



<b>POLICY NO</b>	<b>CP – FIN 2.02</b>		
<b>POLICY</b>	<b>Strategic Rating</b>		
<b>POLICY OWNER</b>	Deputy Chief Executive Officer		
<b>APPROVAL DATE</b>	26 April 2022	<b>Resolution No.</b>	062/2022
<b>NEXT REVIEW</b>	2027		

## 1. PURPOSE

### 1.1. Introduction

- 1.1.1. The purpose of this Policy is to outline the Council's principles and methodology when exercising the Council's discretionary powers to determine the level and structure of rates levied under the *Local Government Act 1995*.

## 2. POLICY STATEMENTS

### 2.1. Objectives

- 2.1.1. The *Local Government Act 1995* provides the Council with defined discretionary powers to levy rates and require contributions from the community for the provision of services to the district. In particular, the Council must consider Sections 6.26, 6.28, 6.33 and 6.35 of the *Local Government Act 1995*.
- 2.1.2. The Council believes that overall policy must be underpinned by sound principles, which are well understood, communicated to ratepayers and compliant with current legislation.
- 2.1.3. The Council aspires to balance service levels in accordance with the needs and expectations of its community and sets taxation levels (rating) to adequately resource its roles and responsibilities.
- 2.1.4. In determining rates, the Council gives primary consideration to its strategic directions, budget considerations, the current economic climate, other external factors and likely impacts upon the community.
- 2.1.5. The rating principles outlined within this Policy are to apply to all rateable land within the Shire of Wiluna.

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2.1.6. The Council will consider the following principles (not necessarily listed in priority order) when developing, maintaining, and applying its rating methodology:

- a) Equity
- b) Incentive
- c) Administrative Efficiency
- d) Compliance
- e) Sustainability

## 2.2. Equity

2.2.1. Equity is the concept of fairness within property rating in order to achieve an equitable distribution of the rate burden across the community. A differential rating structure can assist in achieving an equitable imposition of rates and charges. The equity principle includes consideration of property wealth tax and user benefit principles

### 2.2.1.1. Property Wealth Tax

The Council is limited to taxing one component of wealth, being real property. The wealth tax principle implies that rates paid are dependent upon the value of a ratepayer's real property and does not necessarily have any correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates. Some moderation of the effect of property value on the level of rates paid through differential rates may be required to make the rating system more equitable.

### 2.2.1.2. User Benefit

Evaluating the relative benefits received by various classes of property raises many practical difficulties, in particular, trying to trace quantifiable consumption/benefits to particular types of properties. The analysis is often reduced to arguments of what services are consumed by residential versus farm, commercial/industrial versus residences, and between different towns. Clearly, the exercise is not clear-cut – for example, it might be argued that rural ratepayers derive less benefit from library services than their town counterparts do but the reverse may be argued with respect to the costs of constructing or repairing long lengths of local roads to service a small number of properties. It is

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therefore recognised that the services provided by the Shire benefit the community as a whole.

### 2.3. Incentive

2.3.1. Rate setting objectives may be used to support the Council's social, environmental, or economic goals as part of a longer-term strategy within the Strategic Community Plan. For example, rates can be altered to encourage business activity, the development of vacant land or environmentally sustainable improvements in order to ensure that there is "Sustainable and responsible growth and development" as outlined in Outcome 2.1 of the Strategic Community Plan 2018-2028.

### 2.4. Administrative Efficiency

2.4.1. The Council will endeavour to establish a rating system that:-

- a) Promotes simplicity, transparency and understanding; and
- b) Is efficient in administering, issuing of assessments, collection of rates, monitoring outcomes, debt recovery, and reduces the incidences of avoidance; and
- c) Reduces complexity; and
- d) Is open to scrutiny.

### 2.5. Compliance

2.5.1. The Council will apply its discretionary powers in compliance with the *Local Government Act 1995* and associated regulations, while seeking to maximise rate revenue within the adopted rating framework.

