

SHIRE OF GOOMALLING

***DIFFERENTIAL RATING & MINIMUM
PAYMENTS***

2021/2022

DOCUMENT

The Shire of Goomalling is advertising its proposal to apply differential rates for the 2021/2022 Draft Budget which is expected to deliver an overall rates increase of 3.5% across the board (yield). The advertisement reads as follows:

**SHIRE OF GOOMALLING
NOTICE OF INTENTION TO LEVY DIFFERENTIAL RATES**

In accordance with Section 6.36 of the Local Government Act 1995, the Shire of Goomalling hereby gives notice of its intention to impose differential rates on rateable property in the Shire of Goomalling in the 2021/2022 financial year.

Details of the proposed Rate in the Dollar and Minimum Rates for each rating category are as follows:

Category of Property	Cents in \$	Minimum Payment \$
Gross Rental Valuation Rating Categories		
GRV Residential	11.29	\$979
GRV Commercial	12.69	\$927
GRV Industrial	12.17	\$567
GRV Urban Farmland	10.87	\$737
Unimproved Rating Categories		
UV Rural Zone 2	0.630	\$1,030
UV Special Rural	1.357	\$1,120
UV General Zone 3 Farming	0.649	\$1,230

A statement of the Objects and Reasons for the proposed rates and minimum payments is available for inspection on the Shire website www.goomalling.wa.gov.au, and at the Shire Administration Building, 32 Quinlan Street, Goomalling during normal business hours.

The Shire invites submissions in relation to the proposed differential rates and minimum payments which are to be addressed to the:

Chief Executive Officer
Shire of Goomalling
PO Box 118
GOOMALLING WA 6460

Or by email to: goshire@goomalling.wa.gov.au to be received by 1st July 2021 at 10.00am.

Once Council has considered the submissions, the Differential Rates, Minimum Payments and the 2021/22 Budget (with or without modification) will be adopted by Council. All statutory entitlements in relation to rates for pensioner and other concession holders will apply.

**PETER BENTLEY
CHIEF EXECUTIVE OFFICER**

2021/2022

The rates in the dollar (\$) and minimum rates shown above are estimates and may be changed as part of the Council's deliberations on any submissions received. All statutory entitlements in relation to rates for pensioner and other concession holders will apply.

The objects and reasons for each proposed rate and minimum payment may be inspected at any time on the Shire's website or at the Shire Office at 32 Quinlan Street, Goomalling during normal business hours.

The Shire invites submissions in relation to the proposed differential rates which are to be addressed to:

Peter Bentley
Chief Executive Officer
Shire of Goomalling
PO Box 118
Goomalling WA 6460

Executive Summary

Budget 2021/2022 Differential Rates and Minimum Payments Executive Summary.

1. In accordance with the requirements of the Local Government Act 1995, Section 6.33, a local government may impose differential rates having met the characteristics prescribed.
2. In accordance with the requirements of the Local Government Act 1995, Section 6.35, a local government may impose a minimum payment which is greater than the general rate which would otherwise be payable on that land.
3. In accordance with the requirements of the Local Government Act 1995, Section 6.36, a local government is required to give local public notice of intention of imposing differential general rates and/or minimum payments.

As council had implemented differential and concessional rating in 1997/98, council will not only be imposing differential rating to all unimproved values within the Shire of Goomalling in 2021/2022, it will also be imposing differential rating and minimum rates to all Gross Rental Valuations within the Shire of Goomalling.

Objects and Reasons for each Proposed Rate and Minimum Payment

1. The continued implementation is seen as necessary by council as a means of redressing inequities in the current rating system which results from significant differences in unimproved values applicable to land in the district.
2. As a result of the increased capacity of land production in all areas due to technology and better farming methods which have led to a levelling out of land production capacities in all areas, council's intention is to bring some parity in the rates paid per hectare. As a result, the minimum rate for Zone 2 and Special Rural will decrease this year to remain in line with statutory requirements for numbers on minimum rates. Zone 2 properties are mainly closed development lots (small hobby farms).
3. In 2007/2008, the concessional allowance was removed from the central ward as it has been merged with north ward to be designated as the central/north ward. Commencing in 2012/2013, the concessional allowance no longer applied to the south ward. Wards no longer apply as the Shire of Goomalling is now one district within the Town Planning Zones applying from 2015/2016.
4. In special rural residential zone, the rate in \$ levied, is the result of the area adjacent to the Goomalling townsite having the beneficial affects close to the Goomalling townsite as compared to other zones within the Shire of Goomalling. It is council's intention to bring some parity in rates levied with these properties affected by GRV's in the Goomalling townsite.
5. The minimum rates for Unimproved Values and Gross Rental Values are levied as follows:

