

STATEMENT OF OBJECTS AND REASONS FOR DIFFERENTIAL RATE CATEGORIES 2026/2027

In accordance with section 6.36 of the *Local Government Act 1995* and the Council's "Notice of Intention to Levy Differential Rates and Minimum Payments", the following information details the objects and reasons for each of the proposed differential rating categories.

Summary

The following are the proposed Differential General Rates and Minimum Payments for the City of Kwinana for the 2026/2027 financial year, to be effective from 8 July 2026.

GRV Rate Categories	Minimum Payment (\$)	Rate in \$
GRV Improved Residential	1,337	0.066502
GRV Vacant	1,337	0.230523
GRV Improved Commercial and Industrial	1,743	0.098866
UV Rate Categories	Minimum Payment (\$)	Rate in \$
UV General Industry	1,743	0.018350
UV Rural	1,337	0.004239
UV Mining and Industrial	1,743	0.008242

The above rate model is estimated to yield \$60,290,291 in rate revenue based on the current information at 05 June 2026.

What are Rates?

Rates are a tax levied on all rateable properties within the City of Kwinana, in accordance with the *Local Government Act 1995*. The objective of the proposed rates in the 2026/2027 Budget is to meet the City's net funding requirements for services, activities, financing costs, and current and future capital needs, after taking into account all other sources of revenue. A rating system provides Council with a mechanism to raise sufficient revenue to deliver these services.

Across Australia, using property valuations is generally regarded as the most appropriate way to promote equity in rating. However, a fully equitable outcome across all properties and locations is difficult to achieve using valuations alone. Accordingly, refinement options such as differential rating are available, and the City of Kwinana has chosen to apply them.

In Western Australia, Landgate (the Western Australian Land Information Authority, a State Government agency) undertakes land valuations and provides those valuations to each local government. Two valuation types are used: Gross Rental Value (GRV), which generally

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applies to urban, non-rural land; and Unimproved Value (UV), which generally applies to rural land.

Rating Provisions – *Local Government Act 1995*

The *Local Government Act 1995* sets out the basis on which differential general rates may be based as follows:

Section 6.32. Rates and service charges

(1) When adopting the annual budget, a local government –

(a) in order to make up the budget deficiency, is to impose a general rate on rateable land within its district, which rate may be imposed either –*

- (i) uniformly; or*
- (ii) differentially*

Differential Rates - *Local Government Act 1995*

Section 6.33. Differential general rates

(1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —

(a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and Development Act 2005; or

(b) a purpose for which the land is held or used as determined by the local government; or

(c) whether or not the land is vacant land; or

(d) any other characteristic or combination of characteristics prescribed.

(2) Regulations may —

(a) specify the characteristics under subsection (1) which a local government is to use; or

(b) limit the characteristics under subsection (1) which a local government is permitted to use.

(3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

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(4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.

(5) A differential general rate that a local government purported to impose under this Act before the Local Government Amendment Act 2009 section 39(1)(a) came into operation 1 is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

Minimum Payments - Local Government Act 1995

Section 6.35. Minimum Payment

(1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.

(2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.

(3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —

(a) 50% of the total number of separately rated properties in the district; or

(b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.

(4) A minimum payment is not to be imposed on more than the prescribed percentage of —

(a) the number of separately rated properties in the district; or

(b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.

(5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.

(6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —

(a) to land rated on gross rental value; and

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(b) to land rated on unimproved value; and

(c) to each differential rating category where a differential general rate is imposed.

Gross Rental Value (GRV)

It is Council's intention to achieve a simplified rating structure comprising the following GRV rating categories by 2026/2027:

1. Improved Residential
2. Vacant
3. Improved Commercial and Industrial

The rates in the dollar are based on the general valuation as supplied by the Valuer General's Office (VGO) in respect of gross rental values (GRV's). The VGO is required to maintain valuations of all rateable land in Western Australia for rating and taxing purposes and rating valuations are updated every three (3) years known as a General Valuation and was updated for the 2026/27 financial year. Every property is valued at a date set by the VGO and this is referred to as the Date of Valuation. Rating valuations are therefore assessed at a snapshot in time reflecting the property market for the local area at the same time. This ensures consistency and fairness in the allocation of rates.

The current GRV has a date of valuation of 1 August 2024 and is effective from the 1 July 2026. The GRV is determined by collecting rental evidence to determine the fair rental value for each property. The rental value for a house or other GRV property will be influenced by factors such as age, construction, size, car shelters, pools and location. As the GRV is currently assessed every three years, despite possible changes to the rental market, the GRV remains fixed until the next general valuation.

Unimproved Valuation (UV)

Council has adopted the following differential general rating categories for UV properties:

1. General Industry
2. Mining and Industrial
3. Rural

The VGO determines unimproved values annually.

