



## Rating Equity Policy

30 July 2024 - Attachment 9.2.3a

# 1 INTRODUCTION

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

This policy stipulates how to apply methods of valuation and differential rating categories.

## 2 POLICY

### 2.1 Definitions

**Land** - means lands, tenements and hereditaments, and any improvements to land, and includes any interest in land.

**Vacant Land** - means land on which there are no improvements other than merged improvements.

### 2.2 Rating Categories – Gross Rental Valuation (GRV) Basis

A GRV valuation basis will be used where a land parcel is predominantly used for non-rural purposes.

Where a GRV valuation is applied the following differential rating categories will apply.

#### 2.2.1 Non - Rural Improved

A property is determined to be rated as Non-Rural Improved where the property does not fit the definition of Holiday Purposes or Vacant rating categories.

#### 2.2.2 Holiday Purposes

A property is determined to be rated as Holiday Purposes where the property has been granted planning approval under the Town Planning Scheme (TPS) to operate as a *holiday home (standard or large)* and *boarding houses*:

- Where the TPS identifies the land as zoned:
  - Residential
  - Special Residential
  - Special Rural

- Landscape Protection
- Urban Development

### 2.2.3 Vacant

A property is determined to be rated as Vacant where the property is *vacant land*.

## 2.3 Rating Categories – Unimproved Valuation (UV) Basis

A UV valuation basis will be used where a land parcel is predominantly used for rural purposes.

Where a UV valuation is applied the following differential rating categories will apply.

### 2.3.1 Rural

A property is determined to be rated as Rural where the rating categories of Rural Additional Use – Holiday or Rural Additional Use – Commercial do not apply.

### 2.3.2 Rural Additional Use – Holiday

A property is determined to be held or used for Rural Additional Use - Holiday where:

- The property has planning approval under the TPS to operate up to a total of four (4) *holiday homes (standard or large) or chalets*.

### 2.3.3 Rural Additional Use – Commercial

A property is determined to be rated as Rural Additional Use - Commercial where:

- The property has planning approval under the TPS to operate more than four (4) *holiday homes (standard or large) or chalets*; or,
- Where the property has any of the following approved uses in accordance with the TPS:
  - Arts and Crafts
  - Cellar Sales
  - Brewery / Microbrewery
  - Service Industry
  - Winery
  - Restaurant/Café
  - Caravan Park (more than 4 sites)
  - Any other use that is not a *rural use* as determined by the Chief Executive Officer

## 2.4 Split Rating

The Local Government Act 1995 permits the Shire to “split rate” non-rural uses on unimproved valued land and effectively isolate that activity from the remainder of the property and rate that activity on a separate land parcel; one land parcel reflecting the rural use and the other land parcel reflecting the non-rural use/s.

## 2.5 Spot Rating (changing the method of valuation)

The Local Government Act 1995 permits the Shire to “spot rate” non-rural uses on unimproved valued land and is frequently used in situations where there are a number of individual lots within a valuation area that are used for purposes that are not consistent with the predominant use of land within that valuation area.

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**RATING EQUITY POLICY**

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.

Definitions:

Improved - Has the same meaning as "improvements" as defined by the Valuation of Land Act 1978, namely:

"Improvements" in relation to land - means the value of all works actually effected to land, whether above or below the surface, and includes fixtures, but does not include:

- (a) machinery, whether fixed to the land or not; or
- (b) any below ground works used in the extraction of minerals or petroleum;

Land - means lands, tenements and hereditaments, and any improvements to land, and includes any interest in land.

Vacant – means all properties held or used for no-rural purposes and that are currently vacant.

Vacant Land - means land on which there are no improvements other than merged improvements.

Where the definition of "Improved" is amended in the Valuation of Land Act 1978, those amendments will prevail. If the Valuation of Land Act 1978 is superseded, then similar terms in the new act will prevail (in accordance with any amendments to the Local Government Act 1995).

Holiday Purposes - a property is determined to be held or used for Holiday Purposes where the property has been granted planning approval by the Shire to operate as a holiday home (standard or large) or holiday accommodation, as defined in Town Planning Scheme 3, and where the method of valuation used for the property for rating is on a non-commercial basis.

Holiday - has the same meaning as the following definitions in the Shire of Denmark Town Planning Scheme and its associated Policies, namely:

"Holiday Home (standard)" – means a single house (excluding ancillary accommodation), which may also be used for short stay accommodation for no more than six people (but does not include a bed and breakfast, guesthouse, chalet and short stay accommodation unit).

"Holiday Home (large)" – means premises conforming to the definition of holiday home (standard) with the exception that the premises provide short stay accommodation for more than six people but not more than 12 at any one time.

"Holiday Accommodation" – means one or more dwellings on one lot which by way of trade or business, are made available for occupation by persons other than the proprietor for holiday purposes and includes those premises known as bed and breakfast but does not include a dwelling that is used as a rental property for tenanting for residential accommodation or Holiday Home (standard) or Holiday Home (large).

