



OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2026

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

OVERALL OBJECTIVE

The purpose of the levying of rates is to meet Council's budget requirements in each financial year to enable delivery of services and community infrastructure.

Property valuations provided by the Valuer General are used 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 as determined by the City of Karratha. The application of differential rating maintains equity in the rating of properties across the City.

Council has considered the Key Values contained within the Rating Policy: Differential Rates released by the Department of Local Government, Sport, and Cultural Industries, being:

- Objectivity;
- Fairness and equity;
- Consistency; and
- Transparency and administrative efficiency.

A copy of the policy can be obtained from:

www.dlgsc.wa.gov.au/departments/publications/publication/rating-policy-differential-rates.

Council has determined its required rates yield after reviewing all revenue sources, expenditure, and efficiency measures as part of 2025/26 budget deliberations.

The Rate in the dollar applied to all rating categories have been adjusted to reflect the valuation increases to facilitate Council's objective of raising a total of \$66.3 million in rates. This will ensure an equitable distribution of the required rates yield from one year to the next consistent with Council's approach in previous years.

The rate yield of \$66.3 million for 2025/26, is above the estimated revenue last presented in Council's Long Term Financial Plan (LTFP) of \$59.0 million due to the State Government change of lease consideration in 2025/26 for a significant landholding. This increase will be quarantined in the Strategic Reserve to cover a potential objection for this change.

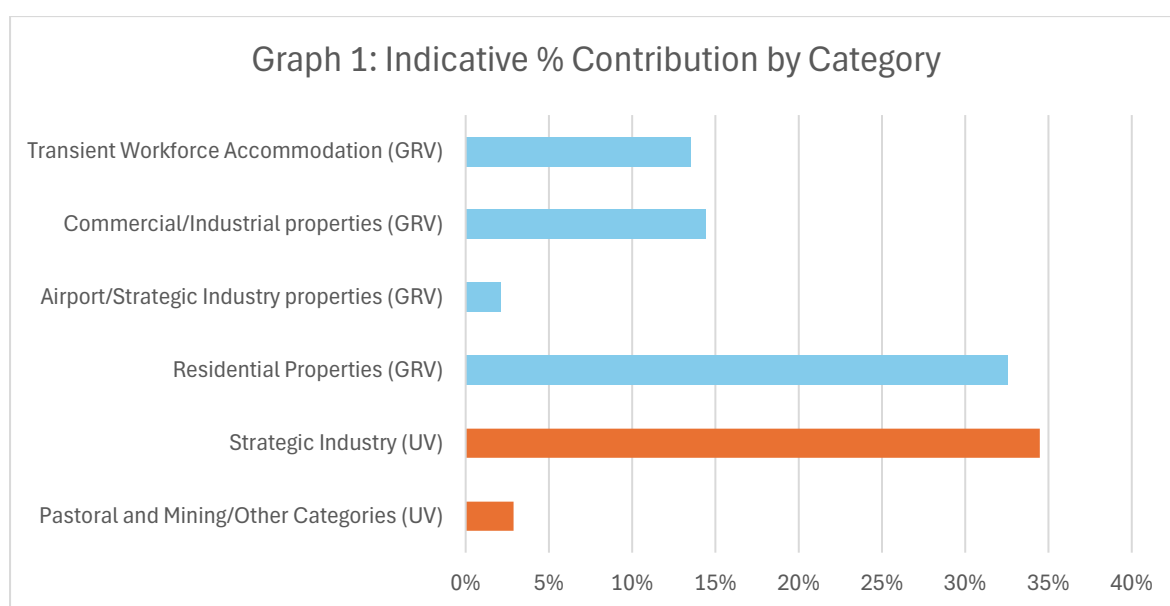
Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. In particular, the following actions have been undertaken:

Efficiency Measures:

- continued review of the need for and remuneration of each position.
- disposal of under-utilised light fleet and plant.
- continued use of local suppliers whenever possible and appropriate.
- implementation of GRV rating for capital improvements under the State's Rating Policy – Valuation of Land – Mining.
- further implementation of the Enterprise Resource Planning system; and
- ongoing investment in other investments to generate alternative revenue streams and reduce reliance on rates.

