

# Objects and Reasons **For Differential Rates** 2024–25



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### Acknowledgement of Country

The Mayor, Councillors and staff of the City of Cockburn acknowledge the Whadjuk Nyungar people of Beeliear boodja as the traditional custodians of this land. We pay our respect to the Elders, past, present and emerging.

## Introduction

The City prepares a budget each year which must be adopted by Council. The budget aims to fund the City to deliver essential services and key infrastructure for the community while ensuring that rates provide good value for money.

It is a requirement of the Local Government Act that the City must advertise its differential rates in a document called 'Objects & Reasons'. This document explains what the proposed differential rates are, why different properties are charged different rates and what the proposed rate in the dollar is next year. In this document we also explain how rates are calculated and have provided an overview of the proposed capital works expenditure and key infrastructure projects for 2024-25.

### What are the reasons for the 2024-25 differential rates?

The City has a net funding shortfall in its Operational and Capital budget for 2024-25 of \$133.8M which must be made up from rates. This funding pays for infrastructure and services like roads, parks, streetscapes, libraries, recreation and aquatic centres, youth and seniors centres, and community events to name a few.

In preparing the differential rates and minimum payments for 2024-25, the City has used following rates modelling assumptions to ensure we can deliver these essential services and projects to our community:

- Residential Improved properties – 4.% increase in the rate-in-the-dollar and minimum payment.
- Vacant – 4.5% increase in the rate-in-the-dollar and minimum payment.
- UV rated properties – 4.5% increase in the rate-in-the-dollar and minimum payment.
- Commercial & Industrial properties (including caravan parks) – 5.5% increase in the rate-in-the-dollar and minimum payment.

## Rates & Minimum Payments for 2024-25

The table below shows the rates in the dollar and minimum payment amounts proposed for each rate category in 2024-25.

Rate Category Proposed for 2024-25	Rate in \$	Min payment \$
<b>Differential rates</b>		
Residential Improved (GRV)	\$0.08103	\$1,537
Vacant Land (GRV)	\$0.09960	\$815
Commercial & Industrial Improved (GRV)	\$0.09231	\$910
Commercial Caravan Park (GRV)	\$0.08764	\$910
Rural General Improved (UV)	\$0.00307	\$1,098
Rural Vacant Land (UV)	\$0.00473	\$1,098

## Key projects and services for 2024-25

- Caping Cell 7 at Henderson Landfill \$13.94M
- Cockburn ARC Expansion \$7.14M
- Rockingham Road Revitalisation \$3.42M
- BMX Facility at Malabar Park, Bibra Lake \$3.22M
- Rockingham/Phoenix Roads Intersection Upgrade \$2.49M
- Aboriginal Cultural & Visitors Centre \$2.25M
- Leachate pond construction \$2.5M
- Playground renewal and upgrades \$2.05M
- New footpaths and renewals \$1.6M
- Other road projects \$8.56m
- Upgrades to sumps and drains \$4.46M
- Other building renewals and upgrades \$5.16M

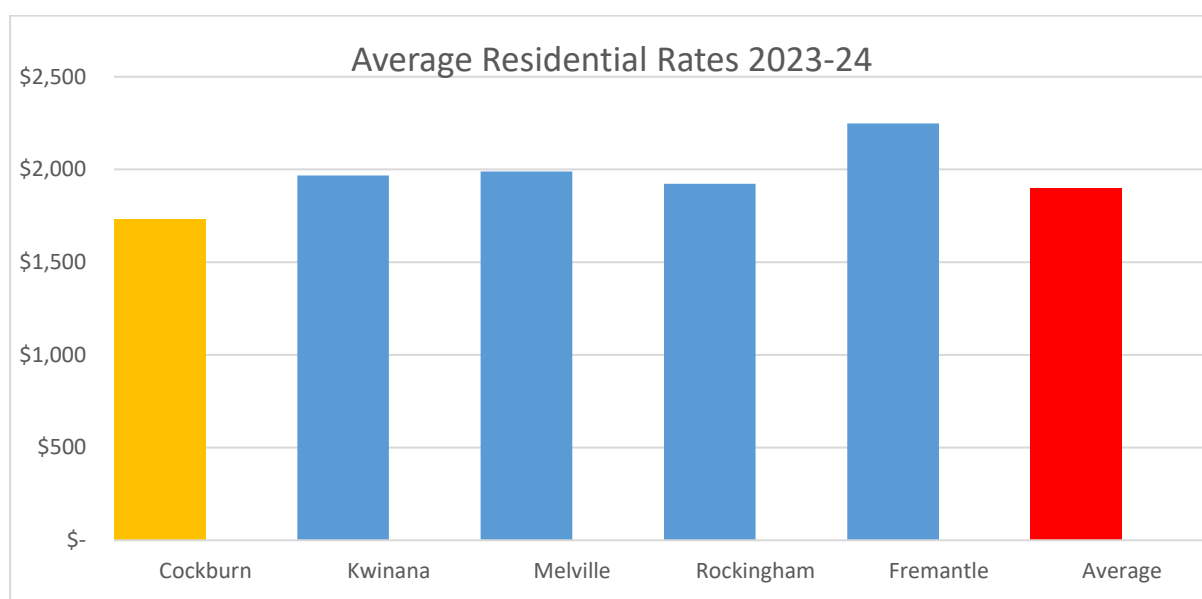
Key services being delivered every year to ratepayers and the community include:

