

Objectives and Reasons 2021-22 Differential Rates



May 2021

Introduction

The Shire of Augusta Margaret River provides services and facilities to the community and visitors to the region. Rate revenue collected enables the Shire to provide facilities, community buildings, recreational areas including parks and foreshores and ensure that efficient administrative services are provided to our entire community and its many visitors. The Shire applies differential rating under Policy CCSP2 Shire Rating in conjunction with the Shire's Local Planning Scheme No 1 (LPS1) and includes the differential rating categories of residential, rural residential, commercial, industrial, tourism, strata title vineyard, rural and conservation.

When determining the annual differential rates in the dollar and minimum payments, the following factors are considered:

- Long Term Financial Plan (LTFP) and draft Budget which identify the forecast deficiency between revenue and expenditure to be funded from rates;
- Community perception of affordability and the services provided to the community;
- Growth of rateable properties;
- Landgate Unimproved Value (UV) and Gross Rental Value (GRV) revaluations;
- Policy CCSP2 Shire Rating; and
- Compliance with the provisions of the *Local Government Act 1995*.

The Shire has the following differential rating categories:

Gross Rental Valuation	Unimproved Valuation
Residential	UV Rural
Residential Vacant	UV1 (1 non rural use = UV Rural x 125%)
Rural Residential	UV2 (2 non rural uses = UV Rural x 150%)
Rural Residential Vacant	UV3 (3 or more non rural uses = UV Rural x 175%)
Commercial, Industrial, Tourism	Strata Title Vineyard
	UV Conservation

Rating Yield Objectives and Factors

In setting the rate in the dollar and minimum payment for each differential rating category, Council has taken into consideration the following factors:

Long Term Financial Plan

The 2021-22 to 2030-31 plan was adopted by Council on 24 March 2021 and assumes the increase to the rate yield for 2021-22 would be similar to the forecast price and cost escalation rate in addition to forecast property growth. For 2021-22 the forecast rate increase included in the plan was 2%. This plan is a base level plan that provides for continued commitment to sound financial management.

2021-22 Draft Budget

The preparation of the 2021-22 draft Budget is based on the rate yield increasing 2% plus property growth. This places pressure upon the requirement to balance the deficiency between expenditure demands and funding sources.

Affordability and Services

Council are very conscious of the impact rate increases have upon the community, particularly as a result of the financial consequences of the Covid-19 pandemic. For this reason the rate increase for 2021-22 has been minimised to that required to continue to provide established levels of service.

Growth of rateable properties

The number of rateable properties has increased during 2020-21 year as a result of land developments released and subdivisions of land by individual landowners across the Shire. The rate of increase for 2020-21 is higher than previous years reflecting this development. 160 new lots have been released for the financial year to 23 March 2021. A comparison of the increase in the property base for the current and past 7 years is tabled below.

Table 1. Growth in rateable properties

Year	No. of Properties	Property Increase	% Increase
2014	8,936	41	0.5%
2015	9,055	119	1.3%
2016	9,332	277	3.1%
2017	9,512	180	1.9%
2018	9,680	168	1.8%
2019	9,781	101	1.0%
2020	9,911	130	1.3%
2021	10,071	160	1.6%

Landgate UV and GRV Revaluations

The *Valuation of Land Act 1978* (VLA) empowers the Valuer General (VG) to conduct general valuations on a Gross Rental Value (GRV) basis within WA at such times and frequency as is considered necessary (currently every 3 years) and for Unimproved Value (UV) properties annually. Values are determined relative to sales and rentals at 1 August of the preceding year.

In 2018 all GRV properties were re-valued and the new values were effective from 1 July 2018. The next revaluation was scheduled for 2021 but has been deferred to 2022.

UV Revaluation

The 2021 revaluation of properties valued on an Unimproved Value (UV) basis results in an overall average increase of 1.13% according to Landgate. However, comparison with the UV valuations effective at 1 July 2020 shows an increase of 0.10%. This compares to last year when values decreased by 0.01% and the previous year when the decrease was 0.32%.

The intent is to offset the impact of the revaluation by adjusting the rate in the dollar for the UV rating categories. However, this process is imprecise and as individual property valuation changes may exceed or be lower than the 2% rate increase proposed, property owners may receive a higher or lower rate increase than intended.

Policy CCSP2 Shire Rating

Policy CCSP2 Shire Rating ensures the Shire applies a differential rating system based on the zoning/and or land use of a property.

Local Government Act Compliance

In setting the differential rate in the dollar and minimum payment, the Shire must adhere to the requirements of the *Local Government Act 1995* and in particular sections 6.33 and 6.35.

Section 6.33 states that the Shire can't apply a rate in the dollar that is more than twice the lowest rate in the dollar for any differential rating category.

