Rating Proposal 2025-26

For public inspection (Section 6.36 of the Local Government Act 1995)

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Contents

Rating Proposal & Objects and Reasons 2025-26

Introduction

The Shire of Augusta Margaret River (Shire) provides services and facilities to the community and visitors to the region. Rate revenue is a primary source of revenue for the Shire, and rates are imposed on properties within its district to enable the Shire to provide facilities, community buildings, recreational areas including parks and foreshores, and to ensure that efficient administrative services are provided to our entire community and its many visitors.

The amount of rates payable by a ratepayer is determined by four factors:

1. The method of valuation applicable to their property, being either Gross Rental Value (GRV) or Unimproved Value (UV);
2. The amount of the valuation;
3. The differential rating category of the property; and
4. The rate in the dollar or minimum payment of that differential rating category.

Valuations are provided by the Valuer General in accordance with the *Valuation of Land Act* 1978. Council sets the rate in the dollar in its annual budget, which is applied to a valuation to determine the rates applicable to the property.

The Shire applies differential rating under its Rating Policy in conjunction with the Shire's Local Planning Scheme No 1 (LPS1) and includes the following differential rating categories:

Gross Rental Valuation Properties	Unimproved Valuation Properties
Residential	UV rural
Residential vacant	UV 1 (1 non-rural use = UV rural x 125%)
Commercial, industrial, tourism	UV 2 (2 non-rural uses = UV rural x 150%)
	UV 3 (3 non rural uses = UV rural x 175%)
	UV conservation

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

- Growth of rateable properties
- Landgate Unimproved Value (UV) and Gross Rental Value (GRV) revaluations;
- Long Term Financial Plan (LTFP) which identifies the forecast deficiency between revenue and expenditure to be funded from rates;
- 2024-25 Draft Budget;
- Shire's Sustainable Financial Management Policy; and
- Compliance with the provisions of the *Local Government Act 1995*.

It is intended that for the 2025-26 financial year there will be an average 4.90% increase in rates revenue above that which would be derived based purely on property growth.

Each differential rating category has a minimum payment that is applied to ensure those properties not subject to a rate in dollar calculation make a fair and equitable contribution to the Shire's rate revenue.

A minimum payment is levied in instances where the applicable rate in dollar multiplied by the property's valuation is equal to or less than the minimum payment amount.

It is intended that for the 2025-26 financial year there will be an increase of 4.90% to the minimum payment value for each differential rate category except for the Residential Vacant category, which will see a drop in minimum payment value of 27.90%. The reduction in minimum payment for the Residential Vacant rating category is required to ensure compliance with s6.35 of the *Local Government Act 1995* which asserts that no more than 50% of properties in a rating category should be on the minimum payment.

The rates in the dollar for each rating category have been adjusted to achieve the overall target of 4.9% rates revenue growth over and above property growth-related rates revenue growth, whilst also maintaining the split of rates yield between GRV and UV properties.

Whilst the overall rate yield increase has been set at 4.90%, due to the reduction in the minimum payment value proposed for the Residential Vacant rating category (the shortfall in income for which will be recovered from the other GRV rating categories) and Landgate revaluations (which alter individual property values in relation to other properties) this rate increase will not equate to 4.9% for the majority of individual properties.

Proposed Rate in Dollar and Minimum Payment

It is proposed for the 2025-26 financial year that the following rate in the dollar and minimum payment for each differential rating category will apply:

Differential Rating Category	Proposed Rate in $ 2025-26[4]	Actual Rate in $ 2024-25	Proposed Minimum Payment 2025-26[4]	Actual Minimum Payment 2024-25
Gross Rental Valuation properties				
Residential	$0.081699	$0.102453	$1,632	$1,556
Residential vacant	$0.163397	$0.204905	$1,235	$1,712
Rural residential	N/A[1]	$0.109913	N/A[1]	$1,895
Rural residential vacant	N/A[2]	$0.198753	N/A[2]	$2,085
Commercial, industrial, tourism	$0.122120	$0.136056	$1,755	$1,673
Unimproved Valuation Properties				
UV rural	$0.003593	$0.003723	$1,832	$1,746
UV 1	$0.004491	$0.004654	$2,289	$2,182
UV 2	$0.005390	$0.005585	$2,747	$2,619
UV 3	$0.006288	$0.006516	$3,205	$3,055
Strata titled vineyard	N/A[3]	$0.005197	N/A[3]	$1,025
UV conservation	$0.003637	$0.003831	$1,763	$1,681

[1] For the 2025-26 financial year it is proposed that the Rural Residential rating category be incorporated into the Residential rating category

[2] For the 2025-26 financial year it is proposed that the Rural Residential Vacant category be incorporated into the Residential Vacant rating category.