- Waste collection – three bin services, four verge collections and six trailer passes
- Libraries, Seniors Centre, Youth Centre, Family Support Services, Cockburn Care, Cockburn ARC, Volunteer Resource Centre, Family Day Care
- Parks, sportsgrounds, recreation facilities, streetscapes, trees
- Roads, footpaths and drainage infrastructure
- Co-Safe – providing a mobile safety and security patrol service to the community 24 hours a day, seven days a week
- Free concerts and events for our community.

Cockburn Community Grants provide funding and donations to local clubs, individuals, incorporated community groups, and nonprofit organisations to support projects, programs, or activities that benefit the Cockburn community.

### How do we compare with neighboring Councils?

The graph below compares the rates charged by Cockburn to our neighboring councils in the 2023-24 financial year. Data is sourced from the councils' annual budgets and includes rates for all residential improved properties (as well as waste collection and other service charges, if levied separately). The graph also factors in Cockburn's improved residential concession.



## What is the objective for rates in 2024-25?

In accordance with Sections 6.33 and 6.36 of the *Local Government Act 1995* the City is required to publish its Objects and Reasons for implementing differential general rates.

The objective of the proposed rates and charges in the 2024-25 budget is to provide for the net funding shortfall of \$133.8M in Council's Operational and Capital Program for 2024-25, as summarised in the table below:

	<b>Draft Budget 2024-25 \$M</b>
Budget Surplus Brought Forward FY24	1.00
Operating Revenue	68.69
(Less) Operating Expenditure	(206.61)
(Less) Capital Expenditure	(67.54)
Add Capital Grants & Contributions	12.18
Add Proceeds from Asset Sales	1.07
Add/(Less) Net Financial Reserve transfers	14.10
(Less) Loan Repayments	(2.50)
Add back non-cash items (Depreciation/Provisions)	46.11
(Less) Surplus Carried Forward FY25	(0.30)
<b>Budget Net Funding Shortfall Required from Rates</b>	<b>133.80</b>

The funding requirement for 2024-25 includes a capital works program totaling \$67.54M.

Understanding the pressure rising costs is putting on households, the City is extending its policy of waiving interest and administrative fees for installment payments, Smart Rates, and other approved payment options. This aims to ease the burden on our community by making it easier to manage rate payments over an extended period.

## Who undertakes the GRV and UV valuations?

The Valuer General of WA (Landgate) conducted a GRV (Gross Rental Value) revaluation of properties within the City effective for three years commencing 1 July 2023.

The City does not have any role in determining the valuation of any property or the ability to appeal any valuation provided by the Valuer General. However, any property owner who does not agree with the GRV change may lodge an objection directly with Landgate.

## Why are there different rates for different properties?

Different properties in Cockburn are charged different rates, hence the term 'differential rates'.

Improved and vacant properties under the residential, commercial and industrial rating categories are charged differently. An improved property is one where improvements have been added, such as a house or a manufacturing plant for example. The difference is to ensure that fair income is obtained from vacant land in residential areas, and there is an incentive to develop the land instead of land banking for future sale and development.

As commercial and industrial sectors generate higher traffic volumes with heavier loads than the residential sector, they contribute at a higher level for road construction, maintenance and refurbishment. Road infrastructure is a large cost driver for the City.

The City sets a much lower rate in the dollar for rural and urban farmland areas which are rated based on UV valuations.

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.*

## How are rates calculated?

The council sets its own rate in the dollar every year for each rate category, and the independent State government authority, the Valuer General of WA sets the Gross Rental Value (GRV) every three years and Unimproved Value (UV) annually. The GRV is a property's estimated yearly rental income. The UV is a property's estimated land value (no improvements) and is mainly used for rural land uses. Your property's GRV or UV is stated on your annual rates notice.

To calculate your annual rates, multiply either your GRV or UV, depending on your property, and subtract any rate concessions you may receive if eligible.

Rates (\$) = GRV OR UV X Rate Category – any rate concessions

## Proposed Rates & Minimum Payments for 2024-25

The table below shows the rate in the dollar set by Council and the minimum payment required for each rate category in 2024-25.

