



STATEMENT OF RATING OBJECTS OF AND
REASONS FOR THE DIFFERENTIAL RATES
AND MINIMUMS FOR 2023/24 YEAR

SHIRE OF WANDERING

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Introduction

In accordance with sections 6.33 and 6.36 of the *Local Government Act 1995* (the Act) and the Council's "Notice of Intention to Levy Differential Rates and Minimum Payments" the following information details the objectives and reasons for those proposals.

The following rating principles are proposed in this Statement of Objects of and Reasons for the Differential Rates and Minimums for the 2023/24 rating year:

- Gross Rental Values (GRV) apply to the following differential general rating categories:
 - Residential,
 - Rural Residential and Industrial, and
 - Special Use.
- Unimproved Values (UV) apply to the following general rating categories:
 - Rural and Rural Residential and Mining Tenement
- GRV and UV are determined by the Valuer General's Office (VGO)
- GRV are re-valued every three to six (3-6) years
- UV are re-valued annually
- Properties are rated according to the predominant use of the land, with each having rate in the dollar to achieve greater equity across all sectors.
- The Shire has utilised the current values to determine the total rates yield per rate category.
- Differential rate type based on the proposed 9% increase on the 2022/23 rates yield. Based on this proposed rates yield, there is an increase in rates for each rate category.
- Proposed minimum rates are to increase to \$1,312
- The proposed rates model will yield approximately \$1.50 million in total rates revenue. This figure is exclusive of ex-gratia rates, concessions, interims and write offs

The overall objective of the proposed rates in the 2023/24 Budget is to provide for the net funding requirements of the Shire's expenditure, after taking into account all other forms of revenue.

The formulation of a rating system is about achieving a means by which Council can raise sufficient revenue to pay for the services it provides. Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone. For this reason there are refinement options made available, such as differential rating, which the Shire of Wandering has elected to use.

Legislative Framework

The Local Government rating system in Western Australia is governed by two State Acts of Parliament - The *Valuations of Land Act 1978* and the *Local Government Act 1995* (the Act).

The *Valuations of Land Act* s18 and s22 requires the Valuer General to provide either a valuation on a Gross Rental Value (GRV) basis or on an Unimproved Value (UV) basis, as the case requires, for the purpose of assessing any rate or tax.

The valuation basis is established by the Act s6.28 which sets out the general principle.

6.28. Basis of rates

- a) where the land is used predominantly for rural purposes, the Unimproved Value (UV) of the land; and*
- b) where the land is used predominantly for non-rural purposes, the Gross Rental Value (GRV) of the land.*

The determination of the actual required rates to be raised is set out in s6.2(2) of the Act.

6.2. Local government to prepare annual budget

(2) In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —

- a) “The expenditure by the local government; and*
- b) the revenue and income, independent of general rates, of the local government; and*
- c) the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income”*

Section 6.32 of the Act sets out the basis on which differential general rates may be based.

6.32. Rates and service charges

(1) When adopting the annual budget, a local government -

- a) in order to make up the budget deficiency, is to impose a general rate on rateable land within its district, which rate may be imposed either -*
 - i. uniformly; or*
 - ii. differentially*
- b) may impose* on rateable land within its district —*
 - i. (i) a specified area rate; or*
 - ii. (ii) a minimum payment;*

6.33. Differential general rates

(2) A local government may impose differential general rates according to any, or a combination, of the following characteristics -

- a) the purpose for which the land is zoned, whether or not under a local planning scheme in force under the Planning and Development Act 2005;*
- b) a purpose for which the land is held or used as determined by the local government;*
- c) whether or not the land is vacant land; or*
- d) any other characteristic or combination of characteristics prescribed.*

(3) Regulations may -

- a) specify the characteristics under subsection (1) which a local government is to use;*
or
- b) limit the characteristics under subsection (1) which a local government is permitted to use.*

(4) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

(5) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)

(a) applies.

(6) A differential general rate that a local government purported to impose under this Act before the Local Government Amendment Act 2009 section 39(1) (a) came into operation is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

6.35. Minimum payment

(1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.

(2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.

(3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than -

a) 50 per cent of the total number of separately rated properties in the district; or

b) 50 per cent of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.

(4) A minimum payment is not to be imposed on more than the prescribed percentage of

-

a) the number of separately rated properties in the district; or

b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.

(5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.

(6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories

a) to land rated on gross rental value;

b) to land rated on unimproved value; and

c) to each differential rating category where a differential general rate is imposed.

2023/24 Budget Proposal

The following are the proposed Differential general rates and minimum payments for the Shire of Wandering for the 2023/24 financial year, to be effective from 1 July 2023.

