

SHIRE OF GOOMALLING

***DIFFERENTIAL RATING & MINIMUM
PAYMENTS***

2018/2019

DOCUMENT

The Shire of Goomalling is advertising its proposal to apply differential rates for the 2018-2019 Draft Budget which is expected to deliver an overall rates increase of 3%.

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 2018/2019 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	10.85	\$950
GRV Commercial	12.20	\$900
GRV Industrial	11.70	\$550
GRV Urban Farmland	10.45	\$715
Unimproved Rating Categories		
UV Rural Zone 2	0.63	\$1,155
UV Special Rural	1.25	\$1,195
UV General Zone 3 Farming	0.685	\$1,195

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 Thursday 14th June 2018 at 10.00am.

Once Council has considered the submissions, the Differential Rates, Minimum Payments and the 2018/19 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.

Clem Kerp
Chief Executive Officer

2018/2019

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:

Clem Kerp
Chief Executive Officer
Shire of Goomalling
PO Box 118
Goomalling WA 6460

Executive Summary

Budget 2018/2019 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 2017/2018, it will also be imposing for the second time, 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 resultant 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 rate in the \$ is a 9% reduction for Zone 2 compared to Zone 3 (General Farming). Zone 2 properties are mainly closed development lots (small hobby farms) and are reflected in the reduced rate in the \$.
3. Commencing in 2007/2008, concessional allowance will no longer apply to the central ward as it has been merged with north ward to be designated as the central/north ward. Commencing in 2012/2013, concessional allowance will no longer apply to the south ward. Wards no longer apply as they are now one district with Town Planning Zones applying from 2015/2016.
4. In special rural residential zone, the rate in \$ levied, is resultant 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	10.85	\$950
GRV Commercial	12.20	\$900
GRV Industrial	11.70	\$550
GRV Urban Farmland	10.45	\$715
Unimproved Rating Categories		
UV Rural Zone 2	0.63	\$1,155
UV Special Rural	1.25	\$1,195
UV General Zone 3 Farming	0.685	\$1,195

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 provisions of many works and services which are provided to all members of the community.

In all areas of expenditures, Council is reviewing every item (of expenditure) to satisfy its efficiencies and effectiveness to all ratepayers and electors of the Shire of Goomalling. This is never easy as both Federal and State Governments are continually reducing relevant grants which must be accommodated by local governments or face with the fact that services may be reduced.

Again this year's (2018/2019) Budget is mainly an Asset Management Budget with several capital items requiring Council's cash contributions, mainly:

- \$100,000 Town Street upgrade
- \$215,000 Bitumen Widen/Primerseal 1.75Km, Goomalling-Meckering Road
- \$50,000 Continuing footpaths replacements.

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 2018/2019 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	\$950
GRV Commercial	\$900
GRV Industrial	\$550
GRV Urban Farmland	\$715
UV Rural Zone 2	\$1,155
UV Special Rural	\$1,195
UV General Zone 3 Farming	\$1,195

are applied to both categories in recognition that every property receives some minimal level of benefit from works and services provided. These rates for the second time are assessed at various minimum levels due to the implications of differential rating and minimum levels being implemented under differential rating based on gross rental valuations and they remain consistent with previous years to provide the shortfall in income required to enable the Shire to provide necessary works and services in the 2018/2019 financial year after taking into account all non-rate sources of income.

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 five (5) years by Landgate Valuers. This quinquennial 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 of Goomalling, Jennacubbine and Konnongorring 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 and providing opportunities for increases in overall rate income. For the second time this year (2018/2019) 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 2018.

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

**SHIRE OF GOOMALLING – RURAL ASSESSMENTS
SUMMARY OF THE GENERAL VALUATION 2018/2019
(DATE OF VALUATION – 1 AUGUST 2017)
DATE VALUES IN FORCE – 30 JUNE 2018**

The following is a brief summary of changes occurring in the level of value and relatives in the 2018/2019 general revaluation.

Total Valuation	\$211,975.700
Average Overall Change (Increase)	Approx. 7.88%

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

1. OVERALL VARIATION TO UNIMPROVED VALUATIONS

Generally, 'broad hectare' unimproved values have increased throughout of the Shire.

Some changes to individual assessments may have occurred either as a product of the mass valuation process or where records have been amended or corrected for more up to date information about soil types etc.

- II. Also the commentary from Landgate for Gross Rental Values, which is now in its second year of a five (5) year process are detailed as follows:

**GENERAL VALUATION SUMMARY FOR THE SHIRE OF
GOOMALLING (GRV) 2017**

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	22.09%	234	\$2,343,234	59.76%
Commercial	-6.12%	23	\$388,897	9.92%
Industrial	-16.37%	21	\$604,561	15.42%
Vacant Land	-0.71%	102	\$77,091	1.97%
Misc.	-14.57%	12	\$507,361	12.94%
TOTALS	5.18%	392	\$3,921,144	100.00%

To assist with our rate modelling exercise, I have included the above GRV statistical report extracts for the current and future reveals highlighting the value total for each VEN classification.

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 these statistics ignore properties without a previous GRV. Therefore, the figures above can only be used as an *indicative* guide to the movement in values between General Valuations.

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 advises that as part of the 2017-18 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% increase across the board for both Unimproved Values and Gross Rental Values. Due to pocket areas having some increases and others having decreases, there will be losers and winners when rate accounts are assessed. The Valuers of Landgate have assessed both valuations under UV's and GRV's based on a number of factors as depicted in their commentaries for both UV's and GRV's categories.

Council has endeavoured to be fair and just in indicating the differential rating for all categories particularly taking into account as depicted by Landgate that under UV's Categories, properties in the lifestyle or small holding sector have declined in value whereas intermediate sized and broad area properties have increased especially in the western and northern parts of the Shire. Similarly under GRV's categories there has been a large increase in valuations in the residential areas compares to decreases in the other areas such as commercial, light industrial, vacant land and others. Land GRV's are assessed every five (5) years.

11. The Shire has reviewed its position on providing a number of important services to the community and have unanimously resolved to retain such important services but is costing ratepayers to provide such services. These services which cost a loss to Council to retain including loss of revenue are detailed as follows per year:

Swimming Pool Operations	\$ 75,000
Gumnuts Childcare	\$ 20,000
Senior Citizens Building	\$ 10,500
Mens Shed	\$ 7,500
Horse & Pony Club	\$ 4,500
2 Go Karts Clubs in District	\$ 4,000
Goomalling Medical Surgery	<u>\$ 75,000</u>
Approx.	\$196,500

In addition to the above, Recreation maintenance and operations are costing Council approx. \$475,000 after revenue receipts.

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 other important service to benefit 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 national CPI of 1.9%. These are:

- i. The reduction of MRWA direct grant from \$84,328 down to \$48,565 resulting in decrease revenue by \$35,763 equivalent to a rate rise of 1.95%
- ii. Electricity estimates at 6%
- iii. Water estimates at 5%

Notwithstanding the above, Council's revenue through Federal and State Governments' Grants and Subsidies are declining, putting extra burden on Councils to maintain sustainable operations. However 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.