



2019-20 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 2019-20

For 2019-20, Council has agreed to increase its overall rate yield by at least 4% on top of projected lot growth.

For any residential, commercial, special rural or rural property charged a minimum rate an increase of \$54.00 to the minimum rate will occur and the new minimum rate will be \$1,399.00 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 \$64.69 and the increase in the average rural rate will be about \$103.67.

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 let to a tenant for a 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 unimproved valuations take effect from 1 July 2018. A marginal decrease of (0.69) % will be applied to the total of Unimproved Valuations effective 1 July 2019.

Values for developed residential properties and commercial properties and vacant land that are based upon their gross rental value have undergone a revaluation. The reduction in the valuation for these groupings overall has been (11.09) %. This will be effective from 1 July 2019 with the next revaluation scheduled for 1 July 2022.

Differential Rates

The following table of Rates in the dollar and Minimum payments are to be applied for the 2019-20 financial year.

Rate Group	Rate in \$ (cents)	Minimum Rate \$
Residential & Urban Development GRV	9.2952	1,399.00
Residential & Urban Development Vacant GRV	13.8350	1,399.00
Commercial Town Centre, Light Industry and Special Use GRV	7.7480	1,399.00
Commercial Town Centre, Light Industry and Special Use Vacant GRV	7.7480	1,399.00
Special Rural GRV	8.0914	1,399.00
Rural & Land Use UV	0.5125	1,399.00

Gross Rental Value (GRV)

Residential & Urban Development – This category includes all properties that are developed and where the land uses consist of Residential and Ancillary Residential uses (dwellings, home occupations and home offices). The object of the rate for this category is to provide the base rate for the other GRV rate categories. The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintain and provision of works, services and facilities in the Shire.

Residential & Urban Development Vacant – This category covers all vacant land where the use is for residential purposes. The object of having the same minimum payment but a higher rate in the dollar than Residential & Urban Development is to encourage landowners to develop residential land.

Commercial, Town Centre, Light Industry & Special Use

This category includes:

- All properties zoned Town Centre, Commercial and Special Use and where land uses may include shopping centres, newsagents, cafés, shops, fast food outlets, service stations, taverns, child care facilities, etc. Properties are primarily located within the Town Centre business districts of designated town sites, however this category applies to various Commercial properties located across the Shire, and
- All properties zoned Light Industry and where land uses may include dairies, saleyards, metal fabrication, workshops, etc. Properties are located within specific zoned areas in the Shire.

The object of a higher rate in the dollar for this category is to raise additional revenue to offset the increased costs associated with the provision of services to these properties. Ratepayers in this category accommodate large numbers of visitors and customers and

this increases the need for the Shire to provide additional car parks, amenities, landscaping and street cleaning.

Commercial, Town Centre, Light Industry & Special Use Vacant

This category includes:

- All vacant land zoned Town Centre, Commercial and Special Use and where land uses may include shopping centres, newsagents, cafés, shops, fast food outlets, service stations, taverns, child care facilities, etc. Properties are primarily located within the Town Centre business districts of designated town sites, however this category applies to various Commercial properties located across the Shire, and
- All vacant land zoned Light Industry and where land uses may include dairies, saleyards, metal fabrication, workshops, etc. Properties are located within specific zoned areas in the Shire.

The object of a higher rate in the dollar for this category is to raise additional revenue to offset the increased costs associated with the provision of services to these properties. Ratepayers in this category accommodate large numbers of visitors and customers and this increases the need for the Shire to provide additional car parks, amenities, landscaping and street cleaning.

Special Rural – This category includes all properties zoned Special Rural. The land use of these properties consists of Residential and Ancillary Residential use, however this group does not receive certain local government services such as footpaths, kerbing and street lights due to these services being uneconomic to provide as a result of large block sizes or local geography. The object of the lower rate for this category is to recognise the reduced services these properties are provided with.

Unimproved Valuation (UV)

General – This category includes all properties valued as UV, which includes those zoned Rural, Special Use, Railway, Public Purpose and Mining. The land use of these properties consists of primary production, agriculture, mining, wineries with cellar door sales, caravan parks and quarries. The object of this rate is to set the base for properties rated on UV.

Minimum Rating

Local Government Act 1995, Section 6.35

Council has established minimum rate amounts for each Rate 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 rate 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 residential and urban development vacant 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.

ATTACHMENT TO ITEM 15.1

Specified Area Rating

Local Government Act 1995, Section 6.37

Council has one specified area rate levied for a specific purpose on designated Dalyellup 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 2019-20 Council has increased this specified area rate. The rate in the dollar is applied against the gross rental value (GRV) for each applicable property is 5.0086 cents. 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 \$194.36.

Summary

The following table shows the rating information for the 2019-20 financial year excluding interim rates.

	Rate in \$ or Minimum Rate	Rate Yield	Number of Properties	Average rate
Calculated Rate				
Residential & Urban Development GRV	9.2952 cents	\$6,291,564	3,839	\$1,638.85
Residential & Urban Development Vacant GRV	13.8350 cents	\$216,865	77	\$2,817.72
Commercial Town Centre, Light Industry and Special Use GRV	7.7480 cents	\$609,802	84	\$7,259.54
Commercial Town Centre, Light Industry and Special Use Vacant GRV	7.7480 cents	\$11,874	4	\$2,968.45
Special Rural GRV	8.0914 cents	\$502,736	314	\$1,601.07
Rural & Land Use UV	0.5125 cents	\$1,417,262	457	\$3,054.44
Total		\$9,050,203	4,782	
Minimum Rates				
Residential & Urban Development GRV	\$1,399.00	\$2,518,200	1,800	\$1,399.00

ATTACHMENT TO ITEM 15.1

Residential & Urban Development Vacant GRV	\$1,399.00	\$618,358	442	\$1,399.00
Commercial Town Centre, Light Industry and Special Use GRV	\$1,399.00	\$33,576	24	\$1,399.00
Commercial Town Centre, Light Industry and Special Use Vacant GRV	\$1,399.00	11,192	8	\$1,399.00
Special Rural GRV	\$1,399.00	\$221,042	158	\$1,399.00
Rural & Land Use UV	\$1,399.00	\$524,625	375	\$1,399.00
Total		\$3,926,993	2,807	
Grand Total		\$12,977,196	7,589	