

Statement of Objectives and Reasons for Differential Rates

Introduction

The City's Strategic Community Plan sets out the long-term vision for the City of Stirling and the Annual Budget provides the funding to execute this vision. The aim of the budget is to fund the delivery of services, the maintenance of roads and facilities, and investment in the infrastructure needs of a growing City. Rates revenue is the principal income stream for the City and accounts for around 58% of the City's total operating revenue.

Rates objectives

The City plans to deliver a balanced budget, ensure long-term financial sustainability, and keep rate increases around the Consumer Price Index level to provide value for money.

Calculation of rates charges

The calculation of rates is based on the GRV (Gross Rental Value) of each individual property. The City sets a Rate in the Dollar which is applied to the GRV to calculate the rates charge. For properties where this calculation would result in a charge below the minimum residential rate (\$1,039 for 2026/27) the Minimum Rate would be applied.

Gross Rental Value (GRV)

Gross Rental Value property valuations are provided by the independent State Government authority Landgate and the Valuer General of WA. The GRV represents the gross annual rental that a property might reasonably be expected to earn if it were rented, including rates, taxes, insurance, and other outgoings. The GRV is calculated for all rateable and leviable properties in Western Australia regardless of whether the property is being rented or owner occupied.

All properties within a local government area are assessed at the same date to ensure a fair and equitable assessment is completed for all properties at a given point in time. GRV valuations are updated every three years when Valuers at Landgate will collect and analyse rental evidence to establish property market levels, with individual property attributes considered to determine a fair rental value for each property.

Several attributes and constraints are considered by Landgate when determining the GRV of a property. These may include:

Residential

- Location
- Age, building area and construction materials
- Number of bedrooms and bathrooms

- Number of car shelters (carports / garages)
- Below ground pools
- Views, busy roads, or proximity to an industrial precinct.

Non-residential

- Location
- Age, building area and construction materials
- Street exposure and property access
- Proximity to main arterial roads and primary commercial precincts.

2026/27 Landgate revaluation

2026/27 is a Landgate revaluation year that has resulted in an average residential GRV increase of 41.7% for City of Stirling property owners. For the City’s suburbs, the average GRV increase will range from 21.7% to 62.2%. To offset the high GRV increase, the City reduced the rate in the dollar charge for residential properties so that the average rate increase is 4.9%.

The broad 40% span in GRV changes across Stirling’s suburbs will mean that some ratepayers will pay less than in 2025/26, while others will have an increase in rates charge above the City average.

Differential rates

The City proposes differential rates in accordance with section 6.33 of the *Local Government Act 1995*.

Differential rates allow a local government to apply different rates in the dollar according to land use, zoning and whether land is vacant. The City uses these rating categories to raise the revenue required to address its budget deficiency in a manner that is objective, fair, equitable, transparent and administratively efficient, while reflecting the different characteristics of land and the differing demand that land uses place on local infrastructure, facilities and services.

The rate in the dollar for each property category and Minimum Rates have been reviewed for 2026/27 and it is intended to adopt the rates shown in the table below. The average increase for a Residential property paying the Standard Rate is 4.9%. The Minimum Rates Charge has been increased by 4.9% to \$1,039.

Rating category	Standard rate in the dollar	Vacant rate in the dollar	Minimum rate
Residential	\$0.041688	\$0.062532	\$1,039
Commercial and industrial	\$0.055469	\$0.062532	\$1,059
Other minimum rates			
Parkland villas, retirement village (apartments under 36m2 in total areas)			\$865
Strata titled storage units			\$688

Legislative framework

In accordance with regulation 23 of the *Local Government (Financial Management) Regulations 1996*, the annual budget must set out the objects of, and reasons for, each differential general rate and identify the characteristics that form the basis for each category.

For 2026/27, the City's Gross Rental Value differential categories are based on the purpose for which land is held or used, and whether the land is vacant. The statements below are intended to explain why each category is proposed and how each category contributes to the overall funding of local government services, facilities, asset maintenance and renewal.

