



**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

The current triennium for gross rental valuations (GRV's) commenced on 1 July 2014 therefore 2015/2016 will be the second year of the triennium.

Taking into consideration current decisions of council, the minimum rates and rates in the dollar for the "Residential Improved", "Commercial and Industrial General", "City Centre Commercial", "Nightclubs", "Vacant Residential Land" and "Vacant Commercial and Industrial Land" differential rates for the 2015/2016 financial year are **proposed** to be;

<b>Differential Rate</b>	<b>Minimum Rate Proposed</b>	<b>Rate in the Dollar (\$) Proposed</b>
Residential Improved	\$1,222	0.063744
Commercial and Industrial General	\$1,222	0.075223
City Centre Commercial	\$1,222	0.079439
Nightclubs	\$1,222	0.127486
Vacant Residential Land	\$1,103	0.105816
Vacant Commercial or Industrial Land	\$1,222	0.127487

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

## **1. Residential Improved Differential Rate**

The residential improved differential applies to all residential properties that are not specifically covered by the vacant residential differential rate.

At the start of the new triennial valuation cycle on 1 July 2014 cycle the valuations provided by the Valuer Generals Office (VGO) varied greatly between different property categories to the previous valuations. Such large variations make it very difficult to manage the general rate and waste increase across various parts of the community. To alleviate a substantial rate burden being placed on residential properties the City adopted a differential rate structure that separated differential rates being applied to commercial/industrial properties and residential properties. Therefore the rate for 2014/2015 was established by calculating the actual revenue from 2013/2014 for the affected properties and increasing it for the required percentage increase in revenue and then dividing by the new gross rental values (GRV) that were applicable from 1 July 2014.

For 2015/2016 the rate in the dollar has been increased by the required percentage increase in revenue.

## **2. Commercial and Industrial Differential Rate**

The commercial and industrial differential applies to all commercial and industrial properties that are not specifically covered by the city centre commercial differential rate, nightclubs differential rate, and vacant commercial and industrial differential rate.

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In 2015/2016 the rate in the dollar has been increased by the required percentage increase in revenue.

### **3. 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.

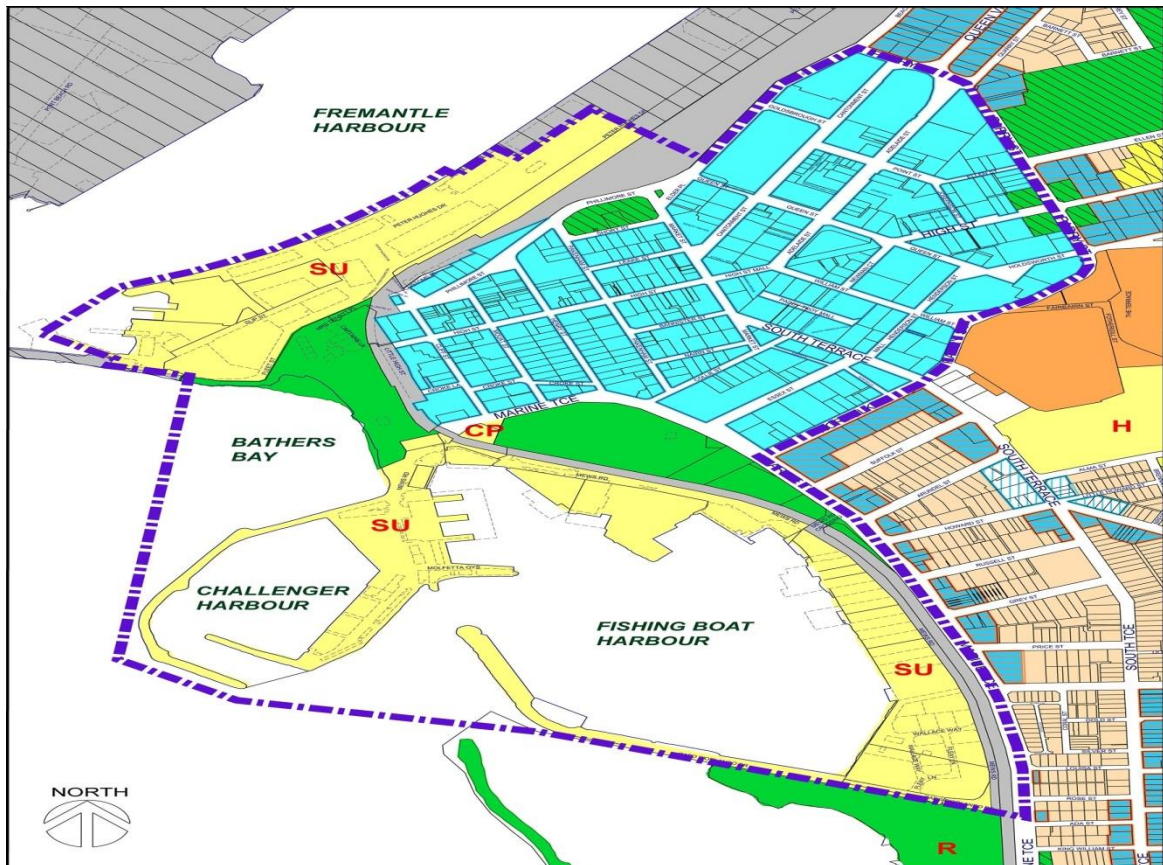
In July 2011 a steering group comprising business people from within the Fremantle CBD, and representatives of the City of Fremantle, Fremantle Chamber of Commerce and Business Foundations, commenced planning the establishment of a Fremantle CBD business improvement district.

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 (BID) entity, as recommended to the council by the steering group, will be collected by the City of Fremantle from the City Centre Commercial Differential Rate above what the Commercial and Industrial General Differential would have raised. The base funding for the Fremantle BID is \$315,000 indexed at 2.5% from 2012/13.

In 2015/2016 it is estimated an additional \$339,000 will be raised from this differential rate compared to what would have been raised from the commercial and industrial general rate.

In 2015/2016 the rate in the dollar has been increased by the required percentage increase in revenue.



#### **4. Nightclubs Differential Rate**

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.

In 2015/2016 the rate in the dollar has been increased by the required percentage increase in revenue.

#### **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.

In 2015/2016 the rate in the dollar has been increased by the required percentage increase in revenue.

## **6. Vacant Commercial and Industrial Land Differential Rate**

The city considers the development of vacant commercial and industrial rateable land in the best interests of the community therefore has set a differential higher than that which applies to developed commercial and industrial properties.

In 2015/2016 the rate in the dollar has been increased by the required percentage increase in revenue.