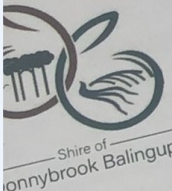




# Rating Objectives Strategy

Financial



Shire of Donnybrook Balingup

SHOULD THE NAME OR ADDRESS SHOWN BE INCORRECT, PLEASE ADVISE THE SHIRE IN WRITING.

ASSESSMENT NUMBER

DUE DATE

DATE OF ISSUE

VALUATION

VE NUMBER

MINIMUM RATE

DESCRIPTION OF RATED LAND	RATES	CURRENT		TOTAL
		CURRENT	ARREARS	
TYPE OF CHARGE				TOTAL AMOUNT

PAYMENT OPTIONS NOTE: Payments not received by the due date will incur daily interest. Please see over for more

OPTION NUMBER	PAYMENTS	DUE DATES
1		
2		
3		

PAYMENT METHODS

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# 1. Introduction

## 1.1 The Purpose of this Rating Objectives Strategy

The Shire of Donnybrook Balingup Rating Strategy is a tool for community and financial planning.

This document has the following aims:

- a) Improve body corporate (staff and Council) understanding of the local government rating system in Western Australia.
- b) Articulate the organisation's rating objectives.
- c) Establish strategies for the organisation to achieve its rating objectives.

Council intends to review this document during its annual corporate financial planning cycle. This will ensure the Rating Strategy is dynamic in nature, assisting Council to meet the needs of the community.

## 2 Rating System in Western Australia

### 2.1 Legislation

Local Government in Western Australia operates under the Local Government Act 1995 (LGA). It is the provisions under this act that governs Council in the raising of rates.

### 2.2 Why does Council Raise Rates

When adopting the Annual Budget, Council is required to impose a general rate on rateable land in the district in order to make up any budget deficiency, S6.32 (LGA).

The general rates are determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates.

Strong consideration is also given by Council to the extent of any increase in rating over the level adopted in the previous year.

A copy of the Annual Budget is available online. [www.donnybrook-balingup.wa.gov.au](http://www.donnybrook-balingup.wa.gov.au).

### 2.3 Basis of Calculating Rates

Rates are calculated by multiplying the valuation of a property (set by the Valuer General) by the rate in the dollar (set by Council). Property valuations are set by the Valuer General's Office and will be either;

- a. Unimproved Valuation (UV) - for properties that are used predominately for rural purposes; or
- b. Gross Rental Valuation (GRV) - for properties that are used predominately for non-rural purposes.

## **2.4 Types of Rates**

### **2.4.1 Differential General Rate**

Council may wish to apply a different rate in the dollar to certain groups of properties. These groups can only be of the following (or groups of) characteristics;

- a) the purpose for which the land is zoned, whether or not under a planning scheme as defined in the Planning and Development Act 2005; or
- b) a purpose for which the land is held or used as determined by the local government; or
- c) whether or not the land is vacant land; or
- d) any other characteristic or combination of characteristics prescribed.

Differential rating allows Council to have some flexibility in determining rates for properties on the same valuation method. It may be used to encourage certain land use (e.g. a lower rate in the dollar may be used to encourage commercial property development in the Shire).

### **2.4.2 Minimum Rate**

A minimum payment may be determined by Council so that all ratepayers make a reasonable contribution to the cost of Council's services and facilities. In accordance with the Local Government Act 1995, No more than 50% of properties in each valuation category can be on the Minimum Rate

### **2.4.3 Specified Area Rate**

Council may impose a rate on specific properties in an area for the purpose of meeting the cost of a specific work, service or facility. Monies raised are regulated to ensure the funds generated by such a rate, are spent in accordance with the prescribed purpose.

### **2.4.4 Service Charges**

Council may impose a charge on either landowners or occupiers for the cost of providing the following services:

- a) property surveillance and security;
- b) television and radio rebroadcasting;
- c) underground electricity;
- d) water

Monies raised are regulated to ensure the funds generated by such a rate, are spent in accordance with the prescribed purpose.

## **2.5 Rates Discounts and Concessions**

### **2.5.1 Pensioners and Seniors**

Persons who hold a Seniors Card (SC), Commonwealth Health Seniors Card (CHSC) and/or Pension Concession Card (PCC) may be eligible to claim a rebate on their rates, or be eligible to defer payment of their rates.

Complex regulations detail eligibility criteria. Ratepayers are encouraged to contact the Shire Administration should they believe they are eligible for a concession.

There is no cost to Council (other than staff administration costs) as concessions granted are reimbursed by the State Revenue Department.

### **2.5.2 Early Payment Discounts**

When imposing rates for a year, Council may resolve to grant a discount or other incentive for the early payment of any rate or charge.

### **2.5.3 Concessions**

Council may resolve to waive or grant concessions in relation to rates or service charges. Concessions may not be made with respect to whether an owner occupies the land.

## **3 Rating Objectives of the Shire of Donnybrook Balingup**

### **3.1 Fairness and Equity among Ratepayers**

#### **3.1.1 Fair Contribution to Rates**

Each rateable property should make a fair contribution towards the provision of services provided by the Shire of Donnybrook Balingup.

