



# Shire of Murchison

"The Shire with no Town"

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## **Objects of and Reasons for Proposed Differential Rates and Minimum Payments for the 2017-18 Financial Year**

*Adopted by Council 27 April 2017*

### **Overall Objective**

The purpose of levying rates is to meet a local governments' budget deficiency in each financial year in order to deliver services and facilities as detailed in the Strategic Community Plan and Corporate Business Plan.

The Shire of Murchison is in a unique position of being the only shire without a town, therefore having no residential, commercial or industrial rate base to draw upon. It does, however, have an important responsibility for the maintenance of a vast network of inland roads, as well as providing support for travellers and locals through the provision of fuel services, a caravan park, recreational services, power, water and an aerodrome.

Historically, the Shire of Murchison has imposed differential rates on the basis of whether land is used for pastoral purposes, mineral exploration or mining, as it considers that this is more equitable than a flat rate, drawing more revenue from those enterprises that may cause degeneration of infrastructure through higher use.

### **Reasons**

Council is satisfied that the services and facilities it provides are managed efficiently and effectively and that it is appropriate to rate differentially in order to meet the budget deficiency. As part of its drive to ensure efficiency and transparency within the organisation, Council recently completed its review of the 2016-17 Budget to ensure income and expenditure targets will be met for the 2016/17 year. Also, it recently reviewed the appropriateness and effectiveness of its risk management, internal control and legislative compliance as required under Local Government (Audit) Regulations 1996 and reviews the appropriateness and effectiveness of the financial management systems and procedures of the Shire as per regulation 5 (2) (c) of the Local Government (Financial Management) Regulations 1996.

For consistency, Council has ensured that properties that are used for the same purpose are rated in the same way and has considered the rates charged by neighbouring councils in its deliberations. The rate in the \$ for Exploration is currently well below that of surrounding Shires and it is proposed to increase it at a higher rate this year than the other two differential rating categories. Council may also need to consider increasing the pastoral rate in the \$ over time in order to attain consistency with surrounding Shires.

The Shire of Murchison's reasons for differentially rating according to land use are shown below:

**UV – Pastoral**

Pastoral means any land that currently has a pastoral lease granted. This category is rated to reflect the infrastructure maintenance cost to the Council and the sectors' reduced viability caused by many years of droughts and floods and the devastation caused by the wild dog problem. It also recognises the long term commitment of pastoralists to the region and their stewardship of Crown Land. Further, an annual biosecurity rate is linked to the valuations provided by the Valuer General. This biosecurity rate is payable by the pastoral sector only, even though the mining/exploration sectors pose a significant biosecurity risk.

**UV – Mining**

Mining means any land for which a mining lease has been granted. The mining sector tends to be transitory by nature and benefits from established Shire services and infrastructure which is maintained in the long term by those rate payers who are established long term in the region. The purpose of setting the UV - Mining rate at a higher level than the benchmark UV – Pastoral is to ensure that the mining sector's contribution towards the maintenance of that infrastructure is proportionate to the advantage it gains.

**UV – Exploration/Prospecting**

Exploration/Prospecting means any land for which an exploration/prospecting lease has been granted. As with the UV – Mining sector, the UV - Exploration/Prospecting sector tends to be transitory and the category has been rated to reflect that fact that holders use established Shire services and infrastructure but contribute very little or no enterprise to the community.