Category of Property	Cents in \$	Minimum Payment \$
Gross Rental Valuation Rating Categories		
GRV Residential	11.29	\$979
GRV Commercial	12.69	\$927
GRV Industrial	12.17	\$567
GRV Urban Farmland	10.87	\$737
Unimproved Rating Categories		
UV Rural Zone 2	0.63	\$1,030
UV Special Rural	1.357	\$1,120
UV General Zone 3 Farming	0.649	\$1,230

As in the past, Council has again set Minimum Rates for both UV's and GRV's to ensure all ratepayers are at least paying their fair share towards Council's provision of many works and services which are provided to all members of the community.

In all areas of expenditure, Council reviews every item to ensure that it is providing efficient and effective services to all ratepayers and electors of the Shire of Goomalling. This is never easy as both Federal and State

Governments are continually reducing grants relatively which must be accommodated by local governments or face with the fact that services may be reduced.

This year's (2021/2022) Budget is more about budget repair with few capital expenditures requiring Council's cash contributions, mainly:

- \$180,000 Bitumen Widen/Primerseal, Goomalling-Meckering Rd
- \$80,000 Calingiri Road.
- \$60,000 Konnongorring West Road.
- \$150,000 in Tree Pruning, Bridge & Footpath maintenance

6. Unimproved Values and Gross Rental Valuations and Minimum Payments – the rates in the dollar \$ for the various differential rates are calculated to provide the shortfall in income required to enable the Shire to provide necessary works and services in the 2021/2022 financial year after taking into account all non-rate sources of income.

7. Minimum Payments – The minimum payments in UV's and GRV's of:

GRV Residential	\$979
GRV Commercial	\$927
GRV Industrial	\$567
GRV Urban Farmland	\$737
UV Rural Zone 2	\$1,030
UV Special Rural	\$1,120
UV General Zone 3 Farming	\$1,230

8. The rates for properties in the Townsites of Goomalling, Jennacubbine and Konnongorring are calculated based on Gross Rental Valuations (GRV's). These GRV's are provided to all Local Governments via Landgate and are assessed every Seven (7) years by Landgate valuers. This seven yearly valuation ensures consistency and a reasonable degree of fairness in the allocation of rates. Properties not on GRV's will be rated based on Unimproved Valuations (UV's) where these properties are situated outside the mentioned three (3) townsites and are located in either Rural Zones 2, 3 and Rural Residential (Special). These valuations (UV's) are updated annually by Landgate.

9. Differential Rates has been part of the Budget for some years especially with Unimproved Valuations, with modifications to categories introduced over time to assist in spreading the rate burden while providing opportunities for increases in overall rate income fairly. Differential Rating will be included for Gross Rental Valuations for the following four (4) categories:

- Residential Zone
- Commercial Zone
- Light Industrial Zone and
- Town Environmental Rural Zone 1.

including minimum rate payments for the same mentioned categories.

10. The Shire has now received updated valuations for Unimproved Values (UV's) and Gross Rental Values (GRV's) categories which is the responsibility of Landgate. Both UV's and GRV's will come into force as of 1st July 2021.

- I. The commentary from Landgate for Unimproved Values are detailed as follows:

**SHIRE OF GOOMALLING – RURAL ASSESSMENTS
SUMMARY OF THE GENERAL VALUATION 2021/2022
(DATE OF VALUATION – 1 AUGUST 2020)
DATE VALUES IN FORCE – 30 JUNE 2021**

The following is a brief summary of changes occurring in the level of value and relatives in the 2020/2021 general revaluation.

Total Valuation	\$250,111,700
Average Overall Change (Increase)	Approx. 9.16%

Note: This figure could change slightly due to the effect of interim values.

1. OVERALL VARIATION TO UNIMPROVED VALUATIONS

Agricultural land across the Shire of Goomalling has experienced favourable market conditions resulting in a reasonably significant increase to Rural Unimproved Land Values, primarily broad-acre cropping land and to a lesser extent small rural holdings.