Rate Category Proposed for 2024-25	Rate in \$	Min payment \$
<b>Differential rates</b>		
Residential Improved (GRV)	\$0.08103	\$1,537
Vacant Land (GRV)	\$0.09960	\$815
Commercial & Industrial Improved (GRV)	\$0.09231	\$910
Commercial Caravan Park (GRV)	\$0.08764	\$910
Rural General Improved (UV)	\$0.00307	\$1,098
Rural Vacant Land (UV)	\$0.00473	\$1,098



## What are the differential rate categories?

### Residential Improved (GRV)

This rate category imposes a differential general rate on land valued on a GRV basis, which is zoned under the Town Planning Scheme No.3 for residential purposes and having improvements erected on it.

The objective 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.

This rate ensures that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout Cockburn. It is 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 \$0.08103 with a minimum payment amount of \$1,537. These parameters will apply to 48,422 or 88.73% of the City's rateable properties.

Single improved residential properties whose GRV is greater than \$24,671 will also be eligible for a high GRV rates concession. The concession amount is calculated by using a rate in the dollar of \$0.02680 and applying it to that portion of GRV over the \$24,671 threshold.

This concession limits year on year rates increases for high GRV single improved residential dwellings. The concession was introduced due to the previous incorporation of fixed waste and security service charges into the general rates charge. The concession parameters have been adjusted this year to factor for the large GRV revaluation increase across residential improved properties.

### Vacant Land (GRV)

This 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 residential, commercial or industrial purposes and being vacant land.

The objective of this rate is to promote the development of vacant land within Cockburn. Vacant land has a higher differential general rate which provides a disincentive to owners for land banking and not developing their vacant land.

The proposed rate in the dollar of GRV value for this category is \$0.09960 with a minimum payment amount of \$815.

These parameters will apply to 3,013 or 5.52% of the City's rateable properties.

### Commercial & Industrial Improved (GRV)

This 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 non-residential, commercial or industrial purposes and having improvements erected on it.

The objective of this differential rate category is to raise sufficient revenue to offset the costs associated with increased maintenance of infrastructure, particularly transport related infrastructure, and higher levels of services associated with properties in this category.

The proposed rate in the dollar of GRV value for this category is \$0.09231 with a minimum payment amount of \$910.

This will apply to 3,029 or 5.55% of the City's rateable properties.

### Commercial Caravan Park (GRV)

This 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 a commercial caravan park and catering for permanent trailer homes and non-permanent caravans.

The objective of this rate is to ensure that the City's caravan parks, predominantly permanent trailer homes, make an equitable contribution to the City's services and facilities like any other residential land owner. It is also to maintain rating equity with other small unit dwellings in the City.

The proposed rate in the dollar of GRV value for this category is \$0.08764 with a minimum payment amount of \$910. This will apply to only two of the City's rateable properties and no property will be on the minimum payment amount.

## Rural General Improved (UV)

This 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 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.

The objective of the rate is to impose a differential rate commensurate with the rural use of the land and to ensure that all ratepayers make a reasonable contribution towards the provision of works, services and facilities throughout the City and their ongoing maintenance. It is also the City's benchmark differential UV rate and the base rate by which all other UV rated properties are assessed.

The proposed rate in the dollar of UV value for this category is \$0.00307 with a minimum payment amount of \$1,098.

This will apply to 63 or 0.12% of the City's rateable properties.

## Rural Vacant Land (UV)

This 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 rural purposes and being vacant land.

The objective of this rate is to promote the development of vacant land within Cockburn, 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 \$0.00473 with a minimum payment amount of \$1,098.

This will apply to 41 or 0.08% of the City's rateable properties.

## Are there other charges?

A Specified Area Rate (SAR) is an additional rate charge that is applied separately to designated areas within the City to cover additional maintenance & asset renewal costs.

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

The Swimming Pool Levy for 2024-25 will increase from \$44.79 to \$56.03 per swimming pool. This levy works on a full cost recovery basis and all funds raised by the levy will go towards the inspection of 8,037 swimming pools in Cockburn as required by legislation.

## Payment options

Payment options include payment in full within 35 days of your rates notice being issued, payment over four instalments or Smart Rates (see paragraph below). To continue providing cost of living relief to ratepayers this year, the City is extending its policy of waiving interest and administrative fees for installment payments, and other approved payment plans. Penalty interest on overdue amounts will remain at 6% for those properties without payment plans.

For increased affordability, the City provides the opportunity for ratepayers to make weekly, fortnightly, or four-weekly direct debits under its 'Smart Rates' initiative. This option will not attract interest charges as mentioned above.

The City will continue to accept credit card payments without any extra fees or surcharges in 2024-25.

Although not a Council related charge, the City collects the Emergency Services Levy (ESL) on behalf of the Department of Fire & Emergency Services (DFES) via the annual rates notice.