#### **3.1.2 Equity of Rates Liability**

Council supports the principle that rates liability should be equitable among property owners.

#### **3.1.3 Consistency in Rating Policy**

Council undertakes to apply rating principles in a consistent manner.

### **3.2 Specific Policies**

#### **3.2.1 Discounts / Concessions**

Council may consider rates concessions or discounts in order to achieve specific objectives.

#### **3.2.2 Rates and Charges**

Council may consider the imposition of:

- a. Specified Area Rates.
- b. Differential Rates.
- c. Service Charges.

To fund services or facilities.

## 4 Rating Strategy

### 4.1 Strategy to Achieve Fairness and Equity among Ratepayers

#### 4.1.1 Fair Contribution to Rates

##### 4.1.1.1 *Minimum Rates*

- a) Council sets a minimum charge to ensure that all property owners make a reasonable contribution towards the provision of services and facilities within the Shire.
- b) The minimum charge for UV and GRV rated properties shall be of an equal amount.
- c) The minimum charge shall be resolved annually by Council when adopting the Annual Budget.

#### 4.1.2 Equity of Rates Liability

##### 4.1.2.1 *Property Valuations*

###### *Preamble*

The rating system adopted by the State Government in WA is based only upon the valuation of a property. Independent valuations are provided by the Valuer General.

There are social and economic advantages and disadvantages to areas in which properties are located within the Shire. All are unique in their own way.

Rating valuations provided by the Valuer General reflect these advantages and disadvantages.

The only fair method Council can apply in treating these differences is to not take the differences into consideration when applying rating principles and rely instead upon the independent valuation provided the Valuer General.

This ensures that all properties are treated equally and fairly.

###### *Strategy*

**Council relies on the independent valuation only to determine equity in general rates liability.**

#### **4.1.2.2 Differing Revaluation Periods GRV v UV**

##### *Preamble*

Independent valuations are provided by the Valuer General. Current policy of the Valuer General is to revalue UV rated properties annually and GRV rated properties every 6 years.

This means the impact of a valuation change affects UV rated properties annually. GRV rated properties may be affected with a substantial increase in the year of revaluation.

##### **Strategy**

- a. Council advocates State Government to permit Local Governments to elect to standardise revaluation periods for properties rated on GRV and UV.
- b. In the year of a general revaluation, the rate in the dollar shall be initially changed by the average valuation change for the valuation category to set an average zero change base. General rate increases shall be then calculated upon this adjusted average base.

### **4.1.3 Consistency in Rating Policy**

#### **4.1.3.1 Property valuation method appropriately reflects predominant use**

##### *Preamble*

The Rating valuation system in WA identifies two types of predominant land use;

- Rural Purposes
- Non Rural Purposes

The method of land use determines the valuation method applied;

Rural Use	-	Unimproved Value (UV)
Non Rural Use	-	Gross Rental Value (GRV)

The Shire of Donnybrook Balingup is a municipality that has broad diversity in rural and non-rural land use. Council acknowledges that predominant land use should determine the valuation method used. Periodic assessments of land use are therefore necessary in order to maintain a consistent land use valuation policy.

##### **Strategy**

**That the following land use be assessed for appropriate rating valuation method:**

- a. Is the land located in a Townsite.
- b. Tourist Use in rural areas.
- c. Rural Small Holdings and Rural Residential
- d. Commercial or Industrial uses.



#### **4.1.3.2 Like properties should be treated in a like manner**

##### *Preamble*

Where the Minister (through Council recommendation) makes a determination of valuation type for a particular land use, Council undertakes to apply the determination consistently to like properties throughout the shire.

##### **Strategy**

**Council may apply the following methods to capture land use:**

- a) By subdivision**
  - a. Where the majority of lots within a subdivision are used for a purpose that is not consistent with the subdivision valuation category.**
- b) By individual lot (Spot Valuation)**
  - a. Is an effective method in applying consistency by ensuring that properties with similar land uses are rated on the same method of valuation regardless of location within the Shire.**
- c) By portion of lot (Split Valuation)**
  - a. Where Council identifies that the rateable property contains distinctly rural and non-rural uses on separately identifiable portions of the property, it may consider applying different methods of valuations to those distinct portions.**

## **4.2 Rating Policies**

### **4.2.1 Rates and Charges**

#### **4.2.1.1 Rubbish and Recycling Levy**

##### *Description*

Council levies a separate charge on the rates notice for kerbside waste and recycling. This levy funds:

- a. Kerbside waste removal in provided bins
- b. Kerbside recycling in provide bins

##### *Properties Levied*

This levy is a compulsory charge on properties that are serviced by the collection service.

##### *Exemptions*

Properties outside the collection area.

#### **4.2.1.2 Specified Area Rate**

Council currently does not impose a Specified Area Rate.

#### **4.2.1.3 Differential Rate**

Council currently does not impose a Differential Rate.