



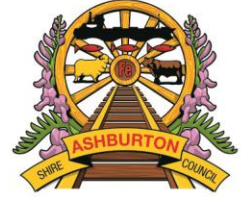
## FIN21 RATING

Aim	The purpose of this policy is to ensure that the Shire of Ashburton applies the rating principles under the Act to any separately identifiable rateable portion of land within the district and to establish guidelines for the Gross Rental Valuation (GRV) rating of property whose predominant use is non-rural including but not limited to Transient Workers Accommodation (TWA) and other selected capital improvements on mining tenements and petroleum licences.
Application	Elected Members, Chief Executive and Designated Senior Employees
Statutory Environment	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i> Australian Accounting Standard – AASB 124 Related Party Disclosure
Principles	Strategic Community Plan 2017 – 2027 (Desktop Review 2019)  Goal 05 Inspiring Governance Objective 3 Council Leadership
Approval Date	OMC 17 December 2019

### Statutory Requirement

The Minister for Local Government, Sport and Cultural Issues has the responsibility for determining the method of valuation of land to be used by the Valuer General. Section 6.28 (1) & (2) of the *Local Government Act 1995* (“the Act”) reads:

- (1) The Minister (for Local Government and Communities) is to –
  - (a) *determine the method of valuation of land to be used by a local government as the basis for a rate; and*
  - (b) *publish a notice of the determination in the Government Gazette.*
  
- (3) In determining the method of valuation of land to be used by a local government the Minister is to have regard to the general principle that the basis for a rate on any land is to be –*where the land is used predominantly for rural purposes, the unimproved value of the land; and*



- (a) *where the land is used predominantly for non-rural purposes, the gross rental value of the land.*

Local Government is required to make up any budget deficiency by applying a general rate set as a rate in the dollar of Unimproved Value (UV), or a rate in the dollar of the Gross Rental Value (GRV) of the land.

Section 6.32 (1) & (2) of the Act reads:

- (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.*
- (2) *Where a local government resolves to impose a rate it is required to:*
  - (a) *set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and*
  - (b) *set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.*

When resolving to impose a rate, a local government may impose a uniform rate for each method of valuation or a differential general rates for each method of valuation.

Section 6.33 (1), (2), (3) & (4) of the Act reads:

- (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 or improvement scheme in force under the Planning and Development Act 2005; or*
  - (b) *a purpose for which the land is held or used as determined by the local government; or*
  - (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.*

Where the Minister changes the basis of valuation from UV to GRV, Council may resolve to apply the change of valuation immediately / or phase in any changes in valuation in accordance with Schedule 6.1 of the Act.

The Act enables local government to apply gross rental value as the basis for rating on a portion of land, which has a "relevant interest" (mining and petroleum). The Shire notes that the Minister for Local Government has implemented a Rating Policy – Valuation of Land - Mining (March 2016) to standardise the application of gross rental value to resource projects throughout the State.

The Minister's decision provides Council with the opportunity to GRV rate selected capital improvements, particularly TWAs, on resource tenements, to the benefit of the wider community, in general.

The Shire recognises that there may exist limitations placed on the Shire's ability to achieve its stated objective due to existing "State Agreement" legislation negotiated between the State Government and individual resource companies prohibiting the GRV rating of improvements on a number of specific sites although recent investigation proves that all existing agreements are without such restriction.

### **Principles**

In applying the rating principles set out within the Act and in making the decisions on the purpose for which the land is held or used or identifying any other characteristics of the land, the following principles will be observed:

- **Objectivity –**  
The use of land should be reviewed and determined on the basis of an objective assessment of relevant criteria. External parties should be able to understand how and why a particular determination was made.
- **Fairness and Equity –**  
Each property should make a fair contribution to rates based on a method of valuation that appropriately reflects its use.
- **Consistency –**



Rating principles should be applied, and determinations should be made in a consistent manner. Like properties should be treated in a like manner.

