2025/26 DIFFERENTIAL RATES

PROPOSAL Q&A

Shire of Moora - 5th of August 2025

Shire of Moora Rates

Every year, the Shire of Moora collects rates from property owners to help fund essential services and infrastructure provided by the Shire. The Shire undertakes this action in response to the Valuer-General's valuations of all land in Western Australia, in accordance with the *Valuation of Land Act 1978*.

The Valuer-General provides local government authorities with property valuations (GRV/UV), to which local government authority (the Shire) applies a "rate in the dollar" that forms the basis for all rate calculations.

In accordance with the *Local Government Act and Regulations*, rates are calculated to ensure the key values of objectivity, fairness and equity, consistency, transparency and administrative efficiency are achieved. These values are balanced with the goal of raising enough revenue to maintain a balanced budget and continue delivering the services our community relies on.

The total of rates payable depends on three key elements:

- The method used to value the land.
- The assessed value of the land and any improvements on it.
- The rate per dollar set by the local government based on that valuation.

What is Differential Rating?

The Local Government Act (under Section 6.33), which regulates the operations of local government authorities, allows them to impose varying rates depending on the type or classification of land. This system is known as **Differential Rating**.

This means that rates can change depending on how a property is used – for example: residential, rural, commercial, or industrial. **Differential rating is necessary because property valuations alone cannot fairly distribute the rates burden across all properties.**

Why is the Shire of Moora considering implementing Differential Rates?

During the initial modelling phase, after applying a 4% general increase to the rate in the dollar, the Shire identified that the year-on-year percentage increase for the UV Rural (Unimproved Value) category was disproportionately higher compared to the average percentage increases across the other rating categories, indicating an imbalance in the distribution of the rate burden.

The only viable way to moderate this significant increase was to introduce a differential rate specifically for the UV Rural category, ensuring a reasonable and more balanced distribution of the rate burden across all property types.

GRV rated properties are proposed to be subject to a general GRV rate.

How will this affect the rates I currently pay?

The differential rate can result in either an increase or a decrease in the total amount of rates a property owner is required to pay, depending on the classification of their land. Meaning that, compared to the standard "general rate" in the dollar that applies uniformly across the Shire, certain property types such as commercial, industrial, residential, or rural, may be subject to a higher or lower rate.

Please see it explained below:

- The GRV (Gross Rental Value) category, covering **947 properties**, are proposed to be subject to a general GRV rate.

	4% increase General Rate
GRV - General	$10,000 x 0.102330 = $1,023.30

- The UV Rural (Unimproved Value) category, with **426 properties**, rate in a dollar will see a decrease compared to the general rate to promote a fairer distribution of the rates burden.

