

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
1 Residential Developed	0.096428	1,456	22,181,830	2,138,948	10,000	3,000	2,151,948	1,710,836	1,686,198
2 Business/Commercial Developed	0.103483	130	5,117,977	529,626			529,626	535,018	535,018
3 Lifestyle Developed	0.096735	507	8,473,010	819,640			819,640	706,583	706,583
4 Rural Developed	0.103791	148	2,493,366	258,788			258,788	240,917	240,917
5 Holiday Use Developed	0.107881	117	1,927,952	207,990			207,990	173,490	173,490
6 Residential Vacant	0.192243	117	994,260	191,140			191,140	217,350	217,350
7 Business/Commercial Vacant	0.146228	18	235,575	34,448			34,448	52,289	52,289
8 Rural Vacant	0.146228	6	106,100	15,515			15,515	16,897	16,897
9 Lifestyle Vacant	0.182017	160	1,244,270	226,478			226,478	332,383	332,383
Unimproved valuations									
10 UV Base	0.004857	458	228,200,000	1,108,368			1,108,368	1,184,746	1,184,746
11 UV Additional Use 1	0.005343	34	14,291,999	76,361			76,361	71,826	71,826
12 UV Additional Use 2	0.005829	10	4,856,000	28,305			28,305	28,863	28,863
13 UV Additional Use 3	0.006315	8	3,532,000	22,303			22,303	22,749	22,749
14 UV Additional Use 4	0.006800	3	1,557,000	10,587			10,587	10,706	10,706
Sub-Totals		3,172	295,211,339	5,668,497	10,000	3,000	5,681,497	5,304,653	5,280,015
Minimum	\$								
Minimum payment									
Gross rental valuations									
1 Residential Developed	1,097	394	2,968,598	432,218			432,218	615,065	615,065
2 Business/Commercial Developed	1,220	125	670,970	152,500			152,500	145,452	145,452
3 Lifestyle Developed	1,125	45	361,516	50,625			50,625	58,428	58,428
4 Rural Developed	1,125	28	179,261	31,500			31,500	34,624	34,624
5 Holiday Use Developed	1,208	6	37,505	7,248			7,248	8,134	8,134
6 Residential Vacant	997	115	385,069	114,655			114,655	110,285	110,285
7 Business/Commercial Vacant	950	6	14,050	5,700			5,700	6,396	6,396
8 Rural Vacant	1,109	1	6,550	1,109			1,109	1,066	1,066
9 Lifestyle Vacant	1,020	45	222,292	45,900			45,900	11,772	11,772
Unimproved valuations									
10 UV Base	1,343	133	26,291,101	178,619			178,619	126,518	126,518
11 UV Additional Use 1	1,477	14	1,018,100	20,678			20,678	18,460	18,460
12 UV Additional Use 2	1,611	2	477,000	3,222			3,222	3,098	3,098
13 UV Additional Use 3	1,745	0	0	0			0	0	0
14 UV Additional Use 4	1,879	0	0	0			0	0	0
Sub-Totals		914	32,632,012	1,043,974	0	0	1,043,974	1,139,298	1,139,298
		4,086	327,843,351	6,712,471	10,000	3,000	6,725,471	6,443,951	6,419,313
Waivers/concessions (Refer note 1(f))							(50,965)	(49,099)	(50,197)
Total amount raised from general rates							6,674,506	6,394,852	6,369,116
Specified area rates (Refer note 1(d))							0	0	0
Total rates							6,674,506	6,394,852	6,369,116

All land (other than exempt land) in the Shire of Denmark is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Denmark.

The general rates detailed for the 2019/20 financial year have been 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 and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Payment in full by a single instalment	23/09/2019	0	0.0%	11.0%
Option two				
Payment by two equal instalments	23/09/2019 25/11/2019	10	5.5%	11.0%
Option three				
Payment by four equal instalments	23/09/2019 25/11/2019 31/01/2020 31/03/2020	30	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	20,000	21,000	24,000
Instalment plan interest earned	23,000	20,000	21,536
Unpaid rates and service charge interest earned	50,000	53,323	50,000
	93,000	94,323	95,536

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

The Shire of Denmark provides services to a diverse region consisting of many different land zones and uses. In order to reflect this diversity and ensure that rating levels are fair and equitable, Council has adopted a differential rating system ["the rating system"] in 2019/2020, in accordance with Section 6.35 of the Local Government Act 1995. The rating system imposes different rating charges for different types of properties to ensure the Shire of Denmark is able to equitably provide various facilities, services and infrastructure to electors, property owners, residents and visitors.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating (continued)

The Shire of Denmark reviews its expenditure at the beginning of each financial year and considers efficiency measures before determining the total rating revenue to be levied.