### 2.6. Sustainability

2.6.1. The Council will make 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 other informing plans and strategies.

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## 3. APPLICATION OF PRINCIPLES

### 3.1. Application of the Equity Principle

#### 3.1.1. Differential Rating

- 3.1.1.1. The Council has a diverse mix of geographically located and land use properties. The Council therefore applies differential rating in accordance with s6.22 of the *Local Government Act 1995*, to ensure greater equity and contribution from rates according to land use, zoning or a combination of these.

#### 3.1.2. Alignment with Shire of Wiluna Local Planning Scheme No. 2

- 3.1.2.1. As far as possible, an objective assessment of the predominant use of land will be utilised to determine the appropriate rating category for each property. This will be done in a manner whereby the community will be able to understand how and why a particular determination has been made and will therefore utilise the Shire of Wiluna Local Planning Scheme No. 2 (LPS2).
- 3.1.2.2. Where the zoning and land uses are amended in the Local Planning Scheme, or LPS2 is superseded, then this Policy will be reviewed, and the new zones and land uses will be considered when amending the rating system for the following financial year.
- 3.1.2.3. The symbols used in the cross reference in the Zoning Table (Part 4) have the following meanings as defined in LPS2:
- 3.1.2.4. 'P' means that the use is permitted providing the use complies with the relevant development standards and requirements of the Scheme;
- 3.1.2.5. 'D' means that the use is not permitted unless the local government has exercised its discretion by granting development approval;
- 3.1.2.6. 'A' means that the use is not permitted unless the local government has exercised its discretion by granting development approval after giving notice in accordance with clause 8.4;
- 3.1.2.7. 'X' means a use that is not permitted by the Scheme.
- 3.1.2.8. While Appendix A may indicate that a particular land use is not permitted in a particular zone by the Scheme, this Policy, as in the Local Planning Scheme, recognises non-conforming use rights whereby the rating differential category would be considered to be that applicable if the land use was permitted within the particular

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zone. Where the land is being predominantly used for a purpose that is not specifically mentioned in the Zoning Table, the Shire will attempt to align it to a land use that is mentioned.

### 3.1.3. Spot Rating

3.1.3.1. The Council may seek Ministerial approval for a spot valuation where there are a number of lots within a valuation area that are used for purposes that are inconsistent with the predominant use of land within that valuation area. For example, in a predominantly rural area valued on UV there may be a number of non-rural uses including service stations, road houses, tourist accommodation and small, commercial or industrial operations. The Council may, depending on the circumstances, seek Ministerial approval to apply a GRV to these properties. The Council has determined that spot valuations can be effective in promoting rating equity by ensuring that properties with similar uses are rated on the same method of valuation regardless of their location within the district. However, the Council also recognises that they can be more labour intensive and less administratively efficient than other options, therefore each will be considered on a case-by-case basis.

### 3.1.4. Split Rating

3.1.4.1. Split rating non-rural uses on unimproved land is also permitted which effectively isolates the non-rural use from the remainder of the property, whereby one land parcel would reflect the rural use and the other land parcel would reflect the non-rural use. The Council has determined not to implement split rating at this stage based on the cost of its implementation and ongoing administration.

### 3.1.5. Specified Area Rate

3.1.5.1. The Council is able to impose a Specified Area Rate to meet the cost of undertaking specific work, providing a service or facility if the Council considers that the ratepayers or residents within that area:

- Have benefited or will benefit from; or
- Have access to or will have access to; or
- Have contributed or will contribute to the need for, that work, service or facility.

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3.1.5.2. The Council will consider its options to set a Specified Area Rates, if appropriate, when developing its Rating Strategy.

### 3.1.6. Interim Rating

3.1.6.1. Subject to s6.28 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 Wiluna 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.

### 3.1.7. Minimum Payments

3.1.7.1. The 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. The 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.

### 3.1.8. Rates Concessions

3.1.8.1. In accordance with s6.47 of the *Local Government Act 1995*, and subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, the Shire may by resolution of Council at the time of imposing a rate or service charge or at a later date waive a rate or service charge or grant other concessions in relation to a rate or service charge.

