



Differential Rating Proposal 2024/2025

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 2024/25 financial year is 15.76%.

The following table shows the percentage increases in total revenue throughout the Differential Rating Categories:

Total			
	Last Year's Levied	Proposed 2024/25 Rates Levy	% Change
GRV	\$ 998,926	\$ 1,062,843	6.40%
UV	\$ 888,802	\$ 975,312	9.73%
GRV Industrial	\$ 52,209	\$ 57,428	10.00%
UV Plantations	\$ 237,592	\$ 375,122	57.88%
GRV Short Term	\$ 64,699	\$ 124,965	93.15%
	\$ 2,242,228	\$ 2,595,670	15.76%

Non-Minimums			
	Last Year's Levied	Proposed 2024/25 Rates Levy	% Change
GRV	\$ 665,145	\$ 641,723	-3.52%
UV	\$ 733,738	\$ 714,032	-2.69%
GRV Industrial	\$ 48,471	\$ 53,318	10.00%
UV Plantations	\$ 233,062	\$ 369,002	58.33%
GRV Short Term	\$ 54,347	\$ 95,445	75.62%
	\$ 1,734,763	\$ 1,873,520	8.00%

Minimums			
	Last Year's Levied	Proposed 2024/25 Rates Levy	% Change
GRV	\$ 333,781	\$ 421,120	26.17%
UV	\$ 155,064	\$ 261,280	68.50%
GRV Industrial	\$ 3,738	\$ 4,110	9.95%
UV Plantations	\$ 4,530	\$ 6,120	35.10%
GRV Short Term	\$ 10,352	\$ 29,520	185.16%
	\$ 507,465	\$ 722,150	42.31%

Revaluation

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

There is no GRV revaluation to impact the 2024/2024 rating year with the next to take effect for the 2025/2026 financial year Landgate undertook its last annual review of UV valuations on 1 August 2023, with these valuations proposed to take effective from 30 June 2024.

The 2023 revaluation of properties, effective from 1 July 2024, valued on a UV basis resulted in an overall valuation average increase of 23.25%.

Landgate advise that the analysis of sales at and around the date of valuation supports an increase in Unimproved Values for broadacre agricultural properties, with greater increase in the east compared to the west of the Shire. The evidence for smaller properties generally supports more limited to no increases in Unimproved Values compared to broadacre farming properties. Some variations to individual assessments may have occurred either as a product of the valuation process and/or inclusion of updated information.

Proposed Rate in Dollar and Minimum Rate

The proposed differential rates and minimum rate for the 2024/25 financial year are as follows:

Rate Category	Rate in the dollar	Minimum Rate
Gross Rental Values (GRV)		
GRV General	0.102047	\$1,280
GRV Industrial	0.114543	\$1,370
GRV Short Term	0.194643	\$2,460
Unimproved Values (UV)		
UV General	0.004192	\$1,420
UV Plantations	0.005955	\$2,040

(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.

▪ **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.

- **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 reason 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.

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.

- **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.

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) To Be Advised**

All submissions are to be clearly marked Submission – Differential Rating 2024/2025.

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