



Objectives and Reasons for Proposed Differential Rates and Minimum Payments for the 2017-18 Financial Year

In accordance with Section 6.36 of the *Local Government Act 1995* (the Act), the Shire of Boyup Brook is required to publish its Objects and Reasons for implementing Differential Rates.

Overall Objective

The purpose of the levying of rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure. Property valuations provided by the Valuer General (VG) are used as the basis for calculating council rates each year. Section 6.33 of the Act provides the ability to differentially rate properties based on zoning and/or land use as determined by the Shire of Boyup Brook. The application of differential rating maintains equity in the rating of properties across the Shire, enabling the shire council to provide facilities, infrastructure and services to the entire community and visitors.

Gross Rental Value (GRV)

The Act determines that properties of a Non-Rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. The VG determines the GRV for all properties within the Shire of Boyup Brook every four years and assigns a GRV. The current valuation was effective from 1 July 2015, and represented a 16.4% increase compared with previous years. Interim valuations are provided monthly to Council by the VG for properties where changes have occurred (e.g. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances Council recalculates the rates for the affected properties and issues interim rates notices. GRV property sub-classes in the shire (Residential, Residential Vacant and Commercial or Industrial) are not differentially rated.

GRV – Residential (12.8775 cents, \$897 minimum)

Consists of properties located within townsite boundaries having a predominantly residential use. Is considered by Council to be the base rate by which GRV rated properties are assessed.

GRV – Residential Vacant

Consists of vacant properties located within the townsite boundaries, excepting that land zoned as Commercial or Industrial. This category is rated the same as GRV-Residential.

GRV – Commercial

Properties used for Commercial, Town Centre or Industrial purposes and non residential vacant land. This category is rated the same as GRV-Residential.

It is noted that rate levies paid by commercial property owners are generally tax deductible.

Unimproved Value (UV)

The VG assigns Unimproved Values (UV) to properties that are predominantly for rural purpose, and these UV's are updated by the VG each year. From 01 July 2017 UV Rural property valuations in the shire will increase by 0.87% relative to 01 July 2016. The rate in the dollar set for the UV-Rural category forms the basis for calculating all the UV differential rates.

UV - Rural (The base rate for Unimproved Value – 0.7268 cents, \$824 minimum)

Consists of properties that are exclusively for rural use, and is considered to be the base rate by which all other UV rated properties are assessed.

UV – Urban Townsite Unimproved Value

Consists of properties that are within the townsite and are valued each year by the Valuer General on an unimproved value basis.

This category is rated the same as UV-Rural.

UV – Mining (16.3152 cents, \$851 minimum)

Consists of properties that are leased for mining related (e.g. mining, exploration or prospecting) purposes. This category is rated higher than UV-Rural to reflect the higher road infrastructure maintenance costs to Council which derives from frequent heavy mine vehicle use of the shire road network throughout the year.

It is noted that rates paid by mining operators are generally tax deductible.

Minimum Rates

The setting of minimum rates within rating categories is an important method of ensuring that all properties contribute an equitable rate amount. A minimum rate of \$824.00 was set for UV-Rural and UV-Urban Townsite categories, such that these properties would contribute more than 10% to the *non-Mining* UV rates pool.

The UV-Mining minimum (\$851.00) was set so that no more than 50% of assessments in this property category (7 of 14) would be minimum rated.