

## **FAQ**

### **What is the Differential Rating Model?**

Not all properties are the same - so not all rates are either.

Council uses a differential rating model, which means:

- Different types of properties (residential, commercial, industrial, mining, etc.)
- Pay different rates in the dollar
- Based on their use, impact on services, and capacity to pay

### **Who determines property values and how often are they updated?**

Property values are independently assessed by the WA Government's Landgate, not by the City of Karratha. These values, known as Gross Rental Values (GRVs) or Unimproved Values (UVs), are reassessed every three years under the *Valuation of Land Act 1978*.

Landgate determines GRVs based on the expected rental income a property would generate in a year, not the market sale value. If your GRV increases, your rates may increase even if the Rate in the Dollar remains unchanged.

For more information or to raise concerns about your valuation, visit:

[Landgate GRV Information](#)

[Contact Landgate](#)

### **What are Council rates?**

Council provides a wide range of operations and services to the community, including maintaining roads and footpaths, recreational facilities, parks, libraries, waste management, major infrastructure projects and community programs.

You pay rates based on:

- Your property's gross rental value (GRV)
- The type of property you own
- The rate in the dollar (RID) set by Council

### **How is the Rate in the Dollar calculated?**

As part of the yearly budget process, we calculate the Rate in the Dollar (RID) by dividing the total amount of money to be raised in general rates by the total value of all rateable properties. The resulting figure is the Rate in the Dollar.

### **How are rates calculated and why might mine be changing?**

Rates are made up of two components:

- Your property's value (GRV or UV) – which is set by Landgate
- The Rate in the Dollar – set annually by Council

In 2025/26, the City is lowering the Rate in the Dollar for residential properties from 0.076119 to 0.055795 to help offset rising property valuations.

However, since some property values have increased significantly due to the revaluation year, rate changes will vary across the community. Some ratepayers may see increases, while others could see minimal change or even a reduction.

The City is also proposing:

- A 0% increase in total residential rate yield
- A modest 2.1% overall increase in total rates revenue

This approach aims to reduce pressure on households while keeping Council services funded.

### **What makes my rates increase?**

Rates can increase if your property increases in potential rental value faster than others in your area. For example, if you make improvements to your home that increase its rental value then your share of rates will increase. This is determined by the Valuer Generals Office and is referred to as Gross Rental Value (GRV).

Rates are also affected by changes made by other government sectors. If state government increases fees for power and water, or adds street lighting (for example), that increase in cost will need to be met by councils.

Your rates can increase if Councils budget for the year results in additional funding required to provide local services, facilities or new initiatives.

### **How your property value affects your rates?**

This year is a revaluation year. Landgate has updated property values, which affects how much you pay — but not necessarily the City's overall revenue.

Even if Council doesn't change the rate in the dollar, your rates can still change.

Why?

- Property values are reassessed every 3 years by the WA Valuer-General
- If your property value increases, the same rate in the dollar will result in higher rates
- If your value drops, you may pay less

### **Will rates decrease if there is a drop in the property market?**

No. Rates are not directly linked to movements in the property market. The value of your property in comparison with your neighbours forms part of a formula to calculate rates, along with RID, required revenue and funding sources.

### **Why can't surplus funds be used to lower rates?**

The City of Karratha does hold reserve (surplus) funds in term deposits. These funds are held for expenditure on long-term capital and asset renewal projects for key assets, such as:

- Red Earth Arts Precinct
- Karratha Leisureplex
- Airport
- Waste Facility

Over the next four years, the City is planning:

- \$100+ million in new and upgraded capital works (sporting facilities, roads, etc.)
- \$50+ million in capital renewal projects

The reserve of funds for capital and asset renewal projects is required by legislation and cannot be used to off-set City rates.

### **How can the City of Karratha minimise rate rises?**

To help reduce reliance on rate revenue, the City also earns income from:

- Commercial operations (e.g. Quarter HQ)

## Attachment 2

### Differential Rates Model – Fact Sheet

- Fees and charges from City-run facilities

This broader income base helps keep rates as low as possible.

#### **How can I make my voice heard at Council?**

Community members are encouraged to raise questions and concerns during Council meetings.

Next Council Meeting:

6PM, Monday 30 June 2025

To learn how you can participate, visit: [Public Participation City of Karratha](#).