Proposed Differential General Rates and General Minimum Payments

The following are the objects and reasons for each of the differential rating categories and minimum payments for the 2026/2027 financial year:

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GRV Improved Residential

This differential rate category imposes a differential general rate on land valued on a gross rental value basis for rateable properties used for residential purposes where the zoning allows for residential use.

The object of this rate is to apply a base differential general rate to land zoned and used for residential purposes and to act as the City's benchmark differential rate by which all other GRV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the City.

The proposed rate in the dollar for this category is \$0.066502, with a minimum payment of \$1,337. It will be applied to 19511 of the City's rateable properties and deliver 57.80% of the proposed rate income.

GRV Vacant

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is vacant land.

The object of this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the City.

The proposed rate in the dollar for this category is \$0.230523, with a minimum payment of \$1,337. It will be applied to 1234 of the City's rateable properties and deliver 5.68% of the proposed rate income.

GRV Improved Industrial and Commercial

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is not used for residential purposes and is not vacant land.

The object of this rate category is to apply a higher differential rate so as to raise additional revenue to offset the increased costs associated with service provision to these properties.

The reason for this rate is that a higher differential rate is required to meet the higher level of service costs associated with Commercial and Industrial properties and the localities within which they are situated, including costs of:

- (a) provision and maintenance of transport and streetscape infrastructure including renewal/refurbishment infrastructure, car parking and traffic treatments; and
- (b) the management, administration and delivery of marketing activities aimed at enhancing the economic and social viability, and the general amenity of the Kwinana commercial and industrial areas.

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The proposed rate in the dollar for this category is \$0.098866, with a minimum payment of \$1,743. It will be applied to 604 of the City's rateable properties and deliver 28.98% of the proposed rate income.

UV General Industry

This differential rate category imposes a differential general rate on land zoned for the purpose of General Industry under Local Planning Scheme No 2.

The object of this rate category is to raise additional revenue to offset the costs associated with increased maintenance of infrastructure and higher levels of service provided to or associated with properties in this category.

The reason for this rate is to meet a significant proportion of the additional costs involved in servicing properties within this rate category, which include but are not limited to major outlays for transport infrastructure maintenance and renewal/refurbishment and significant costs relating to monitoring of land use and environmental impacts.

The proposed rate in the dollar for this category is \$0.018350 cents, with a minimum payment of \$1,743. It will be applied to 3 of the City's rateable properties and deliver 4.57% of the proposed rate income.

UV Mining and Industrial

This differential rate category imposes a differential general rate on land valued on an unimproved value (UV) basis, which is:

- (a) zoned for the purpose of Rural B under Local Planning Scheme No 2; or
- (b) held or used for industrial, extractive industry or quarrying purposes under a Master Plan adopted pursuant to Part 3 of the *Hope Valley-Wattleup Redevelopment Act 2000*; or
- (c) zoned for the purpose of Rural A under Local Planning Scheme No 2 and held or used for industrial, extractive industry or quarrying purposes.

The object of this rate category is to raise additional revenue to offset the costs associated with increased maintenance of infrastructure and higher levels of service provided to properties in this category.

The reason for this rate is the need to offset the higher level of costs associated in servicing these properties, including the costs of transport infrastructure maintenance and renewal/refurbishment, and costs relating to monitoring land use and environmental impacts.

The proposed rate in the dollar for this category is \$0.008242, with a minimum payment of \$1,743. It will be applied to 43 of the City's rateable properties and deliver 0.95% of the proposed rate income.

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UV Rural

This differential rate category imposes a differential general rate on land valued on an unimproved value (UV) basis which is predominantly used or held for rural pursuits, rural industry or intensive agriculture, and:

- (a) is not zoned for the purpose of General Industry under Local Planning Scheme No 2; or
- (b) is not zoned for the purpose of Rural B under Local Planning Scheme No 2; or
- (c) is not held or used for industrial, extractive industry or quarrying purposes under a Master Plan adopted pursuant to Part 3 of the *Hope Valley-Wattleup Redevelopment Act 2000*.

The object of this rate category is to impose a differential rate commensurate with the rural use of land, which additionally is to act as the City's benchmark differential UV rate and is considered to be the base rate by which all other UV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers on rural land make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the City.

The proposed rate in the dollar for this category is \$0.004239, with a minimum payment of \$1,337. It will be applied to 230 of the City's rateable properties and deliver 2.05% of the proposed rate income.

Minimum Payment

The City proposes to impose following minimum payments for each differential rating category:

GRV Rate Categories	Minimum Payment (\$)
GRV Improved Residential	1,337
GRV Vacant	1,337
GRV Improved Commercial and Industrial	1,743
UV General Industry	1,743
UV Mining and Industrial	1,743
UV Rural	1,337

The object of the minimum payment is to ensure that all ratepayers make an equitable contribution to rate revenue, to provide for the net funding requirements of the City's services, activities, financing costs, and current and future capital requirements as outlined in the Strategic Community Plan and Corporate Business Plan.

Each minimum payment has increased by 4.75%.

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