



## **Statement of Objects and Reasons**

### **For Differential Rates 2021-2022**

## **Introduction**

For the purposes of determining rates each year, property valuations have been the standard basis for the calculation of rates, not only in Australia, for many overseas countries as well. However, it is recognised valuations alone do not always produce perceived equitable results in all communities and therefore the *Local Government Act 1995* (the Act) provides several options, such as differential and specified area rates, to assist in achieving the desired rating outcome. The purpose of levying rates is to meet the budget requirements each year in a manner deemed to be fair and equitable to the ratepayers of the community.

## **Methods of Rating**

The Act specifies where land is used predominantly for rural purposes, the rate levied shall be based upon its Unimproved Value (UV); and where land is predominantly for non-rural purposes, the rate levied shall be on its Gross Rental Value (GRV). Unimproved Value land may also contain mining activity where rights to conduct mining-related activity occur, hence one physical patch of land may be rated twice (once for rural purposes and once for mining-related purposes).

A change in valuation methodology for a property must be made by the Council to the Department responsible for Local Government. The Minister responsible for Local Government must then approve a change in the valuation methodology for a property, based on the recommendation by the Department.

In accordance with the *Local Government Act 1995* the Shire of Ashburton uses both Gross Rental Valuations and Unimproved Valuations in the calculation of annual rates. Typically, Gross Rental Valuation assessments are valued every three (3) years and Unimproved Valuation assessments are valued every year. Valuations are supplied by the Valuer General (Landgate) in accordance with legislation.

Interim valuations are issued to Council from Landgate for property assessments where changes have occurred because of, amongst other reasons, subdivisions, building construction / demolition, additions and / or property rezoning. In such instances, the Shire is required to amend the rates for the property assessments concerned and issue an amended rate notice to the owner.

## **Differential Rating**

Differential rating provides flexibility in the level of rates being raised from specifically identified property assessments, or groups of property assessments, within the district. It is common for councils to base differential rating for property assessments on Town Planning Scheme zonings, however other criteria such as land-use may also be used.

The aim of the Council of the Shire of Ashburton is to ensure rate revenue is collected on a perceived equitable basis from all property assessments. For this reason, the Council has proposed to adopt differential rates for the upcoming financial year.

Section 6.33 of the *Local Government Act 1995* makes provision for the Shire to be able to levy differential rates based on several criteria.

A local government may impose differential general rates according to any, or a combination, of the following characteristics –

- The purpose for which the land is zoned, or
- A purpose for which the land is held or used as determined by the local government, or
- Whether or not the land is vacant land, or
- Any other characteristic or combination of characteristics prescribed.

Section 6.33 of the *Local Government Act 1995* also permits Council to levy differential rates, so the highest differential is no more than twice the lowest differential. A greater difference in differential rates may be used if Ministerial approval is given.

## **Minimum Payments**

Section 6.35 of the *Local Government Act 1995* makes provision for the Shire to set a minimum payment in relation to rateable land.

Subject to section 6.35, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate would otherwise be payable on the land.

A minimum payment is to be a general minimum however a lesser minimum may be imposed in respect of any portion of the district.

In applying a minimum payment, Council is to ensure the minimum payment is not imposed on more than 50% of the number of separately rated property assessments

in the district, or the number of property assessments in each of the following categories -

- Land rated on Gross Rental Value,
- Land rated on Unimproved Land,
- Each differential rating category where a differential rate is imposed.

Council may also impose a differential general rate on any land on the basis the land is vacant and may impose a minimum payment in a manner which does not comply with the other requirements as stated for minimum payments.

### **Differential Rating Categories to be Imposed**

The Shire intends to use the following differential rate categories -

- Residential and Community - GRV
- Minimum payment in respect to Residential and Community - GRV
- Commercial, Industrial and Tourism - GRV
- Minimum payment in respect to Commercial, Industrial and Tourism - GRV
- Transient Worker Accommodation - GRV
- Minimum payment in respect to Transient Worker Accommodation - GRV
- Pastoral - UV
- Minimum payment in respect to Pastoral - UV
- Non-Pastoral - UV
- Minimum payment in respect to Non-Pastoral – UV

### **Overall Objective**

The rates in the dollar (\$), and the respective minimum payments, are calculated to provide the shortfall in the estimated revenue required to enable the Shire to provide necessary works and services in the coming financial year after considering all non-rate sources of revenue.

## **Objects and Reasons**

### *Residential and Community - GRV*

*Proposed rate in the dollar of 0.10236*

This differential rate is applicable to GRV properties having a predominant land use of residential or used by organisations involved in activities for community benefit, including Arts and Craft facilities, Youth Centres, Day Care Centres, Sporting Grounds and Clubs (which do not run a commercial business / kitchen) and health and emergency service facilities.

The Residential and Community – GRV rate in the dollar applied is to reflect the financial impact and costs to provide community services and activities as well as maintain the Shire’s infrastructure and to further the Shire’s strategic goals to encourage and support residential development in the town sites and organisations which contribute toward a safe, healthy, cohesive, and vibrant community.

