



Statement of Rating Objectives and Reason

For the 2024/25 Rating Year

In accordance with section 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to Levy Differential Rates and Minimum Payments" the following information details the objectives and reasons for those proposals.

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EXECUTIVE SUMMARY

The following are the proposed Differential General Rates and Minimum Payments for the Shire of Kellerberrin for the 2024/25 financial year, to be effective from 1 July 2024.

Rate Category	Rate in Dollar (expressed as cents in the \$)	Minimum Payment
GRV – Kellerberrin Residential	12.7950	\$924.00
GRV – Other Residential	12.7950	\$924.00
GRV – Kellerberrin Commercial	13.0000	\$1013.00
GRV – Other Commercial	13.0000	\$1013.00
UV – Mining Tenements	1.11185	\$924.00
UV – Rural	1.11185	\$924.00

The above rate model will yield \$2,668,132 in rate revenue which is 6.15% average increase on the 23/24 year to date actual revenue of \$2,513,608 which is in line with Council's adopted Long Term Financial Plan.

WHAT ARE RATES?

Rates are a tax levied on all rateable properties within the boundaries of the Shire of Kellerberrin in accordance with the Local Government Act 1995.

The overall objective of the proposed rates in the 2024/25 Budget is to provide for the net funding requirements of the Shire's services, activities, financing costs and the current and future capital requirements of the Shire, after considering all other forms of revenue.

The formulation of a rating system is about achieving a means by which the Council can raise sufficient revenue to pay for the services it provides. Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone. For this reason, there is refinement options made available, such as differential rating, that the Shire of Kellerberrin have elected to use.

The Valuer General's Office (a state government agency) values all rateable land within the Western Australia and those values are forwarded to each Local Government. Two types of valuations are applied for the calculation of rates – Gross Rental Value (GRV) land used for non-rural purposes; and Unimproved Value (UV) land used for rural purposes.

LOCAL GOVERNMENT ACT 1995 – RATING PROVISIONS

The Local Government Act 1995 sets out the basis on which differential general rates may be based as follows:

DIFFERENTIAL RATES

6.33. Differential general rates

- (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 under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*.
 - (b) a purpose for which the land is held or used as determined by the local government.
 - (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.
- (5) A differential general rate that a local government purported to impose under this Act before the *Local Government Amendment Act 2009* section 39(1)(a) came into operation¹ is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

[Section 6.33 amended by No. 38 of 2005 s. 15; No. 17 of 2009 s. 39; No. 28 of 2010 s. 34.]

MINIMUM PAYMENT

6.35. Minimum payment

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.

- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
- (a) 50% of the total number of separately rated properties in the district; or
 - (b) 50% of the number of properties in each category referred to in subsection (6),
- on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
- (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6),
- unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
- (a) to land rated on gross rental value.
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

[Section 6.35 amended by No. 49 of 2004 s. 61.]

GROSS RENTAL VALUATION (GRV)

Council has adopted differential rates in its Gross Rental Valuation area for GRV Residential (Kellerberrin and Other) and GRV Commercial and Industrial (Kellerberrin and Other) utilizing property valuations supplied by the Valuer General.

The rates in the dollar are based on the general valuation as supplied by the Valuer General (VG) in respect of gross rental values (GRV's) effective from 1 July 2024.

The Valuer General is required to maintain valuations of all rateable land in Western Australia for rating and taxing purposes. These values are assessed every five years by Landgate Valuers to complete what is known as a General Valuation. Every property is valued at a date set by the Valuer General and this is referred to as the Date of Valuation. Rating valuations are therefore assessed in a snapshot in time reflecting the property market for the local area at the same time. This ensures consistency and fairness in the allocation of rates.

The GRV is determined by collecting rental evidence to determine the fair rental value for each property. The rental value for a house or other GRV property will be influenced by factors such as age, construction, size, car shelters, pools, and locations. As the GRV is currently assessed every five years, despite possible changes to the rental market, the GRV remains fixed until the next general valuation unless Council seeks an interim valuation for any improvements that have been completed at a property, i.e. installation of pool, patio, or lean-to.

UNIMPROVED VALUATION (UV)

The council has adopted a Uniform Rate for all UV properties. This sees the consolidation of the UV Rural and UV Mining tenements differential general rates categories and includes all properties with a land use of rural.

The Valuer General determines unimproved values annually with a valuation roll provided to local governments. The Shire has completed rates modelling including the revaluations received in effect from 1 July 2024.

PROPOSED DIFFERENTIAL GENERAL RATES AND GENERAL MINIMUM PAYMENTS

Following are the objectives and reasons for each of the differential rates:

GRV RESIDENTIAL (Kellerberrin and Other)

This category covers all GRV improved residential properties within the Shire of Kellerberrin, specifically the townsites of Kellerberrin and Doodlakine.

The same rate in the dollar is applied against all properties, as the Council believes that this rating structure observes the principles of objectivity, fairness and equity, consistency, transparency, and administrative efficiency.

The objective of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.

The GRV improved rate is the base rate above which all other GRV rated properties are assessed.

Proposed Rate in the dollar is \$: 12.7950

Minimum Payment: \$924.00

GRV COMMERCIAL (Kellerberrin and Other)

This category covers all GRV Commercial/Industrial properties within the Shire of Kellerberrin specifically in the townsites of Kellerberrin and Doodlakine where the predominant use for which the land is held or used is commercial or industrial. The purpose of the differential rates is to ensure that all ratepayers in this category make an equitable contribution to the Shire's revenue.

