



**OBJECTS AND REASONS FOR
DIFFERENTIAL RATES
WITHIN THE
*CITY OF FREMANTLE***

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OBJECTS AND REASONS FOR DIFFERENTIAL RATES WITHIN THE CITY OF FREMANTLE

For the 2013/2014 financial year, the City of Fremantle is proposing six (6) differential rates namely "General Differential", "City Centre Commercial", "Nightclubs", "Undeveloped CBD Zone Property", "Vacant Residential Land" and "Undeveloped Commercial/Industrial".

Below is a summary of the proposed minimum rates and rates in the dollar proposed for 2013/2014:-

Differential Rate	Minimum Rate Proposed	Rate in the Dollar (\$) Proposed
General Differential	\$1092	0.07299
City Centre Commercial	\$1092	0.07736
Nightclubs	\$1092	0.14597
Undeveloped CBD Zone Property	\$1092	0.14596
Vacant Residential Land	\$1092	0.13807
Undeveloped Commercial/Industrial	\$1092	0.14595

Following are the objects and reasons for each of the differential rates:-

1. General Differential Rate

The general differential applies to all properties that are not specifically covered by the city centre commercial differential rate, nightclubs differential rate, undeveloped CBD zone property differential rate or the vacant residential land differential rate.

2. City Centre Commercial Differential Rate

The City Centre Commercial Differential Rate is applicable to all commercial properties located within the boundaries of the City Centre zone and the abutting Metropolitan Regional reserves (refer map below) being areas bounded by Parry Street, Norfolk Street and including those properties located in Fremantle Fishing Boat and Challenger Harbours and on Victoria Quay.

On 1 July 2008 the City took over management of the Fremantle First brand and introduced a differential rate to fund the management, administration and delivery of marketing activities aimed at enhancing the economic and social viability, and the general amenity, of the Fremantle Commercial Business District (CBD) and environs. In June 2010 council adopted the City of Fremantle Strategic Plan 2010-2015. The Plan included the preparation of a new Fremantle economic development strategy and the preparation of a Fremantle retail model plan.

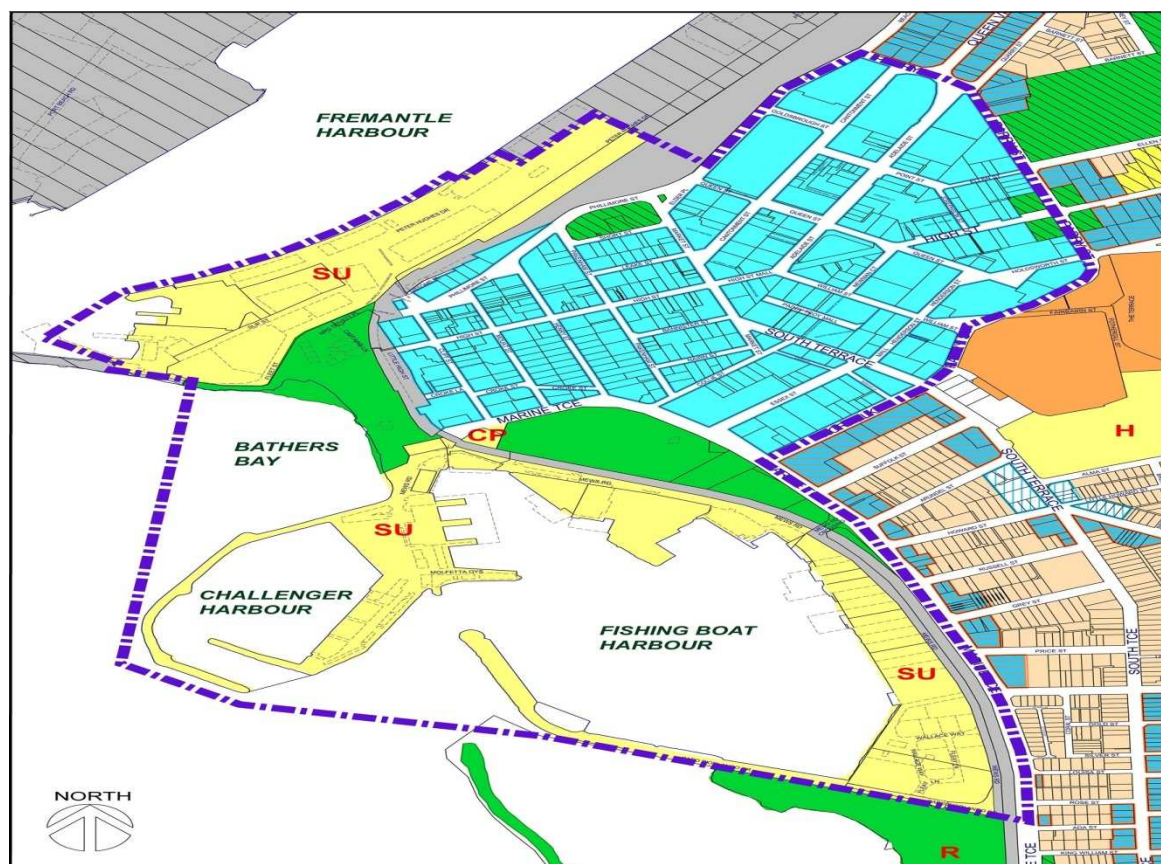
A recommendation in the Fremantle Retail Model Plan, the introduction of a Fremantle CBD business improvement district, was subsequently incorporated into the Fremantle Economic Development Strategy 2011-2015, adopted by council in April 2011.

