

## Rating

### Part A

#### Policy Objective

To apply the rating principles set out within the *Local Government Act 1995* (LGA) and guide the decision-making on the purpose for which the land is held or used while ensuring the following principles are observed:

- Objectivity – the 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 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.

#### Policy

To ensure the rating principles under the LGA 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

The purpose for which the land is zoned is only one of the considerations that guide the determination of 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 6 is detailed in Part B. Rates should be determined based on the predominant use of land in accordance with section 6.28 of the LGA which may be different from the purpose for which the land has been zoned. Determination of predominant use should therefore be based on objective and best available information.

## Statutory Requirement

The Minister for Local Government 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 LGA states:

- (1) The Minister for Local Government 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.*
- (2) 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 –
  - (a) *where the land is used predominantly for rural purposes, the unimproved value of the land; and*
  - (b) *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 LGA states:

- (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 rate for each method of valuation.

Section 6.33 (1), (2), (3) & (4) of the LGA states:

- (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.

## Part B

### Initial Guide to Predominant Use of Land

Rates should be determined based on the predominant use of land in accordance with section 6.28 of the LGA. An initial guide to the predominant use of land within the district based on the zoning under Local Planning Scheme 6 is detailed below. The purpose for which the land is zoned, although relevant in determining permissible uses of land, may not be always appropriate in determining the predominant use for rating purposes.

Use Class	Method of Valuation
Agriculture –Intensive	UV
Animal Establishment	UV
Aquaculture	UV

Use Class	Method of Valuation
Plant Nursery	UV
Rural Pursuit	UV
Art & Craft Centre	GRV
Bed & Breakfast Accommodation	UV or GRV
Caravan Park	GRV
Childcare Centre	GRV
Community Living	GRV
Educational Establishment	GRV
Grouped Dwellings	GRV
Holiday Home (Large)	GRV
Holiday Home (Standard)	GRV
Home Business	GRV
Home Occupation	GRV
Home Office	GRV
Industry –Cottage	GRV
Multiple Dwellings	GRV
Museum	GRV
Occasional Use	GRV
Place of Assembly – and Worship	GRV
Public Utility	GRV
Reception Centre	GRV
Residential Building	GRV
Restaurant	GRV
Service Station	GRV
Staff Accommodation	GRV
Storage Facility, Depot, Laydown area	GRV
Telecommunications Infrastructure	GRV
Tourist Development	GRV
Transport Depot	GRV
Transport Overnight Facility	GRV
Vehicle Hire	GRV
Veterinary Centre	GRV
Winery	GRV

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.

Where the Benefit Principle is considered not applicable by Council within a particular land zoning, the purpose for which the land is held or used as determined by the Council and/or whether or not the land is vacant land shall be used as the basis for rates.

## 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, where this does occur a review of the rating structure shall be undertaken to avoid the need to continue to grant a concession in subsequent years.

Document Control Box							
<b>Document Responsibilities:</b>							
<b>Owner:</b>	Director Corporate Services			<b>Owner Business Unit:</b>	Corporate Services		
<b>Reviewer:</b>	Manager Financial Services			<b>Decision Maker:</b>	Council		
<b>Compliance Requirements:</b>							
<b>Legislation:</b>	<a href="#">s.6.28,6.31,6.32,6.33 and 6.47 Local Government Act 1995</a>						
<b>Industry:</b>							
<b>Organisational:</b>							
<b>Document Management:</b>							
<b>Risk Rating:</b>	Low	<b>Review Frequency:</b>	Triennial	<b>Next Due:</b>	12/2022	<b>Records Ref:</b>	
<b>Version #</b>	<b>Decision Reference:</b>		<b>Synopsis:</b>				
1.	31 March 2016		OMC Initial Adoption				
2.	12 December 2019		Review and conversion to new Policy Template				