STATEMENT OF OBJECTS OF AND REASONS FOR PROPOSED CITY RATES AND MINIMUM PAYMENTS FOR 2025-26

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Proposed Differential Rates and Minimum Payments for 2025-26

Section 6.36 of the *Local Government Act 1995* (the Act) requires Council to give local public notice of its intention to impose differential rates and minimum payments, inviting submissions from electors and ratepayers.

The City publishes the required public notice in *The Geraldton Guardian, The Mid West Times*, on its website (City Budget 2025-26) and social media account, and exhibits the notice at its Civic Centre offices in Cathedral Avenue, Geraldton, at its Mullewa District Administration Office & Library, and at the Geraldton Library located in Marine Terrace, Geraldton.

This document describes the *objects of and reasons for each proposed differential rate and minimum payment,* required to be made available for inspection by electors and ratepayers per section 6.36(3)(c) of the Act. The document will be made available on the City website, and hardcopies of this document are made available at the sites noted above.

The City Budget will not be finalised nor adopted until *after* consideration by Council of any elector and ratepayer submissions, pursuant to Section 6.36(4) of the Act. The Act empowers Council to adopt differential rates or minimum payments *different* from those published in the public notice. In addition, the *Local Government (Financial Management) Regulations 1996* require that if a Council does adopt any differential rates or minimum payments that *are* different from those set out in the public notice, then its adopted Budget must include a statement providing reasons for adopting any different rates or minimums from those set out in its public notice.

Definitions:

Gross Rental Value (GRV) - is the total annual rent a property might reasonably be expected to earn each year if it was rented out. This includes associated rates, taxes, charges, insurances, and other outgoings. For non-residential properties, GST is also included. Revaluations of GRV properties occur every three (3) years.

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

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. The purpose of the imposition of a minimum payment is generally to ensure that every ratepayer makes a reasonable contribution to the rate burden.

Rates Levied - the proportion each ratepayer pays is calculated using a property valuation supplied by the Valuer General, the Gross Rental Value (GRV) or the Unimproved Value (UV), then multiplying by the rate in the dollar which is set by Council at the annual budget meeting.

Rural properties have their Unimproved Value updated by the Valuer General every year. Urban properties have their Gross Rental Value revalued by Landgate, on behalf of the Valuer General, every three (3) years.

Council Considerations

In its deliberations, prior to formally adopting the budget and imposing rates and minimum payments, Council will consider any submissions received and, as part of its due diligence processes, may also consider any new information on any budget-related matters not available to it at the time of giving public notice of intention to impose proposed rates and minimum payments.

Usually when reviewing the City's revenue requirements, the following principles underpin the forward financial planning process:

- Continual positive movements and/or achievement of all financial and sustainability ratio benchmarks within a realistic and acceptable timeframe;
- Aim or work towards in each financial year within our Long-Term Financial Plan (LTFP) to realise a net operating surplus from ordinary activities; and
- Generate enough revenue to renew assets when required to maintain capacity of performance and associated levels of services. The new LTFP will continue to set annual renewal expenditure at levels that manage asset renewal demand profiles.

Ratepayer Right to Object to Land Valuation:

The *Valuation of Land Act 1978* makes provision for ratepayers to object to the valuation of their property. Advice from Landgate as to the process is as follows:

Should a ratepayer have a valuation query which the City cannot answer, if would be of assistance to Landgate if City staff could encourage the ratepayer to discuss the matter with them by telephone prior to lodging a formal objection. Landgate customer service team contact number – (08) 9273 7373 or visit the Landgate website.

Valuation of properties under the *Valuation of Land Act 1978* is the responsibility of the State's Valuer-General and is undertaken by Landgate at intervals determined by the Valuer-General. For rating purposes, the *Local Government Act 1995* mandates that Councils must use the valuations provided by the Valuer-General. Importantly however, ratepayers need to understand that neither the conduct nor the timing of property valuations are the responsibilities of Local Governments. Landgate does valuations at arms-length from Councils for the Valuer-General. Hence, City staff cannot provide information or advice relating to the valuation of any particular property and as such, ratepayers with valuation queries are referred to Landgate.

Below is a summary of the average (%) property GRV valuation movements per land use as determined by Landgate and will take effect from 1 July 2025:

- Residential (excluding vacant land) – 39.36%.
- Commercial (excluding vacant land) – 10.31%.
- Industrial (excluding vacant land) – 20.90%
- Vacant land – 41.68%.
- UV (Rural) – 19.73%.

When new property valuations are undertaken and especially GRV valuations, historically this presents challenges for councils as any increase or decrease is normally not consistent across different suburbs and/or localities. The level of movement can result in some parts of the community either paying significantly more than other parts and/or sometimes less than what was paid in rates in the previous financial year. This disproportionate scenario will arise in the levying of rates in 2025-26 due to the range of property valuation movements across different suburbs or localities. Whatever rate revenue target is set by Council, due to the rating system applied in Western Australia it cannot be avoided that some properties will be paying proportionally more and others paying less due to the range of movements in property valuations.

The tables below provide a snapshot summarising the following:

- Localities that on average who will have the most positive financial impact (pay less) due to lower valuation increases (Table 3); and
- Localities that on average who will have the most negative financial impact (pay more) due to being on the higher spectrum of valuation increases (Table 4).

