

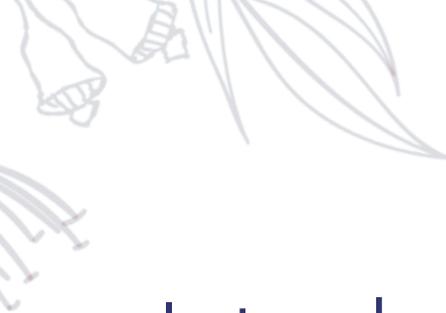
# Rating Proposal

## 2022/2023



Including **Statement of Objects and Reasons**





# Introduction

Our rating system is one of the key sources of revenue for the Shire of Denmark in determining its annual budget.

The aim of the annual budget is to provide sufficient funds for the Shire to deliver the services and key infrastructure that our community and visitors want, whilst ensuring rates offer value for money.

Council has endorsed the use of a differential rating system in the Shire of Denmark. It is a requirement of the Local Government Act that the Shire must advertise its differential rates in a document (Rating Proposal), that explains what the proposed differential rates are, why different properties are charged different rates and what the proposed rate in the dollar is next year.

## **What are the reasons for the 2022/2023 differential rates?**

The Shire has a net funding shortfall in its operational and capital budget for 2022/2023 of \$7.68M, which is required to be made up by rates. This funding pays for infrastructure and services like roads, parks, streetscapes, libraries, Ocean Beach precinct, youth services and community events to name a few.

We are proposing increasing total rate revenue by 7.9% for 2022/2023 to ensure we can deliver these essential services and projects to our community.





# Differential Rates and Minimum Payments for 2022/2023

Council utilises a differential rating system in the Shire of Denmark. This means the Shire distinguishes between land in both the Gross Rental Value (GRV) and Unimproved Value (UV) rating categories on the basis of characteristics including zoning, location and use.

A differential rate is generally imposed to ensure that every landowner makes a fair and reasonable contribution to maintaining and upgrading services and facilities within the district.

There are six differential rating categories in the Shire:

- Non-rural improved (GRV)
- Holiday purposes (GRV)
- Vacant (GRV)
- Rural (UV)
- Rural Additional Use - Holiday (UV)
- Rural Additional Use - Commercial (UV)

**Frequently Asked Question: Each year we hear about a percentage increase when we're talking about how much rates are going up. What does that mean for me? Do all rating categories go up by that percentage amount?\***

Local Governments examine each rating category to ensure all rate payers contribute in a fair and equitable way. Some categories might increase more than others, depending on what Council decides is fair and equitable. In the Shire of Denmark, the increase in total revenue from all six rating categories will equal the percentage increase you hear about in the media.

*\*More Frequently Asked Questions available at [www.yourdenmark.wa.gov.au/your-rates](http://www.yourdenmark.wa.gov.au/your-rates)*

# Differential Rating Category *Proposed* **Rate in the Dollar** and **Minimum Payment**

The table below shows the proposed rate in the dollar and minimum payment for each rating category in 2022/2023 to achieve a 7.9% increase in total rate revenue. The table also highlights the percentage amount each category will increase on average.

<b>Rating Category</b>	<b>Rate in the Dollar 2021/2022</b>	<b>Rate in the Dollar 2022/2023</b>	<b>% Increase on Rates Notice</b>
<b>General Rate</b>			
<i>Gross Rental Value</i>			
Non-Rural Improved	\$0.099553	\$0.106223	6.70%
Holiday Purposes	\$0.119464	\$0.138090	15.59%
Vacant	\$0.198474	\$0.211772	6.70%
<i>Unimproved Value</i>			
Rural	\$0.005009	\$0.004511	6.70%*
Rural - Additional Use Holiday	\$0.006010	\$0.005864	15.62%*
Rural - Additional Use Commercial	\$0.008515	\$0.007668	6.70%*
<b>Minimum Payments</b>			
	<b>Amount 2021/2022</b>	<b>Amount 2022/2023</b>	<b>% Increase on Rates Notice</b>
<i>Gross Rental Value</i>			
Non-Rural Improved	\$1141	\$1298	13.76%
Holiday Purposes	\$1369	\$1558	13.78%
Vacant	\$1220	\$1298	6.39%
<i>Unimproved Value</i>			
Rural	\$1397	\$1491	6.70%
Rural - Additional Use Holiday	\$1676	\$1938	15.62%
Rural - Additional Use Commercial	\$2654	\$2832	6.70%

\* the rates in the dollar for UV general rate categories have been discounted back to take into account increases in annual property valuations. The rate percentage increase listed here for these categories is an average.

