

Rating Proposal

2024/2025



Including **Statement of Objects and Reasons**



Introduction

Every Local Government district is diverse, filled with community members from all walks of life, at every stage of life. Though we all have passions, careers, families, and priorities unique to ourselves, we are also members of the community here within the Shire of Denmark. As community members and ratepayers, we share common ground because we all contribute to our community life for the benefit of all.

Rates are a key source of revenue to fund the delivery of key services and outcomes for our community.

Rate revenue contributes to our maintenance and capital works program for our Shire's 600km road network, the safe operation of our waste services and the preservation of other public assets such as our popular reserves, parks, playgrounds, Recreation Centre, and Public Library.

As ratepayers, we all contribute our fair share, no matter where we live, based on the differential rates proposed.

The team at our Shire works hard to pursue additional sources of revenue through the acquisition of grant funding and additional support. Every year, more than 50% of the operational costs of our Shire are paid for by external sources.

Proposed Rate Increase

Acknowledging the cost of living pressures faced by households and businesses, we propose an average rate increase of 2% above annual CPI (3.4%), which will represent an average dollar increase of \$106 per ratepayer.

How will the funds be used?

The proposed increase is earmarked for asset renewal and will focus on:

- Asset maintenance and upgrades to existing assets. This includes repairing roads, upgrading playgrounds, and community facilities.
- Infrastructure renewal. As assets age, they require renewal. Whether it's replacing aging water pipes or upgrading

- electrical systems, these investments are essential to prevent costly failures and disruptions.
- Long-term viability of our community. By investing in asset renewal, we protect our community's well-being and enhance community pride.

Non-Rural Holiday Purposes

To address valuation disparities, we propose an average increase of 53% for properties used for non-rural holiday purposes. This aligns with their higher gross rental income compared to long-term residential properties.

Budget and Rate Setting Process

As community representatives, our Councillors carefully consider financial data throughout the budget-building process, working closely with our finance team to finalise the proposed rates and budget for the upcoming financial year.

Key Dates

- 12 March, Budget Workshop #1
- 26 March, Budget Workshop #2
- 16 April, Budget Workshop #3
- 28 May, Budget Workshop #4
- 11 June, Special Council Meeting (vote to advertise Rating Proposal)
- 12 June - 3 July, Public Comment Period
- 25 June, Budget Workshop # 5
- 19 July, Proposed Annual Budget published with agenda for July Ordinary Council Meeting
- 30 July, Ordinary Council Meeting (vote to adopt Rates and Annual Budget)

Have Your Say

Visit www.yourdenmark.wa.gov.au/your-rates-2024-2025 for information on the Public Comment for this Rating Proposal.

Your written submissions received during the Public Comment Period will be collated and presented to Council to assist in the Rates and Annual Budget adoption meeting in July.

Differential Rates for 2024/2025

We have 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 based on characteristics including zoning, location and use.

A differential rate is 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)

How are my rates calculated?

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

- valuation type (GRV or UV)
- property valuation
- differential rate category
- 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 2024.

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 you pay in rates each year.

Minimum Payment

Each differential rate category has a minimum payment that is applied to ensure those properties not subject to a rate in the dollar calculation 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 rate category.

To calculate your 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 \$70,000 and the 'rate in the dollar' for the relevant rating category is 10c, we will multiply the value (\$70,000) by the rate in the dollar (10c) and the result will be the rate amount (\$70,000 x 10c = \$7,000 rates).

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 2024/2025, with a direct comparison to the previous year.

Rating Category		Rate in the Dollar	
General Rate		2023/24	2024/25
Gross Rental Value	Non-Rural Improved	\$0.112065	\$0.118117
	Holiday Purposes	\$0.145685	\$0.230328
	Vacant	\$0.223419	\$0.235484
Unimproved Value	Rural	\$0.004016	\$0.004042
	Rural - Additional Use Holiday	\$0.005220	\$0.005255
	Rural - Additional Use Commercial	\$0.006827	\$0.006871
Minimum Payments		Amount	
Gross Rental Value	Non-Rural Improved	\$1369	\$1443
	Holiday Purposes	\$1643	\$1732
	Vacant	\$1340	\$1412
Unimproved Value	Rural	\$1573	\$1658
	Rural - Additional Use Holiday	\$2045	\$2155
	Rural - Additional Use Commercial	\$2989	\$3150

Comparison of Average Rates by Category

The table below compares the **average rate payable** from the 2023/2024 to the 2024/2025 financial year, per rating category.

Rating Category		Average Rate Payable	
		23/24	24/25
Gross Rental Value	Non-Rural Improved	\$1831	\$1938
	Holiday Purposes	\$2301	\$3605
	Vacant	\$1725	\$1836
Unimproved Value	Rural	\$2487	\$2618
	Rural - Additional Use Holiday	\$2823	\$3043
	Rural - Additional Use Commercial	\$4472	\$4580

Statement of Objects and Reasons

The overall goal or object of the Shire's differential rating system is to raise rates revenue in a fair and equitable manner.

Description	Characteristics	Objects	Reasons
Non- Rural Improved	<p>All properties:</p> <ul style="list-style-type: none"> held or used for Non-Rural purposes and not for Holiday purposes and; currently not vacant. 	To apply a base rate to improved land that is held or used for non-rural purposes.	To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance of public assets, infrastructure and facilities, as well as the provision of community services throughout the Shire.
Holiday Purposes	<p>All properties held or used:</p> <ul style="list-style-type: none"> for Non-Rural purposes and; for Holiday purposes. 	The object of a higher rate in the dollar (95% premium on the Non-Rural Improved rate in the dollar) for this category is to provide fairness and equity across different types of residential land use.	<p>To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance of public assets, infrastructure and facilities, as well as the provision of community services throughout the Shire.</p> <p>To reduce the significant disparity between the valuation of properties used for holiday purposes and those used as owner-occupied residents.</p> <p>Properties used for short term rentals generate higher gross rental income compared to properties used for long term residential purposes.</p>
Vacant	<p>All properties:</p> <ul style="list-style-type: none"> held or used for Non-Rural purposes and; currently vacant. 	The object of a higher rate in the dollar (99% premium on the non-Rural Improved rate in the dollar) for this category 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>To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance of public assets, infrastructure and facilities, as well as the provision of community services throughout the Shire.</p> <p>The development of all vacant rateable land is in the best interests of the community as it will improve the vibrancy of the Shire.</p>



Rural	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.	<p>To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance of public assets, infrastructure and facilities, as well as the provision of community services throughout the Shire.</p> <p>To achieve the required amount of revenue from the differential rate category.</p>
Rural - Additional Use Holiday	<p>All properties held or used:</p> <ul style="list-style-type: none"> • for Rural purposes and; • 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).	<p>To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance of public assets, infrastructure and facilities, as well as the provision of community services throughout the Shire.</p> <p>To reduce the disparity between the valuation of properties used for non rural holiday purposes and those used for Rural purposes.</p>
Rural - Additional Use Commercial	<p>All properties held or used:</p> <ul style="list-style-type: none"> • for Rural purposes and; • 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).	<p>To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance of public assets, infrastructure and facilities, as well as the provision of community services throughout the Shire.</p> <p>To reduce the disparity between the valuation of properties used for non rural commercial purposes and those used for Rural purposes.</p>

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) 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) and where the property is operating approved non rural commercial activities. Where there are approved commercial activities or holiday accommodation over a quantity of four then this Rural Additional Use category will apply.

Have Your Say

Community submissions on this proposal are welcomed during the Public Comment Period.

More information available at www.yourdenmark.wa.gov.au/your-rates-2024-2025