



**OBJECTS AND REASONS STATEMENT FOR
PROPOSED DIFFERENTIAL, SPECIFIED AREA AND
WAIVER/CONCESSION RATES FOR THE
*CITY OF FREMANTLE***

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OBJECTS AND REASONS STATEMENT FOR PROPOSED DIFFERENTIAL, SPECIFIED AREA AND WAIVER/CONCESSION RATES FOR THE CITY OF FREMANTLE

Rates are a primary source of revenue for the City of Fremantle and are levied each financial year on all ratepayers in a manner that is deemed to be fair and equitable so as to meet the City's annual budget commitments.

These rates are levied on all rateable properties in accordance with the *Local Government Act 1995* and along with all other forms of revenue are utilised to fund Councils services, activities, financing costs and capital works.

All rates are calculated using a Gross Rental Value (GRV) as provided by Landgate Property and Valuation Services. These GRV's are revalued triennially with the next such revaluation being effective on the 1st July 2017.

Taking into consideration the City's strategic community plan, corporate business plan and long term financial plan, it is **proposed** to increase the rate in the dollar or minimum payment by 3.00% on all differential rating categories for the 2016/2017 financial year to that of;

Differential Rate Category	Minimum Payment Proposed	Rate in the Dollar (\$) Proposed
Residential Improved	\$1,259	0.065656
Commercial and Industrial General	\$1,259	0.077480
Vacant Commercial and Industrial	\$1,259	0.131312
City Centre Commercial	\$1,259	0.081822
Nightclubs	\$1,259	0.131311
Vacant Residential Land	\$1,136	0.108990

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

1. Residential Improved Differential Rate

The residential improved differential came into effect on the 1st July 2015 as the triennial revaluation of the 1st July 2014 resulted in a large variation between different property categories. Such large variations made 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.

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.

3. 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.

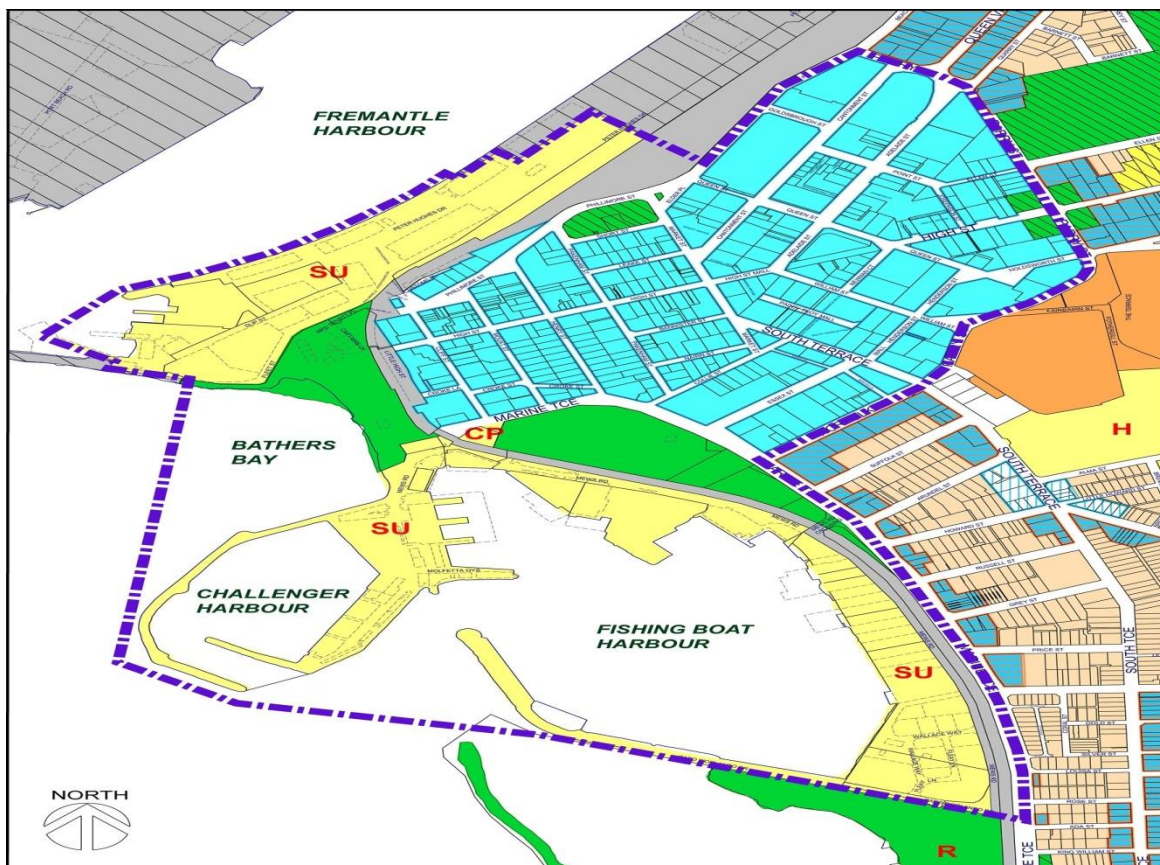
4. City Centre Commercial Differential Rate