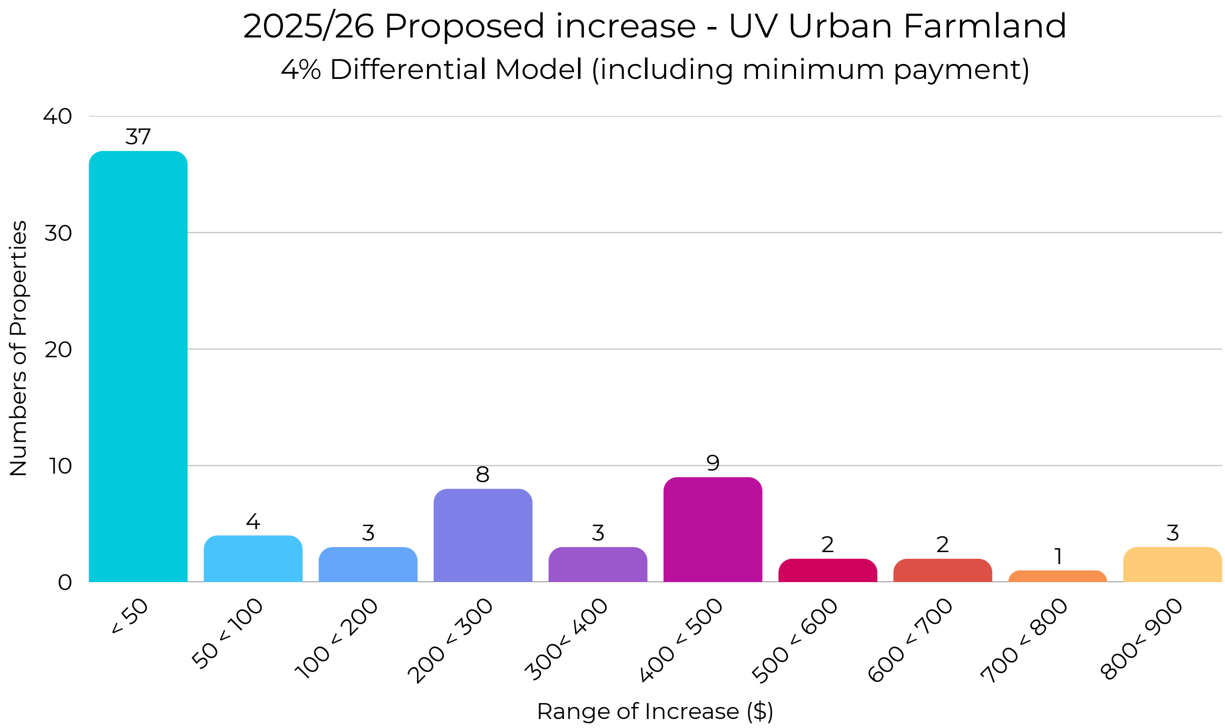
	4% increase General Rate	**4% increase Differential Rate**
UV Rural	$1,000,000 x 0.005609 = $5,609	$1,000,000 x 0.004671 = $4,671

- The UV Urban Farmland category, consisting of **72 properties**, rate in a dollar will result in an increase to maintain the proportion of total rate revenue from rural small holdings at a level consistent with previous years.

	4% increase General Rate	**4% increase Differential Rate**
UV - Urban Farmland	$100,000 x 0.005609 = $560.90	$100,000 x 0.008326 = $832.60

Although the proposed increase for UV Urban Farmland is higher, it remains below the general rate increase and is consistent with neighbouring councils.

Proposed increase - UV Urban Farmland impact by number of properties



Per the 4% proposed differential model, the average increase for UV Urban Farmland properties is around $189.

Minimum payments - all categories

Minimum payments are the lowest amount of rates that a property owner must pay, even if their property's rate calculation comes out to be less.

It should be noted 35 properties under *UV Urban Farmland minimum* rates will receive the same increase to the minimum payable amount as the 166 properties under *GRV minimum* rates and the 98 properties under *UV Rural minimum* rates.

GRV General (minimum payment)	166 properties	$838
UV - Rural (minimum payment)	98 properties	$838
UV - Urban Farmland (minimum payment)	35 properties	$838

Overall impact of General Rates modelling Vs proposed Differential Rates modelling

	2024/2025 Rate in the Dollar & Minimum	4% Increase General Rate- 2025/2026	% Var 4% General Rate	4% Increase Differential Rate- 2025/2026	% Var 4% Differential Rate
(01) GRV - RESIDENTIAL MOORA	0.098395	0.102330	4.24%	0.102330	4.08%
(02) GRV - MOORA/INDUST/COMMERCIAL	0.098395	0.102330	4.85%	0.102330	4.69%
(03) GRV - OTHER TSITE/RESIDENTIAL	0.098395	0.102330	3.98%	0.102330	2.30%
(04) GRV - OTHER TSITE/INDUST/COMMERCIAL	0.098395	0.102330	3.99%	0.102330	2.84%
(06) UV - RURAL	0.005393	0.005609	24.50%	0.004671	3.90%
(07) UV - SPECIAL RURAL/MOORA TSITE	0.005393	0.005609	3.98%	0.08326	21.42%
(08) UV MINING	0.005393	0.005609	7%	0.04671	3.90%
Minimum All Categories $	$830	$863	NA	$838	NA

NOTE: The proposed rate in the dollar and minimum payment amounts may be varied by Council when adopting the annual budget.

By how much will my rates change?

REMEMBER!

