

## Objects and Reasons for Proposed Differential Rate Categories for the 2020/2021 Financial Year

In accordance with Sections 6.33 & 6.36 of the Local Government Act 1995 and the Council’s intention to continue levying differential rates for the 2020/2021 Financial Year, the City is required to publish its Objects and Reasons for implementing the differential rates categories.

**Summary:**

The following are the proposed Differential General Rates and Minimum Payments for the City of Kalamunda for the 2020/2021 financial year, to be effective from 1 July 2020.

<b>Category/Levy</b>	<b>Rate in \$</b>	<b>Minimum Rate \$</b>
General GRV	0.069352	882
Industrial/Commercial GRV	0.073350	1,102
Vacant GRV	0.086309	767
General UV	0.003459	882
Commercial UV	0.004093	1,102
Waste Avoidance and Resource Recovery Levy (All Categories)	0.000418	20

**Overall Objective:**

The overall objective of the Rates and Charges in the 2020/2021 budget is to provide for the shortfall in income required to enable the City of Kalamunda to provide the necessary works and services in the 2020/2021 Financial Year after taking into account all non-rate sources of income. Council at a Special Council Meeting on the 7<sup>th</sup> of April 2020 set the parameters to initiate the Budget 2020/2021 process. One of the parameters was to have a zero increase in overall Rate revenue. This approach taken to create this Budget is consistent with instructions received from the State Government Department, the Premier and the Minister for Local Government. To achieve a zero increase in Rate revenue, the rate in the dollar was amended accordingly.

A minimum rate is applied to all differential rating categories within the City of Kalamunda. The setting of the minimum rate is in recognition that every property within the City receives some minimum level of benefit from services provided. By adopting a minimum rate, Council take this benefit into consideration. Differences in minimum rates between the differential categories is due to the same factors as explained in each differential category below.

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### **Differential Rates:**

Differential rates are split into two distinct groupings based on the methods used by the Valuer Generals Office to determine the value provided to the City. These two groupings are Gross Rental Value (GRV) which is used on urban properties and Unimproved Value (UV) which is predominantly used on rural properties. More information on the different valuation methods can be found on the Valuer Generals website at [www.landgate.wa.gov.au](http://www.landgate.wa.gov.au)

### **GRV Differential Rates:**

The valuations provided to the City for GRV properties are reviewed on a Triennial basis by Landgate, effective from 01 July 2020. GRV values are reflective of the estimated rental yield per year of the property. Further information about the exact method of calculation and any objections to valuations will need to be directed to the Valuer Generals Office at Landgate.

### **GRV General**

The GRV General rate applies to all GRV valued properties in the City with a predominant land use that does not fall within the categories of Commercial, Industrial or Vacant Land.

The object of this rate is to apply a base differential general rate to land zoned and used for purposes other than Commercial, Industrial or Vacant Land 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. It is also lower than vacant land as the City is endeavouring to encourage landowners to develop vacant land.

### **GRV Industrial/Commercial**

The Industrial and Commercial GRV rate is levied on GRV valued properties where the predominant use of the land is for either Industrial or Commercial purposes.

The object of this rate category is to apply a higher differential rate to raise additional revenue to offset the increased costs associated with service provision to these properties.

The reason for this rate is that a higher differential rate is required to meet the higher level of service costs associated with Commercial and Industrial properties and the localities within which they are situated. This would typically include costs associated with increased maintenance and renewal of assets and infrastructure required.

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### **GRV Vacant**

The GRV Vacant rate is levied on all GRV valued land in the City where the property is considered vacant land.

The object of this rate is to promote the development of vacant land within the City's district.

The reason for this rate is to impose a higher differential general rate on vacant land that acts as a disincentive to persons who are land banking and not actively developing vacant land.

### **UV Differential Rates:**

The valuations provided to the City for UV properties are reviewed on an annual basis by Landgate. UV Values are reflective of the estimated market value of the land assuming no improvements have been made (Houses, Sheds, Fencing etc) as determined by the Valuer General. Further information about the exact method of calculation and any objections to valuations will need to be directed to the Valuer Generals Office at Landgate.

### **UV General**

The UV General rate applies to all UV valued properties in the City with a predominant land use that does not fall within the categories of Commercial or Industrial.

The object of this rate category is to impose a differential rate commensurate with the use of land and is the base rate by which all other UV rated properties are assessed.

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

### **UV Commercial**

The UV Commercial rate is levied on UV valued properties where the predominant use of the land is for either Industrial or Commercial purposes.

The object of this rate category is to raise additional revenue to offset the costs associated with increased maintenance of infrastructure and higher levels of service provided to or associated with properties in this category.

The reason for this rate is to meet a significant proportion of the additional costs involved in servicing properties within this rate category, which include but are not limited to major outlays for transport infrastructure maintenance and renewal/refurbishment and significant related costs of land use and environmental impacts.

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**Submissions:**

Submissions from any elector or ratepayer with respect to the proposed rates should be forwarded to the City of Kalamunda by 5.00pm on Monday 22 June 2020.

Submissions should be addressed to:

Chief Executive Officer,

City of Kalamunda,

PO Box 42,

Kalamunda, 6926

or via email to [enquiries@kalamunda.wa.gov.au](mailto:enquiries@kalamunda.wa.gov.au).

And clearly marked "Submissions regarding 2020/2021 Differential Rates"