

OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL RATES AND MINIMUM PAYMENTS FOR THE 2025/2026 FINANCIAL YEAR

In accordance with Section 6.36 of the Local Government Act 1995, the Shire of Carnarvon is required to publish its Objects and Reasons for implementing Differential Rates.

DIFFERENTIAL RATES

Differential rating is the method of applying a different rate in the dollar to a different category of property. This is allowed for and controlled by s6.33 of the Local Government Act 1995 and the Shire applies differential rates according to property usage for GRV and UV Rated properties.

Properties in the Shire of Carnarvon are valued with either a Gross Rental Value (GRV) which is used on urban properties within townsites and Unimproved Value (UV) which is predominantly used on rural properties. More information on the different valuation methods can be found on the Valuer Generals website at www.landgate.wa.gov.au.

OVERALL OBJECTIVE

The purpose of the levying of rates is to meet the Shire's budget requirements each financial year to deliver services and community infrastructure. The Valuer General's Office (VGO) provides the property valuations as the basis for the calculation of rates each year. Section 6.33 of the Local Government Act 1995 provides the ability to differentially rate properties based on zoning and/or land use.

The Council has considered the key values contained within the Rating Policy: Differential Rates (s.6.33) released by the Department of Local Government, Sport and Cultural Industries, being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and Administrative Efficiency

A copy of this policy can be obtained from this link:

<https://www.dlgsc.wa.gov.au/department/publications/publication/rating-policy-differential-rates>.

Council determined the required rates yield by reviewing all revenue sources, expenditure and efficiency measures as part of its budget deliberations, and for the 2025/26 financial year a budget deficiency of \$8 million has been identified. To achieve a balanced budget the net yield from rate revenue is required to increase 8.5% – 10% from the 2024/25 adopted budget.



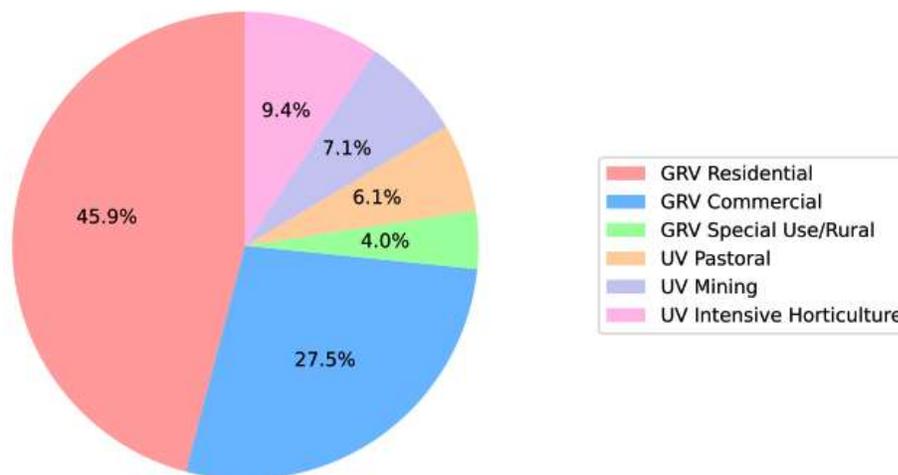
Council has also reviewed its Revenue Strategy and Long term Financial Plan in the context of rate revenue increases. Council agreed on a 6-7% increase on rates revenue each year starting in 2022, however this has not been the case. Financial modelling was completed to show the compounding effects of the minimal rate revenue increase from 2023/24 to 2024/25. It was identified that the Shire is currently tracking \$130,310 behind the 2024/25 rate revenue that was proposed in the Long Term Financial Plan (LTFP). If a 7% increase on rate revenue is continued from 2025/26 onwards, this negative variance between actual rate revenue and the rate revenue in the LTFP will compound to \$224,362 by 2032/33. A larger increase in rate revenue is therefore required in the 2025/26 year to realign the Shire back to the rate revenue that was modelled in the Long Term Financial Plan.