Principles

In determining the proposed differential rates, the City has applied the following principles to support a lawful, fair and transparent rating outcome:

- **Objectivity** – rating categories are based on identifiable land characteristics, including the purpose for which land is held or used and whether the land is vacant.
- **Fairness and equity** – each category is intended to make a reasonable contribution to the City's budget requirement having regard to the characteristics of that land and the distribution of the overall rate burden across the district.
- **Consistency** – like properties are treated in a like manner, with the same rating approach applied across each category.
- **Transparency** – the basis for each differential category, and the objects and reasons for each rate, are clearly stated so that ratepayers can understand how rates are set.
- **Administrative efficiency** – the rating structure is designed to be practical to administer and to support efficient implementation of the annual budget.

Residential

The Residential differential rate applies to land primarily used for residential purposes. Approximately 94% of the City's properties fall within this category. The object of the Residential rate is to provide a broad, stable and equitable contribution from the largest rating category toward the cost of the City's services, facilities, infrastructure maintenance and capital renewal program. The rate has been set at a level that supports the City's overall revenue requirement while recognising the need to balance affordability for households with the long-term financial sustainability of the City.

Commercial

The Commercial differential rate applies to land primarily used for commercial purposes, including offices, shops, hotels, cafes and restaurants. The object of this category is to ensure that land used for commercial activity makes an appropriate contribution to the City's budget deficiency, having regard to the characteristics of the land use and the level of municipal services, infrastructure and amenity that support commercial precincts. A higher rate in the dollar than the Residential category is proposed because commercial areas typically generate higher daytime population, customer and delivery traffic, greater parking turnover, increased wear on roads, footpaths and streetscapes, and a higher demand for

cleansing, waste, compliance, lighting, place management and public realm maintenance. The proposed differential therefore reflects the purpose for which the land is held or used and is intended to allocate the rate burden in a way that is reasonable and equitable across rating categories.

Industrial

The Industrial differential rate applies to land primarily used for industrial purposes, including factories, warehouses, depots and some showrooms. The object of this category is to ensure that industrial land contributes appropriately to the cost of services and infrastructure required to support industrial activity and freight-related movements. A higher rate in the dollar than the Residential category is proposed because industrial areas generally create heavier vehicle movements, greater pavement loading, increased road maintenance requirements, and a higher demand for drainage, verge management, compliance activity and maintenance of infrastructure serving industrial precincts. The proposed differential rate recognises these land use characteristics and is intended to distribute the rate burden on a fair and transparent basis.

Vacant

The Vacant differential rate applies to land that is vacant or substantially undeveloped. The object of this category is to ensure that vacant land makes an appropriate contribution to the City's budget requirement while also encouraging the timely development and productive use of serviced land within the district. A higher rate in the dollar than the Residential category is proposed because vacant land benefits from the availability of local infrastructure, services and amenity, while contributing less directly to the activation, housing supply, employment opportunities and overall efficiency of established urban areas. The higher differential is intended to discourage the prolonged holding of undeveloped land where services are already available, promote orderly development outcomes, and support the efficient use of existing community infrastructure.

To support genuine development activity, the City introduced a vacant rate concession in 2022/23 to provide temporary relief from the higher vacant rate during the construction period. In recognition of extended building timeframes, the concession period was extended from two years to three years from 2023/24. This approach allows the higher vacant differential to continue to encourage development, while avoiding an inequitable outcome for owners who have commenced construction and are actively progressing development.

Properties classified as vacant on or after 1 July 2026 may receive a concession that reduces the effective rate charge to the equivalent occupied rate for the relevant land use category during the approved concession period. For example, a vacant residential property that qualifies for the concession would be charged at the effective level of the Residential rate during that period. This concession supports the City's policy objective of encouraging development while recognising the practical realities of construction delivery.

Minimum rates

Section 6.35 of the *Local Government Act 1995* allows the City to impose a minimum payment on rateable land. The purpose of the minimum rate is to ensure that each rateable property makes a

reasonable minimum contribution toward the cost of local government services, facilities and infrastructure that are available across the district, regardless of the property's valuation. The City has adopted a residential minimum rate and a higher minimum for Commercial and Industrial properties. Lower minimum rates have been adopted for two specific property types where application of the general minimum rate would otherwise produce an inequitable outcome having regard to the size and characteristics of those properties.

The City of Stirling's proposed Differential Rates for 2026/27 are now available for public comment. Electors and Ratepayers are invited to make submissions in writing to the Chief Executive Officer, City of Stirling, 25 Cedric Street, Stirling WA 6021 or via email to <mailto:rates@stirling.wa.gov.au> and must be received no later than 4.00pm, Tuesday 30 June 2026 to be considered.