

24<sup>th</sup> of May 2021

Mr Ray McDermott  
Manager Financial Services / CFO  
City of Karratha  
Welcome Road Karratha WA 6714

Dear Councillors

**RE: Differential Rates – Transient Workforce Accommodation**

On behalf of the owners of Lot 550 Cherratta Road and Lot 1068 King Way Karratha (MAPT Developments), I am formally objecting to the proposed Differential Rates model being recommended for approval for the 2021/2022 financial year, more specifically, the methodology behind the charge being applied to landowners of Transient Workforce Accommodation/Workforce Accommodation Businesses in the City of Karratha.

**Table 2: Proposed differential rates for 2021/22 financial year (GRV)**  
**Including average rate per assessment**

Differential Rates 2021/22				
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Proposed Average Rate per Property	Change in Average Rate
<b>Gross Rental Value</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Residential	1,563	0.118536	2,273	1.04%
Commercial / Industrial	1,563	0.101677	7,132	1.35%
Airport / Strategic Industry (GRV)	1,563	0.157867	67,650	0.98%
Transient Workforce Accommodation / Workforce Accommodation	1,563	0.390527	272,345	0.90%

We have reviewed the table above, and the objectives and reasons for the 2021 proposed differential rates and continue to disagree with the disproportionate percentage being proposed, along with the reasoning behind the rate being charged. Especially so, when compared with commercial, industrial, and specifically tourism zoned accommodation assets, who not only service the tourism market, but also target transient workforce clients, whilst we act only within our zoning approval limitations.

We acknowledge that the rate in the dollar that has been proposed for Transient Workforce Accommodation/Workforce Accommodation is (3.29 times) the residential rate category, and (3.84 times) the lowest GRV rate in the dollar, being Commercial/Industrial.

We understand that the council is focused on sustainably managing its community and infrastructure assets, but strongly disagree with the reasoning for the higher rate in the dollar being applied to Transient Workforce Accommodation/Workforce Accommodation due to the potential to have a greater impact on council services/assets than other properties due to the number of occupants in a relatively small land parcel (concentrated coach/vehicle movements).

In previous years we have sought legal assistance and advice with our objection to ensure that we are being commercial, and fair in our request for review. We have:

- Provided feedback, requested clarification, and provided objections for discussion and review.
- Acknowledged that the City of Karratha is working towards reducing the council's reliance on differential rates.
- Confirmed that unlike special area charges, the basis for the imposition of the differential rates is not to recover costs due to the land use, but rather to make up for budget deficits.
- Seen increases to our differential rate percentage simply based on a lower number of workforce accommodation beds in the market, upon Gap Ridge cap closing.
- Seen new approvals for workforce accommodation proceed without a demonstrated need and with no downward adjustment to differential rates made for the existing workforce accommodation providers upon the increase to overall room numbers with Bay Village opening (increased with less room numbers to make up for revenue drop, then also increased with more room numbers); and
- Although we have responded annually (apart from 2020) over the last 10 years, we have seen our rate in the dollar continue to increase from .0901% in 2011 to .390527 of our GRV in 2021.

We understand that the City's infrastructure is expensive to run, but we do not believe that this operational cost should be covered by workforce accommodation landowners. As a business, we constantly seek out new technology, better ways to do business, ways to reduce our impact on the environment, and are pushing ourselves to do more for the local economy and community in general. Differential rates, along with utility and insurance costs are now the greatest risks when doing business in the Pilbara.

We believe that the rational in the supporting documentation does not support the proposed rate in the dollar, nor does the methodology correctly reflect the impact we have on council services/assets. This is very clear when you compare our use with a transport or hire equipment company occupying commercial/industrial land, a hotel/motel or a caravan park.