3 For the 2025-26 financial year it is proposed that the UV Strata Titled Vineyard category be incorporated into the UV Rural rating category

4 When adopting the 2025-26 Annual Budget, Council may vary the proposed rate in dollar and minimum payment amounts

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:

Growth of rateable properties

The number of rateable properties has increased during the 2024-25 financial year as a result of land developments released and subdivisions of land by individual landowners across the Shire. 308 new rateable properties have been created for the financial year to 30 April 2025. A comparison of the increase in the property base for the current and past seven years is tabled below.

Year	No. of properties	Property increase	% increase
2024-25	**11,196**	**308**	**2.8%**
2023-24	10,888	354	3.4%
2022-23	10,534	317	3.1%
2021-22	10,217	147	1.4%
2020-21	10,070	160	1.6%
2019-20	9,910	130	1.3%
2018-19	9,780	101	1.0%

Landgate UV and GRV Revaluations

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

Landgate undertook a review of GRV and UV valuations as at 1 August 2024 with new values being effective from 1 July 2025.

GRV Revaluation

The 2024-25 revaluation of properties valued on a GRV basis resulted in an overall average increase of 31.07%. This compares to an average increase of 16.0% reported three years ago.

To achieve an overall 4.90% increase in the rate yield despite the greater increase in Gross Rental Value property values, the GRV category rates in the dollar have been decreased. Whilst the average increase in valuation of non-rural properties is 31.07%, the increase varies significantly between individual properties. As a result of the range in variances, some property owners will receive property rates with a greater or lesser increase than the 4.90% target.

UV Revaluation

The 2024-25 revaluation of properties valued on a UV basis resulted in an overall average increase of 8.78%. This compares with the previous year when values increased by 13.43%.

Landgate have advised that an analysis of sales at or around the date of valuation support an increase in Unimproved Values for broadacre agricultural properties, with greater gains on larger holdings. The evidence for smaller and lifestyle properties supports varying increases in value, and higher gains between Margaret River and the coast.

To achieve an overall 4.90% increase in the rate yield despite the greater increase in Unimproved Value property values, the rural rate in the dollar has been decreased. The UV tiered rating scale differentials of 25%, 50% and 75%, have been applied against the rural rate to obtain the proposed rates for 2025-26.

Whilst the average increase in Unimproved Value is 8.78%, some variations to individual assessments may have occurred either as a product of the valuation process undertaken by Landgate and/or inclusion of updated information. As a result of the range in variances, some property owners will receive property rates with a greater or lesser increase than the 4.90% target. Unfortunately, this cannot be avoided as the calculation of property rates is dependent upon the valuation of the property.

Long Term Financial Plan

The draft 2025-26 to 2034-35 Long Term Financial Plan has been prepared on the basis of rates being set 1% higher than the Local Government Cost Index (LGCI), with the LGCI being an approximation of cost increases faced by local governments in Western Australia as a whole, but not taking into account local factors such as regional cost variations due to distance from city centres and contractor avaliability. The latest LGCI forecast for the financial year, issued by the Western Australian Local Government Association in March 2024, is 3.6%.

The Shire of Augusta Margaret River has imposed rate increases below the level of cost increases since the COVID-19 pandemic, including a 0% increase in 2020-21, mindful of cost of living struggles faced by the community. To ensure sound long-term financial management, rate increases can no longer continue at a rate below that of cost increases.

2025-26 Draft Budget

The preparation of the 2025-26 draft Budget is based on the rate yield increasing 4.90% plus property growth. This places pressure upon the requirement to balance the deficiency between expenditure demands and funding sources.

Affordability and Services

Council are extremely conscious of the impact rate increases can have upon the community, particularly in light of the upwards pressure on inflation – particularly inflation in fuel and food prices – exceeding the rate of wage growth, eroding households' disposable income. At the same time, it is necessary for the Shire to continue offering the services, facilities and infrastructure required for the community to thrive.

