



OBJECTS & REASONS

FOR DIFFERENTIAL RATES

2018-2019

RATES & CHARGES

In accordance with Sections 6.33 and 6.36 of the Local Government Act 1995 and Council's intention to continue levying differential general rates for the 2018-2019 financial year on rateable properties within the City, the City is required to publish its Objects and Reasons for implementing differential general rates.

OVERALL OBJECTIVE

The overall objective of the proposed rates and charges in the 2018-2019 Budget is to provide for the net funding requirement of the Council's Operational and Capital Program, being \$139.23M. These are based on an overall increase of 1.9% in the rates for all improved and vacant properties, both for those rated under the Gross Rental Value (GRV) method (apart from two caravan parks) and those under the Unimproved Value (UV) method. Overall, Council will only receive an additional 1.90% of income as a result of the above. The rates concession for all properties above a GRV of \$20,690 remains in place for 2018/19.

For non-minimum rated single Residential Improved properties, the impact of such an increase for an average residential improved property will be \$29 per annum or 56¢ per week (after concession). For those on the minimum payment, the impact will be an increase of \$25 per annum or 48¢ per week.

The table below demonstrates the reasons:

All Dollars are \$M	Prospective Budget 2018-2019
Operating Revenue	\$49.68
(Less) Operating Expenditure	(\$148.01)
(Less) Capital Expenditure	(\$40.90)
Plus Capital Grants & Contributions	\$16.04
Plus Proceeds from Asset Sales	\$3.88
Plus/(Less) Net Financial Reserve transfers	(\$14.36)
Plus/(Less) Net Loans	(\$2.50)
Plus Operating adjustment for Depreciation	\$30.50
Plus Surplus Brought Forward Estimate	\$2.00
(Less) Surplus Carried Forward	(\$0.03)
Rate Setting Statement Deficit funded from Rates	\$103.70

All GRV and UV property valuations are provided by the independent State Government authority, the Valuer General of WA. The City pays a fee for this service but has no role in determining the valuation for any property nor does the City have the ability to appeal a valuation provided by the Valuer General.

DIFFERENTIAL GENERAL RATING

The purpose of imposing a differential general rate between improved and vacant properties in the residential, commercial and industrial areas (all rated on GRV valuations) is to obtain fair income from unimproved land within the municipal

district. Utilisation of GRV values for vacant land means that the revenue generated is less than that which would be applicable under the UV system.

Council believes that the commercial and industrial sectors generate high traffic volumes with heavy loads and therefore should contribute at a higher level than residential for road construction, maintenance and refurbishment including road drainage systems.

The rural/urban farmland areas are rated based on the UV valuations issued by the Valuer General of WA every year.

Under the Local Government Act, Section 6.33 - Differential general rates, the Council can introduce differential rates as follows:

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 under a local planning scheme in force under the planning and Development Act 2005;*
- (b) the predominant purpose for which the land is held or used as determined by the local government;*
- (c) whether or not the land is vacant land; or*
- (d) any other characteristic or combination of characteristics prescribed.*

PROPOSED RATES & MINIMUM PAYMENTS FOR 2018-2019

Proposed rates in the dollar and minimum payments for each rating category are shown below for the 2018-2019 financial year with 2017-2018 comparisons:

Rate Category	Rate in \$	Min. Payment
	2018-2019	
Differential Rates		
Residential Improved (GRV)	7.458¢	\$1,328
Vacant Land (GRV)	8.825¢	\$741
Commercial & Industrial Improved (GRV)	7.829¢	\$771
Rural General Improved (UV)	0.263¢	\$940
Rural Vacant Land (UV)	0.405¢	\$940
Commercial Caravan Park (GRV)	10.474¢	\$771
Specified Area Rates		
Specified Area Rate - Port Coogee Special Maintenance (GRV)	1.2442¢	N/A
Specified Area Rate - Port Coogee Waterways (GRV)	1.2442¢	
Specified Area Rate – Cockburn Coast Special Maintenance (GRV)	1.2442¢	

DIFFERENTIAL RATE CATEGORIES

RESIDENTIAL IMPROVED (GRV)

Characteristics

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is zoned under the Town Planning Scheme No.3 for the purpose of:

- Any land zoned, or held or used for residential purposes and having improvements erected on it.