### 3.1.9. Rates Discounts

3.1.9.1. 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 charge.

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### 3.1.10. Payment Options

3.1.10.1. The Council will offer two rate payment options as follows:

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

3.1.10.2. There will be an administrative charge per instalment (for instalments 2, 3 and 4) associated with 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.

### 3.1.11. Interest on Overdue Rates and Service Charges

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

## 3.2. Application of the Incentive Principle

3.2.1. The Council will not provide an incentive through a reduced rate in the dollar for GRV valued land that is improved in comparison to land that remains undeveloped, on the basis that there are very few parcels of land in Wiluna that are vacant and owned privately.

## 3.3. Application of the Administrative Efficiency Principle

3.3.1. The Council will provide for changes in:-

- 3.3.1.1. Level of rating; and
- 3.3.1.2. Structure of its rating policy; and
- 3.3.1.3. Application of its discretionary rating powers in a way that:-
  - a) Promotes simplicity, transparency and understanding; and
  - b) Is efficient in administering, issuing of assessments, collection of rates, monitoring outcomes, debt recovery, and reduces the incidences of avoidance; and
  - c) Reduces complexity; and
  - d) Is open to scrutiny.



### 3.4. Application of the Compliance Principle

3.4.1. The Council will ensure compliance with the *Local Government Act 1995* and all associated regulations in the establishment of its rating structure and rating model.

### 3.5. Application of the Sustainability Principle

3.5.1. The Council will consider the four pillars of financial sustainability in the establishment of its rating structure and associated model:

3.5.1.1. Strategic and Financial Planning

3.5.1.2. Income Diversification

3.5.1.3. Sound Administration and Finance

3.5.1.4. Own Income Generation.

## 4. OBJECTS OF AND REASONS FOR DIFFERENTIAL RATES

### 4.1. GRV General

4.1.1. A differential rate is applied to GRV valued land within the townsite, which is used primarily for residential purposes, but may be used for commercial or industrial purposes also.

4.1.2. The object of this differential rate is to meet the Shire's budget requirements to deliver services in accordance with the needs and expectation of its community and set rating levels to adequately resource its roles and responsibilities while applying the principles of Equity, Incentive, Administrative Efficiency, Compliance and Sustainability.

4.1.3. The reason is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Shire.

### 4.2. GRV Mining

4.2.1. A differential rate is applied to mining leases that have improvements on the land and are located within the Shire boundary.

4.2.2. The object of this differential rate is to meet the Shire's budget requirements to deliver services in accordance with the needs and expectation of its community and set rating levels to adequately resource its roles and

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responsibilities while applying the principles of Equity, Incentive, Administrative Efficiency, Compliance and Sustainability.

4.2.3. The reason is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Shire.

### 4.3. UV Rural / Pastoral

4.3.1. A differential rate is applied to UV valued land located outside the gazetted townsite which is used primarily for or capable of being used primarily for pastoral purposes. Properties such as these have the characteristics of a commercial operation in an undeveloped and sparsely populated area.

4.3.2. Pastoral purposes have the same meaning as defined in the *Land Administration Act 1997* which states:-

4.3.2.1. 'pastoral purposes' means the purposes of –

- a) the commercial grazing of authorised stock; and
- b) agricultural, horticultural or other supplementary uses of land inseparable from, essential to, or normally carried out in conjunction with the grazing of authorised stock, including the production of stock feed; and
- c) activities ancillary to the activities mentioned in paragraphs (a) and (b).

4.3.3. Due to the pastoral valuation being based generally on a lease value, the result is a low valuation over an extensive land area. The sector uses proportionately a greater portion of the Shire's road infrastructure with higher traffic volumes and heavier loads and should therefore contribute a greater share of the costs associated with road construction, maintenance and refurbishment.

4.3.4. However, in recognition of the current economic climate for pastoralists, the differential rate is lower than that of other UV valued land.