In 2019 we advised you:

*"Occupation at all TWA villages, from our understanding, is well below the number of rooms available. Considering the proposed Woodside Village being discussed at present, occupation of most, if not all TWA villages in the next 2 years is expected to drop to below 20% of available rooms. This, along with room rates decreasing by more than 66% over the last 5 years, will see this proposed differential rating being one of the biggest imposts to our business survival.*

*By way of an example, Cherratta Lodge is an employer of more than 45 Full Time Equivalent local employees, and contributes more than \$4 000 000 locally, into the Karratha economy. The flow on effect as an employer is significant and needs to be considered as a part of this review."*

In 2021, we now employ only 10 Full Time Equivalent employees and are operating at an occupancy below 20% of our available rooms. The privately owned and operated accommodation providers cannot continue to operate under such conditions, we are an important part of the puzzle to enable smaller projects to start in the area and for startup and overflow of larger projects, if we are not here to take these workers the projects themselves can be at risk.

I would welcome the opportunity to discuss this with you further, specifically around the reasoning for the council's decision.

Thanking you in advance,

Regards

A handwritten signature in black ink, appearing to be "A. Polini".

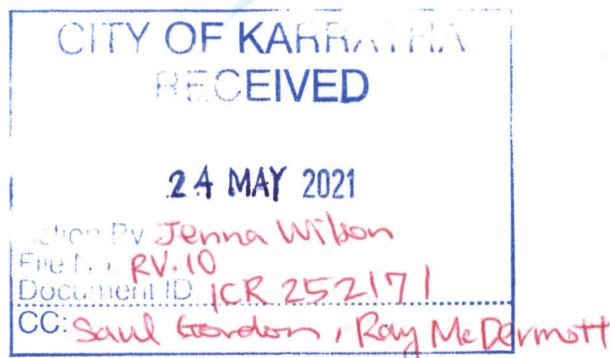
Aaron Polini  
Director - MAPT Developments and Cherratta Lodge

Cc: [malcolm@cherrattalodge.com.au](mailto:malcolm@cherrattalodge.com.au)

Mr Ray McDermott  
Manager Financial Services / CFO  
City of Karratha  
Welcome Road  
Karratha, WA 6714

Dear Sir

Re: Differential Rates Submissions  
Lot 570 King Way - NLV Velocity Villages Pty Ltd  
Lot 10 Cherratta Road - VV2 Pty Ltd  
Lot 1069 King Way - VV2 Pty Ltd



We refer to:

- your notice dated 1 May 2021 titled "Advertised Differential Rates Model 2021/22", advising of the intention to levy a proposed rate in the dollar of 0.390527% (the "Proposed Rate") on the workforce accommodation category; and
- Objects and reasons for proposed differential rates for the year ending 30 June 2022.

We do not consider the Proposed Rate meets the Key Values set out in Objects and Reasons for implementing Differential Rates as adopted by the City of Karratha, expressly the objective of "Fairness and Equity".

The basis for proposing a higher differential rate is "*to reflect the greater potential and actual intensity of use of Council assets and infrastructure*". This statement is used as justification to levy a proposed rate of 0.390527%, representing a rate that is 3.29 times that of Residential and 3.84 times of Commercial / Industrial.

There has been no evidence or expert report that supports the conclusion of greater potential and actual intensity of use of Council assets and infrastructure by workforce accommodation providers (or their occupants).

The Objects and reasons make a reference to "*concentrated coach / vehicle movements on local roads*", but by its own logical conclusion, workers that are bused out to a site, often via North West Coastal Highway (a Main Roads road) and then return after a 12-14 hour shift, empirically do not use Council's assets and infrastructure at anywhere close to the intensity of other rate payers.

Furthermore, it is well known and understood that workforce accommodation providers have amenities on site (dining, swimming pool, recreation facilities) that are designed to allow workers



to stay on site for their needs, and not have to travel off site and use Council assets and infrastructure. The statement that TWA properties have the potential to have a greater impact of Council services/assets than other properties due to their number of occupants in a relatively small land parcel, is misleading and inaccurate. Our submission supported by actual usage patterns is that workforce accommodation occupiers have a substantially less intensity of use of Council assets and infrastructure.

The proposal of a higher differential rate is to reflect the greater potential and actual intensity of use of Council assets and infrastructure also ignores the factual relevance of the vacancy rates associated with these properties. For instance, we are currently operating with a range of occupancy of 20% ~ 50%, thereby resulting in a significantly reduced impact on the limited Council assets and infrastructure used by our occupiers.

