

# Statement of Rating Objects and Reasons

In accordance with section 6.36 of the *Local Government Act 1995* and the Council's Notice of Intention to Levy Differential Rates and Minimum Payments, the following information details the objectives and reasons for those proposals.

## What Are Rates?

Rates are a tax levied on all rateable properties within the boundaries of the Town of Cottesloe in accordance with the *Local Government Act 1995*.

The overall objective of the proposed rates in the 2023/2024 Budget is to provide for the net funding requirements of the Town's services, activities, financing costs and the current and future capital requirements of the Town, after taking into account all other forms of revenue.

The formulation of a rating system is about achieving a means by which Council can raise sufficient revenue to pay for the services it provides. Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone. For this reason there are refinement options made available, such as differential rating, that the Town of Cottesloe has elected to use.

In Western Australia, land is valued by Landgate Valuation Services (Valuer General's Office – a State Government Agency) and those valuations are forwarded to each Local Government.

Two types of values are calculated - Gross Rental Value (GRV) which generally applies for urban areas; and Unimproved Value which generally applies for rural land.

## Local Government Act 1995 – Rating Provisions

The *Local Government Act 1995* sets out the basis on which differential general rates may be based as follows:

Section 6.32 (1) of the *Local Government Act 1995* states:

- (2) *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*

## Differential Rates

Part Six - Financial management

Division Six - Rates and service charges

### 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 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.
- (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 1 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.

[Section 6.33 amended by No. 38 of 2005 s. 15; No. 17 of 2009 s. 39; No. 28 of 2010 s. 34.]

## Minimum Rates

### 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) the number of separately rated properties in the district; or
  - (b) the number of properties in each category referred to in subsection (6),



*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.*
- (4) 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.*
- (5) 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; and*
  - (b) to land rated on unimproved value; and*
  - (c) to each differential rating category where a differential general rate is imposed.*

*[Section 6.35 amended by No. 49 of 2004 s. 61.]*

## 2023/2024 Budget Proposal

The following are the proposed Differential General Rates and Minimum Payments for the Town of Cottesloe for the 2023/2024 financial year, to be effective 1 July 2023.

Rate description	Rate in the \$	Minimum payment
GRV – Residential Improved (RI)	0.06337	\$1,312
GRV – Residential Vacant (RV)	0.06337	\$1,312
GRV – Commercial Improved (CI)	0.06337	\$1,312
GRV – Commercial Vacant (CV)	0.06337	\$1,312
GRV – Commercial Town (CT)	0.07581	\$1,328
GRV - Industrial	0.06337	\$1,312

## Objects and Reasons for Differential Rating

To provide equity in the rating of properties across the Town, the following rate categories have been determined for the implementation of Differential Rating.

### GRV Residential Improved

Properties with a predominant residential use. This is considered to be the base rate by which all other gross rental value rated properties are assessed.

#### **GRV Residential Vacant**

Vacant properties excepting land zoned as Commercial and Industrial. The rate for this category is imposed at the same rate in the dollar as GRV Residential (the base rate).

#### **GRV Commercial Improved**

Properties with a predominant Commercial use. The rate for this category is imposed at the same rate in the dollar as GRV Residential.

#### **GRV Commercial Vacant**

Vacant properties zoned Commercial. The rate for this category is imposed at the same rate in the dollar as GRV Residential.

#### **GRV Commercial – Town Centre**

Properties used for commercial and industrial purposed and non-residential land. The higher rate reflects the additional costs associated with area promotion and improvement. The Town works with the organisation known as ProCott Inc. to achieve these objectives.

#### **GRV Industrial**

Properties with a predominant Industrial use. The rate for this category is imposed at the same rate in the dollar as GRV Residential.

### **Submissions**

Electors and rate payers are invited to make submissions on the proposed differential rate. Written submissions on the proposed differential rate close at 4pm on Wednesday, 23 August 2023 and should be addressed to the undersigned and sent to PO Box 606, Cottesloe WA or to [town@cottesloe.wa.gov.au](mailto:town@cottesloe.wa.gov.au)



Shaun Kan

Acting Chief Executive Officer