



2016/17 Rates – “Objects and Reasons”

The objective for all of Council’s rates is to meet the shortfall between planned expenditures and expected revenues in order to achieve a balanced budget.

Rate Increase for 2016/17

For 2016/17 Council has agreed to increase its overall rate yield by at least 6% on top of growth.

For any residential, commercial, special rural or rural property charged a minimum rate an increase of \$106.00 to the minimum rate will occur and the new minimum rate will be \$1,175.00 for all properties throughout the Shire. For properties charged a calculated rate the average annual increase will vary in accordance with the valuation of the property. However, it is anticipated that the increase in the average residential rate will be about \$141.71 and the increase in the average rural rate will be about \$108.67.

Basis of Rates

The basis for calculating property rates are the gross rental values (GRV) and unimproved values (UV) provided for individual properties by Landgate’s Property and Valuations area. A property’s GRV represents the amount of the gross annual rental the land might obtain if it is let on a tenancy from year to year. A property’s UV means the amount the land may reasonably be expected to obtain if it was sold and assuming no improvements to the land had been made.

Updated Valuations

Updated unimproved values for rural properties are provided every year and updated gross rental values for residential, commercial and special rural properties are provided every three years. Updated valuations for gross rental values took effect from 1 July 2016.

Council’s approach for 2016/17 is to apply a 6% increase on prior year rates in the dollar. .

Landgate’s Property and Valuations area have advised that the valuations for UV properties have decreased by an average of 2.84% compared to last year. This is a continuation of the recent trend with UV properties reducing by 0.8% on average last year.

Values for developed residential properties and commercial properties and vacant land that are based upon their gross rental value have undergone a revaluation. This will be effective from 1 July 2016.

Objects and Reasons for Differential Rating

Local Government Act 1995, section 6.33 and Local Government (Financial Management) Regulations 1996, Regulation 56(4).

Council has adopted differential rating in order to spread the rates burden equitably and at the same time maintain rating on the basis of land zoning and land use. Council has the following rating groups:

Rate Group 1: Residential (6.9255 cents, \$1,175.00 minimum)

This rate group covers developed properties zoned as Residential, Special Rural Area 5, Rural, Recreation, Special Use, Railway and Foreshore Protection as well as properties within the Town Centre zoning that are used predominantly for residential purposes and where no commercial activity is occurring. This category raises the majority of rates in the townsites and localities of Capel, Boyanup, Peppermint Grove Beach, Gelorup and Gwindinup. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 2: Residential Vacant (12.3724 cents, \$1,175.00 minimum)

This rate group covers vacant land properties in the same zoning areas and used for the same purposes as the *Residential* category. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 3: Urban Development (6.9255 cents, \$1,175.00 minimum)

This rate group covers developed properties zoned as Urban Development that are used for residential purposes. This category raises the majority of rates in the Dalyellup locality and future urban development areas within the Capel and Boyanup townsites and structure plans. This year no differentiation has been made and these properties have the same rating applied as the Residential zone. Rates are calculated and differentiated on the basis of the property's Gross Rental Value (GRV) valuation. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 4: Urban Development Vacant (12.3724 cents, \$1,175.00 minimum)

This rate group covers vacant land properties in the same zoning areas and used for the same purposes as the *Urban Development* category. This year no differentiation has been made and these properties have the same rating applied as the Residential Vacant zone. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 5: Town Centre (6.5773 cents, \$1,175.00 minimum)

This rate group covers developed properties zoned as Town Centre and Special Use and where permitted land uses may include café, tavern, butcher, pharmacy, supermarket, shops, vet clinic or similar. Properties are primarily located within the Town Centre Business districts of the Capel and Boyanup townsites. This category raises the majority of rates in the Capel and Boyanup commercial precincts. Rates are calculated on the basis of the property's GRV valuation. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 6: Town Centre / Special Use / Light Industry Vacant (9.2839 cents, \$1,175.00 minimum)

This rate group covers vacant land properties in the same zoning areas as the *Town Centre*, *Special Use* and *Light Industry* categories. The properties included in this category apply to those located both in and outside townsite boundaries. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 7: Light Industry (6.5773 cents, \$1,175.00 minimum)

This rate group covers developed properties zoned as Light Industry and where land uses may include storage facilities, motor vehicle repairs, warehouses, metal fabrication, welding workshops and similar. This category raises the majority of rates from the Capel Light Industry area and Boyanup Light Industry area from properties located within the respective townsite boundaries. The GRV of individual properties is used to differentiate properties in addition to a different rate in the dollar to the residential categories.