Proposed 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 City'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 contribution towards the ongoing maintenance and provision of works, services and facilities throughout the City of Cockburn. It is also lower than the vacant land differential rate as the City is encouraging landowners to develop land rather than land banking.

The proposed rate in the dollar of GRV value for this category is 7.458¢ with a minimum payment amount of \$1,328. This will apply to 42,662 or 87.66% of the City's rateable properties.

In addition, those properties whose GRV is greater than \$20,690 will be eligible for a rates concession. The concession amount is calculated by using a rate in the dollar of 2.763¢, applied to that portion of GRV over the \$20,690 threshold.

The purpose for this concession is to limit the year on year rates increase for higher GRV single improved residential dwellings. The concession is necessary due to the previous incorporation of 'flat' waste and security service charges into the general rates charge. As general rates increase proportionately with GRV, the concession effectively standardises that portion of rates attributable to waste and security service charges.

VACANT LAND (GRV)

Characteristics

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is zoned under the Town Planning Scheme No.3 for the purpose of:

- Any land zoned or held for residential, commercial or industrial purposes and being vacant land.

Proposed reasons and objects

The object of this rate is to promote the development of vacant land within the City of Cockburn.

The reason for this rate is to impact vacant land with a higher differential general rate, effectively providing a disincentive to owners for land banking and not actively developing their vacant land.

The proposed rate in the dollar of GRV value for this category is 8.825¢ with a minimum payment amount of \$741. This will apply to 2,893 or 5.94% of the City's rateable properties.

COMMERCIAL & INDUSTRIAL IMPROVED (GRV)

Characteristics

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is zoned under the Town Planning Scheme No.3 for the purpose of:

- Any land zoned, or held or used for commercial or industrial purposes and having improvements erected on it.

Proposed reasons and objects

The object of this differential rate category is to apply a differential rate to Commercial and Industrial properties in order to raise additional revenue to offset the costs associated with increased maintenance of infrastructure and higher levels of services associated with properties in this category.

The reason for this rate is the need to offset the higher level of costs incurred by the City in servicing properties in this category including transport infrastructure. The proposed rate in the dollar of GRV value for this category is 7.829¢ with a minimum payment amount of \$771. This will apply to 2,826 or 5.81% of the City's rateable properties.

RURAL GENERAL IMPROVED (UV)

Characteristics

This differential rate category imposes a differential general rate on land valued on an unimproved value basis, which is zoned under the Town Planning Scheme No.3 for the purpose of:

- Any land zoned, or held or used for rural general or rural general urban farm land purposes and having relevant buildings erected on it including those being used for commercial or industrial purposes.

Proposed reasons and objects

The object of the rate for this category is to impose a differential rate commensurate with the rural use of the land, which additionally is to act as the City's benchmark differential UV rate and is considered to be the base rate by which all other UV rated properties are assessed.

The reason for this rate is to ensure that all ratepayers on rural land make a reasonable contribution towards the provision of works, services and facilities throughout the City and their ongoing maintenance.

The proposed rate in the dollar of UV value for this category is 0.263¢ with a minimum payment amount of \$940. This will apply to 234 or 0.50% of the City's rateable properties.

RURAL VACANT LAND (UV)

Characteristics

This differential rate category imposes a differential general rate on land valued on an unimproved value basis, which is zoned under the Town Planning Scheme No.3 for the purpose of:

- Any land zoned, or held or used for rural purposes and being vacant land.

Proposed reasons and objects

The object of this rate is to promote the development of vacant land within the City of Cockburn.

The reason for this rate is to impact vacant rural land with a higher differential general rate, effectively providing a disincentive to owners for land banking and not actively developing their vacant rural land for its intended purpose.

The proposed rate in the dollar of UV value for this category is 0.405¢ with a minimum payment amount of \$940. This will apply to 52 or 0.11% of the City's rateable properties.

COMMERCIAL CARAVAN PARK (GRV)

Characteristics

This differential rate category imposes a differential general rate on land valued on a gross rental value basis, which is zoned under the Town Planning Scheme No.3 for the purpose of:

- Any land zoned, or held or used for the purpose of a commercial caravan park and catering for permanent trailer homes and non-permanent caravans.

