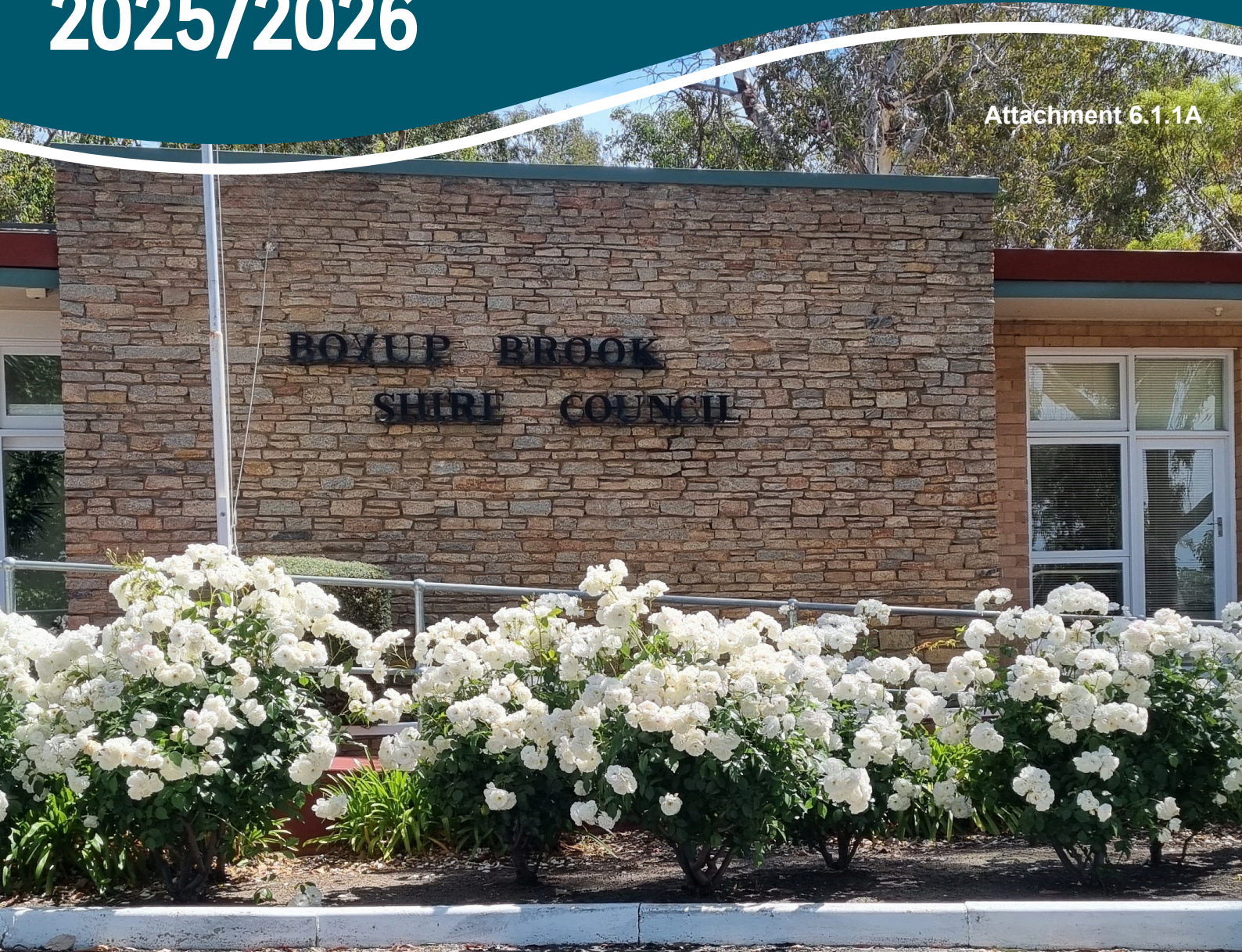


# RATING METHODOLOGY AND DIFFERENTIAL RATING PROPOSAL 2025/2026

Attachment 6.1.1A



## Statement of Objects and Reasons

For public inspection (Section 6.36 of the Local Government Act 1995)

[www.boyupbrook.wa.gov.au](http://www.boyupbrook.wa.gov.au)



shireofboyupbrook



shireofboyupbrook





## Introduction

Local Government rating is regulated through Sections 6.28 to 6.82 of the *Local Government Act 1995* (the Act). All land within the local government district is rateable land with the exception of land as specified in Section 6.28 of the Act.