Service Improvements:

- Kevin Richards Multi-use hardcourts and lighting \$3.25 million.
- Dampier Land Transfer from Rio Tinto.
- Wickham BMX & Pump Tracks \$850,000.
- Roebourne Streetscape Masterplan for town centre \$2.4 million and Recreation Precinct \$1 million.
- Point Samson Master Plan.
- Karratha CBD Public Toilet.
- Dampier Townsite Masterplan.
- Footpath, kerb, and road renewals \$9 million.
- Park enhancement including playground replacement and reticulation upgrades \$1.3 million.
- Airport airside and equipment upgrades.
- Ranger visibility in the community.
- Increased grant funding opportunities for community organisations.
- Implementation of Community Infrastructure Plan.
- Increase in Indigenous engagement.
- Attraction and retention of skilled workers under Designated Area Migration Agreement (DAMA).



Graph 1: represents the total 2025/26 rates to be levied by category

GROSS RENTAL VALUE PROPERTIES (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 supplies and updates the GRV for all properties within the City of Karratha every three years. Landgate conducted a full valuation in late 2024, with updated valuations applicable from 1 July 2025.

The valuation provided a broad range of adjustments to the Gross Rental Values, however in summary the below averages apply by category:

Residential	36% median change
Commercial	8.7% median change
Industrial	4.1% median change
Vacant/miscellaneous	19.14% median change

Even though the GRV Residential category had a 36% median change, particular suburbs have a spread of revaluation changes from -20% to +30%. To produce similar rate yields, the rate in the dollar is re-calculated to compensate for the increases to the Gross Rental Values.

Interim valuations are provided monthly to the City of Karratha by the Valuer General for properties where changes have occurred (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions, and/or property rezoning). In such instances Council recalculates the rates for the affected properties and issues interim rates notices during the financial year.

Table 1 below summarises the proposed 2025/26 minimum payments and rates in the dollar for GRV:

Differential Rates 2025/26				
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Proposed Average Rate per Property	Change in Average Rate
Gross Rental Value	\$	\$	\$	%
Residential	1,750	0.055795	2,530	0.0
Commercial/Industrial	1,750	0.091110	8,223	(2.0)
Airport/Strategic Industry (GRV)	1,750	0.111589	41,289	(29.0)
Transient Workforce Accommodation/Workforce Accommodation	1,750	0.223179	345,690	(18.0)

Table 1: Proposed differential rates for 2025/26 financial year (GRV) Including average rate per assessment.

Residential – means any land:

- that is predominantly used for residential purposes.
- or**
- which is vacant of any construction and is zoned as residential under the City's Planning Scheme.

This differential rate is applicable to properties that have a predominant land use of residential or used by organisations involved in activities for community benefit including Arts and Craft facilities, Youth Centres, Day Care Centres, Sporting Grounds/Clubs (that do not run a commercial business/kitchen) and health & emergency service facilities.

The reason for the rate in the dollar for this category is to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas. Also to further the City's strategic goals to encourage and support residential development in the town sites and organisations that contribute toward a safe, healthy, cohesive, and vibrant community.

Council is focussed 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 of public ablutions and other building maintenance programs.

The rate for this category maintains the rate yield from 2024/25 with a 0% movement due to the GRV valuations and subsequently a decrease to the rate-in-the-dollar. The minimum rate has increased from \$1,724 to \$1,750, to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Commercial/Industrial – means any land:

- that is predominately used for either:
 - commercial purposes.
 - tourism purposes.
 - industrial purposes.
 - a combination of industrial, commercial and tourism purposes.
- or**
- which is vacant of any construction, and is zoned as Commercial, Tourism, Town Centre, Industrial or Mixed Business under the City's Planning Scheme.
- or**
- that does not have the characteristics of any other GRV differential rate category.

