



2017/18 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 2017/18

For 2017/18 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 \$94.00 to the minimum rate will occur and the new minimum rate will be \$1,269.00 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 \$89.85 and the increase in the average rural rate will be about \$76.56.

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.

Landgate's Property and Valuations area have advised that the valuations for UV properties have increased by an average of 9.63% on 2016/17 including several large one-off adjustments. The increase was 6.63% excluding the one-off adjustments. This is a reversal of the trend seen in recent years where UV properties have seen reductions in valuations. UV properties had previously seen decreases of 2.84% in 2016/17, 0.8% in 2015/16 and 2.98% in 2014/15.

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 (7.3410 cents, \$1,269.00 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. This differential rate reflects the base contribution standard for a developed residential category.

Rate Group 2: Residential Vacant (12.6403 cents, \$1,269.00 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. The minimum rate applies to more than 50% of this category and reflects the level of basic services and infrastructure supplied to rate payers in this category such as road infrastructure and street lighting. The Shire applies this differential rate to encourage landowners to develop vacant land.

Rate Group 3: Urban Development (7.3410 cents, \$1,269.00 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. This differential rate reflects the base contribution standard for a developed residential category.

Rate Group 4: Urban Development Vacant (12.6403 cents, \$1,269.00 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. The minimum rate applies to more than 50% of this category and reflects the level of basic services and infrastructure supplied to rate payers in this category such as road infrastructure and street lighting. The Shire applies this differential rate to encourage landowners to develop vacant land.

Rate Group 5: Town Centre (7.6861 cents, \$1,269.00 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. This differential rate is applied to encourage commercial activity within the townsite area while still contributing to the essential provision of services provided.

Rate Group 6: Town Centre / Special Use / Light Industry Vacant (7.6861 cents, \$1,269.00 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.

This differential rate is applied to this category of vacant land to encourage development of commercial activity within the townsite area.

Rate Group 7: Light Industry (7.6861 cents, \$1,269.00 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. This differential rate is applied to encourage commercial activity within the townsite area while still contributing to the essential provision of services provided.

Rate Group 8: Commercial Use Urban Development (7.6861 cents, \$1,269.00 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. This differential rate is applied to encourage commercial activity within the townsite area while still contributing to the essential provision of services provided.

Rate Group 9: Special Use (7.6861 cents, \$1,269.00 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 differential rate is applied to encourage commercial activity within this locality. 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 (0.4600 cents, \$1,269.00 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). Council is satisfied that UVs generally form a proper and equitable basis for differentiation amongst these properties.

Rate Group 11: Rural (0.4600 cents, \$1,269.00 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 differential rate reflects the base contribution standard for a rural category. 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 (6.3452 cents, \$1,269.00 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. The reason for this differential rate is that a small number of local government services are not afforded to

special rural customers, as they would be for residential customer. 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. This rate group is therefore charged a rate in the dollar which is about 13.5% lower than that of residential groups. 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. 85% 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. The minimum rate is applied to more than 50% of vacant residential and urban development properties. This minimum reflects the level of basis services and infrastructure supplied to rate payers in this category such as road infrastructure and street lighting.

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 2017/18 Council has increases this specified are rate by 6% on 2016/17 levels.

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 \$186.88.

Summary

The following table shows the rating information proposed for the 2017/18 financial year excluding interim rates.

	Rate in \$ or Minimum Rate	Rate Yield	Number of Properties	Average Rate
Calculated Rate:				
- Residential & Urban Developed	7.3410 cents	\$5,669,644	3822	\$1,483.42
- Residential & Urban Vacant	12.6403 cents	\$191,808	89	\$2,155.14
- Town Centre/Light Industry/Commercial Use Urban Development/ Town Centre/Special Use/Light Industry Vacant	7.6861 cents	\$515,656	80	\$6,445.71
- Rural/Land Use	0.4600 cents	\$1,273,358	458	\$2,780.26
- Special Rural	6.3452 cents	\$583,127	408	\$1,429.38
Total		\$8,233,653	4857	
Minimum Rates:				
- Residential & Urban Developed	\$1,269.00	\$2,071,008	1632	\$1,269.00
- Residential & Urban Vacant	\$1,269.00	\$611,658	482	\$1,269.00
Town Centre/Light Industry/Commercial Use Urban Development/ Town Centre/Special Use/Light Industry Vacant	\$1,269.00	\$36,801	29	\$1,269.00
- Rural/Land Use	\$1,269.00	\$474,606	374	\$1,269.00
- Special Rural	\$1,269.00	\$62,181	49	\$1,269.00
Total		\$3,256,254	2566	\$1,269.00
Grand Total		\$11,489,907	7423	

Dalyellup Specified Area Rate: 4.8160 cents (to a maximum of \$186.88 per assessment)