Proposed reasons and objects

The object of this rate is to ensure that the City's caravan parks, which predominantly comprise of permanent trailer homes, make an equitable contribution to the City's services and facilities like any other residential land owner.

The reason for this rate is to impact land valued as caravan parks with a higher differential general rate to maintain rating equity with other small unit dwellings in the City. The aim is to achieve a rate equivalent to 80% the minimum residential improved rate over the next ten years. Pension rebates will be factored in so no pensioner is disadvantaged.

The proposed rate in the dollar of GRV value for this category is 10.474¢ with a minimum payment amount of \$771. This will apply to only two of the City's rateable properties. This represents a 5% increase over 2017/18.

SPECIFIED AREA RATE – PORT COOGEE SPECIAL MAINTENANCE (GRV)

This rate is for the provision of a special maintenance service in the Port Coogee area (see [attached map 1](#)). This service is provided at a level higher than the City provides to the other parts of its district. The City adopts a standard cost for parks, roads and other services provided as part of the rates paid by ratepayers. Where the city inherits areas requiring a more intense management program, the City will provide that special service at the marginal cost. It is considered that the ratepayers and residents of the area benefit from the additional works and have better access to the facilities affected. The additional cost is to be met by this SAR on all landholders in the Port Coogee area. The new rate in the dollar is 1.2442¢ of GRV value.

SPECIFIED AREA RATE – PORT COOGEE WATERWAYS (GRV)

This rate is for the maintenance of the waterways and associated infrastructure in the Port Coogee marina area (see [attached map 1](#)). It is considered that the ratepayers alongside or next to the waterways will directly benefit from the upkeep of these waterways. Those ratepayers paying this SAR will not have to pay the SAR – Port Coogee Special Maintenance. The new rate in the dollar is 1.2442¢ of GRV value.

SPECIFIED AREA RATE – COCKBURN COAST (GRV)

This rate is for the provision of a special maintenance service in the Cockburn Coast area (see [attached map 2](#)). This service is provided at a level higher than the City provides to the other parts of its district. The City adopts a standard cost for parks, roads and other services provided as part of the rates paid by ratepayers. Where the city inherits areas requiring a more intense management program, the City will provide that special service at the marginal cost. It is considered that the ratepayers and residents of the area benefit from the additional works and have better access to the facilities affected. The additional cost is to be met by this SAR on all residential landholders in the Cockburn Coast area. The new rate in the dollar is 1.2442¢ of GRV value.

OTHER CHARGES

The Waste Management Service Charge for improved commercial, industrial and UV properties is \$458. For rates exempt property, the charge is \$510.

The Swimming Pool Levy for 2018-2019 will increase to \$37.50 per swimming pool. This levy works on a full cost recovery basis and all funds raised by this levy will go to the inspection of 7,078 swimming pools in the municipality as required by legislation.

PAYMENT OPTIONS

Payment options will again include either payment in full within 35 days of issue or payment over four instalments. The instalment method attracts an administration charge of \$5.00 per instalment (excluding the first instalment) and interest charges at the rate of 3.5% on outstanding instalment amounts not yet due.

The administration charge is made to cover the additional costs involved in administering the instalment scheme and interest is charged to cover the cost of the lost investment opportunity due to the extended period over which payment is received.

Interest will be levied at a higher penalty rate where payment in full or instalment payments are not received within their respective due dates at the rate of 7% per annum.

