

Our Ref: RV.1 - 14108
Enquiries: Kate Jones (08) 9186 8555



Carlo Tassone
Valuer General
Landgate
PO Box 2222
MIDLAND WA 6936

Dear Carlo

GROSS RENTAL VALUATION METHODOLOGY

I am writing to express concern regarding the Gross Rental Value (GRV) methodology applied in the Pilbara region. The Pilbara's high rental rates are impacting the proportion of rates that ratepayers are charged comparative to metropolitan areas, nearly doubling this value.

Several factors drive rental values to be 86% higher than those in Perth, and it is crucial that these are given due consideration to ensure fairness and equity in the rating system. The primary factors contributing to these elevated rental values are:

- **Mining Industry:** The Pilbara region is renowned for its vibrant mining industry, which attracts a substantial workforce. This influx of workers significantly drives up the demand for rental properties, leading to higher rental values.
- **Remote Location:** The Pilbara's remote location and the scarcity of rental housing options further exacerbate the situation. The limited supply of rental properties, coupled with the high demand, naturally results in elevated rental rates.
- **Infrastructure Development:** The ongoing infrastructure projects and developments in the Pilbara region necessitate housing for the workforce involved in these initiatives. This added demand contributes to the increasing rental values.
- **Economic Factors:** The thriving economy of the Pilbara, driven largely by the mining sector, leads to increased disposable incomes. As a result, individuals and families can afford higher rental prices, further driving up values.
- **Construction Costs:** The cost of both building materials and limited tradespeople contribute to the lower supply of housing stock. The cost of a house/land package exceeds the established properties by 25% creating no incentive to build and further pressure on supply.

It is vital that the GRV methodology is re-evaluated in the context of these unique regional factors. The current approach results in disproportionate rates for Pilbara residents, and we seek a more balanced and equitable solution for our Community.

Thank you for your attention to this matter. I look forward to your response on this issue.

Yours faithfully

Daniel Scott
Mayor

26 June 2025



Your ref: OCR266409
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Mr Daniel Scott
Mayor
City of Karratha
PO Box 219
Karratha WA 6714

By email: ea.ceo@karratha.wa.gov.au

GROSS RENTAL VALUATION METHODOLOGY

Dear Mayor Scott

Thank you for your letter dated 26 June 2025 regarding the Gross Rental Value (GRV) methodology and its impact on ratepayers in the Pilbara region.

I acknowledge that rental values in the Pilbara are significantly higher than in other parts of Western Australia. As you rightly pointed out, this is driven by a combination of factors including the strength of the mining industry, the region's remoteness, infrastructure development, supply/demand mismatch and elevated construction costs. These dynamics create a distinct rental market that understandably affects rental values and GRV outcomes.

Landgate Valuation Services undertakes valuations in accordance with the Valuation of Land Act 1978. Under this legislation, Gross Rental Value is defined as:

"... the gross annual rental that the land might reasonably be expected to realise if let on a tenancy from year to year upon condition that the landlord were liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land..."

Landgate's role is to observe and report on the market. Landgate does not set rental values; rather, reflect them based on comprehensive market evidence. This includes analysis of actual rental transactions, trends, and conditions prevailing at the time of valuation.

Valuations are conducted to be fair, objective, and consistent with what is occurring in the open market. To amend or moderate these values would be to depart from the market itself, something Landgate are not empowered or permitted to do under the legislation.

It's important to clarify that while GRVs may influence the rates paid by residents, the ability to moderate the impact of these values lies entirely with local governments. Councils have the discretion to adjust the rate in the dollar, which provides a mechanism to ensure equity in the rating system and to manage the financial burden on ratepayers. This flexibility is a vital tool for balancing community needs with budgetary requirements.

Landgate remains committed to transparency and accuracy in the valuation processes and welcome ongoing dialogue with local governments to ensure valuation methodologies are well understood and appropriately applied.

