



## **SUPPORTING STATEMENT OF RATING INFORMATION 2017/18**

### ***(Including Objects and Reasons for the Rating Structure)***

This Statement is published by the Shire of Narrogin in accordance with Section 6.36 of the Local Government Act 1995 to advise the public of its objectives and reasons for implementing differential rates.

The purpose of levying property rates is to meet Council's budget requirements in each financial year and in future periods, to deliver services, facilities and community infrastructure to the district as a whole. Property valuations provided by the Valuer General (Landgate) are used as the basis for the calculation of rates each year.

Section 6.36 of the Local Government Act provides the ability to differentially rate properties based on certain characteristics. The application of differential rating maintains equity in the rating of properties across the Shire,.

During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire Rate Payers will be provided a 10 year period to achieve rating parity with the former Town of Narrogin Rate Payers. It is noted that 2017/18 will be the second year of this 10 year period.

### ***Powers to Rate Property***

There are two property valuation methods available under Section 6.28 of the Act, Gross Rental Value (GRV) and Unimproved Value (UV).

GRV is 'the gross annual rental that the land might reasonably be expected to realise if let on a tenancy agreement from year to year upon condition that the landlord is liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land'.<sup>1</sup>

UV land is 'valued as if it has had no improvements (as though) it remains in its original, natural state, any land degradation is taken into account'.<sup>1</sup>

As a default, a local government sets a single general rate in the dollar for each valuation type (GRV and UV). This is termed a uniform general rate in the valuation dollar and applied to all properties within a valuation type regardless of their land use.

Rather than adopting a single uniform general rate, a local government may apply different rates in the dollar within either valuation category (GRV or UV). A differential rate can be applied using the following characteristics, or combination thereof:

- The zoning of the land;
- The predominant use (as determined by the local government);
- If the land is vacant or not.

Location can only be used as a characteristic in setting a differential rate in very limited circumstances (namely a Lesser minimum rate).

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<sup>1</sup> Landgate, Rating and Taxing Valuations Publication, April 2008  
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### ***Objections and Appeals to a Valuation***

Objections to valuations must be lodged with the Valuer General's Office within 60 days after issue of the rates notice. Rates are still required to be paid before the due date if an objection is lodged with a refund paid if the objection is successful. Forms are available from the Shire Office or on the Shire website.

Under the provisions of the Local Government Act 1995, a property owner is able to lodge an objection to rates imposed by a Council on the following grounds:

- There is an error on the rate assessment, either in respect to the owners or property details; or
- The characteristics of the land differ from that used in the differential rating system.

The objection is to be received within 60 days of the issue of the rate notice. Please contact Shire staff if you would like to discuss this matter further.

### ***Exemptions, Instalments, Concessions and Waivers***

The Shire requires organisations seeking exemption from rates in accordance with section 6.26 of the Act to make application to the Council for determination.

The Shire will provide concessions to Pensioners in accordance with the requirements of the Rates and Charges (Rebates and Deferments) Act 1992.

The Council will offer three rate payment options as follows:

- Payment in full 35 days after the date of service appearing on the rate notice;
- Two instalments; and
- Four Instalments.

Interest on overdue rates not paid in accordance with the three payment options will be subject to an overdue interest rate set by the Council at the time of adoption the annual budget.

Ratepayers with unpaid and overdue rates may be offered a scheme of arrangement for payment, subject to the approval of the Chief Executive Officer.

### ***GROSS RENTAL VALUES (GRV)***

The Local Government Act 1995, provides that properties of a non-rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. Property values are independently assessed for all GRV properties every three years.

The base GRV valuation is effective from 1 July 2014. Interim valuations are provided to the Shire regularly by the Valuer General if changes, such as subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning occur during the year. In such instances, the Shire amends the valuation on record and recalculates the rates for the affected properties for the purpose of issuing an interim rate notice.

The general rates for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

### ***GRV – Differential Rates***

The Council intends to adopt differential rating principles for GRV category properties based upon the land use as follows:

### **GRV Urban**

GRV Urban properties that had been located in the former Town of Narrogin

#### **Objects and Reasons**

To allow the Shire to impose a higher rate in the dollar to the Urban Ward ratepayers to allow the phasing in of rate parity with Urban Ward ratepayers.

During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire Rate Payers will be allowed a 10 year period to achieve rating parity with the formers Town of Narrogin Rate Payers.

<b>Differential Rate Category</b>	<b>Rate in the \$</b>	<b>General Minimum Payment</b>
<i>GRV Urban</i>	10.7213	1,072.00

### **GRV Rural**

GRV Rural Properties that had been located in the former Shire of Narrogin.

#### **Objects and Reasons**

To allow the Shire to set a lower rate in the dollar to Rural Ward ratepayers to allow for the phasing in of rating parity over a 10 year period.

During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire Rate Payers will be allowed a 10 year period to achieve rating parity with the formers Town of Narrogin Rate Payers.

<b>Differential Rate Category</b>	<b>Rate in the \$</b>	<b>General Minimum Payment</b>
<i>GRV Rural</i>	6.2507	698.00

### **VALUES (Unimproved Valuations)**

The Shire does not intent to differentially rate UV category properties.

#### **Minimum Payments**

Applying a minimum payment seeks to ensure all ratepayers contribute to basic services and facilities and Council has determined two levels of General minimums and one Lesser minimum.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

#### **Lesser Minimum Payment**

A Lesser minimum of \$659 has been set for assessment in the Highbury Townsite. During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire Ratepayers will be allowed a 10 year period to achieve rating parity with the formers Town of Narrogin Ratepayers.