



DIFFERENTIAL GENERAL RATES AND MINIMUM PAYMENTS – OBJECTS & REASONS FOR THE 2026/27 RATING YEAR

In accordance with section 6.36 of the *Local Government Act 1995* and Council's 'Notice of Intention to Levy Differential General Rates and Minimum Payments', the following information details the objectives and reasons for those proposals.

EXECUTIVE SUMMARY

The following rating principles are proposed in this Statement of Rating Objects and Reasons for the 2026/27 rating year:

- Gross Rental Values apply to the following differential general rate categories; Residential and Commercial.
- Properties are rated according to Town Planning zoning and predominant land use with each having a separate calculated rate in the dollar to achieve greater equity across all sectors.
- The Town of East Fremantle charges rates to five sporting clubs that are categorized as 'Sporting Clubs – Commercial' and rated under the Commercial GRV category. They are the East Fremantle Lawn Tennis Club, Fremantle Rowing Club, East Fremantle Yacht Club, Swan Yacht Club and the East Side Angling Club.
- The current Gross Rental Values have a date of valuation of 1 August 2024 – that is, the Town received a general valuation with valuations coming into force on 1 July 2026.
- It is very important for both ratepayers and Council to recognize that changes in land values do not automatically drive changes to individual rate notices. Council amends the rate in the dollar to offset any significant movement in aggregate valuations to maintain the rate yield, and the relative rates burden placed on each category.
- The rate in the dollar for Residential GRVs has been amended from 7.5417 cents to 6.6493 cents to offset the aggregate increase in residential valuations and maintain the adopted rate yield.
- The rate in the dollar for Commercial GRVs has been amended from 12.7835 cents to 12.5530 cents to offset the aggregate increase in commercial valuations and maintain the adopted rate yield.
- The proposed rates model will yield \$10,616,910 in gross rate revenue, which is a 5.87% increase in total rate yield on the 2025/26 actual yield position (as at end of April 2026).
- The Town has considered the Department of Local Government's Rating Policy and the rating principles of objectivity, fairness and equity, consistency, transparency and administrative efficiency when setting the rate in the dollar. The Town does not have a legislative smoothing mechanism available to cap or phase-in valuation-driven impacts arising from Landgate GRV movements.

WHAT ARE RATES?

Rates are a tax levied on all rateable properties within the boundaries of the Town of East Fremantle in accordance with the *Local Government Act 1995*.

The overall objective of the proposed rates in the 2026/27 Budget is to provide for the net funding requirements of the Town's services, activities, financing costs and the current and future capital requirements of the Town, after considering all other forms of revenue.

The formulation of a rating system is about achieving a means by which Council can raise sufficient revenue to pay for the services it provides. Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone. For this reason, there are refinement options made available, such as differential rating, the Town of East Fremantle has elected to use.

In Western Australia, land is valued by Landgate Valuation Services and those values are forwarded to each local government for rating purposes. Two types of values are calculated – Gross Rental Value (GRV) which generally applies for urban areas; and Unimproved Value (UV) which generally applies for rural land. GRV means 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 was liable for all rates, taxes and other charges thereon and the insurance and outgoings necessary to maintain the value of the land.

LOCAL GOVERNMENT ACT 1995 – RATING PROVISIONS

The *Local Government Act 1995* sets out the basis on which differential general rates may be based as follows:

Section 6.32 (1) of the *Local Government Act 1995* states:

(1) When adopting the annual budget, a local government –

- a. In order to make up the budget deficiency, is to impose* a general rate on rateable land within its district, which rate may be imposed either –
 - i. Uniformly; or
 - ii. Differentially

DIFFERENTIAL GENERAL RATES

- (1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —
 - (a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the *Planning and Development Act 2005*; or
 - (b) a purpose for which the land is held or used as determined by the local government; or
 - (c) whether or not the land is vacant land; or
 - (d) any other characteristic or combination of characteristics prescribed.
- (2) Regulations may —
 - (a) specify the characteristics under subsection (1) which a local government is to use; or
 - (b) limit the characteristics under subsection (1) which a local government is permitted to use.
- (3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.
- (4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.
- (5) A differential general rate that a local government purported to impose under this Act before the *Local Government Amendment Act 2009* section 39(1)(a) came into operation is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

MINIMUM PAYMENTS

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.
- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.
- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
 - (a) 50% of the total number of separately rated properties in the district; or
 - (b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.
- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
 - (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6), unless the general minimum does not exceed the prescribed amount.
- (5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.
- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
 - (a) to land rated on gross rental value; and
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

2026/27 BUDGET PROPOSAL

The following are the proposed Differential General Rates and Minimum Payments for the Town of East Fremantle for the 2026/27 financial year, to be effective from 1 July 2026:

