SHIRE OF THREE SPRINGS
2025/26 DIFFERENTIAL RATE MODEL
STATEMENT OF OBJECTS AND REASONS

Objects and Reasons for implementing a Differential Rate

In accordance with Section 6.36 of the Local Government Act 1995 and the Shire's "Notice of Intention to Impose Differential Rates", the following provides the objectives and reasons underpinning the proposed differential rating structure for the 2025/26 financial year.

What are Rates?

Rates are the principal source of revenue for local governments across Australia. They are levied to fund the Shire's annual budget in a manner that is fair and equitable to all ratepayers.

In Western Australia, all land is valued by Landgate Valuation Services (the Valuer General's Office), a State Government agency. These valuations are provided to each local government and form the basis for calculating rates.

There are two types of land values used:

- Gross Rental Value (GRV): for properties in townsite and urban areas
- Unimproved Value (UV): for rural land and mining tenements

A property's rate is calculated by multiplying its value by the "rate in the dollar" set by Council. This rate is determined annually, based on the revenue needed to meet the Shire's budgetary requirements.

In setting rates, the Shire considers not only its expenditure needs, but also the affordability and impact of rates on the community.

Proposed Rates and Minimum Payments for 2025/26

For the 2025/26 year, the Shire of Three Springs is proposing the following differential rates for each category of property, along with a minimum payment applicable to each category. All rate amounts are shown as cents in the dollar of assessed value, and minimums as a fixed annual charge per property:

Category	***Rate in the Dollar (cents)***	***Minimum Payment ($)***
GRV – Town	*12.7549*	*$750.00*
GRV – Mining	*23.9212*	*$750.00*
UV – Rural & Arrino Town	*0.7964*	*$750.00*
UV – Mining	*6.0800*	*$550.00*

Differential Rating Explained

Under Section 6.33 of the Local Government Act 1995, local governments are empowered to apply differential rates based on characteristics such as:

- Zoning of the land
- Land use or purpose
- Whether the land is vacant
- Any other prescribed characteristics

Differential rating allows the Shire to recognise differences in land use and its associated impact on infrastructure, services, and administration.

The primary objective is to ensure the rating burden is distributed equitably across all landowners, reflecting the extent to which different sectors use Shire services and infrastructure.

Application of Differential Rates

GRV – Town

Objective:

To provide an equitable contribution from townsite properties toward the provision and maintenance of essential services, community infrastructure, and facilities.

Reasons:

The rate reflects the benefit town residents and businesses derive from Shire services. It also considers the need to maintain affordability and long-term sustainability for ratepayers within the town.

GRV – Mining

Objective:

To ensure mining operations contribute fairly to the upkeep of infrastructure, particularly roads and bridges that support significant heavy vehicle use.

Reasons:

Mining activities often involve high-frequency, high-tonnage transport that impacts Shire roads and services. The GRV mining rate reflects the need for enhanced infrastructure maintenance and the additional demand placed on Shire resources by mining operations.

UV – Rural & Arrino Town

Objective:

To ensure agricultural and rural-residential properties contribute a fair share toward Shire services while recognising their lower impact on infrastructure compared to mining operations.

Reasons:

This rate class generally comprises broadacre farming, which is subject to weather and market volatility. The lower rate reflects the relatively lower use of infrastructure, while still maintaining revenue parity with prior years.

Valuations from the Valuer General have significantly increased over three consecutive years—30.08% in 2023/24, 34.41% in 2024/25 and 22.12% in 2025/26. The rate in the dollar has been reduced to mitigate the impact of these increases, while maintaining necessary revenue levels.

UV – Mining

Objective:

To ensure mining tenements contribute appropriately to the maintenance and renewal of Shire infrastructure and services they utilise, and to reflect their generally short-term and high impact presence in the district.

Reasons:

Mining, exploration, and prospecting activities benefit from infrastructure and services that have been established and maintained by long-term ratepayers. The UV Mining rate reflects:

- Significant wear and tear on the Shire's extensive unsealed road network.
- The extraction of non-renewable resources with long-term impacts.
- Increased administrative demands related to mining tenements (applications, valuations, enquiries, etc.).
- Limited direct benefit to the broader community due to transient operations

Given the often-transitory nature of mining operations and the potential for high financial return, this sector is expected to make a higher contribution to ensure fair and sustainable use of local resources.

Minimum Payments

Minimum payments ensure all ratepayers contribute a baseline amount toward Shire services, even where the calculated rate would otherwise be very low due to land valuation.

For 2025/26, the following minimum payments are proposed:

- $750 for all categories except UV Mining
- $550 for UV Mining

The lower minimum for UV Mining ensures compliance with legislative thresholds in Section 6.35 of the Local Government Act 1995, which limits the proportion of properties on minimum rates in any one category unless Ministerial approval is obtained.