

Objects & Reasons For Differential Rates 2023–24



Table of Contents

Table of Contents.....	2
Introduction	3
What are the reasons for the 2023-24 differential rates?	5
Rates & minimum payments for 2023-24	5
Key projects and services we will deliver	6
How do we compare with our neighboring Councils?.....	6
What is the objective for rates in 2023-24?	7
Who undertakes the GRV and UV valuations?	8
Why are there different rates for different properties?	8
How are rates calculated?.....	10
What are the differential rate categories?	11
Are there other charges?	14
Payment options	14
Submissions.....	15

Acknowledgement of Country

The Mayor, Councillors and staff of the City of Cockburn acknowledge the Whadjuk Nyungar people of Beeliar 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 aim of the budget is to fund the City to provide services and key infrastructure for the community, while ensuring rates offer 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), a document that 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. Below, we also explain how rates are calculated and have provided an overview of the proposed capital works expenditure and some key infrastructure projects.

Draft Capital Works Budget 2023-24

Snapshot

The City is proposing to invest \$44 million in capital works in the 2023-24 financial year. This budget will fund the construction, renovation, and maintenance of infrastructure for our community such as roads, parks, sporting reserves, and other public facilities.

Here is a snapshot of some of the major projects we have planned.



See the complete list of proposed budget items at <http://comment.cockburn.wa.gov.au/budget2324>

The draft capital works budget will undergo deliberation by Council at the June Special Council meeting, so it may be subject to change.

What are the reasons for the 2023-24 differential rates?

The City has a net funding shortfall in its Operational and Capital budget for 2023-24 of \$125.6m, required to be made up from rates. This funding pays for infrastructure and services like roads, parks, streetscapes, libraries, recreation and aquatic centres, youth and senior centres, and community events, to name a few. We are proposing increasing the rates yield by an average 5% for 2023-24 to ensure we can deliver these essential services and projects to our community.

Rates & minimum payments for 2023-24

The table below shows the rates in the dollar and minimum payment amounts proposed for each rate category in 2023-24.

Rate Category	Rate in \$	Min payment \$
Proposed for 2023-24		
Differential rates		
Residential Improved (GRV)	7.828c	\$1,485
Vacant Land (GRV)	9.531c	\$780
Commercial & Industrial Improved (GRV)	8.750c	\$863
Commercial Caravan Park (GRV)	8.307c	\$863
Rural General Improved (UV)	0.294c	\$1,051
Rural Vacant Land (UV)	0.453c	\$1,051
Specified Area Rates		
Port Coogee Special Maintenance (GRV)	1.200c	N/A
Port Coogee Waterways (GRV)	1.200c	N/A
Cockburn Coast Special (GRV)	1.200c	N/A

Key projects and services we will deliver

Key Capital projects to be delivered in 2023-24:

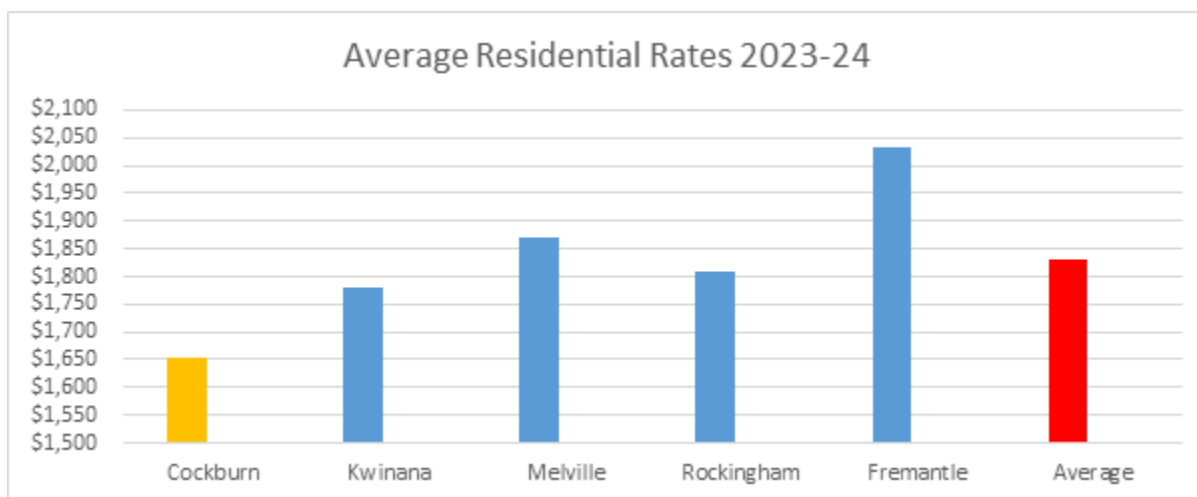
- Tempest Park floodlighting renewal \$0.43m
- Playground renewal and upgrades \$0.52m
- Citywide irrigation renewals \$1.37m
- Footpath renewals and new footpaths \$1.71m
- Road construction Hammond Road duplication project - \$1.07m
- Other road projects \$3.48m
- Upgrades to sumps and drains \$3.45m
- Building renewals and upgrades \$6.25m
- CCTV projects \$0.57m

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

- Waste collection – 3 bin service, 4 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 – providing grants and donations to local clubs, individuals, incorporated community groups and not-for-profit organisations to provide projects, programs or activities that benefit the Cockburn community.

How do we compare with our neighboring Councils?

The graph below demonstrates how Cockburn compares with our neighboring Councils. The comparison is based on the 2023-24 financial year and the information is sourced from the annual budgets published by the Councils which includes all residential improved properties (and waste collection and other services charges where separately levied). We have included the improved residential concession offered by Cockburn.



What is the objective for rates in 2023-24?

