Differential Rating Proposal 2026/2027

Statement of Objectives and Reasons

For Public Inspection (Section 6.36 for the *Local Government Act 1995*)

Introduction

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

In arriving at the proposed rates in the dollar, Council has attempted to balance the need for revenue to fund essential services and facilities with the desire to limit any increase on ratepayers to an affordable level in an equitable manner.

Rate in the Dollar

Rates are a primary source of revenue for the Shire of Nannup (the Shire) and are imposed on properties within its district to provide revenue to fund the services and facilities provided to residents and visitors.

The amount of rates payable is determined by four factors:

1. the properties method of valuation of Gross Rental Value (GRV) or Unimproved Value (UV);
2. the amount of the valuation;
3. the properties differential rating category; and
4. the rate in the dollar or minimum payment of that differential rating category.

The *Local Government Act 1995* determines that properties of a non-rural purpose are to be rated using the Gross Rental Value (GRV) as the basis for calculations, and properties of a predominantly rural purpose are to be rated using Unimproved Value (UV) as the basis for calculations.

Valuations are determined by the Valuer General in accordance with the *Valuation of Land Act 1978*. The Shire does not have any control over the valuations provided to each property. The council sets a rate in the dollar in its annual budget, which is applied to each property valuation to determine the rates applicable to the property.

The Shire applies differential rating based on the purpose for which land is zoned, held or used. The overall objective of the Shire's differential rates is to raise rates revenue in a manner that is simple, efficient and equitable to all ratepayers within the district.

The average overall increase in rate revenue for 2026/2027 financial year is 5.07% this due to the loss in revenue from Forest Products Commission who is no longer paying Rates on land it owns as freehold. The impact is a loss of revenue which was originally estimate at $43,488 that has now grown with a further acquisition of land in the district in June 2026 to $49,178; this equates to a loss in revenue of 1.64%.

The increase in different categories can be explained as follows:

2026/27	**% Increase**
Gross Rental Values (GRV)	
GRV General	6%
GRV Industrial	24%
GRV Short Term - Hosted	6%
GRV Short Term - Unhosted	6%
GRV Commercial	15%
Unimproved Values (UV)	
UV General *	6%
UV Mining	25%
UV Plantation	6%

*** Note:** Properties that fall under the UV General category may experience much higher or lower increases due to impact of revaluation.

Revaluation

The Valuation of Land Act 1978 empowers the Valuer General (Landgate) to conduct general valuations on a Gross Rental Valuation (GRV) basis within Western Australia at such times and frequency as is considered necessary (currently every 6 years) and Unimproved Valuation (UV) properties on an annual basis. Values are determined relative to sales and rentals at 1 August of the preceding year.

There is no GRV revaluation to impact the 2026/2027 rating year with the next to take effect for the 2028/2029 financial year. Landgate undertook its last annual review of UV valuations on 1 August 2025, with these valuations proposed to take effective from 30 June 2026.

The 2025 revaluation of properties, effective from 1 July 2026, valued on a UV basis resulted in an overall valuation average increase of 11.94%.

Proposed Rate in Dollar and Minimum Rate

The proposed differential rates and minimum rate for the 2026/27 financial year are as follows:

2026/27	Rate-in-the-Dollar	Minimum Rate
Gross Rental Values (GRV)		
GRV General	0.117380	$1,495
GRV Industrial	0.146725	$2,400
GRV Short Term - Hosted	0.146725	$1,884
GRV Short Term - Unhosted	0.176070	$2,199
GRV Commercial	0.127346	$1,622
Unimproved Values (UV)		
UV General	0.003740	$1,555
UV Mining	0.005327	$2,400
UV Plantation	0.004960	$3,103

(NOTE: Council when adopting the annual budget may vary the above proposed rate in the dollar and minimum payment.)**

Objects and Reasons for Differential Rates

The overall object of the Shire's differential rates is to raise rate revenue in a manner that is simple, efficient and equitable to all ratepayers within the district. The reasons for each differential rate are as follows:

Differential Rates – Gross Rental Valuations (GRV)

- **GRV – General**

The objective of this category is to apply a differential general rate and minimum payment to land zoned or used or held for residential/rural residential purposes and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents. This category is to act as the Shire's benchmark differential rate and minimum payment by which all other GRV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

- **GRV Industrial**

The objective of this category is to apply a differential rate and minimum payment to land zoned or used or held for Industrial purposes and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is in order to assist with the funding contribution towards the ongoing maintenance and provision of works and services within the Shire as well as recognizing the work being undertaken by the Shire in the economic development space.

- **GRV – Hosted Short-Term Accommodation**

The objective of this category is to apply a differential rate and minimum payment to land used or held for short-term accommodation purposes. This includes lodging houses, bed and breakfasts, self-contained accommodation, caravan and camping grounds. It is to ensure that all ratepayers make a reasonable contribution towards the overall services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is in order to maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district.

- **GRV – Un-Hosted Short-Term Accommodation**

The objective of this category is to apply a differential rate and minimum payment to land used or held for short-term accommodation purposes. This includes lodging houses, bed and breakfasts, self-contained accommodation, caravan and camping grounds. It is to ensure that all ratepayers make a reasonable contribution towards the overall services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is in order to maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district.

- **GRV – Commercial**

The objective of this category is to apply a differential rate and minimum payment to land that meets the following criteria:

- The property zoning is “Commercial” under the Shire of Nannup Town Planning Scheme No. 4,
- Is **not used** as a Residential Home, or Medical Centre and is not a Hosted or Unhosted Short Term Rental (STRA) as these fall into alternate Differential categories.

It is to ensure that all ratepayers make a reasonable contribution towards the overall services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is in order to maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district from which these properties benefit.

Differential Rates – Unimproved Valuations

- **UV – General**

The objective of this category is to apply a base differential general rate to land zoned or used or held typically for bona-fide farming and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents. This category is to act as the Shire’s benchmark differential rate by which all other UV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.

- **UV - Plantation**

The objective of this category is to apply a base differential general rate to land used or held typically for plantations purposes and to ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.

The reason for this rate is to ensure that all ratepayers make a fair and reasonable contribution towards the ongoing maintenance and provision of works and services, particularly roadworks maintenance and renewal throughout the Shire.