Commercial relates to land where the predominant purpose for which the land is held or used is commercial, including in that term the activities of buying and selling of goods and services in retail businesses, wholesale buying and selling, financial establishments, and a wide variety of services that can be broadly classified as 'business', but where no other more specific use or zone category (such as 'Industrial',) applies.

Industrial relates to land zoned for the purpose of Industrial use or development under the Shire of Kellerberrin Town Planning Scheme. In this context, the term relates to any of the Land within the Industrial zone in the Local Planning Scheme may more appropriately fall into another definition or category which more specifically or appropriately applies, or where the Shire determines that another definition or category should apply to the characterization of the subject land. To facilitate the making of a distinction between uses in other rate categories

and use for industry the definition of industrial premises relied on by the Shire (but no applied to the Industrial differential rate which depends on zoning) is as follows:

'Industrial premises are premises used for the manufacture, dismantling, processing, assembly, treating, testing, servicing, maintenance or repairing of goods, products, articles, materials, or substances, and in appropriate cases the following activities or uses associated with industry as describe above, may include –

- a) The storage of goods.
- b) The work of administration or accounting
- c) The selling of goods by wholesale or retail; or
- d) The provision of amenities for employees, where any such activity or use is incidental to any industry as defined above, is carried out on the same land.

The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.

On review of surrounding Councils there are only two adjoining Council's that have a General Rate of Commercial zoning within their rate base. The rate in the dollar charges for these Councils are vastly different with one Council at 12 cents and the other at 24 cents for the 2021/2022 Financial Year. Therefore, the Council's rate model to levy a rate in the dollar of 16.525 cents is in-between the two Councils for this type of zoning.

Proposed Rate in the dollar is \$: 13.0000 Minimum Payment: \$1013.00

UV GENERAL

The UV General differential rate category relates to all Unimproved Valued properties where the predominant purpose for which the land is held or used is rural (farming).

The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.

Proposed Rate in the dollar is \$: 0.011185 Minimum Payment: \$924.00

			23/24	24/25				
RATES	Rate in	No of	Rateable	Rateable	Actual	Budget	Increase/Decrease	
	\$	Properties	Land Value	Land Value	23/24	2024/25	%	\$
GENERAL RATE								in Revenue
GRV - Kellerberrin Residential	0.127950	336	2,913,976	3,804,424	463,613.61	486,776.05	5.00%	23,162.44
GRV - Other Residential	0.127950	2	24,856	14,768	3,954.59	1,889.57	(52.22%)	-2,065.02
GRV - Kellerberrin Commercial	0.130000	22	643,635	1,054,468	112,668.32	137,080.84	21.67%	24,412.52
GRV - Other Commercial	0.130000	1	27,976	25,324	4,897.20	3,292.12	(32.78%)	-1,605.08
UV - Mining Tenements	0.011185	0		0		-	0.00%	0.00
UV - Rural	0.011185	246	127,785,500	164,484,000	1,751,939.27	1,839,753.54	5.01%	87,814.27
Ex-Gratia Rates	0.013760					-		
Non Rateable		217	371,885	306,650		-		
		824	131,767,828	169,689,634	2,337,072.99	2,468,792.12	5.64%	131,719.13

MINIMUM PAYMENT

The Shire proposes to impose a uniform general minimum payment of \$924.00 for the Residential and Rural zones and a minimum payment of \$1013.00 for the Industrial/Commercial zones.

The minimum payment is imposed to discourage holding undeveloped land within the Shire, which reduces the amenity of the area, and thereby encourages its early development.

The differential rate in the Industrial/Commercial zoning is to ensure the undeveloped Commercial/Industrial land is not left undeveloped to ensure all Industrial/Commercial land is developed to promote economic development within the Shire.

The object of the minimum payment is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.

The minimum payment has increased with the rate increase yearly. The minimum payment was set as follows.

MINIMUM RATE	Min Rate	No of Properties	Rateable Land Value	Rateable Land Value	Actual 23/24	Budget 2024/25	Increase/Decrease	
							%	\$
GRV - Kellerberrin Residential	924.00	56	34,788	48,452	49,280.00	51,744.00	5.00%	2,464.00
GRV - Other Residential	924.00	27	32,468	45,680	22,000.00	24,948.00	13.40%	2,948.00
GRV - Kellerberrin Commercial	1,003.00	29	71,744	107,945	24,125.00	29,087.00	20.57%	4,962.00
GRV - Other Commercial	1,003.00	3	170	7,095	1,930.00	3,009.00	55.91%	1,079.00
UV - Mining Tenements	924.00	7	149,599	110,688	12,320.00	6,468.00	(47.50%)	-5,852.00
UV - Rural	924.00	91	2,151,900	3,283,600	66,880.00	84,084.00	25.72%	17,204.00
Ex Gratia Rates	924.00					-		0.00
Non Rateable Assessments	0.00							0.00
		213	2,440,669	3,603,460	176,535.00	199,340.00	12.92%	22,805.00
		1037	134,208,497	173,293,094	2,513,607.99	2,668,132	106.15%	154,524.13
				Less Discount				0.00
					2,513,607.99	2,668,132.12		154,524.13

SUBMISSIONS

Submissions are invited from any elector or ratepayer with respect to the proposed rates, and any related matter, within a minimum 21 days of the date of this notice. Submissions should be addressed to the Chief Executive Officer, Shire of Kellerberrin, 110 Massingham Street, KELLERBERRIN, WA, 6410 and clearly marked Submission – Differential Rate Submission 2024/25.

All submissions should be received no later than 4.00pm on Friday 12th July 2024 and will be presented to Council for formal consideration.

RAYMOND GRIFFITHS
Chief Executive Officer