The reason for the rate in the dollar for this category is to recognise a greater share of costs associated with economic development, tourism and marketing, parking, LIA infrastructure, environmental health and regulatory services, and CBD infrastructure and amenity. The objective is to raise revenue to contribute toward associated costs, but not limited to, rubbish collection in relevant areas, town planning control costs, health inspections and administration costs, complexity in building control, traffic volumes and vehicle mass due to commercial and industrial activity, parking facilities, traffic management, pedestrian access, commercial and industrial signage, visitor servicing and street furniture.

Council is focussed 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 (including reconstruction of major distributor roads within the LIA) and replacement and development of footpaths.

The rate for this category reduces the rate yield from 2024/25 of \$9.8m to \$9.6m as a result of the variation to property valuations. The rate for this category has a decrease to the average rate per property of 2.0% with a subsequent decrease in the rate-in-the-dollar for the 2025/26 financial year due to the GRV valuation. The minimum rate of \$1,750 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Airport/Strategic Industry – means any land:

- which is located within Karratha Airport (Reserve #30948).
- or**
- that is predominately used for the purpose of resource processing.

The reasons for this category are to recognise a greater share of costs associated with economic development, tourism and marketing, parking, and transport infrastructure associated with heavy plant and equipment. To ensure that Council can maintain and sustain these infrastructure assets and services, a higher differential rate is proposed.

Strategic Industry – properties with a land use of Strategic Industry have State or Regional significance which use a proportionately high level of infrastructure assets due to heavy haulage vehicle movements. In addition, they also impact on the provision of environmental and strategic planning services as well as access to all other services and facilities provided by Council.

Airport - properties located in the Karratha Airport Precinct (second largest airport in Western Australia) receive direct benefit from significant Airport Infrastructure and services more so than any other ratepayer. In addition, these properties have access to all other services and facilities provided by Council.

Karratha Airport is a strategic asset of Council, and the services afforded to Airport properties are of significant benefit. Operating costs of circa \$13 million (excludes recoverable costs) are forecast for 2024/25 with \$13.8 million (including associated CPI and utility increases) anticipated for 2025/26.

Total earmarked capital spend on the facility for 2025/26 is \$11.3m with the key capital projects proposed include runway works of \$1.3m; Water mains replacement works \$2m, Wastewater treatment plant \$1.3m, Plant and equipment upgrades of \$655k, Airport security of \$1.13m and several sundry upgrades totalling \$2m. These are earmarked to be funded from the Aerodrome Reserve.

The rate for this category has a decrease to the average rate for properties of 29% with a subsequent decrease in the rate-in-the-dollar for the 2025/26 financial year due to the GRV valuations and remaining within the x2 multiplier. The rate yield is decreasing from 2024/25 \$1.98m to \$1.4m for this category. The minimum rate of \$1,750 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Transient Workforce Accommodation/Workforce Accommodation – means any land:

- that is predominately used for the purpose of workforce accommodation.
- or**
- that is predominately used for the purpose of transient workforce accommodation.
- or**
- that has been zoned as Transient Workforce.

The rate in the dollar for the Transient Workforce Accommodation/Workforce Accommodation (TWA) category is proposed to be four times (x4.0) the Residential rate category (also the lowest GRV rate in the dollar category).

This differential rate maintains a proportional share of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas. These services, programs and facilities are available to FIFO workers in the same manner as they are available to all other residents of the City and the contribution from this category has been set at a level that reflects this fact.

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 upgrading of community facility assets, the resealing of roads, replacement, and development of footpath networks, refurbishing of public ablutions and other building maintenance programs. In addition, these properties have access to all other services and facilities provided by Council.

The rates relating to Transient Worker Accommodation (TWA) units are less than the equivalent rate per residential accommodation unit and are significantly less than the minimum rate of \$1,750 for a single bedroom residence. Despite the lower rate per accommodation unit, TWA properties have the potential to have a greater impact on Council services/assets than other properties due to their number of occupants in a relatively small land parcel (i.e. concentrated coach/vehicle movements on local roads). To appropriately maintain and manage Council's assets and infrastructure in the longer term, a higher differential rate is proposed for this category to reflect the greater potential and actual intensity of use of Council assets and infrastructure.