The rating system was initially designed in the 2013/2014 financial year. The objects and reasons of this rating system are presented from page 9 of this document. Each financial year, the relative difference between each differential general rating category is adjusted to ensure that each category meets the minimum requirements of legislation and to also reflect the amount that each category is expected to contribute to the total rates revenue.

RATING POLICY

Rating within the Shire of Denmark is imposed in accordance with Council Policy P030101 "Council Rating Equity Policies" ["Policy P030101"]. The current policy is available from the Shire of Denmark website in the Policy Manual at www.denmark.wa.gov.au/governance-documents-and-forms.aspx.

The following wording is adopted for the 2019/2020 financial year.

P030101 COUNCIL RATING EQUITY POLICIES

In implementing suitable rating systems and procedures, Council seeks to observe the principles of objectivity, fairness and equity, consistency, transparency, and administrative efficiency. The Shire of Denmark reviews its expenditure at the beginning of each financial year and considers efficiency measures before determining the total rating revenue to be levied.

Where a land parcel is used predominantly for rural purposes, the Unimproved Valuation ["UV"] of the land will be used as the basis of rating. Where a land parcel is used predominantly for non-rural purposes, the Gross Rental Valuation ["GRV"] of the land will be used as the basis of rating.

To give effect to these broad principles the Shire of Denmark will:

- a) periodically assess for the predominant use of all UV land parcels less than 20 hectares to determine whether that predominant use is rural or non-rural, with those properties that are considered to be predominantly used for non-rural purposes being referred to the Minister for Local Government with sufficient information to allow a determination on the basis of rates to be made; and,
- b) subject to the determination of the Minister for Local Government, rate on a GRV method of valuation any UV land parcels which are used predominantly for non-rural purposes; and,
- c) advise applicants proposing a significant non-rural development on a UV land parcel (noting that this does not include housing for personal use) that Council will, on completion of the development and at full cost recovery from the applicant, review the method of valuation for that land parcel by determining the land parcel's predominant use (e.g.. a boutique brewery or processed food production factory on an otherwise predominantly rural produce property) in accordance with the requirements of the Minister for Local Government; and,
- d) advise applicants proposing a subdivision or amalgamation of UV land that Council will, on approval from the Western Australian Planning Commission of the subdivision or amalgamation and at full cost recovery from the applicant, review the method of valuation for the new land parcel/s by determining the predominant use of the new land parcel/s in accordance with the requirements of the Minister for Local Government; and,

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating (continued)

- e) subject to the determination of the Minister for Local Government, rate on a GRV method of valuation any UV land parcels which are rezoned from a rural zoning to a non-rural purpose zoning (for example rural to special rural), with full cost recovery from the applicant where the rezoning is not instigated by the Shire of Denmark; and,
- f) differentially rate higher those UV land parcels which have significant non-rural activity being conducted on the land with that non-rural activity not being the predominant use of the whole land parcel (for example a cellar door/winery that sources little of its source grapes from that same property); and,
- g) differentially rate GRV land parcels according to zoning, use and vacancy status, with all non-residential zoned land parcels being differentially rated higher; and,
- h) where grouped land parcels are identified as being non-contiguous and/or in differing ownership and/or not used together as one property, request the Valuer General to ungroup the subject land parcels for the purpose of rating; and,
- i) ensure that appeal rights are made clear to affected land owners.