4.3.5. The object of this differential rate is to meet the Shire's budget requirements to deliver services in accordance with the needs and expectation of its community and set rating levels to adequately resource its roles and responsibilities while applying the principles of Equity, Incentive, Administrative Efficiency, Compliance and Sustainability.

4.3.6. The reason is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Shire.

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#### **4.4. UV Mining**

- 4.4.1. A differential rate is applied to UV valued land located outside the gazetted townsite which is used primarily for mining purposes and encompasses mining leases, retention licences and leases, mineral lease claims and general-purpose mining leases.
- 4.4.2. The mining sector activities require a greater level of non-exclusive services than pastoral activities in the same location and their impact on the community is of a much greater intensity, particularly given the haulage of heavy machinery through the Shire and its impact on associated infrastructure. The sector should therefore contribute to a greater share of the costs of providing infrastructure across the Shire.
- 4.4.3. Many of the mining tenements have very small values. To not only achieve compliance in relation to the number of properties on minimum payments, but to ensure that the minimum payment is reflective of the overall cost of providing services to the community a higher rate in the dollar is imposed.
- 4.4.4. The object of this differential rate is to meet the Shire's budget requirements to deliver services in accordance with the needs and expectation of its community and set rating levels to adequately resource its roles and responsibilities while applying the principles of Equity, Incentive, Administrative Efficiency, Compliance and Sustainability.
- 4.4.5. The reason is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Shire.

#### **4.5. UV Exploration**

- 4.5.1. A differential rate is applied to UV valued land located outside the gazetted townsite which is used primarily for mining purposes and includes exploration licences and petroleum exploration permits.
- 4.5.2. Exploration licences and petroleum exploration permits are considered to have less of an impact on the cost of providing services, facilities and infrastructure across the Shire in comparison to mining leases, retention licences and leases, mineral lease claims and general-purpose mining leases. Only when minerals are discovered is it anticipated that the property holder would seek to convert the property into a mining lease.
- 4.5.3. Many of the mining tenements for exploration have very small values and with exploration licences, it is understood that there is a requirement for the licence holder to surrender part of the licence at different times throughout the licence period. The holders are also only allowed to extract or disturb up to 1,000 tonnes of material from the ground which includes overburden.

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4.5.4. The object of this differential rate is to meet the Shire's budget requirements in order to deliver services in accordance with the needs and expectation of its community and set rating levels to adequately resource its roles and responsibilities while applying the principles of Equity, Incentive, Administrative Efficiency, Compliance and Sustainability.

4.5.5. The reason is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Shire.

### 4.6. UV Prospecting

4.6.1. A differential rate is applied to UV valued land located outside the gazetted townsite which is used primarily for mining purposes and includes prospecting licences.

4.6.2. Prospecting licences are considered to have a minimal impact on the cost of providing services, facilities and infrastructure across the Shire and could be considered vacant land. Only when minerals are discovered is it anticipated that the property holder would seek to convert the property into a mining lease.

4.6.3. Many of the mining tenements for prospecting have very small values and are limited to extracting or disturbing up to 500 tonnes of material from the ground including overburden (although approvals may be sought for extraction of larger tonnages).

4.6.4. The object of this differential rate is to meet the Shire's budget requirements to deliver services in accordance with the needs and expectation of its community and set rating levels to adequately resource its roles and responsibilities while applying the principles of Equity, Incentive, Administrative Efficiency, Compliance and Sustainability.

4.6.5. The reason is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Shire.

### 4.7. Rates Concessions

4.7.1. Rates Concessions will be applied to those ratepayers who hold property in the GRV General and UV Rural / Pastoral rating categories for the 2026-2027 financial year and reassessed each year thereafter.

4.7.2. Rates Concessions will not be provided to those ratepayers who are listed on the Australian Stock Exchange.

4.7.3. The object of the rates concession is to ensure that those ratepayers who hold property in the GRV General and UV Rural / Pastoral rating categories retain the same rates payable as the 2025-2026 financial year, irrespective of valuation changes.