Table 3: Localities Paying Less

Suburb	% Movement Valuation	No Properties
CAPE BURNEY	31.92	273
DEEPDALE	29.07	441
MAHOMETS FLATS	30.84	419
STRATHALBYN	22.67	439
WALKAWAY	21.85	74
WEST END	20.47	227
WONTHELLA	33.07	826
WOORREE	23.90	546

Table 4: Localities Paying More

Suburb	% Movement Valuation	No Properties
BEACHLANDS	44.78	677
KARLOO	63.04	240
MULLEWA	72.39	220
RANGEWAY	49.43	906
TARCOOLA BEACH	40.38	633
UTAKARRA	55.70	736
WAGGRAKINE	44.79	1055
WANDINA	41.53	1824

What the tables above highlight is that in a GRV revaluation year whatever Council does in relation to rates revenue and associated adjustment to the rate-in-the dollar (RID), if there is not consistent valuation movement across all suburbs the end result is that there will be ratepayers who will benefit and those who will not, mainly dependent if your property sits well below or above the average percentage movement.

This challenge of inconsistency with valuations movements is further accentuated under the City's current rating methodology whereby GRV properties are rated under one category which includes both residential and non-residential (commercial and industrial) properties. In this instance you are not only dealing with inconsistent valuation movement between localities for residential but also inconsistent valuation movement per land use.

PROPOSED DIFFERENTIAL RATES FOR 2025-26

It is proposed to first give local public notice on 28 May 2025, publishing the City's intent to impose the listed schedule of proposed rates and minimum payments for 2025-26, and inviting submissions from electors and ratepayers by 5:00pm on 18 June 2025. Submissions may be:

- *mailed to the City at PO Box 101, Geraldton WA 6531; or*
- *submitted by email to:* CityBudget2025-26@cgg.wa.gov.au

Table 1: Proposed Differential General Rates & Minimum Payments (2025-26)

Differential Rate Types	Rate-in-the-dollar (Cents)	Minimum Payments $
CGG Residential	10.3896	$1,300
CGG Non-Residential	12.9171	$1,300
CGG UV	0.4433	$1,300

Table 2: Current General Rates & Minimum Payments (2024-25)

Differential Rate Types	Rate-in-the-dollar (Cents)	Minimum Payments $
CGG GRV	13.8611	$1,050
CGG UV	0.4828	$1,050

Budget Rates Modelling (2025-26):

The proposed rates model in 2025-26 forms part of a response to both Gross Rental Value (GRV) and Unimproved Value (UV) property new valuations that will take effect from 1 July 2025, and a recent internal review of the City's applied rating methodology. In addition, consideration is given to cost pressures and rises associated with labour, goods and services costs.

Council in its budget deliberations and with a desire to apply a more equitable movement or increase in rates revenue between residential and non-residential (business), has proposed a return to the previous rating methodology applied prior to 2022-23 where residential and non-residential had their own rating category. This would enable Council to apply an equitable increase to revenue by having the ability to apply different rates-in-the-dollar-relevant to the different revaluation movements for the major land use categories.

The proposed rating model for 2025-26 is based on the following revenue movements when compared to 2024-25:

- 3.9% increase to GRV rates revenue.
- 10% increase to UV rates revenue.
- Minimums for both GRV and UV increased from $1,050 to $1,300.

The proposed GRV rates-in-the dollar have been adjusted down to achieve the proposed revenue growth for 2025-26. Note: There may be a requirement to adjust the RID's at final budget to achieve the proposed revenue percentage (%) movements due to adjustments in the rates ledger prior to final modelling.

Minimums:
The proposed rates modelling to be applied in 2025-26 includes increasing minimum payments from $1,050 to $1,300. Over the last 10 years minimum payments have only increased overall by 4%. It is Council's intention to equalise relative to GRV % revenue movements over the last 10 years and including the movement for 2025-26. The proposed increase to $1,300 will still see the City being at the lower end of the scale in the setting of minimums when compared to other regional centres.

UV (Rural):
Rural properties in the City are paying on average significantly lower rates than their counterparts in the adjoining municipalities. Council proposes to increase UV revenue by 10%. Applying this increase will result in the City still having a significantly lower UV rate than adjoining shires.

For more information, please refer to Council Item CS213 in the May Agenda available on the City's website - https://www.cgg.wa.gov.au/council-meetings/

Note:
The proposed rating adjustment represents the initial intent by Council and can be changed during the budget process.

Statement of Objects & Reasons for Differential Rates:

CGG Residential
This category will include any GRV rated property in that part of the City district that is used for residential purposes. The proposed increase to GRV Residential revenue would result in average increase in rates of $77 per property (excluding minimums).

This rating category reflects the level of rating required to raise the necessary revenue for Council to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas of these designated parts of the City.

CGG Non-Residential
This category includes any GRV property in that part of the City district that is used for non-residential purposes other than rural purposes. The proposed increase to GRV Non-Residential revenue would result in average increase in rates of $255 per commercial property and $696 per industrial property (excluding minimums).

The general objects and reasons for this differential rate on non-residential properties is to raise the necessary revenue on an equitable basis for Council to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for commercial and industrial areas.

CGG UV
This category includes all UV rated property in that part of the City district that are used primarily for rural, farming and mining purposes. Including minimums, UV properties will pay on average $420 more in 2025-26.

This rating category reflects the level of rating required to raise the necessary revenue for Council to operate efficiently and provide a diverse range of services and programs for rural areas including infrastructure to these designated parts of the City district.

Ross McKim
Chief Executive Officer