1. GRV Residential Developed (Improved Base)	Consists of improved land located within an urban area (excluding lifestyle and rural zoned land), or is located on a local scheme reserve or is not zoned, and is used for non-commercial purposes. Is considered by Council to be the base rate in the \$ and minimum payment by which all other GRV rated land is assessed.
2. GRV Business/Commercial Developed	Consists of improved non-residential land that is zoned for commercial business activity, or is located in a local scheme reserve with an approved commercial use (whether or not such activity is taking place), with the premium of 7.32% on the base rate in the \$ reflecting the additional cost of servicing non-residential activity including CBD car parking, landscaping and other amenities and, in recognising the importance of tourism to these non-residential uses, the development of tourist related services and infrastructure and promotion of the district to attract more visitors.
3. GRV Lifestyle Developed	Consists of larger improved residential properties, many located on the urban fringe, which have little or no rural activity taking place, with the premium of 0.32% on the base rate in the \$ and 2.54% on the base minimum payment reflecting the additional servicing costs associated with lower density improved land including ranger services, bushfire control and road maintenance.
4. GRV Rural Developed	Consists of predominantly non-rural land, mainly located on the urban fringe and in rural areas, which contain an improvement, with the premium of 7.64% on the base rate in the \$ and 2.54% on the base minimum payment reflecting additional servicing costs associated with this lower density land including ranger services, bushfire control and road maintenance.
5. GRV Holiday Use Developed	Consists of predominantly residential land that has received Shire approval to be used for short-term holiday accommodation purposes with the premium of 11.88% on the GRV base rate in the \$ and 10.14% on the base minimum payment reflecting the additional costs associated with holiday use properties including noise complaints handling, ranger call outs, contributions to the tourism industry, the provision of tourism infrastructure within the Shire and the promotion of the district to attract more visitors. Excludes annual registration, which is charged for as a distinct three-yearly inspection and annual certificate issuing service.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating (continued)

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| 6. GRV Residential Vacant (Vacant Base) | Consists of land located within an urban area, zoned residential, or no zone, or is a local scheme reserve valued for residential activity, and is currently vacant. The differential rate in the \$ and minimum payment reflects the different method used for the valuation of vacant residential land compared to improved land and the need to maintain a relative contribution towards total rating income from this category and ensure all property owners are paying a fair and equitable contribution to works and services. |
| 7. GRV Business/Commercial Vacant | <p>Consists of vacant land zoned for future commercial business activity, or valued for non-residential activity on a local scheme reserve. The adjusted rate in the \$, compared to the GRV vacant base rate in the \$, reflects the different method used for the valuation of vacant non-residential land and the need to maintain a relative contribution towards total rating income from this category and ensure all property owners are paying a fair and equitable contribution to works and services.</p> <p>The adjustment on the GRV vacant base minimum ensures a fair and equitable contribution is made towards the cost of servicing non-residential activity, including CBD car parking and amenities in addition to investment in tourism by Council, to benefit commercial entities.</p> |
| 8. GRV Rural Vacant | <p>Consists of vacant land intended for predominantly non-rural improved purposes. The lesser rate in the \$ by 23.94%, compared to the GRV vacant base rate in the \$, reflects the different method used for the valuation of vacant non-residential zoned land and the need to maintain a relative contribution towards total rating income from this category and ensure all property owners are paying a fair and equitable contribution to works and services.</p> <p>The premium of 11.16% on the vacant base minimum, whilst high in percentage terms, ensures a fair and equitable contribution is made towards the cost of constructing and maintaining future and existing community assets for the economic benefit of these likely future subdivisions.</p> |
| 9. GRV Lifestyle Vacant | Consists of larger residential properties, many located on the urban fringe, but which are currently vacant, and contain little or no rural activity, with the lesser rate in the \$ by 5.32% on the GRV vacant base rate in the \$ and the premium of 2.23% on the GRV vacant base minimum payment reflecting servicing costs associated with these lower density vacant properties including ranger services, bushfire management and road maintenance. |

Land on Unimproved Valuation

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| 10. UV Base | Consists of land that is exclusively for rural use and is considered to be the base rate by which all other UV rated land is assessed. |
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**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating (continued)