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- 4.7.4. The reason is to recognise the significant increase in cost-of-living expenses for those in remote communities and to provide some reprieve.

## 5. EXPLANATORY NOTES

### 5.1. Background

- 5.1.1. This Policy has been developed within the context of the Shire of Wiluna's Strategic Community Plan and Corporate Business Plan (now combined into the Plan for the Future). In setting rates, the Council considers the long-term vision for the Shire, strategic directions, financial sustainability and the likely impacts on the community.
- 5.1.2. Rates are based on property values and are therefore a property tax. Under the *Valuation of Land Act 1978*, the Valuer-General must maintain valuation rolls of rateable and taxable land throughout Western Australia. These rolls are periodically provided to the Shire for rating purposes. On behalf of the Valuer-General, Property & Valuations Services, Landgate (the Western Australian Land Information Authority), conducts general valuations (revaluations) and makes interim valuations as required. The types of values made are:
- a) Unimproved Value (UV), and
  - b) Gross Rental Value (GRV).
- 5.1.3. The unimproved value and gross rental value are defined within the *Valuation of Land Act 1978* and have been outlined in the definitions section of this Policy.
- 5.1.4. The Shire has no role in the process of determining the valuations attributed to each property.
- 5.1.5. All land within the Shire is rateable except for land specifically exempt under s6.26 of the *Local Government Act 1995*.
- 5.1.6. The Council determines the amount of revenue required from rates collections each year to meet its financial, strategic, operational and statutory responsibilities for the coming financial year.
- 5.1.7. Valuations are not the sole factor in determining the rates income of the Shire, and as a result, valuation increases or decreases do not necessarily cause a rate rise or reduction.


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## 6. STRATEGIC OBJECTIVE

6.1. This Policy aligns to the following strategic objective:

	<p><i>Deliver strong leadership and governance</i></p>
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## 7. DEFINITIONS

<b>Shire</b>	Means the Shire of Wiluna
<b>Act</b>	Means the <i>Local Government Act 1995</i>
<b>Gross Rental Value</b>	Means the gross annual rental that the land might reasonably be expected to realise if let on a tenancy from year to year upon condition that the landlord were liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land. Further provisions are outlined in the <i>Valuation of Land Act 1978</i> .
<b>Land</b>	Means lands, tenements and hereditaments, and any improvements to land, and includes any interest in land.
<b>Merged Improvements</b>	Means any works in the nature of draining, filling, excavation, grading or levelling of the land, retaining walls or other structures or works for that purpose, the removal of rocks, stone or soil, and the clearing of timber, scrub or other vegetation.
<b>Unimproved Value</b>	Means for land situated within a townsite is the site value of the land. In general this means the value of the land as if it were vacant with no improvements except merged improvements. For land outside a townsite it is valued as if it had no improvements. In this case the land is valued as though it remains in its original, natural state, although any land degradation is taken into account. Please refer to the <i>Valuation of Land Act 1978</i> for further criteria used when assessing unimproved values of land.

## 8. LEGISLATION

8.1. *Local Government Act 1995*

- Sections 6.12, 6.26, 6.28, 6.32, 6.33, 6.35

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8.2. Valuation of Land Act 1978

**9. RELATED COUNCIL POLICIES**

- Policy 1.32 – Model Code of Conduct for Council Members, Committee Members and Candidates
- Shire of Wiluna Local Planning Scheme No.2
- Policy 2.39 – Financial Hardship
- Policy CP – FIN 2.01 – Debt Management
- Policy CP – GAA 1.30 – Record Keeping Policy
- Policy 2.32 – Risk Management Policy

**10. RELATED ORGANISATIONAL DIRECTIVES**

- Code of Conduct for Employees, Volunteers, Contractors and Consultants

**11. RELATED DOCUMENTS**

- Shire of Wiluna Record Keeping Plan

REVIEW PERIOD		Annually	
VERSION CONTROL	DATE	APPROVAL BY COUNCIL OR UNDER DELEGATION	MINUTE NUMBER:
1	26 April 2022	Council	062/2022
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