



Differential Rating Proposal 2023/2024

Statement of Objectives and Reasons

For Public Inspection (Section 6.36 for the *Local Government Act 1995*)

Introduction

In accordance with Section 6.36 of the *Local Government Act 1995*, the Shire of Nannup is required to publish its Objectives and Reasons for implementing Differential Rates.

In arriving at the proposed rates in the dollar, Council has attempted to balance the need for revenue to fund essential services and facilities with the desire to limit any increase on ratepayers to an affordable level in an equitable manner.

Rate in the Dollar

Rates are a primary source of revenue for the Shire of Nannup (the Shire) and are imposed on properties within its district to provide revenue to fund the services and facilities provided to residents and visitors.

The amount of rates payable is determined by four factors:

1. the properties method of valuation of Gross Rental Value (GRV) or Unimproved Value (UV);
2. the amount of the valuation;
3. the properties differential rating category; and
4. the rate in the dollar or minimum payment of that differential rating category.

The *Local Government Act 1995* determines that properties of a non-rural purpose are to be rated using the Gross Rental Value (GRV) as the basis for calculations, and properties of a predominantly rural purpose are to be rated using Unimproved Value (UV) as the basis for calculations.

Valuations are determined by the Valuer General in accordance with the *Valuation of Land Act 1978*. The Shire does not have any control over the valuations provided to each property. Council sets a rate in the dollar in its annual budget, which is applied to each property valuation to determine the rates applicable to the property.

The Shire applies differential rating based on the purpose for which land is zoned, held or used. The overall objective of the Shire's differential rates is to raise rates revenue in a manner that is simple, efficient and equitable to all ratepayers within the district. The average overall increase in rate revenue for 2023/24 financial year is 12%.

The proposed rate in the dollar increase for 2023/24 financial year is 4%, with an additional 4% on differential categories of Plantation and Short Term Accommodation. This increase is considered reasonable in light of national inflation currently running at around 7%, which has impacted significantly on both operating and capital costs. The proposed increase is considered to reflect Council's desire to contain rate increases and avoid adding to cost of living pressures faced by many ratepayers.

Revaluation

The *Valuation of Land Act 1978* empowers the Valuer General (Landgate) to conduct general valuations on a GRV basis within Western Australia at such times and frequency as is considered necessary (currently every 3 years) and or UV properties annual. Values are determined relative to sales and rentals at 1 August of the preceding year.

Landgate undertook its last review of GRV valuation as at 1 August 2021 with new values begin effective from 1 July 2022. The next GRV valuation is due to occur on 1 August 2024. Landgate undertook its last

annual review of UV valuations on 1 August 2022, with these valuations proposed to take effective from 1 July 2023.

The 2022 revaluation of properties valued on a UV basis resulted in an overall average increase of 19.84%.

Landgate advise that strong market conditions, in part attributed to Covid-19 pandemic influences, that were experienced through 2021 were still evident through 2022 and at the date of valuation. Demand for commercial scale agricultural property was evident resulting in significant increased values achieved for medium to larger scale holdings. Demand for smaller Rural Residential lifestyle properties extended to medium sized holdings.

Proposed Rate in Dollar and Minimum Rate

The proposed differential rates and minimum rate for the 2023/24 financial year are as follows:

Rate Category	Rate in the dollar	Minimum Rate
Gross Rental Values (GRV)		
GRV General	0.097188	\$1,163
GRV Industrial	0.104130	\$1,246
GRV Short Term	0.108135	\$1,294
Unimproved Values (UV)		
UV General	0.004710	\$1,092
UV Mining	0.004710	\$1,092
UV Plantations	0.005178	\$1,510

(NOTE: Council when adopting the annual budget may vary the above proposed rate in the dollar and minimum payment.)**

Objects and Reasons for Differential Rates

The overall object of the Shire's differential rates is to raise rate revenue in a manner that is simple, efficient and equitable to all ratepayers within the district. The reasons for each differential rate are as follows:

Differential Rates – Gross Rental Valuations (GRV)

- **GRV – General**

The objective of this category is to apply a differential general rate and minimum payment to land zoned or used or held for residential/rural residential purposes and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents. This category is to act as the Shire's benchmark differential rate and minimum payment by which all other GRV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

The rate in the dollar and minimum rate increase is 4% for this category. The average overall

increase in rate revenue for this category is 3.5%. Variations will occur between individual properties as it is directly linked to the unique valuations attributed to those properties.

- **GRV Industrial**

The objective of this category is to apply a differential rate and minimum payment to land zoned or used or held for Industrial purposes and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is in order to assist with the funding contribution towards the ongoing maintenance and provision of works and services within the Shire.

The rate in the dollar and minimum rate increase is 4% for this category. The average overall increase in rate revenue for this category is 2.78%. Variations will occur between individual properties as it is directly linked to the unique valuations attributed to those properties.

- **GRV - Short-Term Accommodation**

The objective of this category is to apply a differential rate and minimum payment to land used or held for short-term accommodation purposes. This includes lodging houses, bed and breakfasts, self-contained accommodation, caravan and camping grounds. It is to ensure that all ratepayers make a reasonable contribution towards the overall services and facilities provided and maintained by the Shire for the benefit of residents.

The reasons for this rate is in order to maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district.

The rate in the dollar and minimum rate increase is 8% for this category. The average overall increase in rate revenue for this category is 8%. Variations will occur between individual properties as it is directly linked to the unique valuations attributed to those properties.

Differential Rates – Unimproved Valuations

- **UV – General**

The objective of this category is to apply a base differential general rate to land zoned or used or held typically for bona-fide farming and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents. This category is to act as the Shire's benchmark differential rate by which all other UV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

The rate in the dollar and minimum rate increase is 4% for this category. The average overall increase in rate revenue for this category is 20.8%. Variations will occur between individual properties as it is directly linked to the unique valuations attributed to those properties.

- **UV – Mining**

The objective of this category is to apply a base differential general rate to land zoned or used or held typically for mining purposes and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

The rate in the dollar and minimum rate increase is 4% for this category. The average overall decrease in rate revenue for this category is 8.24%. Variations will occur between individual properties as it is directly linked to the unique valuations attributed to those properties.

- **UV - Plantation**

The objective of this category is to apply a base differential general rate to land used or held typically for plantations purposes and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is to ensure that all ratepayers make a fair and reasonable contribution towards the ongoing maintenance and provision of works and services, particularly roadworks maintenance and renewal throughout the Shire.

The rate in the dollar and minimum rate increase is 8% for this category. The average overall increase in rate revenue for this category is 28.8%. Variations will occur between individual properties as it is directly linked to the unique valuations attributed to those properties.

Submissions

Submissions are invited from any elector or ratepayer with respect to the proposed differential rate and are to be **received no later than 12:00pm (midday) Friday 30 June 2023.**

All submissions are to be clearly marked Submission – Differential Rating 2023/2024.

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