

| | |
|----------------------|-------------------------|
| DOCUMENT TYPE | Policy |
| TITLE | STRATEGIC RATING |
| NUMBER: | POL-2018 |

PURPOSE

The purpose of this Policy is to outline the Council's principles and methodology when exercising its powers in relation to the rating structure adopted as part of the annual budget, including decisions relating to rating categories, differential rating and minimum payments under the *Local Government Act 1995*.

DEFINITIONS

Gross Rental Value is one basis of rate and is defined in the *Valuation of Land Act 1978*.

Land means lands, tenements and hereditaments, and any improvements to land, and includes any interest in land.

Merged Improvements means any works in the nature of draining, filling, excavation, grading or levelling of the land, retaining walls or other structures or works for that purpose, the removal of rocks, stone or soil, and the clearing of timber, scrub or other vegetation.

Unimproved Value is one basis of rate and is defined in the *Valuation of Land Act 1978*.

Vacant Land means land on which there are no improvements other than merged improvements.

Predominant use means the main use to which land is put, having regard to the general principle in section 6.28(2) of the *Local Government Act 1995* that land used predominantly for rural purposes is to be rated on unimproved value and land used predominantly for non-rural purposes is to be rated on gross rental value.

BACKGROUND

This Policy has been developed within the context of the Shire of Wyndham East Kimberley's Strategic Plans. In setting rates, the Council considers the long term vision for the Shire, and strategic plans and the likely impacts on the community.

Rates are based on property values and are therefore a form of property tax. Under the *Valuation of Land Act 1978*, the Valuer-General must maintain valuation rolls of rateable and taxable land throughout Western Australia. These rolls are periodically provided to the Shire for rating purposes. On behalf of the Valuer-General, Property & Valuations Services, Landgate (the Western Australian Land Information Authority), conducts general valuations (revaluations) and makes interim valuations as required.

The types of values made are:

1. Unimproved Value (UV), and
2. Gross Rental Value (GRV).

The unimproved value and gross rental value are defined within the *Valuation of Land Act 1978* and have been outlined in the definitions section of this Policy.

The Shire does not determine statutory property valuations. Valuations are made under the *Valuation of Land Act 1978* and are then used by the Shire for rating purposes in accordance with the *Local Government Act 1995*. All land within the Shire is rateable unless it is excluded from being rateable land under s6.26 of the *Local Government Act 1995* or otherwise treated as non-rateable in accordance with applicable legislation and Council Policy POL-2005 Rates Exemptions for Charitable Organisations (Non-Rateable Land).

The Council determines the amount of revenue required from rates collections each year to meet its financial, strategic, operational and statutory responsibilities for the coming financial year.

Valuations are not the sole factor in determining the rates income of the Shire, and as a result, valuation increases or decreases do not necessarily cause a rate rise or reduction.

POLICY STATEMENTS

The Council believes the rating policy must be underpinned by sound principles, which are well understood, communicated to ratepayers and consistent with current legislation and relevant Ministerial and departmental rating policy.

The Council aspires to balance service levels in accordance with the needs and expectations of its community and sets rating levels to adequately resource its roles and responsibilities and achieve its strategic objectives. When forming its annual budget, the Council gives primary regard to its strategic plans.

The Council will consider the following rating principles when developing, maintaining and applying its rating strategy each year:

| Principle | Explanation |
|---------------------|---|
| Objectivity | As far as possible, the predominant use of land should be reviewed and determined based on an objective assessment of relevant criteria. External parties should be able to understand how and why a determination was made. |
| Fairness and Equity | Rating principles should be applied fairly and equitably. Each property should make a fair contribution to rates based on a method of valuation appropriately reflecting predominant 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 of land should be clearly documented and available for the public to inspect. This is fundamental to the "good government" principle upon which the <i>Local</i> |

Government Act 1995 is based. The right to govern accompanies the obligation to do so openly and fairly.

Administrative
Efficiency

Rating principles and procedures should be applied and implemented in an efficient and cost-effective manner.

The rating principles outlined above are to apply to all rateable land within the Shire of Wyndham East Kimberley.