RATE TYPE	Rate in	Number of Properties	Rateable Value	Rate Revenue
Differential General Rate	\$		\$	\$
Residential GRV	0.066493	3,060	129,091,982	8,583,713
Commercial GRV	0.125530	119	13,262,290	1,664,815
Sub-Totals		3,179	142,354,272	10,248,528
Minimum Payment	\$			
Residential GRV	1,442.00	245	4,604,980	353,290
Commercial GRV	2,156.00	7	97,210	15,092
Sub-Totals		252	4,702,190	368,382
		3,431	147,056,462	10,616,910
Amount from General Rates				
Less Concessions				
Totals				10,616,910

Residential Improved and Not Improved

Characteristics: This differential general rate category imposes a general rate on land valued on a gross rental value basis, which is zoned, held or used for residential purposes and having improvements erected on it.

Reasons and Objects: The object of this proposed rate is to apply a base differential general rate to land zoned and used for residential purposes and to act as the Town's benchmark differential rate by which all other GRV-rated properties are assessed. The reason for this rate is to ensure that all ratepayers make a reasonable or minimum contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Town. The proposed rate in the dollar of GRV value for this category is 0.066493 (6.6493 cents) with a minimum payment amount of \$1,442.00.

Commercial Improved and Not Improved

Characteristics: This differential rate category imposes a rate on land valued on a gross rental value basis, which is zoned, held or used for commercial purposes and having improvements erected on it. This category also includes 'Sporting Clubs – Commercial'. They are the East Fremantle Lawn Tennis Club, Fremantle Rowing Club, East Fremantle Yacht Club, Swan Yacht Club and the East Side Angling Club. These clubs may generate income through food and beverage or from the hire or leasing of facilities.

Reasons and Objects: The object of this differential rate category is to apply a rate to commercial properties to offset the costs associated with higher levels of services and infrastructure that support commercial activity (including parking infrastructure, road construction and maintenance, building maintenance and refurbishment, drainage systems, urban style guides and parking compliance). The proposed rate in the dollar of GRV value for this category is 0.125530 with a minimum payment amount of \$2,156.00.

SUBMISSIONS:

Submissions are invited from any elector or ratepayer with respect to the proposed rates and any related matter within 21 days of the date of this notice. Submissions should be addressed to the Chief Executive Officer, Town of East Fremantle, PO Box 1097, FREMANTLE WA 6959.

Submissions should be clearly marked 'Submission – 2026/27 Differential Rates'.

Jonathan Throssell
Chief Executive Officer

FACT SHEET – Understanding Your 2026/27 Rates

What Council is proposing (for advertising)

- Total rate yield (overall): 5.87%
- Residential General: 5.94%
- Commercial General: 5.48%
- Minimum payments: +6% (both categories)

Note: 5.87% is the Town's total rates requirement (the "yield"). It is not a flat increase applied to every property.

What the Landgate revaluation means

- Landgate updates Gross Rental Value (GRV) assessments periodically. New GRVs apply from 1 July 2026. The gross rental value (GRV) is the total annual rent a property might reasonably be expected to earn each year if it was rented out. This includes associated rates, taxes, charges, insurances, and other outgoings. For non-residential properties, GST is also included.
- The GRV is determined by the Valuer-General for all rateable and leviable properties in Western Australia. Landgate provides these figures to rating authorities who use it to work out the rates, service charges, and levies that property owners must pay.
- A revaluation does not automatically increase the Town's total rates collected.
- Council sets the total yield through the budget, and the Town adjusts the rate in the dollar, so the model raises the adopted yield.
- Revaluation mostly changes how the adopted rates are shared between properties.

Why your bill may differ from the average

Your rates are driven by:

- Council's yield decision (overall 5.87%); and
- Your GRV change compared to the average (the redistribution effect).

This cycle:

- Residential movements are more pronounced overall, so redistribution is stronger within residential.
- Some smaller dwelling types (for example units/flats) show stronger relative GRV growth and may see higher increases.
- Commercial movements are generally more contained, and many commercial properties may see smaller changes or reductions.

Why the Town is proposing a 5.87% yield?

- Local governments continue to face higher cost pressures (wages, contracts, utilities, insurance and fuel-impacted services).
- The Town's cost base is largely fixed in the short-term, so falling behind costs puts pressure on services and asset renewal.
- The 2026/27 budget uses prudent Year 1 assumptions: 4.0% contracts/materials indexation and 3.5% wage indexation (WPI).

If yield growth is set materially below these pressures, it increases the risk of service reductions, deferring asset renewal, or delaying reserve transfers. The proposed 5.87% aims to balance sustainability and affordability.

Statutory advertising

- The Town must advertise proposed differential rates and minimum payments for at least 21 days under section 6.36 of the *Local Government Act 1995*.
- Residents and ratepayers can make a written submission during the advertised period (details will be in the public notice).
- Council will consider submissions before final rates are set, through adoption of the 2026/27 Annual Budget.

