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## **2021/2022 Intention to Levy Differential Rates and Charges**

In accordance with Sections 6.33 and 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to Levy Differential Rates", this paper details the objectives and reasons for proposed differential rates for 2021/2022.

### **What are Rates?**

The raising of rates is the primary source of revenue for all Councils throughout Australia. The purpose of levying rates is to meet Council's proposed budget requirements each year in a manner that is fair and equitable to the ratepayers of the community.

In Western Australia land is valued by Landgate Valuation Services (Valuer General's Office - a state government agency) and those values are forwarded to each Local Government.

There are two types of values calculated:

- Gross Rental Value (GRV) for urban areas; and
- Unimproved Value (UV) for rural land.

To calculate the rate account, councils multiply a rate in the dollar by the supplied value. The rate in the dollar is determined by the level of revenue the council wishes to raise and is dependent on their proposed budget.

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.

### **Differential Rating**

Local Governments, under section 6.33 of the Local Government Act, have the power to implement differential rating in order to take into account certain characteristics of the rateable land. These characteristics include:

- ◆ The purpose for which the land is zoned under the town planning scheme in force;
- ◆ The predominant use for which the land is held or used as determined by the local government; and
- ◆ Whether or not the land is vacant.

Differential rates may be applied according to any, or a combination of the above characteristics. However, local governments are constrained in the range of differential rates that they may impose. That is, a local government may not impose a differential rate which is more than twice the lowest differential rate applied by that local government unless approval from the Minister is sought.

The overall objective of the proposed rates is to provide for the net funding requirements of the budget expenditure, after taking into account all other forms of revenue. Apart from the need to

ensure sufficient revenue to meet its expenditure needs Council must be mindful of the impact and affordability of rates to the community.

### **Statement of Objects and Reason for Differential Rates**

The Shire of Chapman Valley services a diverse region consisting of many different land zones and uses. In order to reflect this diversity and ensure that rating levels are fair and equitable, Council imposes a differential rating system. As has been in previous budgets the Shire of Chapman Valley proposes to differentially rate Unimproved Valued land contained in the Special Control Area of the Shire of Chapman Valley Town Planning Scheme set aside for the purpose of strategic industry and deep-water port known as the Oakajee Industrial Estate and buffer areas.

The objects of, and reasons for the differential rate on Oakajee Industrial Estate properties is to recover from this sector an equitable share of the rates relating to the land held by Landcorp. This follows on from the written commitment of 14<sup>th</sup> September 1998, by the then Minister for Resources Development & Energy, the Shire of Chapman Valley should not be financially disadvantaged due to the acquisition and subsequent development of land by the State. In order to reduce the impact of the Oakajee development on all ratepayers Council sought to introduce a differential rate. The annual review of Unimproved Valuations has seen a slight increase in value for broad hectare farming and some increases to the west of the shire, these increases have not extended to the smaller semi-rural and coastal fringe properties for the year commencing 1 July 2020. To enable council to maintain a revenue base which provides various facilities, services and infrastructure to electors, residents and property owners a differential rate is again proposed for the UV Oakajee Industrial Estate.

### **Differential Rating Category**

The following differential rate category has been established:

#### **UV Oakajee Industrial Estate**

This category includes any property zoned Oakajee Industrial Estate and Buffer within Town Planning Scheme No.1. A rate in the dollar of 2.2330 cents on Unimproved Values with a minimum of \$400 is proposed.

The general Unimproved Value rating category of UV Rural General Rate is the only other Unimproved Valued category.

#### **UV Rural General Rate**

This category includes any other property in the Shire of Chapman Valley zoned Rural within Shire of Chapman Valley Town Planning Scheme. A rate in the dollar of 1.1253 cents on Unimproved Values with a minimum of \$400 is proposed.

There is no proposed differential rating category for the Gross Rental Valuation properties for 2021/2022. The rate in the dollar is based on the valuations supplied by Landgate Valuation Services and proposed at 9.5785 cents on Gross Rental Values with a minimum of \$700.

In implementing suitable rating systems and procedures, Council seeks to observe the principles of objectivity, fairness and equity, consistency, transparency, and administrative efficiency. Council proposes to increase the rate in the dollar for the 2021/2022 annual budget based on the Long Term Financial Plan 1.5% however, due to the annual revaluation of Unimproved land values the impact on an individual ratepayer may vary.

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