The valuation basis of local government rates is the improved value (UV) for land used predominately for rural purposes, and gross rental value (GRV) for land used predominately for non - rural purposes. Local governments set a rate in the dollar in order to achieve rating equity, and to raise the revenue required to meet their projected shortfalls.

Local Governments can use differential rating; minimum payments, specified area rates, service charge, discounts, and concessions to adjust the rates burden. Local government rates are a property tax based on land or rental value and broadly reflect "the ability to pay". The rates imposed are not a fee for service.

## LAND VALUATIONS IN WESTERN AUSTRALIA

The main legislation for the valuation of land relevant to this review is as follows:

- The *Valuation of Land Act 1978*: and
- The *Local Government Act 1995*.

## THE VALUATION OF LAND ACT 1978

The *Valuation of Land Act 1978* provides for the valuation of land in Western Australia.

The Valuer General's Guide to Rating and Taxing Values describes the Valuer General's role in providing valuations used by rating and taxing authorities, in accordance with the provisions of the *Valuation of Land Act 1978* (the VLA). The VLA empowers the Valuer General to conduct general valuations based on Unimproved Values (UV) and Gross Rental Value (GRV).

## Unimproved Land Values (UV's)

A new Unimproved Value (UV) is determined each year for all land within the state and comes into force on 30<sup>th</sup> June each year. UV is defined in the *Valuation of Land Act 1978*, and in some cases, it is a statutory formula. As a broad guide the following applies:

- Within a Townsite

For land situated within a townsite the UV 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. Merged improvements relate to improvements such as clearing draining and tilling.

- Outside a Townsite

The UV of land outside a townsite 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.

If the UV cannot reasonably be determined on this basis, it is calculated as a percentage of the value of the land as if it has been developed to a fair district standard, but not including buildings. This percentage is described (where it applies) by Valuer General from year to year.

- Exceptions

There are certain exceptions to the above for which the *Valuation of Land Act 1978* provides statutory valuation calculations for UV based on formula, for example a fixed rate per hectare, or a multiple of the annual rent.

These exceptions include mining tenements, leases under the *Land Administration Act 1997* for the purpose of grazing, leases under agreement acts, and land held under the *Conservation and Land Management Act 1984*.

- UV Valuation Methodology

Market based UV's are determined by reference to the land market at the date of valuation. All sales relevant to the predetermined date of valuation are investigated and where considered necessary, the parties interviewed.

Unsuitable sales, for example between related parties, or those with special circumstances, are discarded. By this process fair and reasonable criterion is established for the fixing of values.

### Gross Rental Values (GRV's)

The primary definition of GRV under the *Valuation of Land Act 1978* is as follows:

GRV 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 is liable for all rates, taxes and other charges thereon, and the insurance and other outgoings necessary to maintain the value of the land.

A GRV is determined on the basis that the rental includes outgoings such as rates and other property expenses.

As most commercial rentals are negotiated net of outgoings, these need to be added to the net rental to equate to the statutory definition.

The introduction of the goods and services tax (GST) impacted on the determination of GRV. Where property rental payments are subject to GST, they represent a tax payable by the property owner, and as such must be included in the Gross Rental Value.

Where an annual rental cannot reasonably be determined, then the GRV shall be the assessed value. Assessed value is defined in the *Valuation of Land Act 1978* as set percentage of capital value, currently fixed by regulation at 5%.

For example, vacant rental land for which no rental value can be determined is currently valued on the basis of 5% of its total capital value. Capital Value is defined as the capital amount from which an estate of fee simple, in the land might reasonably be expected to realise upon sale, provided that where the capital value of land cannot be reasonably determined on such basis, the capital value of such land shall be the sum of first, the unimproved value of the land, and secondly the estimated replacement cost of improvements to the land.

Land used for residential purpose only must be valued on the basis of rental value. Any other land with a relatively low rental value in comparison to its capital value may be valued as if it were vacant land.

- GRV Valuation Methodology

A data base of rental evidence is assembled from information obtained from property managers a, owners, and other sources.