There has also been an increase in the number of rooms available for workforce accommodation, particularly with Bay Village opening in 2020 with 604 rooms. This despite Council's stated intention of workforce associated with resource interests be housed in normal residential properties. So, notwithstanding Council approved a new workforce accommodation provider with a material increase in room numbers in the market, Council still proposes an increase in rates from 2021.

We further submit that is beyond the reach of Section 6.33 Local Government Act 1995 for the City of Karratha to issue differential rates for the purpose of supporting a planning policy. The Objects and reasons reference Council's preferred option that the operational workforce associated with resource interests be housed in normal residential properties within the town boundaries. This amounts to a financial penalty being imposed on workforce accommodation providers, which is clearly inconsistent with the Fairness and Equity criteria in Key Values.

We request that Council consider our submissions and engage with providers of workforce accommodation to understand the material financial impact that the proposed Differential Rates will have on the industry, and to consider a reduced rate that reflects other accommodation providers with a zoning of Commercial / Industrial, noting those parties actively market themselves to workforce accommodation users and enjoy significantly higher rooms rates than our industry. Further, Council should otherwise reference actual empirical evidence to allow an informed decision.

Yours faithfully



Kevin Hughes  
Director

NLV Velocity Villages Pty Ltd  
VV2 Pty Ltd

**Velocity NW Pty Ltd**

Unit 2/12-20 Railway Road, Subiaco, WA, 6008 • PO Box 1191, Subiaco WA 6904

• E: [admin@velocitynw.com.au](mailto:admin@velocitynw.com.au) • Web: [www.velocitymotel.com.au](http://www.velocitymotel.com.au)

ABN: 87 152 229 984

6 May 2021

Mr Chris Adams  
Chief Executive Officer  
City of Karratha  
PO Box 219  
Karratha WA 6714

By email: [enquiries@karratha.wa.gov.au](mailto:enquiries@karratha.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 dollar for 2021-22 from 0.1329 to 0.134096, a significant increase in the actual rates levied will occur as illustrated in the table below.

2020/21 RID		2021/22		
0.1329		Proposed RID		
		0.134096		
	2020 Rates	2021 Rates - no change in RID	2021 Rates - proposed increase to RID	Actual percentage increase in rates
P (200Ha)	\$385.41	\$398.70	\$402.29	4.4%
E (10sbk)	\$458.51	\$468.47	\$472.69	3.1%
M (100Ha)	\$1,315.71	\$1,329.00	\$1,340.96	1.9%

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 McMahon  
Director  
McMahon Mining Title Services

**From:** [Public Enquiries](#)  
**To:** [Rates](#)  
**Cc:**  
**Subject:** FW: Intention to impose differential rates  
**Date:** Wednesday, 19 May 2021 11:38:25 AM

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'The Records Team have identified this as a Business Record, please ensure that it is registered in Synergy'

-----Original Message-----

From: Tom Petrickovic  
Sent: Wednesday, 19 May 2021 11:14 AM  
To: Public Enquiries <enquiries@karratha.wa.gov.au>  
Subject: Intention to impose differential rates

Attention Chris Adams,

It's no surprise that the city of Karratha is again increasing its rates.

What I'd like to know as a rate payer is "am I going to receive any real benefit from my rates and rate increase?"

As I've mentioned many of times and repeatedly given the same poor response. Why as a rate payer do I get charged full price to become a member of the Leisureplex and companies like Rio & Woodside receive 20% discount?

Your report shows that my rates pay for the facility and maintain it but companies that employ fifo works are given a discount?

All my money stays in Karratha, rates, shopping, entertainment etc where the companies you reward earn their money in our town and then take it away to spend it elsewhere. I really struggle understanding how you claim to support rate payers.

Your report shows 43.50% of rates contributions or from residential and 2.30% is from mining? and you still reward them?

Telling me to have my employer become a corporate member so I get a discount is not COK supporting rate payers but businesses supporting us. As a business we already pay rates on all our properties.

I think it's time the COK stood up and actually supported the rate payers that keep you employed.

Regards,  
Tom.

Sent from my iPhone