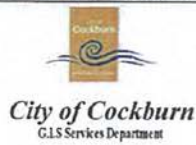
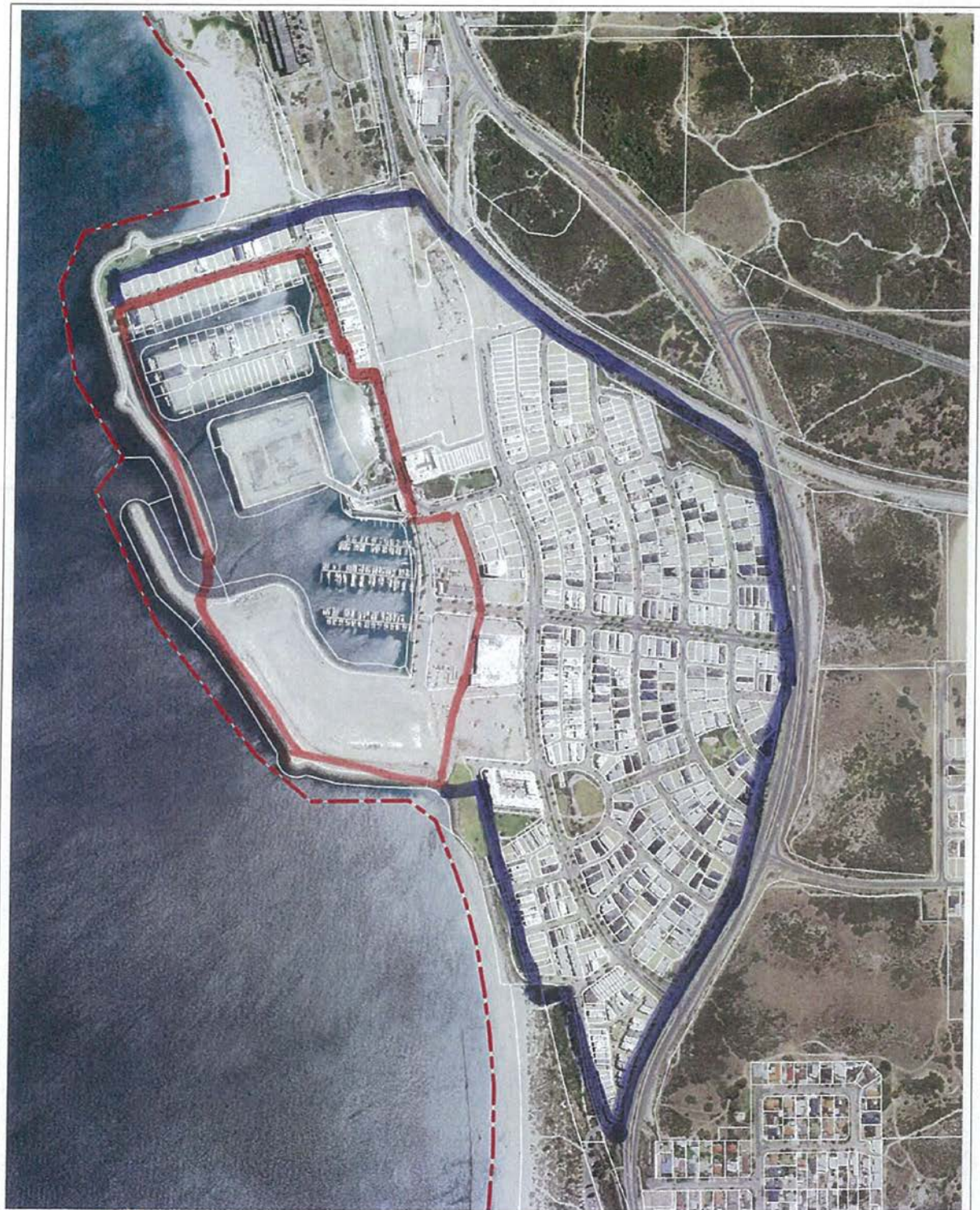
The City will not charge extra fees for using credit cards to pay rates.

SUBMISSIONS

6.36 (3)(b)(ii) of the Local Government Act 1995 requires Council to invite submissions from electors and ratepayers in respect of the rates and minimum payments proposed for the differential general rating categories. Although not required to, Council is also willing to accept submissions on any specified area rate proposed.

All submissions are required to be made in writing to the Chief Executive Officer, City of Cockburn by 4.00pm on Monday, 11 June 2018. A report will be prepared on submissions, if any, and presented to the Special Council Meeting to be held on Thursday, 21 June 2018.

Attached Map 1 Port Coogee Special Maintenance & Waterways



**Port Coogee Waterways
Specified Area Rate (Red) and
Port Coogee Special
Maintenance Reserve (Blue)**

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Attached Map 2 Port Coogee Cockburn Coast Specified Area Rates