For this reason, the rate yield increase has been set at a level that supports financial sustainability of the Shire after taking measures to incorporate increased efficiency into its budgetary process so as to not unnecessarily burden ratepayers.

Sustainable Financial Management Policy

Council's Sustainable Financial Management Policy states that the Shire applies a differential rating system determined predominantly by the zoning of the property under the Shire's Local Planning Scheme, and that when setting rates, the following guiding principles will be followed:

- Objectivity
- Equity and fairness
- Consistency
- Transparency
- Administrative efficiency

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 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.

The Residential Vacant category has historically been non-compliant with Section 6.35 of the Act, with the total number of properties on the minimum payment exceeding 50%. For the 2025-26 financial year it is proposed that the rate in the dollar and minimum payments for the Residential Vacant category be set at a level that ensure compliance with the requirements of s6.35 of the Act.

Objects and Reasons for Differential Rates

The overall object of the Shire's differential rates is to raise rates revenue in a manner that is simple, efficient and equitable to all ratepayers within the district. The reasons for each differential rating category are outlined below:

Gross Rental Valuation

Residential	
Characteristics	Properties zoned Residential under the Local Planning Scheme No. 1 and which are not rated as Residential Vacant or Commercial/Industrial/Tourism.
Objects	To apply a differential rate and minimum payment to properties zoned and used for residential purposes, and to provide the base rate of calculation for the other GRV differential rates in the dollar and minimum payments.
Reasons	To ensure that all ratepayers in this category make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.
Residential vacant	
Characteristics	Properties zoned Residential under the Local Planning Scheme No. 1 that are undeveloped.
Objects	To apply a differential rate and minimum payment to undeveloped properties held for residential purposes, and to encourage landowners to develop residential land.
Reasons	The Shire considered the development of all vacant rateable land to be in the best interest of the community as it will improve the aesthetics of the area and provide housing stock.
Commercial/industrial/tourism	
Characteristics	Properties zoned Commercial, Industrial or Tourism under the Local Planning Scheme No. 1. This category also includes properties that have planning approval to operate as short-term holiday rentals.

Objects	To apply a differential rate and minimum payment to commercial, industrial and tourism zoned properties in order to raise additional revenue to fund the level of service to these properties.
Reasons	To ensure that a reasonable contribution is made towards the higher costs of services and facilities associated with the properties such as carparking, landscaping, street cleaning and provision of amenities.

Unimproved Valuation Properties

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	
Characteristics	Properties zoned Rural under the Local Planning Scheme No. 1 which are not rated under another UV differential rating category.
Objects	To apply a differential rate and minimum payment to properties with rural zoning, and to provide the base for the other UV differential rating categories.
Reasons	The other UV categories are considered to have higher demand on Shire services and resources.
UV 1	
Characteristics	Properties zoned Rural that have one non-rural use other than Residential and Ancillary Residential as listed under the Local Planning Scheme No. 1.
Objects	To apply a differential rate and minimum payment set at 125% of the base UV general rate to recognise the additional non-rural use.
Reasons	The provision of non-rural uses in rural areas results in additional costs.
UV 2	
Characteristics	Properties zoned Rural that have two non-rural use other than Residential and Ancillary Residential as listed under the Local Planning Scheme No. 1.
Objects	To apply a differential rate and minimum payment set at 150% of the base UV general rate to recognise the two additional non-rural uses.
Reasons	The provision of non-rural uses in rural areas results in additional costs.
UV 3	

Characteristics	Properties zoned Rural that have three or more non-rural use other than Residential and Ancillary Residential as listed under the Local Planning Scheme No. 1.
Objects	To apply a differential rate and minimum payment set at 175% of the base UV rural rate to recognise the three or more additional non-rural uses.
Reasons	The provision of non-rural uses in rural areas results in additional costs.
UV conservation	
Characteristics	Properties zoned Conservation in the Local Planning Scheme No. 1.
Objects	To apply a differential rate and minimum payment to properties with the above zoning.
Reasons	A lower differential rate and minimum payment recognises that limited development is allowable on such land in order to maintain significant conservation and/or landscape values.

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