The total amount of rates payable is determined by three key factors:

The method of land valuation

This refers to whether the land is valued based on its site value (unimproved), or gross rental value, this is determined by the Valuer General's Office.

The assessed value of the land and any improvements

Once a valuation method is chosen, the land is assessed accordingly. If the valuation includes improvements (such as buildings or infrastructure), this can significantly affect the final value.

The rate in the dollar set by the local government

This is the amount charged per dollar of the assessed land value.

Was your property revalued this year?

yes

If yes, compare the previous value with the new valuation.

Example:

Last year valuation : $400,000

This year valuation : $484,000

That is a 21% increase in value.

Rough calculation

- If you know your old and new values and the current rate in the dollar, use:

Rates Payable = Assessed Value × Rate in the Dollar

- Then compare last year's vs. this year's result.

Example Calculation (GRV – Gross Rental Valuation)

Last Year: $40,000 x 0.098395 = $3,935.80

This year: $40,000 x 0.102330 = $4,093.20

Change in rates: $4,093.20 - $3,935.80 = $157.40 increase (3.99%)

Example Calculation (Differential UV Rural)

Last Year: $400,000 x 0.005393 = $2,157.20

This year: $484,000* x 0.004671 = $2,260.76

Change in rates: $2,260.76 - $2,157.20 = $103.56 increase (4.77%)

***The rateables values (determinate by Landgate) of Unimproved Value (UV) properties within the Shire have increased significantly compared to last year, with an average rise of 21%, reflecting current market conditions.**

What are the benefits of differential rating?

Differential rating provides the Shire with a flexible tool to promote fairness in the rating system. It helps correct valuation biases, ensures a more equitable distribution of rates among ratepayers, guides land use and development, and balances capacity to pay with service usage and delivery.

Advantages of the 25/26 Differential rates embodied in the Shire of Moora proposal

- Revenue stability: Helps maintain a consistent contribution from rural properties to the overall rate revenue, ensuring financial sustainability for the Shire.
- Fairness and equity: Considers the unique characteristics and land use of rural properties, supporting a fairer distribution of the rates burden, which is based on property valuation.
- Flexibility for policy goals: Enables the Shire to align rating strategies with broader economic, environmental, or social objectives for rural areas.

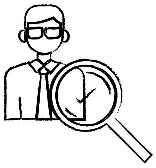
What are the disadvantages of differential rating?

- Differential rates for farmland are often misinterpreted as concessions or subsidies for the farming sector, rather than being recognised as a mechanism to achieve a fairer allocation of the overall rate burden.
- Rural landowners may view higher differential rates as unfair, particularly if they feel they receive fewer services compared to urban ratepayers.
- Increased rates may place a financial burden on rural property owners, especially those with low-income or non-income-generating land.

Why should the community support the use of differential rating?

- Promotes fairness by aligning rates with land use and service demand.

- Reflects differences in ratepayers' capacity to pay.
- Recognises the varying impact of land types on council infrastructure and services.



- Encourages appropriate land use and discourages land speculation.
- Increases transparency and understanding of how rates are calculated.

- Provides flexibility for the Shire to meet changing local needs.
- Supports community priorities and strategic planning objectives.

Glossary

- General Rate: A uniform rate in the dollar applied across all property types without differentiation.
- GRV (Gross Rental Value): The estimated annual rental income of a property, used to calculate rates for residential, commercial, and industrial properties.
- UV (Unimproved Value): The value of the land only, excluding buildings or other improvements, used to rate rural and some special-use properties.
- UV Rural: Land classified as rural and valued based on its unimproved value.
- UV Urban Farmland: Smaller rural landholdings within or near urban areas, also valued on an unimproved basis but often with different land use patterns.
- Minimum Rate: A base rate amount set to ensure all rateable properties contribute a minimum level of funding, regardless of their assessed value.
- Valuer-General: The Valuer-General is the independent statutory officer responsible for overseeing land valuations used by local councils and state governments in Australia. These valuations are primarily used to calculate council rates, land tax, and other statutory charges.
- Local Government Act and Regulations - The Local Government Act and its associated Regulations are the primary legal frameworks that govern how local councils (also called local governments) operate within each Australian state or territory.