Section 6.35 states that the Shire can't apply a minimum payment to more than 50% of the total number of properties for an individual differential rating category.

Differential Rates

The following rates in the dollar and minimum payments are proposed for the 2021-22 financial year. A table explaining the objects and reasons for each of the Shire's differential rates is included at the end of this document.

Gross Rental Value (GRV)

Residential

Properties zoned Residential and Future Development, developed and primarily located within the Shire's Townsite boundaries of Augusta, Cowaramup, East Augusta, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Molloy Island, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses (dwellings, home occupations and home offices). This category also applies to properties outside Townsite boundaries where the Shire has determined that the predominant use of the land is non-rural and includes properties with a land area of less than 5 hectares.

- Rate in the dollar 10.9733 cents (last year 10.7581 cents)

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- Minimum payment \$1,362 (last year \$1,335)

Residential Vacant

Properties zoned Residential and Future Development that are vacant and primarily located within the Shire's Townsite boundaries of Augusta, Cowaramup, East Augusta, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Molloy Island, Prevelly and Witchcliffe. This category also applies to properties outside Townsite boundaries with a land area of less than 5 hectares.

The minimum rate and the rate in the dollar are higher to provide some relativity and to encourage landowners to develop their property.

- Rate in the dollar 21.0211 cents (last year 20.6089 cents)
- Minimum payment \$1,498 (last year \$1,335)

Rural Residential

Properties zoned Rural Residential that are developed and located outside of Townsite boundaries, are generally "life-style" properties. As a result of the higher GRV valuations for these properties the rate in the dollar is lower than the Residential rate.

- Rate in the dollar 10.5116 cents (last year 10.3055 cents)
- Minimum payment \$1,658 (last year \$1,625)

Rural Residential Vacant

Properties zoned Rural Residential with a vacant land use. The minimum rate and the rate in the dollar are higher to provide some relativity and to encourage landowners to develop their property.

- Rate in the dollar 20.4612 cents (last year 20.0600 cents)
- Minimum payment \$1,824 (last year \$1,625)

Commercial, Industrial, Tourism (including short stay accommodation)

Industrial properties zoned Industry and Composite Industry and where land uses may include light industry, fuel depots, motor vehicle repairs, showrooms, storage facilities, warehouses or workshops. Properties are located within specific zoned areas in the Shire.

Properties zoned Service Commercial, Town Centre and Village Centre or where land uses may include café, licensed restaurants, plant nursery, shop, showroom. Properties are primarily located within the town centre business districts of designated townsites, however this category applies to various commercial properties located across the Shire.

Properties zoned Chalet and Camping, Caravan Park and Tourism or where land uses may include camping grounds, caravan parks, chalets and holiday units. Properties with planning approval to operate as short-term holiday rental are also included in this category.

It is noted that rate levies paid by industrial, commercial and tourism property owners are generally tax deductible and can accommodate a large number of visitors and customers. This category may apply to properties outside townsite boundaries where the Shire has determined that the predominant use of the land is non-rural and includes properties with a land area of less than 5 hectares.

- Rate in the dollar 12.9976 cents (last year 12.7427 cents)
- Minimum payment \$1,463 (last year \$1,434)

Unimproved Value (UV)

The Shire applies a tiered rating approach resulting in properties with non-rural uses paying a higher rate in the dollar depending on the number of approved non-rural uses. The reason being is that non-rural uses have an impact on the need for essential services, facilities and infrastructure for the entire community and visitors. The scale of non-rural uses provides some equity between properties with Commercial, Industrial and Tourism activities in the rural zones of Priority Agriculture, General Agriculture and Cluster Farm.

UV Rural

Sets the base rate for which the UV Tiered differential rating categories of UV1, UV2 and UV3 are applied. UV Rural applies to properties zoned Priority Agriculture, General Agriculture and Cluster Farm as listed under LPS1 Zoning Table. This category applies to properties where the predominant use of the land is prima-facie rural.

- Rate in the dollar 0.4799 cents (last year 0.4705 cents)
- Minimum payment \$1,528 (last year \$1,498)

UV1 (one non-rural use)

UV1 applies to properties where the predominant use of the land is prima-facie rural and the property has one non-rural use excluding Residential and Ancillary Residential uses as listed under LPS1 Zoning Table. The rate in the dollar and the minimum payment equate to the UV Rural base rate times 1.25.

- Rate in the dollar 0.5998 cents (last year 0.5880 cents)
- Minimum payment of \$1,910 (last year \$1,498)

UV 2 (two non-rural uses)

UV2 applies to properties where the predominant use of the land is prima-facie rural and the property has two non-rural uses excluding Residential and Ancillary Residential uses as listed under LPS1 Zoning Table. The rate in the dollar and minimum payment equate to the UV Rural base rate/minimum payment times 1.5.

