

OBJECTIVES AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2020

The Shire of Merredin provides services to a diverse region consisting of residential, commercial, industrial and rural properties. Council has adopted a differential rating approach for the 2019/20 year in an attempt to ensure that rate revenue is collected on an equitable basis.

Council will implement the following differential rating categories:

UV1 – Rural

UV2 – Urban Rural

UV3 – Mining

UV4 - Special Zone Power Generation

UV5 – Special Use Airstrip

Valuations

Landgate is the statutory authority responsible for the valuation process in accordance with the provisions of the *Local Government Act 1995* (LGA) and the *Valuation of Land Act 1978* (VLA). The VLA empowers the Valuer General (VG) to conduct general valuations based on the Gross Rental Value (GRV) within WA at such times and frequency as he considers necessary and for Unimproved Value (UV) annually.

The date of the valuation is fixed by the VG. Values are determined relative to sales and rentals which are set at 1 August of the preceding year.

Unimproved Value

The definition of UV:

“Means the capital amount that an estate of fee simple in the land might reasonably be expected to realize upon sale, assuming that any improvements to the land had not been made”.

UV properties are reviewed on an annual basis, with the last review assessed as at 1 May 2019 effective 1 July 2019.

Information on the Valuer General’s Guide to Rating and Taxing values can be viewed by visiting their website at www.landgate.wa.gov.au.

Factors Affecting Valuations

- Landgate – UV Revaluation Roll
The VLA empowers the VG to conduct general valuations on the GRV basis within WA at such times and frequency as he considers necessary and for UV annually.

- Local Planning Scheme (LPS6)
LPS6 was gazetted by the Minister on 22 June 2011. The purposes of the scheme are to:
 - a) Set out the local government’s planning aims and intentions for the Scheme area;
 - b) Set aside land for public purposes;
 - c) Zone land within the Scheme area for the purposes defined in the Scheme;
 - d) Control and guide land use and development;
 - e) Set out procedures for the assessment and determination of planning applications;
 - f) Make provisions for the administration and enforcement of the Scheme; and
 - g) Address other matters set out in the first Schedule of the *Planning and Development Act 2005*;

LPS6 can be viewed by visiting the Shire’s website www.merredin.wa.gov.au.

Objections to Valuations

Under the VLA there are provisions for ratepayers to lodge an objection to the valuation with the Office of Landgate. The objection must be lodged within 60 days of the issue of the rate notice. It is important that any objection to a valuation should be on the grounds that the valuation is unjust or incorrect and not simply based on the quantum of rates payable.

Further information, brochures and objection forms are available from Landgate and can be viewed by visiting their website at www.landgate.wa.gov.au. We encourage ratepayers to telephone Landgate’s Midland Office on 9273 7373 to discuss their valuation concerns prior to lodging any formal objections.

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Rating Yield Objective

In setting the rate in the dollar for each category, Council has taken into consideration the following factors:

- Long Term Strategic Financial Plan and Corporate Business Plan
These financial strategic plans ensure the continued commitment to sound financial management and debt management programs. Council continues to benchmark its activities and programs to ensure competitiveness and value for money is being obtained for our residents and ratepayers. The setting of the 2018/2019 differential rates are based on the assumptions of a rates growth 3.0%.
- Growth of Rated Properties
The number of UV rated properties in the Shire has remained static over the past five years.

Differential Rates

The Shire is to apply a differential rating system based on the zoning and land use of a property in accordance with State Planning Legislation and the Local Planning Scheme.

UV Tiered

Council supports the introduction of the tiered scale as providing the most equitable option of differential rating for rural properties.

UV1 – Rural

UV1 sets the base rate for which the UV Tiered differential rating categories are applied. The differential rate applies to properties Rural Uses as listed under the LPS6 Zoning Table.

Rate in the dollar is 0.0193 cents, with a minimum of \$1,110.00

The rate in the dollar has increased to maintain a rates revenue increase of 3.0%.

UV2 – Urban Rural Residential

UV2 sets the base rate for which the UV Tiered differential rating categories are applied. The differential rate applies to properties Rural Residential Uses as listed under the LPS6 Zoning Table.

Rate in the dollar is 0.031100 cents, with a minimum of \$1,110.00

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UV3 – Mining Tenement

UV3 sets the base rate for which the UV Tiered differential rating categories are applied. The differential rate applies to Mining Tenements as listed only and is not related to the LPS6 Zoning Table.

Rate in the dollar is 0.03680 cents, with a minimum of \$200.

UV4 – Special Use Power Generation

UV4 sets the base rate for which the UV Tiered differential rating categories are applied. The differential rate applies to properties Special Use Wind Farm as listed under the LPS6 Zoning Table and on which wind turbines have been constructed.

Rate in the dollar is 0.03680 cents, with a minimum of \$1,110.00

The rate in the dollar has increased to maintain a rates revenue increase of 3.0%.

UV5 – Special Use Airstrip

UV5 sets the base rate for which the UV Tiered differential rating categories are applied. The differential rate applies to properties Special Use Airstrip as listed under the LPS6 Zoning Table.

Rate in the dollar is 0.03680 cents, with a minimum of \$1,110.00

Summary

In arriving at the proposed rates in the dollar the Council has attempted to balance the need for revenue to fund essential services, facilities and infrastructure to the entire community.

Submissions, addressed to the Chief Executive Officer, Shire of Merredin, PO Box 42, Merredin WA 6415, by electors or ratepayers in respect of the proposed Differential Rates and Minimum Payments, may be lodged to Council by 4:00pm on Thursday 27 June 2019.

Ratepayers are welcome to contact the Shire Administration Department regarding the differential rating categories on 9041 1611 or email admin@merredin.wa.gov.au.

Appendix 1 – Legislation

Local Government Act 1995

Financial Management **Part 6**

Rates and Service Charges **Division 6**

6.33. Differential general rates

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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 1 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.

[Section 6.33 amended by No. 38 of 2005 s. 15; No. 17 of 2009 s. 39.]

6.34. Limit on revenue or income from general rates

Unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to —

- (a) be more than 110% of the amount of the budget deficiency; or
- (b) be less than 90% of the amount of the budget deficiency.

6.35. Minimum payment

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- (1) Subject to this section, a local government may impose on any rate able 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% of the total number of separately rated properties in the district; or
 - (b) 50% 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.
- [Section 6.35 amended by No. 49 of 2004 s. 61.]*

6.36. Local government to give notice of certain rates

- (1) Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.
- (2) A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).

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(3) A notice referred to in subsection (1) —

(a) may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency;

(b) is to contain —

(i) details of each rate or minimum payment the local government intends to impose;

(ii) an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and

(iii) any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and

(c) is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.

(4) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.

(5) Where a local government —

(a) in an emergency, proposes to impose a supplementary general rate or specified area rate under section 6.32(3)(a); or

(b) proposes to modify the proposed rates or minimum payments after considering any submissions under subsection (4), it is not required to give local public notice of that proposed supplementary general rate, specified area rate, modified rate or minimum payment.