

SHIRE OF COLLIE SUBMISSION

ASSESSING LOCAL GOVERNMENT RATE REVENUE RAISING CAPACITY

While there are obviously a significant range of issues associated with the paper the Shire of Collie submission address only one of the key issues which significantly impact's our organisation and hence Community.

The Shire of Collie is a medium sized local authority with an employment base of approximately 75 FTE's, and operating revenue totalling \$7.997m and total revenue of \$11.0 for 2007/08. The Shire covers an area of 1,685 sq km, situated in the South West of Western Australia. Collie is a community with a rich heritage which has been derived from a unique mix of industrial, environmental and social history. The break up of Collie as a Local Government area highlights this with approximately 80% of the Local Government being taken up with State Forest, which leaves only the remaining 20% to be utilised for significant industrial activities and urban or rural developments.

Coal Mining, Power Generation and Bauxite Refining are key industries in the Collie area, employing in excess of 2,000 people directly in an average year. This number can as much as double in years when construction or expansion works are undertaken in one of the three major industries. The Collie Community embraces and encourages the development of these industries, recognising their importance to not only Collie, but the South West and Western Australia. In saying this, the Council and the Community are also very keen to be informed, consulted and recognised by these major industries with respect to the role they play in an environmental, social and economic sense.

1. State and Territory government regulatory constraints

a. Land Rating and valuation methods

The Shire of Collie, along with a number of other WA Local Governments, is severely limited in its ability to raise own source revenues as a result of State Agreement Acts which cover all of the major industrial developments within the Collie area.

Collie is fortunate in that its economic base is well supported by two (soon to be three) coal fired power stations, one alumina refinery and two coal mining companies. Unfortunately the existence of the major industry does not benefit the Shire of Collie as an organisation, with less than \$20,000 per year being raised between the six identified industries. Industry in Collie provides significant benefits back to the State in royalties and includes some of the biggest names in Western Australian and Australian business – Wesfarmers, Worsley Alumina - BHP Billiton, Griffin Coal, Griffin Energy, Verve Energy & Transfields BRW

The existing State Agreements limit Council to levying an unimproved value on each of the leases held by these organisations. Council has had a gross rental valuation estimate on one of the smaller power station developments in Collie of \$4,250,000 which equates to approximately \$400,000 in rate revenue potential. As a consequence it is estimated by Council that \$2,000,000 in rate revenue could be generated in the event the State Agreement Acts were amended to allow for GRV Rating provisions.

The very basis of the WA Rating system is equity – the use of State Agreements does not promote equity in rating. These industries no doubt provide significant benefits to the local community – as do many other small to medium sized businesses which are currently rated – however they also represent a cost. Costs associated with environmental matters requiring Council input, requirement to provide secondary access roads in some circumstances, issues associated with complexity in Town Planning Schemes as a direct result of the industry, opportunity costs associated with restrictions on ability for town / community to expand, increased pressure on local government salaries in order to attempt to retain employees when competing against large industry, highlight some of these costs.

The Western Australian Government has made a commitment that all future rate agreement acts negotiations will include Local Government and hence rating provisions will allow for GRV rating. Hence they are recognising the need for these industries to contribute in a fair and equitable manner back into their local Community. Decisions such as these further frustrate the Shire of Collie, and other similar Councils, who have been working in environments with major industry for many years with no financial benefit. The State obviously recognises the inequity and the Shire of Collie believes it is time to take action on this front.

Jason Whiteaker

Chief Executive Officer