

# Intention to Levy Differential Rates 2023/24

## Description of proposal (including objects and reasons)

### Introduction

Each year, local governments in Western Australia prepare budgets which must be adopted by their respective councils. The aim of these Annual Budgets is to provide for sufficient funds to deliver services and key infrastructure for the community.

After taking into account other revenue streams, such as grants and subsidies, contributions, fees and charges, etc., local governments levy rates on rateable land to make up the budget shortfall.

Under the Act, local governments can choose to set these rates either **uniformly** or **differentially**. A uniform rate-in-the-dollar is one that is applied to all ratepayers equally, whereas a differential rate-in-the-dollar is applied at different levels according to prescribed categories (such as residential, commercial, industrial, etc).

At the City of Joondalup, differential rating has been applied since 2008/09. For 2023/24, the City is proposing to again levy differential rates.

This document has been prepared to provide a basic outline of what differential rates are, the reasons why the City is proposing differential rates, and what the proposed rates are for 2023/24.

It is a requirement of the Act that the City must advertise the “objects and reasons” for each proposed rate and minimum payment; this document is intended to serve this purpose.

### How rates charges are calculated

In Western Australia, the rating process is prescribed in the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. Rates charges for properties are calculated using the following formula:

$$\text{valuation} \times \text{rate-in-the-dollar}$$

The **valuation** is determined externally by the Valuer General and calculated using either an **unimproved value** or a **gross rental value**.

An unimproved value is established by reference to the land market and is generally only used in rural and semi-rural fringe urban areas. A gross rental value refers to the gross annual rental that the land might reasonably be expected to raise if let on a tenancy from year to year. Almost all properties in the City of Joondalup are valued using the gross rental value. A property’s gross rental value or unimproved value is stated on the annual Rates Notice.

The **rate-in-the-dollar** is set by each local government and is determined by the rates revenue required in the Annual Budget. Local governments can choose to set these rates either **uniformly** or **differentially**.

A uniform rate-in-the-dollar is one that is applied to all rateable properties equally, whereas a differential rate-in-the-dollar is applied at a different level according to defined property categories. Under the *Local Government Act 1995*, rating can be differentiated by:

- the purpose for which the land is zoned
- the purpose for which the land is held or used
- whether or not the land is vacant
- a combination of the above.

Local governments can also set a differential **minimum payment** each year. The purpose of a minimum payment is to ensure that all ratepayers contribute a base or minimum amount as rates.

### Differential rates proposal for 2023/24

For 2023/24, the City is proposing to levy differential rates according to the categories listed in the following table. A differential rate-in-the-dollar is proposed for all rateable land within the City according to the predominant purpose for which that land is being held or used, and whether or not the land has any improvements.

Specifically, properties valued using gross rental values have been categorised as either: **Residential**, covering all properties used predominantly as single or multiple dwellings; **Commercial**, covering all properties used for business and commercial purposes; or **Industrial**, covering all properties engaged in light industrial and/or manufacturing activities.

Properties have then been further categorised as either **Improved** or **Vacant**, with an improved property being one where improvements have been added (such as a house).

The difference in rate charges for vacant land is to ensure that income is obtained fairly from vacant land, to incentivise development of the land and to discourage land banking for future sale.

Commercial and industrial sectors generate higher traffic volumes and heavier loads, which is recognised in the differential rate applied.

**Rural** areas have much lower rates than residential or commercial properties because these rates are calculated using the unimproved values.

Category of property	Cents in the dollar	Minimum payment
<b>General rate – gross rental value</b>		
Residential improved	5.3496¢	\$ 877.00
Residential vacant	10.3964¢	\$ 959.00
Commercial improved	7.0334¢	\$ 959.00
Commercial vacant	10.3964¢	\$ 959.00
Industrial improved	6.3731¢	\$ 959.00
Industrial vacant	10.3964¢	\$ 959.00
<b>General rate – unimproved value</b>		
Residential	1.0709¢	\$ 938.00
Rural	1.0691¢	\$ 938.00

The proposed minimum payment for 2023/24 is set at \$877 for residential properties. Where properties calculated rate charges are less than \$877, the minimum payment would be applied.

## Concessions

Note that the proposed differential rates do not include the concessions that certain members of the community may be entitled to. All statutory entitlements in relation to rates for seniors, pensioners and any other concession holders are applied to individual rates notices, after the relevant differential rate has been applied to the properties in question.

## Specified area rates

Property owners in Harbour Rise, Iluka, Woodvale Waters and Burns Beach are subject to an area-specific landscaping rate which is used to provide additional landscaping and park services.

## Submissions

The City is inviting all members of the community to provide feedback on the City's intention to levy differential rates. Consultation with ratepayers and electors is mandated under Section 6.36 of the *Local Government Act 1995*.

**Consultation is open for comments in respect of the rates and minimum payments proposed for the differential rating categories only.**

Interested community members can submit their feedback through an Online Submission Form available via the Community Consultation section of the City's website at [joondalup.wa.gov.au](http://joondalup.wa.gov.au). Responses are limited to one per person.

Alternatively, feedback can be provided in writing to the City via email to [info@joondalup.wa.gov.au](mailto:info@joondalup.wa.gov.au) or via post to:

**City of Joondalup  
PO Box 21  
Joondalup WA 6919**

Submissions must be received by **Thursday 15 June 2023**.

After the close of the consultation period, the City will consider all feedback received and prepare a report for the Council on the outcomes. The outcomes will also be made available via the Community Consultation section of the City's website.

For further information, please contact the City on **9400 4000** or email [info@joondalup.wa.gov.au](mailto:info@joondalup.wa.gov.au)