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 2023-24 budget is to provide for the net funding shortfall of \$125.6m in Council's Operational and Capital Program for 2023-24.

The table below shows the net funding shortfall of \$125.6m which will be funded via the proposed 5% average increase in rates yield for 2023-24.

	Draft Budget 2023-24 \$m
Budget Surplus Brought Forward FY23	2.00
Operating Revenue	64.26
(Less) Operating Expenditure	(194.25)
(Less) Capital Expenditure	(43.82)
Add Capital Grants & Contributions	8.53
Add Proceeds from Asset Sales	1.15
Add/(Less) Net Financial Reserve transfers	(3.09)
(Less) Loan Repayments	(2.50)
Add back Contract Liability Movements (Developer Contribution Plans)	0.80
Add back non-cash items (Depreciation/Provisions)	42.04
(Less) Surplus Carried Forward FY24	(0.70)
Rate Setting Statement Deficit funded from Rates	125.60

The funding requirement for 2023-24 includes a capital works program totaling \$43.82m.

In consideration of the growing financial strain faced by ratepayers due to the rising cost of living, the City is proposing to eliminate interest charges for instalment payments, Smart Rates and other approved payment plans. These measures aim to provide much-needed relief to the community by making it more affordable for ratepayers to pay rates over an extended period.

Who undertakes the GRV and UV valuations?

The Valuer General of WA (Landgate) has conducted a GRV (Gross Rental Value) revaluation of properties within the City effective for 3 years commencing 1 July 2023. This means that GRV property valuations will change from those used for the past three previous years. We know this may be difficult for some ratepayers to understand, and we are here to assist you with any questions or concerns you may have about the process and its impact on your rates.

Large increases to property GRV values may result in rates increases greater than the average increase adopted by Council. 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 and minimum payments for 2023-24

The table below shows the rate in the dollar set by Council and the minimum payment required for each rate category in 2023-24.

Rate Category	Rate in \$ (set by Council)	Min payment \$
Differential rates		
Residential Improved (GRV)	7.828c	\$1,485
Vacant Land (GRV)	9.531c	\$780
Commercial & Industrial Improved (GRV)	8.750c	\$863
Commercial Caravan Park (GRV)	8.307c	\$863
Rural General Improved (UV)	0.294c	\$1,051
Rural Vacant Land (UV)	0.453c	\$1,051
Specified Area Rates		
Port Coogee Special Maintenance (GRV)	1.200c	N/A
Port Coogee Waterways (GRV)	1.200c	N/A
Cockburn Coast Special (GRV)	1.200c	N/A

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 7.828c with a minimum payment amount of \$1,485. These parameters will apply to 47,408 or 88.29% 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 2.589c 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 9.531c with a minimum payment amount of \$780.

These parameters will apply to 3,198 or 5.96% 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 8.750c with a minimum payment amount of \$863.

This will apply to 2,977 or 5.54% 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 8.307c with a minimum payment amount of \$863. 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 0.294c with a minimum payment amount of \$1,051.

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 0.453c with a minimum payment amount of \$1,051 (an increase of 5%).

This will apply to 46 or 0.09% of the City's rateable properties.

What are the Specified Area Rate Categories?

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.

Port Coogee Special Maintenance (GRV)

This rate is for the provision of a special maintenance service in the Port Coogee area (see Map 1 on page 16). Port Coogee requires a more intense management program than other parts of the district. As such, the City charges a marginal cost as the ratepayers and residents of the area benefit from the additional works and have better access to the facilities affected. The rate in the dollar is 1.20c of GRV value.

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 ratepayers adjacent to or having direct access to the waterways will directly benefit from the upkeep of these waterways. Ratepayers paying this SAR will not have to pay the Port Coogee Special Maintenance SAR.

The rate in the dollar is 1.20c of GRV value.

Cockburn Coast (GRV)

This rate is for a special maintenance service in the Cockburn coastal area (see map 2 on page 17). Ratepayers and residents of the area benefit from the additional works and have better access to the facilities affected. All residential landholders in the Cockburn Coast area pay this SAR.

The rate in the dollar is 1.20c of GRV value.

Are there other charges?

The Waste Management Service Charge for improved commercial, industrial and UV properties using the service is \$458. For rates exempt property, the charge is also \$458 (reduced from \$510). These charges have not been increased for nine years.

The Swimming Pool Levy for 2023-24 will increase from \$43.70 to \$44.79 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 7,839 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 or payment over four instalments. To provide cost of living relief, to ratepayers this year, the City is recommending the elimination of interest and administration charges on instalment and other approved payment plans . Penalty interest on overdue amounts will remain at 6% for those properties without payment plans.

The City provides the opportunity for ratepayers to make weekly, fortnightly, four-weekly direct debits under its “Smart Rates” initiative. This option will now not attract interest charges as mentioned above.

The City has for a number of years not charged extra fees or surcharges to ratepayers for using credit cards to pay their rates. This will continue in 2023-24.

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. The State Budget included a 5% increase in relation to ESL charges for 2023-24.

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 by 4pm on Tuesday, 13 June 2023.



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 Thursday, 29 June 2023.

Enquiries by telephone to **08 9411 3444** or email customer@cockburn.wa.gov.au

Attached Map 1 Port Coogee Special Maintenance & Waterways



 <p>City of Cockburn GIS Services Department</p>	<p>Port Coogee Waterways Specified Area Rate (Red) and Port Coogee Special Maintenance Reserve (Blue)</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>		

9 Coleville Crescent, Spearwood WA 6163
PO Box 1215, Bibra Lake DC WA 6965
T 08 9411 3444 | E customer@cockburn.wa.gov.au

www.cockburn.wa.gov.au



This information is available in alternative formats upon request.



Paper from responsible sources.