Rate Group 8: Commercial Use Urban Development (6.5773 cents, \$1,175.00 minimum)

This rate group covers developed properties zoned as Urban Development and due to their commercial nature, land uses may include retail shops, supermarket, child care facility or similar. This category captures only those properties located within the locality of Dalyellup and raises the majority of rates from the Dalyellup commercial precinct. Rates are calculated on the basis of the property's GRV valuation. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 9: Special Use (9.2839 cents, \$1,175.00 minimum)

This rate group covers developed properties zoned as Special Use and Public Purpose, including areas along the Bussell Highway and adjacent areas. Land uses may include dairies, saleyards, communication exchanges, service stations and similar service providers. This year no differentiation has been made and these properties have the same rating applied as the Commercial Use Urban Development zone. Rates are calculated on the basis of the property's GRV valuation. The GRV of individual properties is used to differentiate properties in addition to a different rate in the dollar to the residential categories. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 10: Rural Commercial Use (1.3047 cents, \$1,175.00 minimum)

This rate group covers properties zoned as Rural and Special Use and where a commercial activity is conducted on the land. Included commercial activities are quarries, mineral sands processing plants, wineries with cellar door sales, timber mills, caravan park and similar. These properties are rated on an Unimproved Valuation (UV). Despite being situated in rural UV areas, rates are based on commercial equivalent rates. Council is satisfied that UVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 11: Rural (0.4340 cents, \$1,175.00 minimum)

This rate group covers properties zoned as Rural, Special Use, Railway, Public Purpose, Special Rural Area 6 and Mining. Land uses are for primary production, agriculture and mining purposes and may include beef and dairy farming, vineyards without cellar door sales, market gardens, mining/exploration tenements and similar. These properties are rated on an unimproved valuation (UV) and have been differentiated due to their rural, farming or mining nature. This category raises the majority of rates based on an unimproved valuation. Council is satisfied that UVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 12: Special Rural (5.9860 cents, \$1,175.00 minimum)

This rate group covers developed properties zoned in Special Rural Areas 1, 1A, 2, 3 and 4. The predominant use of these properties is primarily residential and

therefore their basis of rates was changed to gross rental value (GRV) from 1 July 2004. This rate group is charged a rate in the dollar that is about 13.5% lower than that of the residential zone groups. The reason for this differential is the level of some local government services available to special rural customers is lower than those available in residential areas. For example, footpaths, kerbing and street lights are not provided in some areas due to these services either being uneconomic to provide as a result of large block sizes or local geography. Rates are calculated on the basis of the property's GRV valuation. Council is satisfied that GRVs generally form a proper and equitable basis for differentiation amongst these properties.

Minimum Rating

Local Government Act 1995, Section 6.35

Council has established minimum rate amounts for each Zone Group. These amounts represent the minimum rate that should be charged and may exceed the result of calculating the properties rating basis valuation (GRV or UV) with the rate in the dollar for the zone group. Minimum rates have been prepared to comply with the Local Government Act 1995 that requires that no more than 50% of properties are levied a minimum rate, unless Ministerial approval is obtained. 84% of vacant residential and urban development properties are subject to a minimum rate, and Ministerial approval is being sought for this variation, which has been provided in previous years.

Specified Area Rating

Local Government Act 1995, Section 6.37

Council has one specified area rate that is levied for a specific purpose on specific properties within the Shire.

Dalyellup Parks and Garden Maintenance

This specified area rate is levied on all properties within the Dalyellup Beach Estate. The purpose of the rate is to recover 50% of the cost of maintaining parks and gardens in the Dalyellup estate. The rationale is the quality and quantity of parks and gardens in the estate is at least double that of the remainder of the Shire and therefore half the cost will be met from general rates and the remainder from the main beneficiaries of these facilities being the property owners in the estate.

For 2016/17 Council has agreed to retain this special area rate at 2015/16 levels and there will be therefore no increase in this financial year

The rate in the dollar is applied against the gross rental value (GRV) for each applicable property. As GRVs vary roughly in accordance with property values, the rate charged will also vary. To ensure some equity between property owners, the maximum rate payable is \$176.30.

Summary

The following table shows the rating information proposed for the 2016/17 financial year.

	Rate in \$ or Minimum Rate	Rate Yield	Number of Properties	Average Rate
Calculated Rate:				
- Residential & Urban Developed	6.9255 cents	\$5,338,875	3833	\$1,392.87
- Residential & Urban Vacant	12.3724 cents	\$220,305	113	\$1,949.61
- Town Centre/Light Industry/Commercial Use Urban Development	6.5773 cents	\$313,229	64	\$4,894.20
- Town Centre/Special Use/Light Industry Vacant	9.2839 cents	\$146,556	14	\$10,468.25
- Rural	0.4340 cents	\$1,027,716	417	\$2,464.55
- Land Use	1.3047 cents	\$75,470	14	\$5,390.69
- Special Rural	5.9860 cents	\$546,173	406	\$1,345.25
Total		\$7,668,324	4861	
Minimum Rates:				
- Residential & Urban Developed	\$1,175.00	\$1,677,900	1428	\$1,175.00
- Residential & Urban Vacant	\$1,175.00	\$701,475	597	\$1,175.00
- Town Centre/Light Industry/Commercial Use Urban Development	\$1,175.00	\$23,500	20	\$1,175.00
- Town Centre/Special Use/Light Industry Vacant	\$1,175.00	\$9,400	8	\$1,175.00
- Rural	\$1,175.00	\$474,700	404	\$1,175.00
- Land Use	\$1,175.00	0	0	0
- Special Rural	\$1,175.00	\$48,175	41	\$1,175.00
Total		\$2,935,150	2498	
Grand Total		\$10,603,474	7359	

Dalyellup Specified Area Rate: 4.5434 cents (to a maximum of \$176.30 per assessment)