When Council meets to adopt the budget and rates charges for 2022/2023, they may choose to vary the above proposed rates charges and minimum payments.

# Comparison of Average Rates by Category

The table below shows the average rate payable from the 2021/2022 to the 2022/2023 financial year in each rating category.

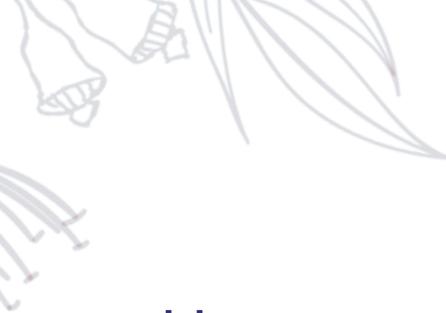
Rating Category	21/22 Average	22/23 Average
<i>Gross Rental Value</i>		
Non-Rural Improved	\$1611	\$1735
Holiday Purposes	\$1921	\$2195
Vacant	\$1560	\$1666
<i>Unimproved Value</i>		
Rural	\$2261	\$2350
Rural - Additional Use Holiday	\$2099	\$2759
Rural - Additional Use Commercial	\$3629	\$4410

## **Frequently Asked Question: What are other Local Governments in WA doing with their rates this year?\***

Councils across Western Australia face the same pressures faced by businesses and households. Our discussions with other Local Governments are that ratepayers across the State can expect to see rate rises to meet the implications of current global economic conditions.

When looking at what other Local Governments might be considering for their rate rises, it's important to keep in mind that it's difficult to make direct comparisons and any comparison should be taken with a pinch of salt. For example, the Shire of Denmark is not comparable to Local Governments like metropolitan towns or cities because we have a drastically different number of residents and ratepayers and opportunities to generate income (such as parking fees or commercial rent for example). Nor are we comparable to similar-sized Local Governments because communities have differing sets of delivery priorities.

\*More Frequently Asked Questions available at [www.yourdenmark.wa.gov.au/your-rates](http://www.yourdenmark.wa.gov.au/your-rates)



# How are my rates calculated?

The amount of rates payable per property is determined by four factors:

- valuation type (GRV or UV)
- amount of the valuation
- differential rating category
- corresponding rate in the dollar or minimum payment

A GRV or UV valuation type is applied to land predominantly used for non-rural purposes and rural purposes respectively.

Valuations are provided by the Valuer General in accordance with the *Valuation of Land Act 1978* and are revalued regularly (usually every four years for GRV and annually for UV). Such revaluations will apply effective from 1 July 2022.

**General Rate** - Council sets a rate in the dollar as part of its annual budget process which is then multiplied by a property's valuation to determine the amount of that property's annual rating assessment.

**Minimum Payment** - Each differential rating category has a minimum payment that is applied to ensure that properties that are not subject to a rate in dollar calculation still make a fair and equitable contribution to the Shire's rate revenue. A minimum payment is levied when the calculated rate is equal to or less than the minimum payment amount for the relevant rating category.

To calculate your annual rates, multiply either your GRV or UV, depending on your property by the rate in the dollar of the respective rate category.