### *Minimum Payment in respect to Residential and Community - GRV*

*Proposed minimum payment of \$1,010*

The object of the proposed minimum payment for this category is to ensure the amount reflects an approximate 1.5% increase from the previous year. It is also recognition every residential property receives some level of benefit from provided works and services.

### *Commercial and Industrial - GRV*

*Proposed rate in the dollar of 0.06593*

This rate is applicable to properties having a predominant land use of commercial or industrial, including Hotels, Shops, Restaurants and Offices as well as Roadhouses, Tourist Centres, Caravan Parks and Holiday Accommodation.

The Commercial and Industrial - GRV rate in the dollar applied is to reflect the financial impact and costs these activities have on Shire infrastructure and services.

The objective is to raise revenue to contribute toward associated costs, which may include, although are not limited to, increased service levels in the following areas –

litter collection in relevant areas, complexity in building control, traffic volumes and vehicle mass due to commercial and industrial activity, parking facilities, traffic management, pedestrian access, commercial and industrial signage, visitor servicing and street furniture.

#### *Minimum Payment in respect to Commercial and Industrial - GRV*

*Proposed minimum payment of \$1,263*

The object of the proposed minimum payment for this category is to ensure the amount reflects an approximate 1.5% increase from the previous year. It is also recognition every residential property receives some level of benefit from provided works and services.

#### *Transient Workforce Accommodation - GRV*

*Proposed rate in the dollar of 0.13185*

This differential rate is applicable to GRV properties having a predominant land use of transient workforce accommodation.

The Transient Workforce Accommodation - GRV rate in the dollar applied is to reflect the financial impact and costs to infrastructure and facilities available to Fly In, Fly Out workers in the same manner they are available to other residents of the Shire. Transient Workforce Accommodation properties have the potential to have a greater impact on Council assets and services than other properties due to the high-density number of occupants in a relatively small land parcel e.g., bus coaches of Fly In, Fly Out workers using local roads. Therefore, a higher differential rate is proposed compared to other GRV rating categories.

#### *Minimum Payment in respect to Transient Worker Accommodation - GRV*

*Proposed minimum payment of \$1,263*

The object of the proposed minimum payment for this category is to ensure the amount reflects an approximate 1.5% increase from the previous year. It is also recognition every residential property receives some level of benefit from provided works and services.

## *Pastoral - UV*

### *Proposed rate in the dollar of 0.1850*

This rate is applicable to UV properties issued with pastoral leases granted by the State Government.

The Pastoral – UV rate in the dollar applied is lower than the Non-Pastoral – UV rate in the dollar to recognise -

- The impact economic and climatic fluctuations have on the financial capacity to pay,
- The lower overall level of impact pastoral activities generally have on infrastructure and facilities such as road infrastructure and recreation facilities, and
- The permanent nature of pastoral businesses relevant to mining and other non-pastoral businesses.

## *Minimum Payment in respect to Pastoral - UV*

### *Proposed minimum payment of \$1,263*

The object of the proposed minimum payment for this category is to ensure the amount reflects an approximate 1.5% increase from the previous year. It is also recognition every residential property receives some level of benefit from provided works and services.

## *Non-Pastoral - UV*

### *Proposed rate in the dollar of 0.36957*

This rate is applicable to non-pastoral UV land use such as, although not limited to, mining use and tenements (including, although not limited to, Exploration Licences, General Purpose Leases, Mineral Leases, Mining Leases, Petroleum Exploration Permits, Petroleum Production Licences) and other purposes.

The reason a higher rate has been applied to the Non-Pastoral - UV category is to reflect the perceived additional financial impact mining and related industries have on Shire infrastructure and services relevant to other land use types.

The objective is to raise a higher level of rate revenue from mining and related infrastructure properties than from other UV category properties to contribute toward current and future costs associated with the provision of civil infrastructure for services and facilities including, although not limited to, transport, recreation, community and leisure facilities, waste management and planning and development costs.

#### *Minimum Payment in respect to Non-Pastoral - UV*

*Proposed minimum payment of \$1,263*

The object of the proposed minimum payment for this category is to ensure the amount reflects an approximate 1.5% increase from the previous year. It is also recognition every residential property receives some level of benefit from provided works and services.

#### **Important Note**

As at the date of publication of this document the Valuer General's Office continue to supply interim valuations to the Shire, which are effective for the 2021-2022 financial year. This may impact the final applied rates in the dollar and minimum payments for each of the categories.



## **Invitation for Submissions**

Submissions are invited from any elector or ratepayer with respect to the proposed differential rates, and any related matters.

Submissions should be sent to:

Shire of Ashburton  
PO Box 567  
Tom Price WA 6751

Or by email to:

[soa@ashburton.wa.gov.au](mailto:soa@ashburton.wa.gov.au)

All submissions are to be received by no later than 4:00 pm, Thursday 12 August 2021.

**K Donohoe**  
**Chief Executive Officer**