

# HOW RATES ARE CALCULATED

In simple terms, rates are calculated by multiplying a property's valuation by a rate in the dollar set by council.

## Property Valuation

For most residents within our Shire, their property is valued using one of two methods, either Gross Rental Value (predominantly for townsite properties) or Unimproved Value (for rural properties). These values are determined by Landgate.

### Gross Rental Value

The Gross Rental Value, or GRV, represents the gross annual rental that a property might reasonably be expected to earn annually if it were rented, including rates, taxes, insurance and other outgoings.

For non-residential properties, GST is also included. The GRV is calculated for all properties regardless of whether the property is being rented or owner occupied.

Vacant land is given a notional GRV which is 3% of the Unimproved Value of the land.

New GRV valuations are made periodically, every 3 to 6 years.

### Unimproved Value

Unimproved Value, or UV, is the value of land only. It does not include the value of your home, other structures or improvements.

For land within townsites the UV does include merged improvements such as drainage, levelling and filling.

New UV valuations are made every year.

### Minimum Rates

Council sets a Minimum Payment in conjunction with setting the rates in the dollar each year.

This is to ensure that all ratepayers make a reasonable contribution to the cost of providing the works, services and facilities that are available to the community. The calculation to determine if a property is charged the minimum payment is when the GRV (or UV), multiplied by the applicable rate in the dollar, is less than the amount of the minimum payment. If this is the case, such properties are charged the minimum payment.

The 2021/22 minimum rate for GRV is \$980.00 and for UV is \$1,215.00

## How Does Council Decide on the Rate in The Dollar \$

This is decided when Council adopts the Annual Budget each year. Each year Local Governments in WA determine their operating and capital budgets, and the amount of these that can be funded from other revenue sources such as grants, fees and charges. The balance of funding required is raised by levying rates on all property owners within the Shire.

Taking into account the overall revenue needed to be raised from rates, Council sets a rate in the dollar to apply to the property valuations that will raise the required amount. The rate in the dollar is different for property valued by GRV or UV.

### Example 1:

Gross Rental Value = \$16,500

Rate in the Dollar = 9.0527 cents (GRV)

Annual Rates Amount =  
 $\$16,500 \times 0.090527 = \$1,493.70$

### Example 2:

Unimproved Value = \$275,000

Rate in the Dollar = 0.6469 cents (UV)

Annual Rates amount =  
 $\$275,000 \times 0.006469 = \$1,778.97$

