



Council Policy 3.2.1 - Changing Methods of Valuation of Land

- Objectives:** Progressive
- Outcome:** 4.1 - A resilient, efficient and effective organisation.
- Strategy:** 4.1.1 - Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources.

Purpose

Rates are the main source of revenue for the Shire. To optimise rate revenue, the Shire must ensure that the most appropriate method of valuation is used as the basis of rates. Standardising the method of valuation will lead to minimal enquiries from ratepayers, and lead to a consistent and equitable process across the Shire. This Policy relates to properties that are more than two hectares and that have been subdivided into land parcels two hectares or less, or properties that are rated on the unimproved method of valuation but have a commercial/industrial business use on their land.

Definitions

Not applicable

Policy

Properties may be rated based on an unimproved value (UV) or a gross rental value (GRV). Unimproved value applies to rural land and gross rental value applies to urban land. When a property is rated based on an unimproved value and this property is subdivided, the method of valuation may change, as the use of the land may change.

Under section 6.28 of the *Local Government Act 1995*, the Minister will determine the method of valuation of land, and will consider whether the land is being used predominately for rural or non-rural purposes.

Subdivision, development and changes to land use can change the method of valuation. Approved subdivision, zoning, or building application, or a change in land use, will ensure the Shire assess the method of valuation and whether a rating change is required.

The following situations apply when application must be made to the Minister for change of methodology to gross rental value:

1. Where a subdivision has occurred, if the subdivided lots are two hectares (4.94 acres, or 20,000 square metres) or less, then the method of valuation will change from unimproved value to gross rental value, and the request will be sent to the Minister from date of subdivision approval.
2. Where a property that is over two hectares has changed its land use and is no longer using it for rural purposes and are carrying on a non-rural pursuit, then the method of valuation will change from unimproved value to gross rental value, for the period it carries on the non-rural



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purpose. For example, a rural property carrying on a commercial business will change to gross rental value for the period it continues to operate the business.

- Where a property that is over two hectares has a split rural and non-rural purpose, Council will apply a gross rental value to the entire property. However, Council will allow both methods of valuation to the distinct portions, often referred to as "split valuations", if the landowner, reimburses the Shire for the full cost of a licensed surveyor in order for Landgate to prepare a technical description of the area.

The changing of method of valuation will only occur when there is an actual change in the use of the land. Existing properties will not be affected by this Policy.

Australian taxation legislation provides properties that are two hectares or less with an exemption from fringe benefits tax if it is the taxpayer's main residence. Although properties that are two hectares or less may carry on some rural use on the land, the activities will be of a small scale and generally for personal consumption. Therefore if the above situations arise, a request to the Minister may be made to change the methodology to gross rental value.

References

Name of Policy	3.2.1 Changing Methods of Valuation of Land			
Previous Policy	G921 – Changing Methods of Valuation of Land (E15/5096)			
Date of Adoption and Resolution Number	Adopted	OCM023/08/13	26/8/2013	Ordinary Council Meeting
Review dates and Resolution Numbers	Reviewed	OCM187/09/15	29/09/2015	Ordinary Council Meeting
	Modified	OCM179/12/17	18/12/2017	Ordinary Council Meeting
Next review date				
Related documents	<p>Acts/Regulations <i>Local Government Act 1995</i> <i>Section 6.28 Local Government Act 1995</i></p> <p>Plans/Strategies Strategic Community Plan 2017 - 2027</p> <p>Policies/ References Department of Local Government – Rating Policy – Valuation of Land guidelines</p> <p>Delegations Nil</p> <p>Work Procedures TBD</p>			

Note: changes to references may be made without the need to take the Policy to Council for review.