- Rate in the dollar 0.7198 cents (last year 0.7057 cents)
- Minimum payment of \$2,292 (last year \$1,498)

UV 3 (three or more non-rural uses)

UV3 applies to properties where the predominant use of the land is prima-facie rural and the property has more than two non-rural uses excluding Residential and Ancillary Residential Uses as listed under LPS1 Zoning Table. The rate in the dollar and minimum payment equate to the UV Rural base rate/minimum payment times 1.75.

- Rate in the dollar 0.8398 cents (last year 0.8233 cents)
- Minimum payment of \$2,674 (last year \$1,498)

Strata Title Vineyard

The Strata Title Vineyard rate addresses a strata title property that exists in the Priority Agriculture Zone as the properties are not captured under the Shire Rating Policy due to their land use. The land use is restricted to predominantly agricultural purposes. The minimum

payment is lower than that of the other UV categories due to the property size. The rate in the dollar is the same as the UV Rural base rate.

- Rate in the dollar 0.4799 cents (last year 0.4705 cents)
- Minimum payment \$897 (last year \$879)

UV Conservation

A lower rate in the dollar and minimum payment has been applied to properties zoned Bushland Protection, Leeuwin-Naturaliste Ridge Landscape Amenity, Leeuwin-Naturaliste Ridge Conservation and Southern Ocean Foreshore Protection. Limited development is allowable on land to maintain significant conservation and/or landscape values.

- Rate in the dollar 0.4690 cents (last year 0.4598 cents)
- Minimum payment \$1,470 (last year \$1,441)

Rate Yield Breakdown for 2021-22

The following shows the rate yield breakdown by rate category for 2021-22.

RATE TYPE		Rate in \$ (cents)	Number of Properties	Rateable Value \$	2021-22 Budgeted Rate Revenue \$
Differential General Rate/General Rate					
	Residential GRV	0.109733	5,123	85,946,720	9,431,191
	Residential GRV Vacant	0.210211	214	2,798,710	588,320
	Rural Residential GRV	0.105116	677	13,960,752	1,467,497
	Rural Residential GRV Vacant	0.204612	144	1,727,370	353,441
	Industrial, Commercial & Tourism	0.129976	1,258	42,490,412	5,522,734
	Rural Strata Title Vineyard UV	0.004799	0	0	0
	UV Rural	0.004799	773	512,154,000	2,457,827
	UV1 (one non rural use)	0.005998	107	71,051,000	426,164
	UV 2 (two non rural uses)	0.007198	18	11,431,000	82,280
	UV3 (over two non rural uses)	0.008398	14	12,703,000	106,680
	UV Conservation	0.004690	73	56,935,000	267,025
Sub-Totals			8,401	811,197,964	20,703,159
		Minimum			
Minimum Payment		\$			
	Residential GRV	1,362	387	4,077,399	527,094
	Residential GRV Vacant	1,498	654	3,064,030	979,692
	Rural Residential GRV	1,658	145	2,026,678	240,410
	Rural Residential GRV Vacant	1,824	37	268,650	67,488
	Industrial, Commercial & Tourism	1,463	191	1,517,233	279,433
	Rural Strata Title Vineyard UV	897	37	2,400,000	33,189
	UV Rural	1,528	179	43,311,194	273,512
	UV1 (one non rural use)	1,910	18	4,710,000	34,380
	UV 2 (two non rural uses)	2,292	4	1,146,000	9,168
	UV3 (over two non rural uses)	2,674	1	183,000	2,674
	UV Conservation	1,470	17	4,324,000	24,990
Sub-Totals			1,670	67,028,184	2,472,030
Total Amount Raised from General Rate					23,175,189

