

Rating

Policy Objective

This Policy will provide an administrative framework to outline the principles and methodology used when exercising Council's discretionary powers in respect to determining the level and structure of rates levied under the *Local Government Act 1995*.

Principles

The *Local Government Act 1995* provides Council with defined discretionary powers to levy rates and require contributions from the community for the provision of services to the district. In particular, Council must consider s6.26, s6.28, s6.33 and s6.35 of the *Local Government Act 1995*.

Council believes that overall policy must be underpinned by sound principles, which are well understood, communicated to ratepayers and compliant with current legislation.

Principles applying to determination of rating include:

- **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, taking into account the different levels of capacity to pay within the local community.
- **Consistency** – Rating principles should be applied, and determinations should be made in a consistent manner. Like properties should be treated in a like manner, whilst complying with the requirements and intent of relevant legislation.
- **Transparency and Simplicity** – Systems and procedures for determining the method of valuation should be clearly documented and the rates assessment as outlined on the rates notice is easily understood by the average community member.
- **Administrative and Timeliness** – rating principles and procedures should be applied and implemented in an efficient and cost-effective manner ensuring all

ratepayers are given adequate notice of their liability to pay rates.

- **Flexibility** – responding where possible to unforeseen changes in the economy to protect the adopted level of service desired by the community (this may include dropping the level of service in parallel with the adjustment of rating).
- **Sustainability** - making revenue decisions that support the financial strategies for the delivery of infrastructure and services identified in the Strategic Community Plan and underpinned by the Long-Term Financial Plan, the Asset Management Strategy and Plans.

This policy has been developed within the context of the Shire of Broome's Strategic Community Plan and Corporate Business Plan. In setting rates, Council considers the long-term vision for the Shire, strategic directions, financial sustainability and the likely impacts on the community.

In developing a Rating Policy, the Shire may consider benchmarking its rating methodologies against comparative rating methodologies utilised by other local governments.

Rates are based on property values and are therefore a property tax. Under the *Valuation of Land Act 1978*, the Valuer General must determine the land value and assess annual value of each property. The Shire has no role in the process of determining the valuations ascribed to individual properties.

Differential Rating

Differential Rating allows a local government to rate on the basis of Land Use, Zoning or a combination of both. The Shire will consider options to set Differential Rates when developing its rating strategy.

Interim Rating

Subject to section 6.28 of the *Local Government Act 1995* and in respect of valuations supplied by the Valuer General for the purpose of interim valuations, the Shire of Broome will back-rate or refund rates to property owners where ownership:

- Has not changed in a prior financial year to the effective date of the change as determined by the Valuer General; or
- Has changed in a prior financial year, to the date of change of ownership.

For the purposes of this policy, a change in ownership does not occur where there is a change in the structure of a body corporate (including name change) resulting in the change having no effect on altering the effectual control of the company.

In accordance with section 6.28(5) of the *Local Government Act 1995*, local governments are required to use valuations provided by the Valuer General for interim valuations. If, during a financial year, an interim valuation is conducted under the *Valuation of Land Act 1978*, a valuation is amended and takes effect, or a new valuation is issued while

completing a previously established general valuation, the local government must apply the interim, amended, or new valuation as applicable.

In accordance with section 6.33(4) of the *Local Government Act 1995*, once a rate code is established for a financial year, it cannot be modified or altered, even if the characteristics of the land change during that year. Any changes to the rate code will take effect on 1 July of the following financial year, except in cases where section 6.40(1)(a) applies, which allows for the rate record to be amended as a result of a change in the rateable value.

Minimum Rates

Council will establish and maintain a minimum payment structure in accordance with s6.35 of the *Local Government Act 1995*, to ensure all ratepayers contribute a minimum amount regardless of their property value.

Council accepts that the adoption of a minimum payment amount is an adjustment to the blanket application of the equity principle. This adjustment is made to ensure property owners make a reasonable contribution to the non-exclusive services, facilities and infrastructure provided for the benefit of the whole district.

The exception to this statement applies to those properties classified as UV Exploration and Prospecting on the basis that both the rate in the dollar and the minimum payment reflects a similar methodology as that applied in the *Valuation of Land Act 1978* when determining the unimproved valuations.

Rates Exemptions

All land within the Shire is rateable except for land specifically exempt under section 6.26 of the *Local Government Act 1995* and the Shire of Broome's Rate Exemption – Charitable Use Policy which provides an administrative framework for assessing any application for properties to be classified as non-rateable land on the grounds of being used for charitable purposes. Such organisations are to make application in accordance with the application form and guidelines attached to the Policy. The properties will be reviewed a minimum of every two years for continued eligibility.

Discount on Rates

Subject to the Rates and Charges (Rebates and Deferments) Act 1992, the Shire in accordance with the *Local Government Act 1995* and Regulations, does not offer a discount for the early payment of any rate or service charge.

The Shire offers early rates incentive prizes to ratepayers who pay their annual rates and charges in full (eligible pensioners are required to pay their portion of the rates and rubbish collection charges) by the due date, 35 days from the date of issue of the rate notice.

Rebate of Rates Pensioners

Subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, the Shire will in accordance with the *Local Government Act 1995*, grant concessions to eligible pensioner ratepayers who have registered their entitlement with the Shire, to receive a rebate on rates and the Emergency Services Levy. The Waste Management charge to owners of rateable properties does not qualify for a rebate.

Payment of Rates

The Shire levies the rates once a year and issues an annual rate notice to all ratepayers. Rates are due for payment on the following months each year:

- August
- October
- January
- March

Council offers three rate payment options as follows:

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

In accordance with section 6.45(3) of the *Local Government Act 1995*, an administrative charge will apply per instalment to cover the establishment and administering the instalment payment option, along with an interest charge to reflect the lost interest from investment opportunities that are not available due to the length of time taken to collect the payment.

Interest on Overdue Rates and Service Charges

Rates and service charges not paid in accordance with the three payment options will be subject to an overdue interest rate set by the Council in accordance with the *Local Government Act 1995*.

Objection Rights

Pursuant to section 6.76 of the *Local Government Act 1995*, a person may object to a rates notice on the following grounds:

There is an error in the rate notice in relation to the identity of the land owner or the part of the land to be rated; or

If the Shire imposes a differential general rate, that the characteristics of the land recorded in the rate record as the basis for imposing that rate should be deleted and other characteristics substituted.

An objection is to be made in writing within 42 days of the service of the rate notice under

section 6.41.

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 *Local Government Act 1995* 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 *Local Government Act 1995* 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 *Local Government Act 1995* 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.

Responsibilities

This policy represents the formal policy and expected standards of the Shire of Broome. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and Employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the Shire.

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