



## **LATE AGENDA**

## **ORDINARY COUNCIL MEETING**

**11 APRIL 2023**

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## 12.0 URGENT BUSINESS (LATE REPORTS)

### 12.1 Change in Basis of Valuation for Rating Purposes

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<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	Nil

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#### SUMMARY

This matter was previously considered by Council at its ordinary meeting held 14 February 2023 (C12.02.23); however, upon submitting the application to the Minister for Local Government, the Department of Local Government, Sport and Cultural Industries (the Department) advised the Shire that in its view the initial letters sent to the impacted ratepayers did not include all of the information required. Whilst the letters to the ratepayers stated that their rates were likely to decrease, the letters did not include an indicative estimated dollar value of rates payable should the change be approved.

The Shire subsequently issued a second round of letters, which included an indicative estimated value of rates payable should the change be approved. The letters also provided for another submission period, which closed 31 March 2023 and included a land use declaration form.

Where a review has been undertaken in relation to the predominant use of rateable land in the district, Council must seek Ministerial approval prior to changing the basis of rating for a property from Unimproved Values (UV) to Gross Rental Value (GRV) (or from GRV to UV).

A review of the predominant land use has been undertaken for 11 rateable properties in Parkerville. The properties in question are currently rated as UV properties, however the review concluded that 10 of the properties should be rated as GRV properties. One of the 11 properties requires further investigation to clearly ascertain the predominant use of the land and is not considered in this report (due to ambiguous information provided by the property owner). The predominant land use for the 10 properties is residential (as opposed to rural i.e. farming and agriculture) and the properties are zoned rural residential under the Shire's Local Planning Scheme. All of the properties surrounding the properties subject to the review are rated as GRV properties.

It is recommended that the Council resolves to request the Minister for Local Government approve the change to the method of valuation of the land identified in this report; from UV to GRV, in accordance with section 6.28 of the *Local Government Act 1995*.

The land that has been reviewed and subject to change in basis of valuation is as follows:

- 1) Lot 48 on Plan 409932, 2045 Roland Road Parkerville WA 6081
- 2) Lot 48 on Plan 4994, 23 Parker Road Parkerville WA 6081

- 3) Lot 112 on Plan 14257, 200 Estelle Place Parkerville WA 6081
- 4) Lot 154 on Plan 64393, 31 Hollett Road Parkerville WA 6081
- 5) Lot 44 on Plan 67905, 1795 McDowell Loop Parkerville WA 6081
- 6) Lot 45 on Plan 67905, 1915 McDowell Loop Parkerville WA 6081
- 7) Lot 46 on Plan 67905, 2025 McDowell Loop Parkerville WA 6081
- 8) Lot 41 on Plan 409932, 190 Ottey Grove Parkerville WA 6081
- 9) Lot 42 on Plan 409932, 100 Ottey Grove Parkerville WA 6081
- 10) Lot 42 on Plan 409932, 40 Ottey Grove Parkerville WA 6081

## **BACKGROUND**

Under section 6.28 of the *Local Government Act 1995* (the Act) the Minister for Local Government (the Minister) is responsible for determining the method of valuation of land to be used by a Local Government as the basis for a rate and publish a notice of the determination in the Government Gazette.

*In determining the method of valuation to be used by a local government, the Minister is to have regard to the general principle that the basis for a rate on any land is to be:*

- (a) *Where the land is used predominantly for rural purposes, the unimproved value of the land; and*
- (b) *Where the land is used predominantly for non-rural purposes, the gross rental value of the land.*

This authority has been delegated by the Minister to an officer of the Department of Local Government, Sport and Cultural Industries.

Each Local Government has a role in ensuring that the rating principles of the Act are correctly applied to rateable land within their districts.

## **STATUTORY / LEGAL IMPLICATIONS**

Section 6.28 of the *Local Government Act 1995*

## **POLICY IMPLICATIONS**

Nil

## **FINANCIAL IMPLICATIONS**

A change in the method of valuation from UV to GRV will impact the Shire's rate revenue, the extent of which is dependent upon the valuation provided by Landgate.

Based on surrounding property values and rates paid, it is likely that the rates payable for the 10 identified properties will be reduced.

## **STRATEGIC IMPLICATIONS**

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

## SUSTAINABILITY IMPLICATIONS

Nil

## RISK IMPLICATIONS

<b>Risk:</b> Compliance and Reputational. The basis of valuation for rating purposes does not align with the predominant land use.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Possible	Moderate	Moderate
<b>Action / Strategy</b>		
Council seeks Ministerial approval to change the valuation basis for the properties subject to the predominant land use review.		

## EXTERNAL CONSULTATION

All landowners of the properties subject to the review were advised in writing that the Shire was undertaking a review. No objections were received as a result of this correspondence.

## COMMENT

As stated in the 'Summary' section of this report, the Department advised the Shire that the initial letters sent to the impacted ratepayers did not include all of the information required. The Shire subsequently issued a second round of letters, which included an indicative estimated value of rates payable should the change be approved. The letters also provided for another submission period, which closed 31 March 2023 (the submission period was from 24 February 2023 to 31 March 2023).

Pursuant to section 6.28 of the Act the properties listed below, which are currently valued on unimproved values, should be valued on gross rental value based on the internal investigation undertaken by staff.

ID	Lot	Plan	Address
A	Lot 48	Plan 409932	2045 Roland Road Parkerville WA 6081
B	Lot 48	Plan 4994	23 Parker Road Parkerville WA 6081
C	Lot 112	Plan 14257	200 Estelle Place Parkerville WA 6081
D	Lot 154	Plan 64393	31 Hollett Road Parkerville WA 6081
E	Lot 44	Plan 67905	1795 McDowell Loop Parkerville WA 6081
F	Lot 45	Plan 67905	1915 McDowell Loop Parkerville WA 6081
G	Lot 46	Plan 67905	2025 McDowell Loop Parkerville WA 6081
H	Lot 41	Plan 409932	190 Ottey Grove Parkerville WA 6081

I	Lot 42	Plan 409932	100 Ottey Grove Parkerville WA 6081
J	Lot 42	Plan 409932	40 Ottey Grove Parkerville WA 6081

The investigations undertaken by staff identified the following:

1. All properties subject to the review are zoned as rural residential under the Shire's Local Planning Scheme;
2. A review of aerial photos of each property indicate that the land is not being used for significant farming or agricultural purposes;
3. The surrounding properties, which are also zoned as rural residential, are being rated based on a GRV valuation.

Five property owners also confirmed the predominant land use by completing a land use declaration form.

Based on the above information the predominant land use of each of the properties is considered to be "non-rural", therefore in order to maintain an equitable rates base and in accordance with section 6.28 of the Act, it is recommended that the method of valuing these properties for rating purposes be changed from unimproved value to gross rental value.

#### **VOTING REQUIREMENT**

Simple Majority

<b>RECOMMENDATION</b>
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That Council, in accordance with section 6.28 of the *Local Government Act 1995*, requests the Minister for Local Government approve the change to the method of valuation for the properties listed from Unimproved Value to Gross Rental Value.

- 1) Lot 48 on Plan 409932, 2045 Roland Road Parkerville WA 6081
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