A schedule of properties rented at the date of valuation is prepared for the area to be valued.

The rented properties are inspected the rent analysed (for example deductions for furniture include in the letting)

Unsuitable lettings, such as those between related parties, are discarded so that the final list is acceptable as the basis for the determination of fair gross rentals, as illustrated by actual market dealings.

From the analysis of actual rentals, the fair gross rental of each property is established, after making allowances for any special features or detriments.

The GRV normally represents the annual equivalent of fair weekly rental. For instance, a GRV of \$10,400 represents a weekly rental of \$200.

## LOCAL GOVERNMENT ACT 1995 – RATING PROVISIONS

The *Local Government Act 1995* sets out the basis on which differential general rates may be imposed.

Section 6.32 (1) of the Local Government Act 1995 states:

- (1) When adopting the annual budget, a local government -
  - (a) in order to make up the budget deficiency, is to impose a general rate on rateable land within its district, which rate may be imposed either -
    - (i) Uniformly; or
    - (ii) Differentially.

## Differential General 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 or not under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*; or
  - (b) a purpose for which the land is held or used as determined by the local government; or
  - (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 operation 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.

## Minimum Payments

### 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; and
  - (b) to land rated on unimproved value; and
  - (c) to each differential rating category where a differential general rate is imposed.



## DIFFERENTIAL RATING – WESTERN AUSTRALIA

Section 6.33 of the local Government Act 1995 allows local governments to impose differential general rates to shift the revenue raising effort to certain sectors of the community to maintain equity based on the level of services provided by Shire. Local Governments could differentially rate based on the purpose the land is held or used for, or a combination of zoning/locality, and the purpose the land is held or used for.

Changing to differential general rating based on the characteristic of the purpose the land is held or used for allows local governments to offer different rates in the dollar to the different groups.

## DIFFERENTIAL RATING – SHIRE OF BOYUP BROOK

The Shire of Boyup Brook currently uses a Uniform General Rating model, where all properties in a valuation category are rated using the same rate in the dollar and the same minimum payment. The table below outlines the valuation categories, along with the rate in the dollar and minimum payment imposed for 2024/2025 financial year.

Rate Category	Rate in the dollar	Minimum Payment
<b>Gross Rental Values (GRV)</b>		
GRV General	0.16956	\$1,262
<b>Unimproved Values (UV)</b>		
UV General	0.004873	\$1,142

The Shire of Boyup Brook proposes to change its rating basis to a Differential General Rating model, based on the categories outlined in the table below.

Rate Category	Purpose land held or used for
<b>Gross Rental Values (GRV)</b>	
GRV General	Land used for non-rural purposes, including residential, rural-residential, commercial and industrial.
<b>Unimproved Values (UV)</b>	
UV General	Land held or used for broadacre farming, rural and special rural-residential, commercial, industrial or mining.
UV Plantations	Land held or used for plantation purposes.

The table below outlines the proposed differential rating categories, along with the rate in the dollar and minimum payment proposed to be imposed for 2025/2026.

Rate Category	Rate in the dollar	Minimum Payment
GRV General	0.113911	\$1,350
UV General	0.004313	\$1,222
UV Plantations	0.006469	\$1,833

(\*\*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 following objects and reasons for the differential rating categories:

### 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, industrial, commercial and special rural 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 base differential rate and minimum payment by which all other GRV rated properties are assessed and have a different demand on Shire services and infrastructure.

The table below provides comparative information between the 2024/2025 rating year and the proposed 2025/2026 rating year.

Description	2025/26	2024/25
Proposed rate in the dollar	0.113911	0.169560
Minimum payment rate	\$1,350	\$1,262
Number of rateable assessments	356	354
Average rates per assessment	\$1,969	\$1,848
Average valuation	\$16,394	\$10,404
Average percentage change in valuation	58%	



## 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 broadacre farming UV rural, UV mining tenements, UV rural townsite properties used or held for residential, industrial or commercial purposes, and UV Special Rural properties used or held for rural residential purposes, 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 base 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.

The table below provides comparative information between the 2024/2025 rating year and the proposed 2025/2026 rating year.

