

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.

Differential general rate and minimum payments



| Description | Characteristics | Objects | Reasons |
|------------------------|--|---|--|
| Residential GRV | This differential rate category imposes a general rate on land valued on a gross rental value basis, which is zoned, held or used for residential purposes and having improvements erected on it. | The object 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 Town'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 an equitable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Town. The minimum payment has been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities. |
| Commercial GRV | This differential rate category imposes a rate on land valued on a gross rental value basis, which is zoned, held or used for commercial purposes and having improvements erected on it. This category also includes 'Sporting Clubs - Commercial'. They are the East Fremantle Lawn Tennis Club, East Fremantle Bowling Club, Fremantle Rowing Club, East Fremantle Football Club, East Fremantle Yacht Club and Swan Yacht Club. These clubs generate commercial revenue through food and beverage, as well as hire of facilities. The Town has tenure agreements in place with each of these organisations which entitles the Town to levy rates and service charges. | The object of this proposed rate is to apply a rate to commercial properties in order to raise additional revenue to offset the associated higher levels of services to properties in this category. The object of the differential rate category for Sporting Clubs - Commercial is to ensure that sporting clubs are contributing to the capital and maintenance expenses associated with the provision of dedicated infrastructure and facilities for the use of all community groups and sporting clubs. The Town has finalised the Preston Point Facilities Master Plan which identifies over \$11m worth of capital projects. The East Fremantle Tennis Club and East Fremantle Yacht Club are located within this precinct. The Town will also be budgeting circa \$13m of capital expenditure in 2022/23 to commence the East Fremantle Oval Redevelopment Project. This is a \$32.5m project over 2 years; and incorporates dedicated facilities for the East Fremantle Bowling Club and East Fremantle Football Club. | The reason for this rate is to ensure additional funding for parking infrastructure, road maintenance and construction, drainage, streetscape, litter control, urban style guides and regulatory compliance. The minimum rate has been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities. |

Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.



| Differential General Rate or General Rate | Proposed Rate in \$ | Adopted Rate in \$ | Reasons for the Difference |
|---|---------------------|--------------------|---|
| Residential GRV | 0.079050 | 0.079430 | An amendment was made at the meeting when the Budget was adopted to increase the rate in the dollar and minimum payment by 4% instead of the originally proposed 3.5% which was advertised. |
| Commercial GRV | 0.117730 | 0.118300 | |
| | | | The increase was necessary to fund the budget deficiency as inflationary pressures are now starting to flow through to the Local Government Cost Index, which has climbed rapidly. The LGCI grew by 1.7% for the March 2022 quarter to reach 4.5% annualised growth, the highest since 2008. The LGCI is expected to reach 5.7% by the end of June, with a further 2.5% increase in costs for the 2022/23 financial year. |
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| | | | Despite the Town's best efforts to restrain costs, many of the Town's cost drivers are external, and a 4% increase in rates is necessary to combat a 8.2% increase in the LGCI over 2021/22 - 2022/23. |
| Minimum Payment | Proposed Minimum \$ | Adopted Minimum \$ | Reasons for the Difference |
| Residential GRV | 1,178 | 1,184 | See above - minimum rates have also been adjusted by 4% rather than 3.5%. |
| Commercial GRV | 1,762 | 1,770 | See above - minimum rates have also been adjusted by 4% rather than 3.5%. |