Below is a summary of the proposed Minimum Payments and Rates in the Dollar for 2025/26:

DIFFERENTIAL RATING CATEGORY	MINIMUM PAYMENT PROPOSED	RATE IN THE DOLLAR (\$) PROPOSED
GRV – Residential	\$1,454	10.7975 cents
GRV – Commercial	\$1,454	12.0515 cents
GRV - Special Use/Rural	\$1,454	11.9510 cents
UV - Pastoral	\$1,454	13.8130 cents
UV - Mining	\$1,454	28.1070 cents
UV – Intensive Horticulture	\$1,454	2.8743 cents

RATES CONTRIBUTION BASED BY RATING CATEGORY

The following chart details the rates contribution as a percentage of total rates revenue for each rating category:



ANTICIPATED PROJECTS FOR 2025/2026 INCLUDE:

The Shire of Carnarvon has a full construction and maintenance program planned for the 2025/2026 financial year—focused on increasing liveability, connectivity, and service delivery across our region. Rates will be put to good use, supporting a range of major upgrades and community-focused projects, including:

- Verge and Footpath Upgrades – with a strong focus on North and South River Road, Olivia Terrace, and more.
- Airport Q400 Upgrade – boosting regional connectivity and future-proofing infrastructure.



- Carnarvon Activation Project – bringing the heart of town to life with the Big Banana playground, enhanced signage, and vibrant community art.
- Fascine to Harbour Walkway – creating an iconic link between key tourism and lifestyle precincts.
- Tramway Bridge Rebuild and Upgrade – preserving heritage while improving access and safety.
- Extensive Roadworks – with better road management processes, electronic signage, and real-time condition alerts to keep everyone moving safely and smoothly.

Every project is about creating a stronger, safer, and more vibrant Carnarvon — now and into the future.

Gross Rental Value (GRV)

The Local Government Act 1995 determines that properties of a non-rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. The Valuer-General determines the GRV for all properties within the Shire of Carnarvon. Under section 22 of the Valuation of Land Act 1978, the Valuer-General also determines the frequency of general valuations. The Valuer-General undertakes a GRV revaluation every three to five years, with the most recent valuation occurring in 2024 and effective from 1 July 2024. Factors such as age, construction size, car shelters, pools and location influence the rental value for a house or other GRV property. Interim valuations are provided fortnightly to the Shire by the Valuer-General for properties where changes have occurred (i.e. subdivisions or strata title of a property, amalgamations, building constructions, demolitions, additions and/or property rezoning). In such instances, the Shire recalculates the rates for the affected properties and issues interim rates notices.

GRV properties are expected to raise 77% of total rate revenue.

GRV Residential (The Base Rate for Gross Rental Value)

This rating category consists of 1,684 properties located within the townsite boundaries with predominantly residential use. This category is the base rate by which all other GRV differentially rated properties are assessed.

The rate in the dollar for GRV Residential is set to support the Shire’s ability to efficiently deliver a broad range of essential services, community programs and urban infrastructure that underpin the quality of life in developed residential areas.

Council is focused on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to:

- Investment in the resealing of roads.
- Replacement and development of footpath networks.
- Refurbishing public assets and buildings.
- Providing community events.
- Providing funding to community groups
- Funding and stimulating community activation



- Maintaining street lighting
- Maintaining community amenities

GRV Residential rating category contains 63.4% of all properties within the Shire, accounting for 36.1% of total property value, and is expected to contribute 45.9% of total rates to be raised in 2025/26.

The rates modelling results in an increase of 10% to the rate in the dollar proposed for the GRV Residential rate category and is equivalent to an average increase of \$3.65 per week from the 2024/25 rates.

The proposed rate in the dollar for this category is 10.7975 cents. This is expected to raise a total of \$3,476,978 in rates revenue.

GRV Commercial

This rating category consists of 334 properties used for commercial, town centre or industrial purposes. The objective of the rate for this category is to raise revenue to fund the costs associated with the higher level of service provided to properties in this category.