“Boarding House” – means a building in which provision is made for lodging or boarding more than six persons, exclusive of the family of the keeper, for hire or reward, but does not include:

- (a) premises the subject of a Hotel, Limited Hotel or Tavern Licence granted under the provision of the Liquor Act 1970 (as amended);
- (b) premises used as a boarding school approved under the Education Act 1928 (as amended);
- (c) a single house or grouped dwelling;
- (d) any building that is the subject of a strata title issued under the provisions of the Strata Titles Act 1985 (as amended).”

Where the definitions shown above are amended in the Town Planning Scheme, then those planning amendments will prevail in the context of implementing the rating system.

Local Scheme Reserve - has the same meaning as the purpose and intent of the reserves in the TPS3. Where the reserves are amended in the TPS3, or where the TPS3 is superseded, then this document will be reviewed, and the new reserves will be used to amend the rating system.

Non-Rural Improved - a property is determined to be held or used for Non-Rural purposes where the method of valuation used for the property of rating is the Gross Rental Value (GRV) of the property.

#### No Zone

Where no zone is designated for a land parcel, as shown in the Scheme Maps to the TPS3, then this term applies. Where the zones are amended in the TPS3, or where the TPS3 is superseded, then this document will be reviewed, and the new zones will be used to amend the rating system.

#### Other Zones

Where a land parcel’s zone is not provided for in the rating system, then this term applies.

Rural - a property is determined to be held or used for Rural Purposes where the method of valuation used for the property for the purposes of rating is the Unimproved Value (UV) of the property.

Rural Use - Has the same meaning as the following definitions in the Town Planning Scheme, namely:

#### “permitted uses”

- One Residential Dwelling
- Two Residential Dwellings (over 10ha)

“rural pursuit” - means use of land for any of the purposes set out hereunder and shall include such buildings normally associated therewith:

- the growing of cereals or food crops except for domestic purposes
- the rearing or agistment of livestock
- the stabling, agistment or training of horses
- the growing of trees, plants, shrubs, or flowers for replanting in domestic, commercial or industrial gardens
- the sale of produce grown solely on the lot but does not include the following except as approved by the Council:
  - the keeping of pigs
  - poultry farming
  - the processing, treatment or packing of produce
  - the breeding, rearing or boarding of domestic pets

Rural Use also includes the following, as defined in the Town Planning Scheme Appendix I – Interpretations, where such uses have been approved by Council upon the subject land:

- aquaculture
- horticulture
- private tree plantation
- kennels
- extractive industry
- feedlot farming
- home occupation
- market
- office
- piggery
- poultry farming

Non-Rural Use – means all approved activity on rural land which is not listed under the term “Rural Use for the purposes of the rating system. The term approved relates to Planning Approvals, Environmental Health Licences and Registrations, and Building Permits, from the Shire of Denmark, where applicable to the activity being undertaken.

The following table provides examples of approved activities equivalent to the Rating Category applied:

<b>Activity</b>	<b>Number Approved/Licensed</b>	<b>Rural Additional Use Rating Category</b>
Arts and Craft	1	Commercial
Bed and Breakfast	1	Holiday
Boarding House / Lodging House / Hotel / Motel	1	Holiday
Cellar Sales	1	Commercial
Chalet	1 to 4	Holiday
	5 or More	Commercial
Holiday Accommodation / Holiday Home	1 to 4	Holiday
	5 or More	Commercial
Brewery / Microbrewery	1	Commercial
Service Industry	1	Commercial
Winery	1	Commercial
Restaurant / Cafe	1	Commercial
Other uses not listed	1	Assessed on a case-by-case basis

\*For Definitions of activities for the listed above refer to the Town Planning Scheme.

#### Rural Additional Use - Holiday

A property is determined to be held or used for Rural Additional Use Holiday Purposes where the method of valuation used for the property for the purposes of rating is the Unimproved Value (UV) of the property and where it has been granted planning approval by the Shire to operate a holiday homes (standard or large) or holiday accommodation as defined in Town Planning Scheme 3. Where there are approved holiday homes or chalets up to a quantity of four, then this Rural Additional Use category will apply.

#### Rural Additional Use - Commercial

A property is determined to be held or used for Rural Additional Use Commercial Purposes where the method of valuation used for the property for the purposes of rating is the Unimproved Value (UV) of the property and where the property is operating approved non rural commercial activities. Where there is approved commercial activities or holiday accommodation over a quantity of four then this Rural Additional Use category will apply.

Where there is an approved commercial business or holiday accommodation over a quantity of four then this category will apply to assist in meeting the additional costs associated with providing commercial related infrastructure and services.

### Split Rating

The Local Government Act 1995 permits the Shire of Denmark to “split rate” non-rural uses on unimproved value land and effectively isolate that activity from the remainder of the property and rate that activity on a separate land parcel; one land parcel reflecting the rural use and the other land parcel reflecting the non-rural use/s.

### Spot Rating (changing the method of valuation)

The Local Government Act 1995 permits the Shire of Denmark to “spot rate” non-rural uses on unimproved value and is most frequently used in situations where there are a number of individual lots within a valuation area that are used for purposes that are not consistent with the predominant use of land within that valuation area.

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