APPLICATION OF RATING PRINCIPLES

Basis of rate

In order to support compliance with section 6.28 of the *Local Government Act 1995* and any Ministerial determination of the method of valuation, the Shire is to maintain 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 directly affected owners and surrounding owners;
- Request completion of a Land Use Declaration Form by the affected parties;
- obtain Council approval before making any application to the Minister for a change in method of valuation;
- Contact land owners to advise of Council endorsement if approved and allow 28 days for submissions to be received and;
- ensure timely application to the Minister.

When determining land use for the purpose of determining the basis of rate the purpose for which the land is zoned is to form the initial guide to the predominant use of any land within the district.

An initial guide to the predominant use of land within the district based on the zoning under Local Planning Scheme 9 is detailed below. Where the current predominant use of the land is different to the initial guide the basis for this determination should be clearly documented.

Initial guide to predominant use of land

| Method of Valuation | Zones |
|--|------------------------|
| Gross Rental Value (GRV) (Non-Rural Land Use) | Residential |
| | Urban Development |
| | Industrial Development |
| | Rural Townsite |
| | Commercial |
| | Mixed Use |
| | General Industry |
| | Light Industry |
| | Rural Enterprise |
| | Service Commercial |
| | Tourism |
| | Rural Residential |
| | Settlement |

| | |
|---|--|
| Unimproved value (UV) (Rural Land Use) | Agriculture - State or Regional Significance |
| | Rural |
| | Mining |
| Assessed based on land use | Exploration |
| | Rural Smallholdings |
| | Local Horticulture |
| | Special Use |

Zones listed as assessed based on land use are to be the subject of detailed examination and consideration as they may require either method of valuation, dependent on the actual land use.

Where the predominant current land use as defined under Shire of Wyndham East Kimberley Local Planning Scheme No. 9 does not align to the zoning land use indicated by the initial guide above, a determination of whether a different basis of rate is more appropriate is required.

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

Uniform/Differential rating

A uniform general rate in the dollar may be applied for all GRV and UV valued properties within the district. Council may impose differential general rates where it considers this appropriate, having regard to the rating principles in this Policy and the characteristics permitted under section 6.33 of the *Local Government Act 1995*. 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 to best meet the rating principles.

When imposing a differential general rate, the characteristics of the land to which the differential rate is to be applied along with the objects and reasons for the differential rate should be clearly defined.

The purpose for which land is zoned is generally considered the most appropriate and efficient basis for defining differential rating categories. In some instances, a combination of zoning and land use under Shire of Wyndham East Kimberley Local Planning Scheme No. 9 may better achieve the rating principles. Where necessary, Council may also apply differential general rates by reference to the purpose for which land is held or used, and/or whether the land is vacant land, in accordance with section 6.33 of the *Local Government Act 1995*.

Concessions and waivers

Circumstances may arise where Council lawfully grants a waiver or concession in accordance with the *Local Government Act 1995*. Any such waiver or concession should be used cautiously and should not be relied upon as a substitute for an appropriate and lawful rating structure. Where a waiver or concession is granted in any year, Council should review the rating structure during that year to determine whether an amendment to the rating structure is warranted for future years.

DOCUMENT AND VERSION CONTROL

| | | | |
|---|---|---------------|------------------------------|
| Responsible Directorate | Corporate Services | | |
| Responsible Officer | Director Corporate Services | | |
| Statutory References | Local Government Act 1995 - Section 6.26 Local Government Act 1995 - Section 6.28 Local Government Act 1995 - Section 6.33 Local Government Act 1995 - Section 6.35 Valuation of Land Act 1978 | | |
| Related Documents | POL-2005 -Rates Exemptions for Charitable Organisations Policy (Non Rateable Land) POL-2007 Rates and Charges Debt Collection Policy POL-2016 Financial Hardship - Rates and Sundry Debtors Shire of Wyndham East Kimberley Local Planning Scheme No.9 | | |
| Amendment History (Adoption and last 3 amendments) | | | |
| Version | Date Issued - Resolution Number | Item # | Description of Change |
| 1.0 | 26/03/2024 - 119000 | 12.4.6 | Adopted by Council |
| 2.0 | 25/03/2025 - 119169 | 12.4.4 | Review Adopted by Council |
| 3.0 | 28/04/2026 - 119424 | 9.3.3 | Review Adopted by Council |
| Date of Next Review | | April 2027 | |