GRV Commercial recognises and captures the additional operational and infrastructure commitments involved in servicing this category, such as:

- Economic development
- Maintaining vehicle parking infrastructure
- Landscaping
- Environmental health
- Light industrial area infrastructure
- Additional required amenities

The rate in the dollar for this category is 11.6% higher than the GRV Residential base rate. This category contains 12.6% of all properties within the Shire, accounting for 19.9% of the total property value and is expected to contribute 27.5% of the total rates to be raised for 2025/26.

The rates modelling results in an average increase of 8.5% for rates proposed for the GRV Commercial rate category and is equivalent to an average increase of \$8.75 per week from the 2024/25 rates.

The proposed rate in the dollar for this category is 12.0515 cents. This is expected to raise a total of \$2,082,627 in rates revenue.

GRV Special Use/Rural

This rating category applies to 104 GRV properties in the Shire where the property is designated special use/rural during the Landage valuation process, and for properties where the predominant use of the larger blocks of land is for minor rural pursuits, including stock, horses etc., and contained within the greater townsite. The Shire of Carnarvon recognises a cost for providing services to the 104 special use/rural properties in the Shire is based on the Uniform General Rate.

The GRV Special Use/Rural rating category contains 3.9% of all properties within the Shire, accounting for 2.8% of total property value, and expected to contribute 4% of total rates to be raised in 2025/26.



The rates modelling results in an increase of 8.5% to the rate in the dollar proposed for the GRV Special Use/Rural rate category, and is equivalent to an average increase of \$4.45 per week from the 2024/25 rates.

The proposed rate in the dollar for this category is 11.9510 cents. This is expected to raise \$302,985 in rates revenue.

Unimproved Value

Properties that are predominantly used for rural purposes are assigned an Unimproved Value supplied and updated by the Valuer-General on an annual basis.

UV properties are expected to contribute approximately 23% of total rates revenue.

UV Pastoral

This rating category applies to 40 UV Valued properties in the Shire where there is a pastoral lease in place and for properties where the predominant use of the land is for rural purpose.

The Shire of Carnarvon recognises a high cost for providing services to pastoral and rural purpose properties within the Shire boundaries compared to properties located closer to townsites. The Shire incurs higher costs for infrastructure maintenance and service provision to UV Pastoral properties as a result of extra vehicle movements on the Shire's Road network due to the location and commercial nature of these properties outside of the town site.

The object of this differential category is to apply a differential rate to pastoral and rural purpose properties in the Shire in order to raise additional revenue to offset the cost of providing and maintaining infrastructure and other Shire services. These properties tend to have a higher valuation than UV Mining properties due to the location and size of the properties. By applying the proposed rate in the dollar to this category, Council takes these associated costs and higher valuation levels into consideration.

UV properties are updated and re-valued by the VGO on an annual basis, with the most recent valuations taking effect as of 1 July 2024. UV Pastoral re-valuations have yet to be updated at the time of this report and are expected to be implemented in late May 2025. Council will be consulted should these valuations materially affect the rate model as presented.

Should the adopted differential rates vary from the advertised to significant changes in valuations, certain disclosures would be made to comply with the requirements of the Local Government (Financial Management) Regulations s23(b).

The UV Pastoral rating category contains 1.5% of all properties within the Shire, accounting for 2.8% of total property value, and is expected to contribute 6.1% of the total rates to be raised for 2025/26.

The rates modelling results in an average increase of 8.5% for non-minimum rates proposed for the UV Rural rate category and is equivalent to an average increase of \$17.35 per week.

The proposed rate in the dollar for this category is 13.8130 cents. This is expected to raise \$460,184 in rates revenue.



UV Mining

This rating category consists of 63 properties used for mining, exploration or prospecting purposes. The object of this differential category is to apply a differential rate to mining related properties in the Shire in order to raise additional revenue to offset the costs associated with the increased maintenance and renewal of assets and infrastructure required by the impact of heavy mining and vehicles using extensive lengths of Shire roads throughout the year.