*For example: if your property is valued at \$10,000 and the 'rate in the dollar' for the relevant rating category is 10c, we will multiply the value (\$10,000) by the rate in the dollar (10c) and the result will be the rate amount (\$10,000 x 10c = \$1000 rates).*

# Statement of **Objects and Reasons** for Differential Rate

The overall goal or object of the Shire's differential rating system is to raise rates revenue in a fair and equitable manner. The objects and reasons for each differential rating category are as follows:

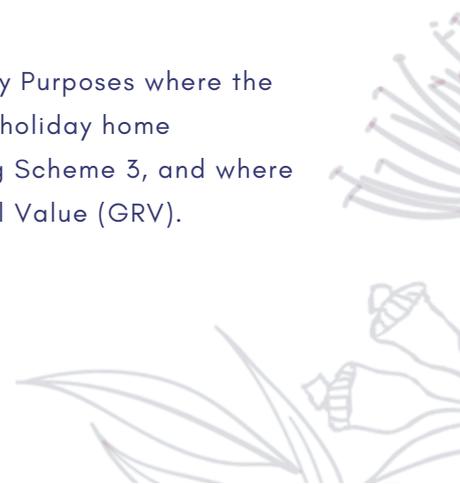
Description	Characteristics	Objects	Reasons
<b>Non- Rural Improved</b>	<p>All properties:</p> <p>a) held or used for Non- Rural Purposes and not for Holiday Purposes and;</p> <p>b) that are not currently vacant</p>	<p>The object of this rate is to apply a base rate to improved land that is held or used for Non-Rural Purposes, excluding Holiday Purposes.</p>	<p>To ensure that all ratepayers within the differential rate category make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities in the Shire.</p> <p>To achieve the required amount of revenue from the differential rate category.</p>
<b>Holiday Purposes</b>	<p>All properties held or used:</p> <p>a) for Non-Rural purposes and;</p> <p>b) for Holiday Purposes</p>	<p>The object of a higher rate in the dollar (30% premium on the Non-Rural Improved rate in the dollar) for this category is to raise additional revenue to fund the level of service provided to these properties and the costs that result from visitors to these properties.</p> <p>The rate recognises the impact of such properties on infrastructure, the environment, housing availability and affordability within the Shire.</p>	<p>To assist in meeting the additional costs associated with providing tourism related infrastructure and services.</p>
<b>Vacant</b>	<p>All properties:</p> <p>a) held or used for Non-Rural purposes and;</p> <p>b) that are currently vacant</p>	<p>The object of this rate in the dollar is to encourage absent owners of vacant land to develop and infill to improve the local economy and improve local visual amenity of the town.</p>	<p>To ensure that ratepayers within the differential rate category make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities in the Shire.</p> <p>The Shire considers the development of all vacant rateable land to be in the best interests of the community as it will improve the vibrancy of the Shire.</p>

<b>Rural</b>	All properties held or used for Rural purposes	The object of the rate in the dollar for this category is to set an appropriate rate for properties held or used for Rural purposes.	To ensure that ratepayers within the differential rate category make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities in the Shire.  To achieve the required amount of revenue from the differential rate category.
<b>Rural - Additional Use Holiday</b>	All properties held or used:  a) for Rural purposes and;  b) have additional Non-Rural Holiday use(s)	The object of the rate in the dollar (30% premium on the base Rural rate) for this category is to recognise the additional non rural holiday use(s). The rate recognises the impact of such properties on infrastructure, the environment, housing availability and affordability within the Shire.	To ensure that all ratepayers within the differential rate category make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities in the Shire.  To assist in meeting the additional costs associated with providing tourism related infrastructure and services.
<b>Rural - Additional Use Commercial</b>	All properties held or used:  a) for Rural purposes and;  b) have additional Non-Rural Commercial use(s)	The object of the rate in the dollar (70% premium on the base Rural rate) for this category is to recognise the additional non rural commercial use(s). The rate recognises the impact of such properties on infrastructure and the environment, within the Shire.	To ensure that ratepayers within the differential rate category make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities in the Shire.  To assist in meeting the additional costs associated with providing commercial related infrastructure and services.

Pursuant to section 6.36 (3A) of the *Local Government Act (1995)*, the basis on which the Shire determines that a property is held or used:

**Non-Rural Purposes** - 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.

**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 the Gross Rental Value (GRV).





**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 - 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 home (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.

*More information available at [www.yourdenmark.wa.gov.au/your-rates](http://www.yourdenmark.wa.gov.au/your-rates)*

