



City of Nedlands

Objects and Reasons for Imposing Differential Rates for 2019/20

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 2019/20 Financial Year on various categories of properties within the City.

The City of Nedlands provides many essential services and facilities to a diverse City, consisting of residential, vacant land and non-residential properties. Council has adopted a differential rating approach since 2008 to ensure rates revenue is collected on an equitable basis.

The differential rates have proven to be effective in achieving the desired results at the City of Nedlands, and it is proposed the practice be continued for the 2019/20 financial year.

The differential rates are to be levied in accordance with Sections 6.33 of the Local Government Act 1995 and are based on the Gross Rental Values (GRVs) of rateable properties as provided by Landgate (Valuer General). The GRVs of properties in Metropolitan Perth are revalued at three-yearly intervals. The GRVs used for the 2019/20 year are the values provided as at 1 May 2017.

This document outlines the objects and reasons for implementing differential general rates.

Overall rating objective

The overall objective of the proposed rates in the 2019/20 Budget is to provide for the net funding requirement of the Council's proposed operations (excluding rates revenue), capital programs, investing and financing activities amounting to approximately \$24.3million.

Pursuant to Section 6.36 (1) of the Act, the City has given local public notice of its intention to apply differential general rates and minimum payments in respect of each differential rating category.

It is proposed the increase in rates revenue, compared to the Budget for 2018/19, be 4%. This is made up of 1.5% to meet the increased cost of operations, 1.25% for the underground power works and 1.25% for capital infrastructure works

Differential General Rating

The purpose of imposing a GRV differential rating for residential, vacant land and non-residential is to obtain a fair and equitable form of revenue raising from all categories of properties in the municipality.

Under the Local Government Act, Section 6.33 Differential general rates, 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 planning scheme or improvement scheme in force under the Planning and Development Act 2005; or
- (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

Council has decided to impose 3 (three) differential rates, namely Residential, Vacant Land and Non-Residential differential rates for the 2019/20 financial year

Differential Rate	Minimum Rate (\$) Proposed	Rate in the Dollar (\$) Proposed	Minimum Rate (\$) 2018/19	Rate in the Dollar (\$) 2018/19
Residential	1,499	0.057920	1,442	0.055690
Vacant Land	1,988	0.082170	1,912	0.079010
Non-Residential	1,977	0.071947	1,901	0.069180

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

1. Residential Differential Rate

The residential differential applies to land where the predominant purpose for which land is held or used is residential. In practice, this classification will apply to all rateable properties that are not specifically used for commercial, industrial or mixed use.

At the start of the new valuation cycle effective from 1 July 2017, the valuations provided by the Valuer General's Office (Landgate) reflected the softening of the rental market in the City. The increase in the Gross Rental Values for the 2019/20 financial year is 1.1% which is reflective of similar number of properties as last year. Properties that have been redeveloped or undergone renovation have had their GRVs increased.

The Local Government Act requires a uniform rate in the dollar to be applied to all properties in any given category.

Rates revenue provided by this category, including those on minimum rates of \$1,499, is expected to generate approximately 82.5% of the total rate revenue for 2019/20.

2. Vacant 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.

From 1 July 2011 the prescribed percentage is 3% to all residential vacant land and 5% to all remaining vacant land (ie commercial and industrial).

A separate differential rate is proposed to encourage the development of the land. The proposed differential is 33% above that set for Residential Improved land. Rates revenue provided by this category, including those on minimum rates of \$1,988, is expected to generate approximately 2.5% of the total rate revenue for 2019/20.

3. Non-Residential Differential Rate

Land that is held for predominantly non-residential use (ie for commercial/industrial purpose) falls into this category. The Council considers that non-residential properties require a higher base standard of infrastructure due to the potential of greater volumes of people and vehicular traffic movement than residential properties, additional on-street parking needs and additional traffic treatments. The City is also required to provide additional litter collection services to these areas.

The proposed differential is 32% above that set for Residential Improved Land. Rates revenue provided by this category, including those on minimum rates of \$1,977, is expected to generate approximately 14.9% of the total rate revenue for 2019/20.

In 2019/20, the rate in the dollar has been increased to generate the required percentage increase in revenue.

Electors and ratepayers of the City of Nedlands are invited to submit in writing their views on the above rates by **10 June 2019**. Submissions should be addressed to the Chief Executive Officer, City of Nedlands, PO Box 9, Nedlands WA 6909 or council@nedlands.wa.gov.au, with "Differential Rates" in the subject line.

Mark Goodlet
Chief Executive Officer