The reason this category is rated higher than the other two UV rates is to reflect these higher road infrastructure maintenance costs, and the relatively low total contribution from this sector to the overall total.

UV Mining category contains 2.4% of all properties within the Shire, accounting for 2.1% of total property value, and is expected to contribute 7.1% of the total rates to be raised for 2025/26.

The rates modelling results in an average increase of 10% for non-minimum rates proposed for the UV Mining rate category and is equivalent to an average increase of \$19.30 per week. Additionally, the minimum rate for UV Mining has increased from \$485 to \$1,454 to be in line with other rating categories.

The proposed rate in the dollar for this category is 28.1070 cents. This is expected to raise \$539,727 in rates revenue.

UV Intensive Horticulture

This rating category consists of 171 properties used for the growth and development of horticultural crops such as fruit, vegetables, vines, or flowers, where the land use is classified as rural.

UV Intensive Horticulture raises revenue to fund the additional costs of servicing these properties. Many of Carnarvon's plantations sit on the Gascoyne River's floodplain, land that is both fertile and vulnerable. The Shire invests in and maintains flood protection infrastructure such as:

- Levee banks (Approximately 17km)
- Drainage systems
- Riverbank reinforcement

The above assets directly protect horticultural properties, and the cost of maintenance, inspections and emergency response increases with the scale and value of what is being protected.

While primary regulation sits with State agencies, the compliance and coordination burden often falls to the local government to support, liaise and respond quickly.

Although it is recognised horticulture is a vital economic contributor, it also receives:

- Shire planning support for expansion, water infrastructure and land use approvals.
- Advocacy and representation with the State on worker accommodation and water access.
- Strategic planning and facilitation roles tied to food security, regional employment and export support
- All of these efforts demand officer time, policy work and operational expenditure to enable the industry to thrive in a sustainable and regulated way.



UV Intensive Horticulture properties benefit from use and drive demand for more of the Shire's services than other rural properties, especially in road maintenance, flood protection and workforce impact. The differential rate ensures they contribute equitably to the costs associated with these needs, while recognising the sector's major value to the region.

Valuations applied to the intensive horticulture properties tend to be higher than those within the other UV rated categories, and to ensure equity in rates contribution across all categories, Council takes these associated costs and valuation levels into consideration by applying a lower rate in the dollar.

UV Intensive Horticulture category contains 6.4% of all properties within the Shire, accounting for 33.3% of total property value, and is expected to contribute 9.4% of the total rates to be raised for 2025/26.

The rates modelling results in an average increase of 8.5% for non-minimum rates proposed for the UV Intensive Horticulture rate category and is equivalent to an average increase of \$6 per week.

The proposed rate in the dollar for this category is 2.8743 cents. This is expected to raise \$714,149 in rates revenue.

Proposed Minimum Payments

As part of the annual budget process, Council must determine the minimum payment for differential rating categories in the 2025/26 financial year.

The setting of minimum rates within rating categories recognises that every property receives a minimum level of benefit from the Shire's works and services, which is shared by all properties regardless of size, value and use.

A minimum payment of \$1,454 is proposed for all rating categories in 2025/26 to support equity across land uses and to simplify the minimum rating structure. This includes UV Mining, which has historically had a lower minimum but now aligns with other categories to reflect the increasing infrastructure burden of that sector.

Fairness and Regional Equity

Our Rates Strategy aims to strike a fair balance. While a number of landowners may not access town-based facilities every day, the Shire remains responsible for ensuring:

- Liveable and function regional centre,
- Roads and essential services remain functional,
- Environmental health and safety standards are upheld,
- Emergency services are ready when needed.

All properties, regardless of location, form part of the Shire's service network. A sustainable, fair rating system must reflect not only population density, but also the cost of maintaining that network.

Yours Faithfully
Amanda Dexter
Chief Executive Officer