- Transparency –  
Systems and procedures for determining the method of valuation should be clearly documented.
- Administrative Efficiency –  
Rating principles and procedures should be applied and implemented in an efficient and cost-effective manner.

### **GRV Transient Workers Accommodation**

The following actions shall be taken in order to ensure that this Council Policy is applied in a fair and equitable manner.

- Council shall adopt a GRV Differential Rate in the dollar for resource-based TWAs, which reflects the demands these facilities place on Shire goods and services, relative to other GRV rated land uses within the Shire.
- All TWAs constructed within the Shire of Ashburton shall be subjected to an assessment, in accordance with this policy, at the time an “Occupancy Permit”, is issued for the facility, pursuant to the Western Australia Building Act 2011.
- All TWAs existing within the Shire on the date Council adopted this policy, shall be subjected to an assessment, in accordance with this policy, at the earliest practical date.
- The following TWAs shall be exempt from GRV rating•
  1. Facilities which have a life of less than 12 months; and
  2. Facilities which may be exempted by the provisions of “State Agreement” Legislation.
    - A GRV valuation estimate shall be obtained from Landgate’s Valuation and Property Section and an initial assessment made of the rate liability of the facility.
    - If it is deemed appropriate, Council will follow the procedures outlined in Rating Policy – Valuation of Land - Mining (March 2016) to obtain Ministerial permission to undertake the GRV Rating of Improvements on Mining Tenements and Petroleum Licence Sites.
    - A register listing the facilities rated pursuant to this policy, shall be maintained. Each facility shall be categorised as Short, Medium or Long Term, based on the following Criteria:
      - 1) Short Term Life expectancy of 12 months to 5 years
      - 2) Medium Term Life expectancy of more than 5 and up to 15 years
      - 3) Long Term Life expectancy of more than 15 years



- In April each year, each TWA will be contacted to determine their anticipated life expectancy and the register reviewed accordingly. Prior to the adoption of the annual budget, Council shall give consideration to the total rates collected under this policy and shall have regard to whether these funds are short-, medium- and long-term funding, when making budgetary commitments.

### Systems and Procedures

In order for the Minister to ensure the rating principles under the *Act* are applied to any separately identifiable rateable portion of land within the district, the Shire is to have systems and procedures to:

- identify and record any changes in land use;
- review the predominant use of land affected by significant land use changes;
- consult with affected parties;
- obtain Council approval to apply to the Minister for a change in method of valuation; and ensure timely application to the Minister.
- maintain a register of planning and/or building and/or health and food inspection approvals outside of town-sites, such as mining camps.

The purpose for which the land is zoned shall form the initial guide to the predominant use of any land within the district.

A guide to the predominant use of land within the district based on the zoning under Local Planning Scheme 7 is detailed on the following page. Where the current predominant use of the land is different to the initial guide the basis for this determination should be clearly documented.

### Guide to predominant use of land

Method of Valuation	Zone Grouping	Zones
Gross Rental Value (GRV) (Non- Rural Land Use)	Residential Zones	Residential
	Commercial Zones	Commercial and civic
		Tourism
		Mixed Business
	Industrial Zones	Industry
		Industrial and Mixed Business Development
		Strategic Industry
Community Zones	Education	



		Airport
Unimproved value (UV) (Rural Land)	Rural Zones	Rural
No guide	Residential Zones	Urban Development
	Rural Zones	Rural Living
	Community Zones	Community
	Other Zones	Settlement
		Special Use
Development		

Where the predominant current land use for land does not align to the Rural or Non-Rural land use indicated by the guide above determination of whether a different method of valuation should be used is required. The table below provides an indication of the basis of valuation based on allowable land uses which may require a different method of valuation to the one indicated by the guide above. Non-conforming land use and land where the zoning does not provide a guide will require examination on a case by case basis.

