

2018-2019 Budget

Objects and Reasons for Differential Rates

The following Objects and Reasons are provided in accordance with Section 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to Levy Differential Rates" for the 2018-2019 Financial Year on various categories of properties within the City. This paper details the Objects and Reasons for those proposals.

Rates

Rates are levied on all rateable properties within the boundaries of the City of Melville Municipality in accordance with the Local Government Act 1995. The overall objective of the proposed rates and charges in the 2018-2019 Budget is to provide for the net (i.e. after taking into account all other forms of revenue) funding requirements of the City's services, activities, financing costs and the current and future capital requirements of the City as outlined in the City's Corporate Plan and Long Term Financial Plan.

Valuations

The rates in the dollar will be based on the *general valuation* as supplied by the Valuer General (VG) in respect of *gross rental values* (GRVs) effective from 1 July 2017 and as amended by *any interim valuations* received subsequent to that date.

Differential Rate categories

The Local Government Act 1995 states in Section 6.32. *Rates and service charges* that

- (1) When adopting the annual budget, a local government —
 - (a) in order to make up the budget deficiency, is to impose* a general rate on rateable land within its district, which rate may be imposed either —
 - (i) uniformly; or
 - (ii) differentially;

The City intends to establish the following differential rate categories:

- Residential Land - incorporates Residential single dwellings, Duplex, Multi Unit, Strata and Homeswest Improved Properties.
- Residential Unimproved land – incorporates all vacant residential land.
- Commercial/Industrial Land - incorporates all Industrial, Commercial, Service Station, Hotel / Tavern, TAB and Hospitals.
- Minimum Rate in respect to Residential Land
- Minimum Rate in respect to Commercial/Industrial Land.

The Local Government Act sets out the basis on which differential general rates may be based as follows:

6.33. Differential general rates

- (1) 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, whether or not under a local
 - (b) a purpose for which the land is held or used as determined by the local government; or
 - (c) whether or not the land is vacant land; or
 - (d) any other characteristic or combination of characteristics prescribed.

- (2) Regulations may —
 - (a) specify the characteristics under subsection (1) which a local government is to use; or
 - (b) limit the characteristics under subsection (1) which a local government is permitted to use.

- (3) In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

- (4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1) (a) applies.

- (5) A differential general rate that a local government purported to impose under this Act before the *Local Government Amendment Act 2009* section 39(1) (a) came into operation is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.

Minimum Rates

The Local Government Act 1995 sets out the basis on which Minimum Rates may be levied.

6.35. Minimum payment

- (1) Subject to this section, a local government may impose on any rateable land in its district a minimum payment which is greater than the general rate which would otherwise be payable on that land.

- (2) A minimum payment is to be a general minimum but, subject to subsection (3), a lesser minimum may be imposed in respect of any portion of the district.

- (3) In applying subsection (2) the local government is to ensure the general minimum is imposed on not less than —
 - (a) 50% of the total number of separately rated properties in the district; or
 - (b) 50% of the number of properties in each category referred to in subsection (6),on which a minimum payment is imposed.

- (4) A minimum payment is not to be imposed on more than the prescribed percentage of —
- (a) the number of separately rated properties in the district; or
 - (b) the number of properties in each category referred to in subsection (6),
unless the general minimum does not exceed the prescribed amount.

(5) If a local government imposes a differential general rate on any land on the basis that the land is vacant land it may, with the approval of the Minister, impose a minimum payment in a manner that does not comply with subsections (2), (3) and (4) for that land.

- (6) For the purposes of this section a minimum payment is to be applied separately, in accordance with the principles set forth in subsections (2), (3) and (4) in respect of each of the following categories —
- (a) to land rated on gross rental value;
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

Rates in Respect to Residential Improved Land

Residential Improved land incorporates, Residential and Homeswest, Strata, Duplex and multi unit improved properties that are zoned for residential purposes.

The rate in the dollar set for this category will be 6.436998 cents in the dollar. The minimum rates set for this category will be \$1,269.47. The rate in the dollar and minimum rate set for this category are calculated at a level to cover the cost of the standard domestic refuse service.

Basis for Differential Rates in Respect to Residential Unimproved Land

Residential Unimproved land incorporates, Residential and Homeswest unimproved properties zoned for residential purposes.

The rate in the dollar set for this category will be 7.250847 cents in the dollar. The minimum rates set for this category will be \$809.72. The minimum rate estimated for Residential Unimproved land is less than that estimated for Residential Improved as there is no requirement to recover the cost of a domestic refuse collection service for vacant land.

The positive differential rate for Residential Unimproved land is proposed in order to fund the additional costs of servicing these types of properties. Vacant properties are more likely to be the sites of illegal dumping and in some cases can become overgrown and unkempt, or become places of antisocial behaviour. Additional street cleaning and gully educting is also required due to sand and debris originating from vacant land spreading onto the roads and gutters. The above requires the allocation of City resources over and above that required for Residential Improved properties.

Basis for Differential Rates in Respect to All Commercial/Industrial Land

Commercial improved land incorporates industrial, commercial, service station, hotel / tavern, TAB and hospitals.

The rate in the dollar set for this category will be 7.277950 cents in the dollar. The minimum rates set for this category will be \$984.78.

The positive differential rate for commercial/industrial improved land is proposed in order to fund the additional costs of servicing these types of properties. Commercial premises generate higher volumes of pedestrian and traffic movements than residential properties and this results in increased road and streetscape maintenance requirements, additional on-street parking needs and the requirement to install additional traffic treatments. Due to the increased presence of litter surrounding commercial and industrial land the City is also required to provide additional litter collection services to these areas. Patrons and employees of commercial and industrial premises are consumers of municipal services but unless they are also property owners within the City, are not contributing to the cost of services used by them in the City of Melville.

Submissions with respect to the proposed rates, and any related matters, should be made in writing within twenty one days of the date of this notice. Submissions should be sent to City of Melville Locked Bag 1 Booragoon WA 6954 and clearly marked Submission Re: Differential Rating.

All submissions should be forwarded by no later than **5.00pm on Wednesday 20 June 2018**.

**Dr SHAYNE SILCOX
CHIEF EXECUTIVE OFFICER**