OBJECTIVES AND REASONS 2021-22 DIFFERENTIAL RATES

Differential General Rate				
Description	Characteristics	Objects	Reasons	Rate in \$
Residential	Developed properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of the rate for this category is to provide the base for the other GRV rate categories.	The other GRV categories are considered to have different demand and requirement characteristics to the residential category.	0.109733
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of having the same minimum payment but a higher rate in the dollar than the Residential category is to encourage land owners to develop residential land.	Excessive vacant residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.	0.210211
Rural Residential	Properties zoned rural residential that are developed and located outside of townsite boundaries.	The object of the rate is to raise the revenue required to provide services to these larger lots.	These larger lots are considered to generate additional infrastructure, social and administrative demands on the Shire.	0.105116
Rural Residential Vacant	Properties zoned rural residential with a vacant land use. The minimum payment is the same as Rural Residential, however the rate in the dollar is higher.	The object is to encourage landowners to develop their property.	Excessive vacant rural residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.	0.204612
Commercial, Industrial and Tourism (including short stay accommodation)	Includes properties zoned industry and composite industry such as light industry and workshops; properties zoned service commercial, town centre and village centre; properties zoned chalet and camping, caravan park and tourism and properties with Planning approval to operate as short term holiday rental.	The object of the rate for these categories is to raise additional revenue to fund the level of service provided to these properties and the costs that result from the visitors to these properties.	Higher costs such as carparking, landscaping, street cleaning and provision of amenities are incurred. Additional costs associated with supporting tourism and economic development also benefit property owners.	0.129976
UV Rural	Properties zoned priority agriculture, general agriculture and cluster farm where the predominant use is rural.	Sets the base rate for the UV categories.	The other UV categories are considered to have a higher demand on Shire services and resources.	0.004799
Strata Title Vineyard	A strata title property in the Priority Agriculture zone.	To apply a lower minimum payment than the rural category.	Property size restricts use.	0.004799
UV1 (one non-rural use)	Properties where the predominant use is rural but they have one non-rural use.	Rate in the dollar is 1.25 times the base rate to recognise the additional non-rural use.	The provision of non rural uses in rural areas results in additional costs.	0.005998
UV2 (two non-rural use)	Properties where the predominant use is rural but they have two non-rural uses.	Rate in the dollar is 1.5 times the base rate to recognise the additional two non-rural uses.	The provision of non rural uses in rural areas results in additional costs.	0.007198
UV3 (three non-rural use)	Properties where the predominant use is rural and more than two non-rural uses.	Rate in the dollar is 1.75 times the base rate to recognise the three or more non-rural uses..	The provision of non rural uses in rural areas results in additional costs.	0.008398
UV Conservation	Properties zoned bushland protection, Leeuwin Naturaliste Ridge and Southern Ocean Foreshore protection.	To apply a lower rate in the dollar and minimum payment than the rural category.	Limited development is allowed in order to maintain significant conservation and/or landscape values.	0.00469

OBJECTIVES AND REASONS 2021-22 DIFFERENTIAL RATES

Differential Minimum Payment				
Description	Characteristics	Objects	Reasons	\$
Residential	Developed properties zoned residential and future development that are primarily located within the townships of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object is to obtain the minimum contribution for basic services and infrastructure from owners of residential properties.	This is considered to be the base minimum for GRV rated residential properties.	1,362
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townships of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object is to obtain the minimum contribution for the provision of basic services and infrastructure from owners of vacant residential properties.	The minimum payment for this category is designed to encourage land owners to develop their land.	1,498
Rural Residential	Properties zoned rural residential that are developed and located outside of township boundaries.	The object is to obtain the minimum contribution for basic services and infrastructure for rural residential properties which are generally larger than residential properties.	This is considered to be the base minimum for GRV rated rural residential properties.	1,658
Rural Residential Vacant	Properties zoned rural residential with a vacant land use. The minimum payment is the same as Rural Residential, however the rate in the dollar is higher.	The object is to obtain the minimum contribution for basic services and infrastructure from rural residential vacant land owners.	The minimum payment for this category is designed to encourage land owners to develop their land.	1,824
Commercial, Industrial and Tourism (including short stay accommodation)	Includes properties zoned industry and composite industry such as light industry and workshops; properties zoned service commercial, town centre and village centre; properties zoned chalet and camping, caravan park and tourism and properties with Planning approval to operate as short term holiday rental.	The object is to obtain the minimum contribution for basic services and infrastructure provided for commercial, industrial and tourism zoned properties.	This is considered to be the base minimum for GRV commercial, industrial and tourism properties.	1,463
UV Rural	Properties zoned priority agriculture, general agriculture and cluster farm where the predominant use is rural.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to be the base minimum for UV rated properties.	1,528
Strata Title Vineyard	A strata title property in the Priority Agriculture zone.	To apply a lower minimum payment than the rural category.	The lesser minimum payment recognises that land size and restricted land use for this rural property are different to normal rural properties.	897
UV1 (one non-rural use)	Properties where the predominant use is rural but they have one non-rural use.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to be the base minimum for UV rated properties.	1,910
UV2 (two non-rural use)	Properties where the predominant use is rural but they have two non-rural uses.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to be the base minimum for UV rated properties.	2,292
UV3 (three non-rural use)	Properties where the predominant use is rural and more than two non-rural uses.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to be the base minimum for UV rated properties.	2,674
UV Conservation	Properties zoned bushland protection, Leeuwin Naturaliste Ridge and Southern Ocean Foreshore protection.	To apply a lower minimum payment than the rural category.	This lower minimum payment recognises the land conservation restrictions on these properties.	1,470

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