The rate for this category supports Council's preferred option that the operational workforce associated with resource interests be housed in normal residential properties within the town boundaries.

The average rate per property for TWA's has decreased from 2024/25 by 18% with a subsequent decrease in the rate-in-the-dollar for the 2025/26 financial year due to the GRV valuations and the multiplier impact. As this category is over 2x the lowest differential rate, the City will be required to go to the Minister for approval.

The minimum rate of \$1,750 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

UNIMPROVED VALUE PROPERTIES (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis.

Table 2 below summarises the proposed 2025/26 minimum payments and rates in the dollar for Unimproved Values:

Differential Rates 2025/26				
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Proposed Average Rate per Property	Change in Average Rate
Unimproved Value	\$	\$	\$	%
Pastoral	367	0.130035	23,381	0.0
Mining/Other	367	0.145248	3,872	-2.3
Strategic Industry (UV)*	367	0.219248	506,998	65.0

Table 2: Proposed differential rates for 2025/26 financial year (UV) including average rate per assessment.

Pastoral – means any land:

- that currently has a pastoral lease granted.
- and**
- that is used predominantly for the purpose of grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee-keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of these activities.

This rating category reflects the level of rating required to raise the necessary revenue to operate efficiently and provide for rural infrastructure and services in addition to the urban services, programs and infrastructure which are available to be accessed by the properties in this category.

The reason for a lower rate applied to the Pastoral category, as compared to UV Mining/Industrial, is to reflect the lower level of impact these activities have on general infrastructure and facilities including road infrastructure, recreation facilities and the permanent nature of the business activity relevant to mining and related industry.

The rate for this category maintains an increase to the average rate per property of 5.0% with an increase in the rate-in-the-dollar of 11% for the 2025/26 financial year. The rate in the dollar has increased more than the scheduled 5.0% increase due to the decrease in valuations of the unimproved value of this category. The UV minimum rate of \$367 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Mining/Other – means any land:

- that a mining, exploration, prospecting or retention lease and/or license has been granted.
- or**
- that does not have the characteristics of any other UV differential rate category.

The reason for this category is to reflect the impact on utilisation of rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes. In addition, these properties have access to all other services and facilities provided by Council.

The rate for this category maintains an increase to the average rate for Mining/Other properties of 3.0% with a decrease in the rate-in-the-dollar of 3.0% for the 2025/26 financial year due to UV valuations received. The UV minimum rate of \$367 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Strategic Industry – means any land:

- that is predominately used for industrial purposes.
- or**
- that is predominately used for the purpose of resource processing.
- or**
- that is predominately used for the purpose of supporting a transient workforce.

The reasons for this category are to reflect the impact on utilisation of urban and rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes by operations associated with State Agreements and/or significant resource sector operations. In addition, these properties have access to all other services and facilities provided by Council.

Properties with a land use of Strategic Industry have State or Regional significance, many of which are subject to legacy State Agreement Acts that limit the method of valuation to UV with restrictive formulae for the calculation of the valuation. At times, these methods of valuation are amended to market considerations that then increase the rate yield for the category. The higher differential rate for this category is proposed to levy a somewhat commensurate rate comparative with their impact on the local community (i.e. heavy haulage vehicle movements, concentrated coach/vehicle movements on local roads, environmental health, and strategic planning).

This category has an increase to the average rate for UV Strategic Industry properties of 73% due to the additional yield from the State amending the lease considerations to a significant landholding. With this change, an increase in the rate-in-the-dollar of 5.0% is proposed for the 2025/26 financial year. The increase from the new valuation will be quarantined in the Strategic Reserve, pending the potential for objection from the ratepayer.

The UV minimum rate of \$367 is to ensure that all ratepayers make a minimum contribution for basic services and infrastructure.