



OBJECTS AND REASONS FOR DIFFERENTIAL RATES

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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. Effective from the 1st July 2017 new GRV's applied as part of the usual triennially revaluation of all properties.

Taking into consideration the City's strategic community, corporate business and long term financial plans, a general 0.9% rate increase is proposed in the rate in the dollar and minimum payment, in accordance with the March quart Perth adjusted CPI index, plus an additional 2% to support the role out of the food organic green organic waste collection service.

For vacant residential an increase in the rate in the dollar of 5.74% is proposed to ensure compliance with minimum payment requirements under the Local Government Act 1995 section 6.35.

The proposed rate in the dollar and minimum payment for each differential rating category are:

Differential Rate Category	Proposed Minimum Payment	Proposed Rate in the Dollar (\$)
Residential Improved	\$1,320	0.072030
Commercial and Industrial General	\$1,320	0.080153
Vacant Commercial and Industrial	\$1,320	0.144058
City Centre Commercial	\$1,320	0.084760
Nightclubs	\$1,320	0.144059
Vacant Residential Land	\$1,297	0.115289
Residential Short Term Accommodation	\$1,320	0.080143

(NOTE: The proposed rate in the dollar and minimum payment amounts may be varied by Council when adopting the annual budget.)**

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.

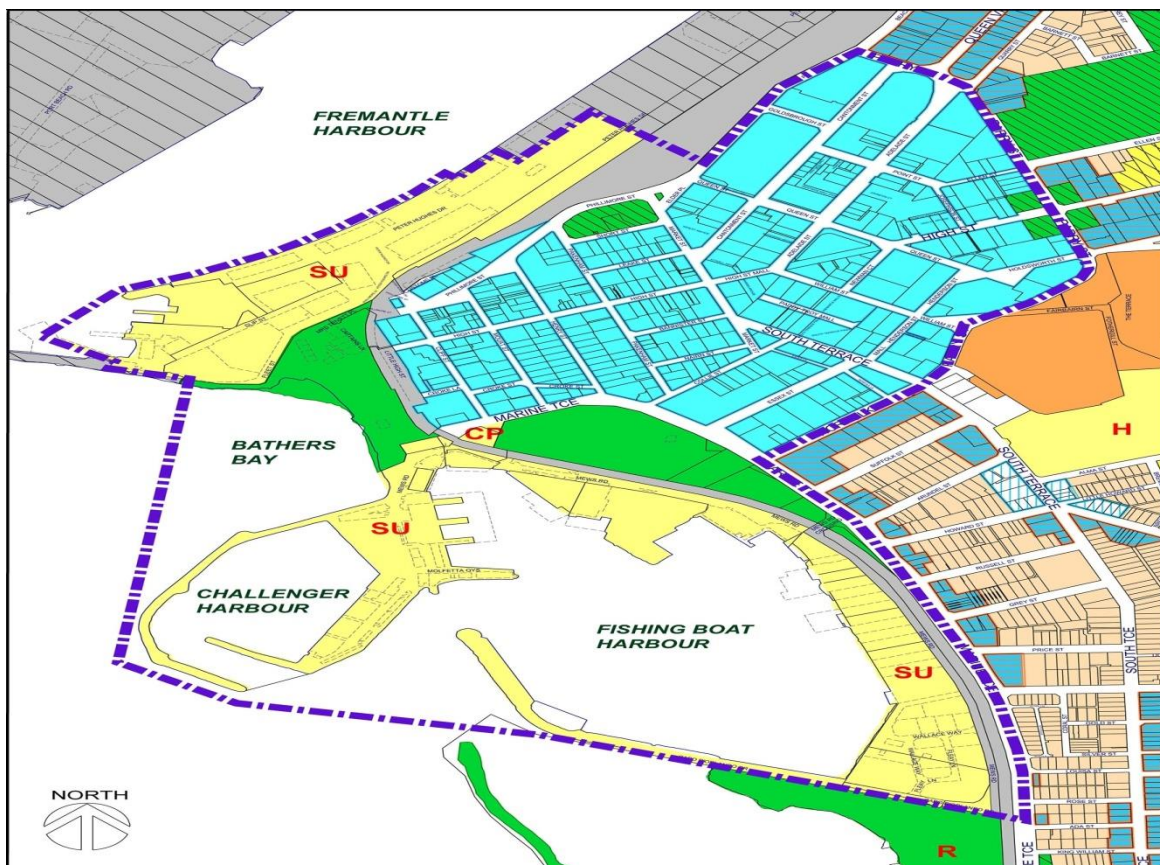
4. City Centre Commercial Differential Rate

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 2018/2019 financial period it is estimated an additional \$369,668 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 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. Residential Short Term Accommodation

The residential short term accommodation is to be applied to land zoned residential where a purpose for which the land is held or used is short term accommodation.

This differential rate is to ensure the owners of residential land wholly or partly used for the commercial purpose of short term accommodation contribute to the provision of services and facilities that may be associated with such commercial use.