Rural Unimproved Values have increased between 5% and 10%, throughout most parts of the Shire.

Some variations to individual assessments may have occurred either as a product of the valuation process and/or the inclusion of updated information such as soil types.

- II. Also the commentary from Landgate for Gross Rental Values, which is now in its final year of a Seven (7) year process are detailed as follows:

**GENERAL VALUATION SUMMARY FOR THE SHIRE OF
GOOMALLING (GRV) 2022**

The following data and advice should be read in conjunction with the statistical summary at the end of the valuation roll (enclosed).

- Date of Valuation 1st August 2016
- Date of coming into force 1st July 2017
- In respect of Gross Rental Values (GRV's) for the Local Authority of Goomalling, the following statistics are provided for your assistance:

	% Inc/Dec	Values	Agg. Values	% of Total
Residential		219	\$1,904,453	78.28%
Commercial		29	\$358,052	14.72%
Industrial		18	\$93,311	3.84%
Urban Farmland		24	\$77,091	3.16%
Misc.				
TOTALS		290	\$2,432,907	100.00%

Please note the actual total for all Local Authority GRV's is **\$3,949,712** as disclosed at the bottom of the valuation roll. The discrepancy between the figure and the total shown above is due to the fact that valuation roll includes non-ratable properties for valuation purposes. These properties include Council owned properties and vacant crown land.

Subsequent to the last valuation Council has ceased rating its own properties as this practice is not permitted within the Act. The above table has excluded Council rated properties from the past to give an accurate indication of properties captured within the rating system.

Please note that the % change in some of the valuation classifications is significant (eg: industrial) when compared to previous revaluation figures. The use of a 'differential rate' or other mechanisms available within the Local Government Act may be appropriate to smooth out these anomalies and provide a more equitable distribution of the rates burden.

The Valuer-General advised that as part of the 2029-21 rate setting process, he supports Council's release of aggregated valuation data to ratepayers as part of its community engagement and information sharing process prior to the formal adoption of its budget.

Overall, Council is proposing a 3.5% yield increase across the board for both Unimproved Values and Gross Rental Values. Due to significant increases in UV values, generally all UV rates will increase at least a little. Council has adjusted the rate in the dollar for UV to account for the significant valuation movements in this category.

GRV valuations are unchanged and the increase to rates for GRV landholders should be 3.5% or close to that percentage. The valuers at Landgate assess both UV and GRV valuations based on a number of factors as depicted in their commentaries for both categories.

Council has endeavoured to be fair in its use of the differential rating for all categories. Land GRV's are assessed every seven (7) years.

11. The Shire has reviewed its position on providing a number of important services to the community and for the moment has resolved to retain these services as they are, but there are costs associated that affect rates. Some of these services operate at a loss for Council but are retained due to the wider community benefit to residents and ratepayers. Some of these expense areas are loss making or partially funded, some are services without associated income and some are services demanded by the community and they are detailed as follows for the 2021/22 year:

Swimming Pool Operations Costs	\$130,000
Sewerage System Operation Costs	\$225,000
Public Building Operational Costs	\$320,000
Parks, Grounds & Gardens Operations	\$272,000
Road Maintenance Costs	\$515,000
Capital Roadworks Costs	\$2,305,000
Streetlight Operation Costs	\$ 23,000
Goomalling Medical Surgery (Loss)	<u>\$ 50,000</u>
Approx.	\$3,519,000

Perhaps the most important service to be retained by Council is the operation of the Goomalling Medical Surgery and this service will be retained by Council whatever the circumstances may arise because there is no more important service that benefits our community than the health and welfare of our citizens.

12. The raising of rates will enable the Shire to maintain sustainable operations. The Shire is faced with significant increases in relation to State Government related costs in excess of the Perth CPI which is forecast to be in the vicinity of 1,5% - 2% for the year.

Notwithstanding the above, Council's revenue through Federal and State Governments' Grants and Subsidies are also declining as a share of GDP, putting extra burden on Councils to maintain sustainable operations. It is this Council's primary objective to provide efficient and effective services in all areas which continue to benefit our community.

In essence the proposed rating structure is a critical element in ensuring ongoing financial sustainability. It is vital in enabling the Shire to deliver its capital works program and provide the continued and important services required by the community.