$ 240,936	49.1%
UV - Mining	0.36403	0.38478	5.7%	33	\$ 2,152,651	\$ 828,297	\$ 712,827	\$ 115,470	16.2%
UV - Prospective/Explorator	0.22717	0.23285	2.5%	175	\$ 2,452,064	\$ 570,963	\$ 498,498	\$ 72,465	14.5%
Sub total				574	\$ 33,338,123	\$ 3,245,007	\$ 2,779,930	\$ 465,077	16.7%
Minimum Payment									
Gross rental valuations	2020/21 Minimum	Proposed Minimum	% Change in Minimum						
GRV Town	\$ 834	\$ 851	2.0%	3	\$ 5,100	\$ 2,553	\$ 3,336	-\$ 783	-23.5%
GRV Town Vacant	\$ 1,072	\$ 1,093	2.0%	14	\$ 37,450	\$ 15,302	\$ 19,296	-\$ 3,994	-20.7%
UV - Rural/Pastoral	\$ 871	\$ 921	5.7%	20	\$ 61,600	\$ 18,420	\$ 17,420	\$ 1,000	5.7%
UV - Mining	\$ 833	\$ 880	5.6%	6	\$ 7,480	\$ 5,280	\$ 4,998	\$ 282	5.6%
UV - Prospective/Explorator	\$ 534	\$ 548	2.6%	79	\$ 98,938	\$ 43,292	\$ 35,244	\$ 8,048	22.8%
Sub total				122	\$ 210,568	\$ 84,847	\$ 82,910	\$ 1,937	2.3%
Total				696	\$ 33,548,691	\$ 3,329,854	\$ 2,862,840	\$ 467,014	16.3%