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 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 a business improvement district entity, a not-for-profit company limited by guarantee.

The funding of the business improvement district (BID) entity is \$315,000 indexed at 2.5% annually from 2012/2013 and is raised in addition to what the Commercial properties within the CBD area would pay under the Commercial and Industrial General differential rate.

For the 2016/2017 financial period it is estimated an additional \$353,999 will be raised from this differential rate compared to what would have been raised from the commercial and industrial general rate.



5. 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 amenities 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 so that nightclubs that remain open after 2.00am make an additional contribution towards those costs.

6. 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. Up until the 1st July 2011 the prescribed percentage was set at 5% however following numerous concerns from owners of vacant residential land that their GRV's were higher than neighbouring improved properties, Landgate Property and Valuation Services applied a new rate of 3% on residential vacant land.

For commercial and industrial vacant land a 5% prescribed percentage capital value rate remains. As the City considers the development of all vacant rateable land to be in the best interests of the community and that the all vacant land should be rated using the same prescribed percentage capital value rate, this differential rate was introduced so that vacant residential land equates to a 5% prescribed percentage rate.

7. Specified Area Rates

Section 6.37(1) of the *Local Government Act 1995* states that:

- (1) A local government may impose a specified area rate on rateable land within a portion of its district for the purpose of meeting the cost of the provision by it of a specific work, service or facility if the local government considers that the ratepayers or residents within that area —
 - (a) have benefited or will benefit from; or
 - (b) have access to or will have access to; or
 - (c) contributed or will contribute to the need for, that work, service or facility.

The City currently levies two specified area rates, being:

1. CBD Security Levy: a safety and security strategy for a specified area of the Fremantle CBD that is bounded by Parry Street, South Terrace, Suffolk Street, Fishing Boat Harbour (West of Mews Road) and along the coast to Bathers Beach, Fleet Street, Phillimore Street and Elder Place. A proposed rate in the dollar of \$0.001023 will raise approximately \$100,000 for the 2016/2017 financial year.
2. Leighton Precinct Maintenance Levy: to fund the above normal costs associated with maintaining the higher standard of landscaping of the Leighton residential area. A proposed rate in the dollar of \$0.004798 will raise approximately \$38,000 for the 2016/2017 financial year.

8. Privately Owned Right of Ways or Public Access Ways

Within the City boundaries there is a number of right of ways (ROW) or public access ways (PAW) that due to historical subdivisions or other varying reasons are

privately owned. Being privately owned, these ROW's and PAW's are rateable under the *Local Government Act 1995* (LGA) however it is to be proposed effective from the 1st July 2015 that the any rates levied be either waived in full or subject up to a 50% concession. Provision of such waivers or concessions would be under section 6.47 of the LGA and provided owing to the inability to recover the rates due to the owner/s having passed away or the very minimal, if any, tangible benefits to the owners.