		Residential	Commercial and Civic	Tourism	Mixed Business	Industry	Industrial & Mixed Business Development	Strategic Industry	Rural	Rural Living	Community	Education	Airport
<b>RESIDENTIAL</b>													
1	Aged or Dependent Persons Dwelling	GRV	GRV	GRV					GRV	GRV	GRV		
2	Caretaker's Dwelling	GRV	GRV	GRV	GRV	GRV			GRV	GRV	GRV	GRV	GRV
3	Grouped Dwelling	GRV	GRV	GRV					GRV	GRV	GRV		
4	Holiday Accommodation		GRV	GRV					GRV	GRV			
5	Hotel		GRV	GRV					GRV				GRV
6	Motel		GRV	GRV					GRV	GRV			GRV



		Residential	Commercial and Civic	Tourism	Mixed Business	Industry	Industrial & Mixed Business Development	Strategic Industry	Rural	Rural Living	Community	Education	Airport
7	Movable Dwelling	GRV		GRV	GRV				GRV				
8	Multiple Dwelling	GRV	GRV	GRV							GRV	GRV	
9	Residential Building	GRV	GRV						GRV	GRV	GRV	GRV	
10	Rural Settlement								GRV	GRV			
11	Single House	GRV							GRV	GRV			
12	Transient Workforce Accommodation	GRV		GRV	GRV		GRV		GRV	GRV	GRV	GRV	GRV
<b>INDUSTRY</b>													
13	Abattoir					GRV	GRV		GRV				
14	Agriculture								UV	UV	UV		
15	Arts and Crafts Centre	GRV	GRV	GRV	GRV				GRV	GRV	GRV	GRV	GRV
16	Harbour and Marina Facilities					GRV	GRV	GRV					
17	Hire Service (Industrial)				GRV	GRV	GRV						
18	Home Business	GRV	GRV	GRV					GRV	GRV			
19	Home Occupation	GRV	GRV	GRV					GRV	GRV			
20	Industry - Extractive					UV	UV	UV	UV	UV			
20	Industry - General					GRV	GRV	GRV					
22	Industry - Light				GRV	GRV	GRV						
23	Industry - Noxious					GRV	GRV	GRV					
24	Industry - Resource Processing					UV	UV	UV	UV	UV			
25	Industry - Rural					UV	UV		UV	UV			
26	Industry - Service				GRV	GRV	GRV						
27	Infrastructure	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV
28	Intensive Agriculture				UV	UV	UV		UV	UV	UV	UV	
29	Research Laboratory		GRV		GRV	GRV	GRV	GRV	GRV		GRV	GRV	
30	Stockyard					UV	UV		UV				
31	Storage facility/depot/laydown area				GRV	GRV	GRV	GRV	GRV				GRV
<b>COMMERCE</b>													



		Residential	Commercial and Civic	Tourism	Mixed Business	Industry	Industrial & Mixed Business Development	Strategic Industry	Rural	Rural Living	Community	Education	Airport
33	Display Home Centre	GRV							GRV	GRV			
34	Exhibition, Display and Outdoor Sales Facilities		GRV	GRV	GRV	GRV	GRV		GRV	GRV	GRV	GRV	GRV
35	Market		GRV	GRV	GRV	GRV	GRV		GRV		GRV	GRV	
36	Motor Vehicle and/or Marine Repair		GRV		GRV	GRV	GRV	GRV	GRV			GRV	GRV
37	Motor Vehicle and/or Marine Sales & Hire		GRV	GRV	GRV	GRV	GRV		GRV				GRV
38	Motor Vehicle and/or Marine Service Station		GRV	GRV	GRV	GRV	GRV	GRV	GRV				
39	Motor Vehicle and/or Marine Wrecking					GRV	GRV						
40	Motor Vehicle Wash		GRV	GRV	GRV	GRV	GRV	GRV					
41	Office	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV
42	Outdoor Display		GRV	GRV	GRV	GRV	GRV		GRV				
43	Restaurant		GRV	GRV					GRV		GRV	GRV	GRV
44	Shop	GRV	GRV	GRV	GRV	GRV	GRV		GRV		GRV	GRV	GRV
45	Showroom		GRV		GRV	GRV	GRV						GRV
46	Take-away Food Outlet		GRV	GRV	GRV	GRV	GRV		GRV		GRV	GRV	GRV
47	Warehouse				GRV	GRV	GRV	GRV					GRV
<b>HEALTH, WELFARE AND COMMUNITY SERVICES</b>													
48	Carpark		GRV	GRV	GRV	GRV	GRV	GRV			GRV	GRV	GRV
49	Childcare Service	GRV	GRV	GRV					GRV	GRV	GRV	GRV	
50	Community Use	GRV	GRV	GRV						GRV	GRV	GRV	
51	Consulting Rooms	GRV	GRV	GRV					GRV	GRV	GRV	GRV	
52	Education Establishment	GRV	GRV						GRV		GRV	GRV	
53	Emergency Services		GRV		GRV	GRV	GRV	GRV	GRV		GRV		GRV
54	Funeral Parlour		GRV		GRV	GRV	GRV		GRV		GRV		
55	Hospital		GRV										
56	Detention Centre								GRV		GRV		
57	Medical Centre		GRV								GRV		