## 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 to be made by 4pm, Monday 10 June 2024.



Submissions are preferred via our engagement platform Comment on Cockburn, <https://comment.cockburn.wa.gov.au/>

A report will be prepared on submissions, if any, and presented to the Special Council Meeting on Tuesday, 25 June 2024.

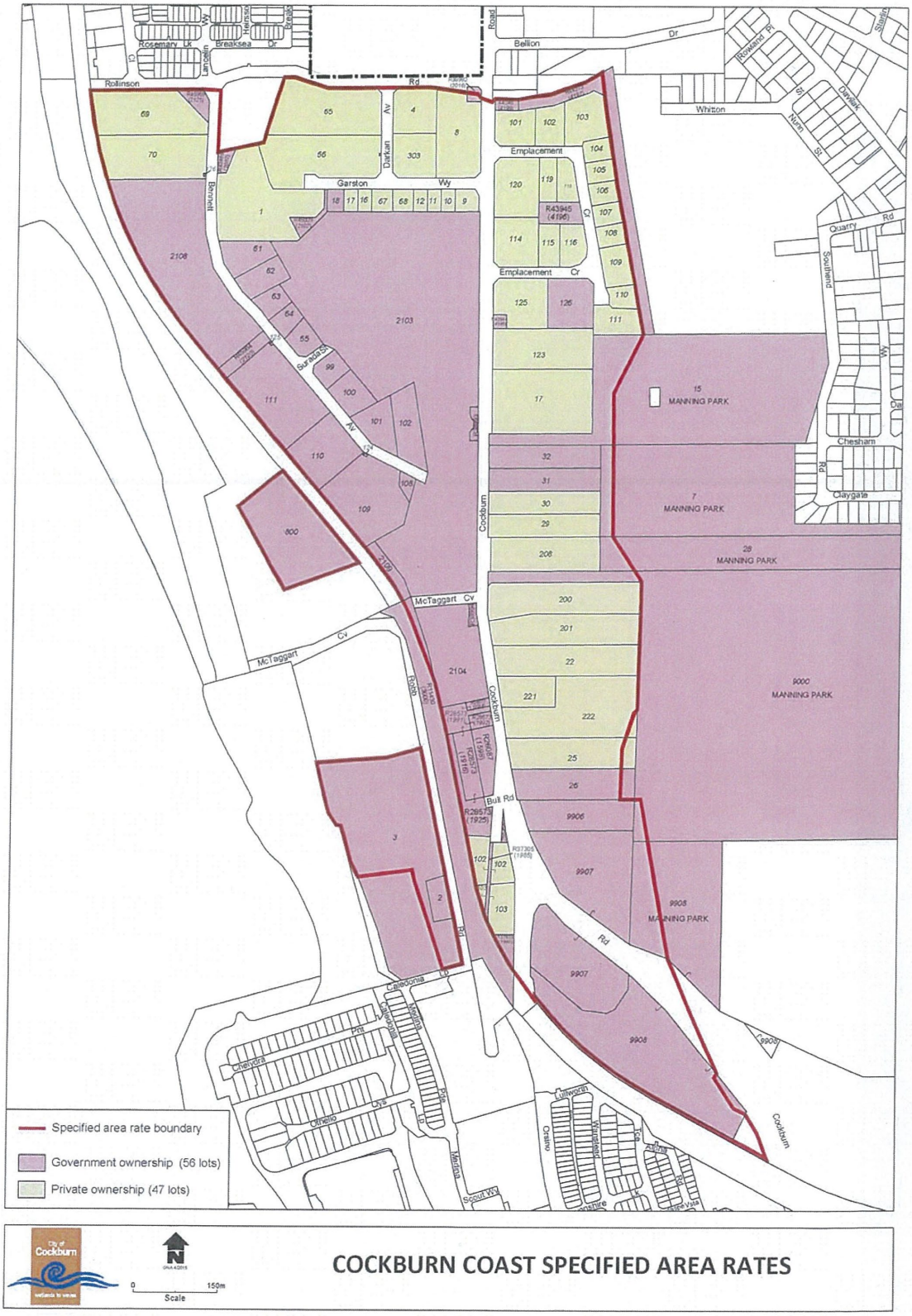
Enquiries: Call **08 9411 3444** or email [customer@cockburn.wa.gov.au](mailto:customer@cockburn.wa.gov.au)

Attached Map 1 Port Coogee Special Maintenance & Waterways



	<p><b>Port Coogee Waterways Specified Area Rate (Red) and Port Coogee Special Maintenance Reserve (Blue)</b></p>	<p>PRINTED ON: 15/06/2016</p>	<p>SCALE = 1:8227</p>	<p> NORTH</p>
		<p><small>DISCLAIMER - The City of Cockburn provides the information contained herein and bears no responsibility or liability whatsoever for any errors, faults, defects or omissions of information contained in this document.</small></p>		

# Attached Map 2 Port Coogee Cockburn Coast Specified Area Rates



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