Landgate, Western Australian Land Information Authority ABN 86 574 793 858

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More information on how and when the GRV is determined can be found here:

<https://www.landgate.wa.gov.au/valuations/valuations-for-rates-and-taxes/gross-rental-value>.

Thank you again for raising this matter. Should you wish to discuss this further, please do not hesitate to contact my office.

A handwritten signature in black ink, appearing to read "Carlo Tassone", written over a horizontal line.

Carlo Tassone
Valuer-General
Valuation Services
2 July 2025

Carlo Tassone
Valuer General
Landgate
PO Box 2222
MIDLAND WA 6936

Dear Carlo

GROSS RENTAL VALUATION METHODOLOGY

Thank you for your prompt response in relation to the above issue the City of Karratha is currently facing.

Whilst we are appreciative of the fact that Landgate is bound by legislation, and your department do not set rental values, the analysis component of your remit has some demonstrated issues that cannot be resolved by adjustment of the rate in the dollar (RID).

On evaluation of the recent valuation, our sensitivity analysis demonstrates the inequity of valuation movements within the same suburb. This table demonstrates the base scenario to reset to a zero/par value of the rates yield from the previous year. Baynton is an example where there is a span of -15% decrements to +20% increments. Adjusting the RID to not disadvantage any ratepayer in this instance, as with many others evident in this sensitivity analysis, is impossible.

	< -20%	-20 to -15%	-15 to -10%	-10 to -5%	-5 to 0%	0 to 5%	5 to 10%	10 to 15%	15 to 20%	> 20%	Grand Total
BAYNTON	-	-	22	426	693	220	121	46	8	100	1,636
BULGARRA	-	-	-	-	3	321	833	62	9	6	1,234
DAMPIER	-	-	-	4	264	231	19	3	-	-	521
GAP RIDGE	-	-	-	1	-	-	-	-	-	-	1
KARRATHA	-	-	-	-	-	60	-	-	-	-	60
MILLARS WELL	-	-	-	-	41	563	101	17	93	12	827
NICKOL	-	-	-	23	532	546	625	116	3	6	1,851
PEGS CREEK	-	108	178	-	1	288	405	21	6	-	1,007
POINT SAMSON	-	-	-	-	1	4	20	62	27	1	116
ROEBOURNE	8	24	3	16	5	140	-	1	1	1	199
WICKHAM	112	4	17	217	234	107	-	-	-	1	692
Grand Total	120	136	220	688	1,777	2,496	2,166	293	121	127	8,144

Where you state that valuations are conducted to be fair, objective, and consistent with what is occurring in the open market, the above analysis suggests that this consistency is not the case within individual suburbs. Baynton, Millars Well, Nickol and Pegs Creek are all suburbs that have been impacted by an inconsistent and disparate proportion of increases to decreases.

The City would value clarity and transparency in relation to the valuation processes of the above suburbs to assist us in understanding how the City's ratepayers can be less impacted without the City requiring a 0% nominal or below baseline rate yield on a valuation year. In the 2025/26 year, the impact has seen increases above 0% to 5,203 out of 8,144 of residences (63%), without any increase in rate yield to the City.

66% of properties are owned by companies and government agencies, which means the market does not operate normally as a metropolitan market, and the GRV methodology is evidently flawed in this context. While these organisations can absorb these costs by increasing fees, in contrast the general owner occupier population cannot absorb significant increases in the same manner, accounting for 34% of the City's ratepayers.

A different approach that utilises land value or capital improved values as the basis of the differential/general rates levied by local governments would likely result in a fairer outcome. The outcome, as a result, is that more valuable land is levied higher general rates than less valuable land used for similar purposes. This approach is followed by every other State in Australia and provides a more equitable approach to rating. Has this approach perhaps been a point of discussion for your agency with Government?

We are open to a discussion on this matter as the issue has proved contentious in the community, in an environment where the City is trying to instil trust, and where inequitable rating outcomes are being experienced in communities in the City of Karratha.

I look forward to your response on this matter.

Yours faithfully

Daniel Scott
Mayor

3 July 2025