Additional FAQs

Will everyone's rates rise by 5.87%?

No. 5.87% is the overall yield. Individual bills will vary due to revaluation redistribution.

Does revaluation mean Council is collecting 20% more?

No. The rate in the dollar is adjusted so total rates align with the adopted yield.

Can Council cap valuation-driven increases?

The Town must apply Landgate valuations and does not have a legislative smoothing mechanism.

When are rates finalised?

After advertising and submissions, Council sets final rates when adopting the Annual Budget, typically at a Special Council Meeting in late June (date TBC).

Revaluation Analysis (Residential and Commercial)

Overall summary

Overall, the Landgate GRV revaluation is revenue-neutral for the Town. Council sets the total rate yield, while the revaluation primarily redistributes that yield between properties based on relative movements in assessed rental values.

The analysis indicates the largest shifts are occurring within the residential base (with many properties experiencing changes above the average and some receiving reductions), whereas the commercial base is more contained with a greater proportion of properties recording below-average valuation movements.

As there is no legislative smoothing mechanism, properties with stronger-than-average valuation growth will bear a higher share of the adopted yield.

Residential properties – key results

Key messages:

- **Revaluation is revenue-neutral overall:** the revaluation changes how the rate yield is shared across properties, but does not increase the Town’s total rates collected (total yield is set through Council’s annual budget decision).
- **Balanced outcomes across households:** a near even split in residential valuation movements around the municipal average (20.77%), with 1,700 properties (51.44%) above the average change and 1,605 (48.56%) below—illustrating redistribution rather than a uniform uplift.
- **Most ratepayers see moderate movements:** the majority of residential properties fall within a relatively narrow band (commonly within about $\pm 10\%$ of the average outcome), while a smaller subset experiences larger changes.
- **Higher impacts concentrated in some dwelling types:** smaller residential properties (units/flats) are experiencing the highest increases due to stronger relative growth in assessed rental values, shifting a greater share of the residential rate burden onto these properties.
- **Larger increases cannot be smoothed:** where individual residential properties experience increases greater than 10%, these are driven by relative GRV movements versus the broader municipality, and the Town does not have a legislative smoothing mechanism to cap or phase-in valuation-driven impacts.

Table 1: Residential valuation movement (benchmark = 20.77%)

Measure	Count	% of Total
Properties with % valuation change above 20.77%	1,700	51.44%
Properties with % valuation change below 20.77%	1,605	48.56%
TOTAL properties	3,305	100.00%

Commercial properties – key results

Key messages:

- **Revaluation redistributes the commercial share:** the revaluation reallocates the commercial rate burden between properties based on relative changes in assessed rental value; it does not of itself increase total rates collected.
- **Commercial movements appear more contained:** using a reference point of 7.5%, the analysis shows 29 properties (23.02%) recorded valuation change above this level, while 97 (76.98%) were below—illustrating that most commercial properties are experiencing smaller relative shifts compared to residential.
- **Impacts are driven by relative market dynamics:** increases at the property level reflect where commercial rental values have grown faster than the municipal average, resulting in those properties taking a larger share of the adopted, revenue-neutral rate yield.
- **Outliers still occur:** a minority of commercial properties will experience more noticeable increases or decreases where GRV movement materially diverges from the broader commercial base.
- **No smoothing mechanism:** where larger commercial shifts occur, the Town is required to apply the revaluation outcomes as determined and does not have a legislative smoothing tool to cap valuation-driven changes.

Table 2: Commercial valuation movement (reference = 7.5%)

Measure	Count	% of Total
Properties with % valuation change above 7.5%	29	23.02%
Properties with % valuation change below 7.5%	97	76.98%
TOTAL properties	126	100.00%

Indicative distribution of rate outcomes (Residential vs Commercial)

To provide a clearer picture of how the revaluation redistributes the rate burden, the table below summarises the proportion of properties expected to receive (i) an overall rate reduction, (ii) a rate increase below the average increase, and (iii) an increase above the average increase.

Table 3: Indicative distribution of rate outcomes

Category	Residential (Count)	Residential (% of properties)	Commercial (Count)	Commercial (% of properties)
Rate reduction (below 0%)	639	19.34%	47	37.60%
Rate increase below the average (0% up to the average increase)	683	20.67%	51	40.80%
Rate increase above the average	1,983	59.99%	27	21.60%

Summary

The revaluation impact is more pronounced across the residential base, with around 60% of residential properties receiving increases above the below-average band, compared to around 22% of commercial properties. Conversely, commercial properties are more concentrated in the reduction to low-increase range (approximately 78% below the average band, including 38% receiving an overall reduction), indicating that the redistribution effect is being driven primarily by relative movements within the residential category.