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| 11. UV Additional Use 1 | Consists of land that is operating the equivalent of one non-rural use with the premium of 10.00% on the UV base rate in the \$ and 10.05% on the UV base minimum payment reflecting the additional cost to Council of servicing such land, of which the predominant non-rural use is tourism-related, which attracts greater numbers of vehicle usage on Council roads, and this premium also ensures that such commercial activities contribute to the cost of Council providing tourism-related facilities and services. The premium also recognises the lower cost of operating commercial activities on such land in comparison to operating such activities on GRV land. |
| 12. UV Additional Use 2 | Consists of land that is operating the equivalent of two non-rural use with the premium of 20.00% on the UV base rate in the \$ and 20.00% on the UV base minimum payment reflecting the additional cost to Council of servicing such land, of which the predominant non-rural use is tourism-related, which attracts greater numbers of vehicle usage on Council roads, and this premium also ensures that such commercial activities contribute to the cost of Council providing tourism-related facilities and services. The premium also recognises the lower cost of operating commercial activities on such land in comparison to operating such activities on GRV land. |
| 13. UV Additional Use 3 | Consists of land that is operating the equivalent of three non-rural use with the premium of 30.00% on the UV base rate in the \$ and 30.00% on the UV base minimum payment reflecting the additional cost to Council of servicing such land, of which the predominant non-rural use is tourism-related, which attracts greater numbers of vehicle usage on Council roads, and this premium also ensures that such commercial activities contribute to the cost of Council providing tourism-related facilities and services. The premium also recognises the lower cost of operating commercial activities on such land in comparison to operating such activities on GRV land. |
| 14. UV Additional Use 4 | Consists of land that is operating the equivalent of four non-rural use with the premium of 40.00% on the UV base rate in the \$ and 40.00% on the UV base minimum payment reflecting the additional cost to Council of servicing such land, of which the predominant non-rural use is tourism-related, which attracts greater numbers of vehicle usage on Council roads, and this premium also ensures that such commercial activities contribute to the cost of Council providing tourism-related facilities and services. The premium also recognises the lower cost of operating commercial activities on such land in comparison to operating such activities on GRV land. |

A Notice of Intention to Levy Differential Rates for the 2019/2020 year was advertised for public comment on the 20 June 2019 in the Denmark Bulletin, notices were placed on public notice boards and the Shire of Denmark website. Advertisements were also placed in the Walpole Weekly, Albany Advertiser and the Shire of Denmark Facebook page for the benefit of a wider readership. Submissions closed on 12 July 2019, with seven submissions received.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating (continued)

The following table compares the differential rates that were advertised for public comment with a proposed increase of 4% to the rate in the \$, of all differential rate categories and the adopted rate. Council conducted workshops between April and July 2019 and through this process provided strong fiscal leadership.

Differential general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
1. GRV Residential Developed (Improved Base)	0.096428	0.096428	Not Applicable
2. GRV Commercial Developed	0.103483	0.103483	Not Applicable
3. GRV Lifestyle Developed	0.096735	0.096735	Not Applicable
4. GRV Rural Developed	0.103791	0.103791	Not Applicable
5. GRV Holiday Use Developed	0.107881	0.107881	Not Applicable
6. GRV Residential Vacant (Vacant Base)	0.192243	0.192243	Not Applicable
7. GRV Commercial Vacant	0.146228	0.146228	Not Applicable
8. GRV Rural Vacant	0.146228	0.146228	Not Applicable
9. GRV Lifestyle Vacant	0.182017	0.182017	Not Applicable
10. UV Base	0.004857	0.004857	Not Applicable
11. UV Additional Use 1	0.005343	0.005343	Not Applicable
12. UV Additional Use 2	0.005829	0.005829	Not Applicable
13. UV Additional Use 3	0.006315	0.006315	Not Applicable
14. UV Additional Use 4	0.006800	0.006800	Not Applicable

Minimum payment	Proposed Minimum \$	Adopted Minimum \$	Reasons for the difference
1. GRV Residential Developed (Improved Base)	1,097	1,097	Not Applicable
2. GRV Commercial Developed	1,220	1,220	Not Applicable
3. GRV Lifestyle Developed	1,125	1,125	Not Applicable
4. GRV Rural Developed	1,125	1,125	Not Applicable
5. GRV Holiday Use Developed	1,208	1,208	Not Applicable
6. GRV Residential Vacant (Vacant Base)	997	997	Not Applicable
7. GRV Commercial Vacant	950	950	Not Applicable
8. GRV Rural Vacant	1,109	1,109	Not Applicable
9. GRV Lifestyle Vacant	1,020	1,020	Not Applicable
10. UV Base	1,343	1,343	Not Applicable
11. UV Additional Use 1	1,477	1,477	Not Applicable
12. UV Additional Use 2	1,611	1,611	Not Applicable
13. UV Additional Use 3	1,745	1,745	Not Applicable
14. UV Additional Use 4	1,879	1,879	Not Applicable