In July 2011 a steering group comprising businesspeople from within the Fremantle CBD, and representatives of the City of Fremantle, Fremantle Chamber of Commerce and Business Foundations, commenced planning the establishment of a Fremantle CBD business improvement district.

On 24 April 2012 council, on the recommendation of the steering group, resolved to support the establishment of a Fremantle CBD business improvement project through a funding and performance agreement between the City of Fremantle and the business improvement district entity, a not-for-profit company limited by guarantee.

The funding of the business improvement district entity, as recommended to the council by the steering group, will be by the allocation to the entity all of the revenue collected by the City of Fremantle from the City Centre Commercial Differential Rate above what the General Differential would have raised.

In 2013/2014 it is estimated an additional \$327,000 will be raised from this differential rate compared to what would have been raised from the general differential rate.



3. Nightclubs

Nightclubs that operate to the early hours of the morning present numerous challenges to the community and Council in the level of resources that are required to maintain the amenity of the area where the nightclubs are located and deal with the behaviour of the nightclub patrons both prior to arrival and on departure from the clubs. These issues cover: - noise complaints, vandalism, increased street sweeping

and cleaning costs, unsociable behaviour, facilitating safe access to public transport and taxis for all visitors to the city including nightclub patrons and CCTV surveillance.

Due the increased costs directly and indirectly linked to the operation of these premises, Council is setting a differential rate that is double the general differential rate so that nightclubs that remain open after 2.00am make an additional contribution towards those costs that are incurred in maintaining the amenity in proximity to the nightclubs and the monitoring of peoples behaviours within the vicinity.

4. Undeveloped CBD Zone Property

An undeveloped CBD property differential rate will apply to land within the City Centre zone under LPS 4 that is held for an undeveloped site purpose.

Land will be taken to be held for an undeveloped site purpose if it is –

- a) unfit for occupancy by virtue of the deterioration of the condition of one or more of the buildings on the land; or
- b) vacant land for a period of 12 months or more; or
- c) developed with a building or buildings which, in aggregate, occupy 20% or less of the site area, except where a current valid Planning Approval and Building Licence exist for the development of the land to occupy greater than 20% of the site area'.

5. Vacant Residential Land Differential Rate

Under the Valuation of Land Act 1978 (VLA) land for which an active rental market doesn't exist is required to be valued on a prescribed percentage of capital value. Until recently only one prescribed percentage has been allowed and that was set at 5% in 1979. Land Valuation Services reports that owners of vacant residential land have increasingly expressed their concern about higher GRV's on their land than those that applied to neighbouring improved properties. New regulations under the VLA applied from 1 July 2011 and applied a single rate of 3% to all residential vacant land while the existing 5% will continue to apply to all remaining vacant land (i.e. commercial and industrial).

The City of Fremantle considers the development of vacant rateable land in the best interests of the community and the value of rates paid for vacant land should be consistent for all types of vacant land. Therefore as a consequence of the reduction in the prescribed rate for residential vacant land from 1 July 2011, a vacant residential land differential rate was introduced to produce rate assessment value for vacant residential land equivalent to what a prescribed percentage of 5% would have produced. On this basis, all vacant property owners would be rated consistently.

6. Undeveloped Commercial/Industrial Zone Property

An undeveloped Commercial or Industrial zoned property, outside of the City Centre Zone under LPS 4, will incur a differential rate to land under LPS 4 that is held for an undeveloped site purpose.

Land will be taken to be held for an undeveloped site purpose if it is –

- a) unfit for occupancy by virtue of the deterioration of the condition of one or more of the buildings on the land; or
- b) vacant land for a period of 12 months or more.