		Residential	Commercial and Civic	Tourism	Mixed Business	Industry	Industrial & Mixed Business Development	Strategic Industry	Rural	Rural Living	Community	Education	Airport
58	Nursing Home	GRV	GRV						GRV	GRV	GRV		
59	Place of Animal Care		UV		UV	UV			UV	UV		UV	UV
60	Place of Public Meeting, Assembly or Worship	GRV	GRV	GRV					GRV	GRV	GRV	GRV	
61	Public Utility	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV	GRV
<b>ENTERTAINMENT, RECREATION AND CULTURE</b>													
62	Clubrooms		GRV		GRV				GRV		GRV	GRV	
63	Equestrian Centre			UV					UV				
64	Entertainment Venue		GRV	GRV	GRV				GRV		GRV	GRV	GRV
65	Private Recreation		GRV	GRV	GRV				GRV		GRV	GRV	
66	Public Recreation	GRV	GRV	GRV					GRV	UV	UV	UV	UV
67	Reception Centre		GRV	GRV					GRV		GRV		



Notwithstanding the above table, where land is within a gazetted townsite, the default basis of valuation will be that of GRV, consistent with clause 27 of Schedule 9.3, Division 1 of the *Local Government Act 1995*.

Determination of the appropriate method of valuation requires examination of the extent to which the separately identifiable portion of land is being used for the alternative land use. This should be documented and considered using the principles detailed in this policy before making application to the Minister for a change in method of valuation.

A uniform general rate in the dollar is to be applied for all GRV and UV valued properties within the district. Council may in certain circumstances deem a differential general rate to be necessary. Imposition of differential general rate represents a conscious decision by Council to redistribute the rate burden in the district by imposing a higher contribution on some ratepayers and a lower contribution on others.

Imposition of a differential general must follow the Benefit Principle – the concept that there should be some relationship between the rates paid and the benefits received. The Benefit Principle does not mean rates should equal benefits, but it is expected that those bearing the higher rate burden through the imposition of differential rating are receiving greater benefits from Shire activities. When imposing a differential general rate, the characteristics of the land to which the rate is to be applied along with the objects and reasons for the differential rate should be clearly defined.

The purpose for which the land is zoned is considered the most appropriate basis for determining the characteristics of the land to which the differential general rate applies. Where the Benefit Principle is considered by Council not to apply within a particular land zoning, the purpose for which the land is held or used as determined by the local government and/or whether or not the land is vacant land shall be used as the basis for determining the characteristics of the land to which the differential general rate applies.

### **Concessions and waivers**

Circumstances may arise where Council resolves by absolute majority to grant a waiver or concession which has the effect of altering the general rating principles and safeguards under the Act and the principles outlined in this Policy.

*Rating Policy – Valuation of Land - Mining (March 2016)*

*Local Government Operational Guidelines – Changing Methods of Valuation of Land – (Number 02- March 2012)*



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