Description	2025/26	2024/25
Proposed rate in the dollar	0.004313	0.004873
Minimum payment rate	\$1,222	\$1,142
Number of rateable assessments	937	922
Average rates per assessment	\$3,402	\$3,226
Average valuation	\$738,765	\$621,127
Average percentage change in valuation	19%	

### UV - Plantation

The objective of this category is to apply a differential general rate and minimum payment to land used or held for the purpose of plantations within the local government.

The proposed rate is comparatively higher when compared to the UV-General category on the basis that plantations require additional ongoing maintenance and renewal of the road network that services this land use, along with additional costs associated with monitoring of land use/environmental impacts compared to UV General properties.

Description	2025/26	2024/25
Proposed rate in the dollar	0.006469	0.004870
Minimum payment rate	\$1,833	\$1,142
Number of rateable assessments	41	41
Average rates per assessment	\$7,590	\$4,821
Average valuation	\$1,169,244	\$986,000
Average percentage change in valuation	19%	

For comparative purposes, in 2024/2025 plantation properties were levied \$197,645 in rates, as part of the UV-General category.

In 2025/2026 \$311,187 is proposed to be raised from plantation properties.

## Submissions

Submissions are invited from Electors and Ratepayers with respect to the proposed differential rate and are to be received no later than **4:00pm Wednesday 4 June 2025**.

Please note that all submissions will become a public record. However, the Shire will not release your personal details if a written request to withhold these details is received.

Submissions by Electors or Ratepayers in respect of the proposed Differential Rates and Minimum Payments must be made either via email or in writing, addressed and clearly marked as follows:

Submission – Proposed Differential Rating 2025/2026  
Chief Executive Officer



shire@boyupbrook.wa.gov.au

**or**



PO Box 2  
Boyup Brook WA 6244

**or**



55 Abel Street, Boyup Brook WA 6244

## Notice of Intention to Impose Differential Rates for 2025/2026

Published on Friday 9 May 2025 at 3:00pm

The Shire is seeking feedback on the proposed Differential Rating Objects and Reasons for 2025/2026.

### Proposed Differential Rating

In accordance with section 6.36 of the *Local Government Act 1995*, the Shire of Boyup Brook hereby gives notice of its intention to impose the following Differential Rating categories, their associated rate in the dollar and minimum rate payment in respect of the 2025/2026 financial year.

### Statement of Rating Objects and Reasons

A **Statement of Differential Rating Proposal 2025/2026 Objects and Reasons**, outlining the proposed differential rates, minimum rate payments, and rating methodology, can be viewed on the Shire website [www.boyupbrook.wa.gov.au](http://www.boyupbrook.wa.gov.au) and is also available for inspection at the Shire's Administration Office: 55 Abel Street during business hours, Monday – Friday, 8:30am – 4:00pm.

### Proposed Differential Rates in Dollar and Minimum Rates

The following are the proposed Differential Rates and Minimum Rates for the Shire for the 2025/2026 financial year, to be effective from 1 July 2025:

Proposed Rates for 2025/2026		
Rate Category	Rate in the dollar	Minimum Rate
<b>Gross Rental Values (GRV)</b>		
GRV General	0.11391	\$1,350
<b>Unimproved Values (UV)</b>		
UV General	0.004313	\$1,222
UV Plantations	0.006469	\$1,833

(\*\*NOTE: Council when adopting the annual budget may vary the above proposed rate in the dollar and minimum payment.)

### Submissions

Submissions are invited from Electors and Ratepayers with respect to the proposed differential rate and are to be received no later than **4:00pm Wednesday 4 June 2025**.

Please note that all submissions will become a public record. However, the Shire will not release your personal details if a written request to withhold these details is received.



Submissions by Electors or Ratepayers in respect of the proposed Differential Rates and Minimum Payments must be made either via email or in writing, addressed and clearly marked as follows:

Submission – Proposed Differential Rating 2025/2026  
Chief Executive Officer



shire@boyupbrook.wa.gov.au

**or**



PO Box 2  
Boyup Brook WA 6244

**or**



55 Abel Street, Boyup Brook WA 6244

For further information please contact the Shire on (08) 9756 1200 or email [shire@boyupbrook.wa.gov.au](mailto:shire@boyupbrook.wa.gov.au) .

**Authorised by:**

Leonard Long  
Chief Executive Officer