GRV Differential Rates	Rate in dollar (\$)	Minimum Payment
Residential	0.14062	\$1,312
Rural Residential and Industrial	0.11560	\$1,312
Special Use	0.15075	\$1,312
UV Rates	Rate in dollar (\$)	Minimum Payment
Rural, Rural Residential and Mining Tenements	0.00537	\$1,312

Gross Rental Valuation (GRV)

It is proposed for the 2023/24 financial year that the Shire adopt the following differential rates Residential, Rural Residential and Industrial and Special Use.

GRV properties are rated according to the predominant use of the land.

The rates in the dollar are based on the valuations as supplied by the VGO in respect of GRV.

The VGO is required to maintain valuations of all rateable land in Western Australia for rating and taxing purposes. These values are assessed every three to six years by the VGO. Every property is valued as at date set by the VGO and this is referred to as the Date of Valuation. Rating valuations are therefore assessed at a snapshot in time, reflecting the property market for the local area at the same time. This ensures consistency and fairness in the allocation of rates.

As the GRV is currently assessed every three to six years, despite possible changes to the rental market, the GRV remains fixed until the next general valuation. GRV means the gross annual rental income that the land might reasonably be expected to realise if let on a tenancy from year to year upon condition that the landlord was liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land. Where no revaluation has taken place, the previous year's rate in the dollar is increased by the proposed increase (9%).

The GRV's Summary for the Shire of Wandering 2023 is as follows:

Category	# of GRV Assessments	Rateable Values	2023/24 rate in the dollar	2023/24 Minimum Rate
Residential	80	\$654,408	0.14062	1,314
Rural & Industrial	104	\$991,774	0.11562	1,314
Special Use	4	\$142,053	15.0750	1,314
TOTALS	192	\$1,788,235		

GRV - Residential

Properties in this category are valued on a GRV basis with a predominate residential use.

The objective of this category is considered by Council to be the base rate by which all other GRV land is assessed.

The rate 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 associated with infrastructure/facilities required for residential areas. These programs include, but not limited to, road maintenance, development of footpath network and building maintenance.

GRV – Rural Residential & Industrial

Properties in this category are outside the town site with a minimal rural activity taking place and are predominately residential with some home-based business and light industry.

The objective of this category is to raise additional revenue to fund cost impacts to the Shire from this type of development.

The rate for this category is lower to reflect the lower infrastructure / facilities maintenance required for rural residential and industrial areas. These programs include, but are not limited to, road maintenance, drainage networks, road safety, ranger services, bushfire control, waste transfer services and health, building and planning services.

GRV – Special Use

Properties in this category are valued on a GRV basis used for purpose other than residential.

The objective of this category is to raise additional revenue to contribute toward higher costs associated with commercial activity.

The rate for this category reflects the additional costs associated with increased maintenance and renewal of assets and infrastructure required to service these properties. The higher rate also reflects the additional cost of environmental health, building and planning services.

Unimproved Valuation (UV)

It is proposed for the 2023/24 financial year that the Shire adopts the following rates Rural, Rural Residential and Mining Tenements utilising valuations supplied by the VGO. Properties are rated according to the predominate use of the land.

The Shire has utilised the current values to determine the total rates revenue on the proposed 9% increase on the 2022/23 rates revenue. Based on this proposed rates revenue, the Shire has recalculated the rate in the dollar as follows;

UVs are based on the site value of the land.

Category	# of Assessments	Rateable Values	2021/22 rate in the dollar	2022/23 Minimum Rate
Rural, Rural Residential and Mining Tenement	225	215,179,836	0.005370	1,314
TOTALS	225	215,179,836		

Rural, Rural Residential and Mining Tenement

Rural, Rural Residential and Mining Tenements consists of properties with a land use ranging from Agricultural, Residential and mining leases as defined under the Mining Act 1978.

The objective of this category serves as a benchmark rate by which all UV rated properties are assessed.

The rate for this category reflects 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 for rural areas. These programs include, but are not limited to, road maintenance, drainage networks, road safety, tree pruning and replacement of road plant.

Minimum Rates

The Shire imposes a uniform general minimum for all rate categories. It is also recognition that every property receives some minimum level of benefit of works and services provided.

Invitation to Make Submissions

The Statement of Objects of, and reasons for the above differential rates and minimums was adopted for advertising at a Special Meeting of Council on Thursday, June 15, 2023. The minutes are available for inspection at the Administration Office, 22 Watts Street, Wandering between 9am and 4.30pm Monday to Friday or you can view them online at www.wandering.wa.gov.au.

All submissions in writing with reference to the proposed differential rates should be forwarded to the Shire of Wandering, by 4pm on Monday 17th July, 2023.

Written submissions can be forwarded to:
Shire of Wandering
22 Watts Street
Wandering WA 6308

Submissions will also be accepted by email to reception@wandering.wa.gov.au or lodged in person at the Shire's Administration Building, 22 Watts Street, Wandering.

Once Council has considered the submissions, the Differential Rates and the 2023/24 Budget (with or without modification) will be adopted by Council.

Alan Hart
Chief Executive Officer